

BRISTOL
BAY
HEARINGS

Red Production
36.2% oil & salmon production 1980

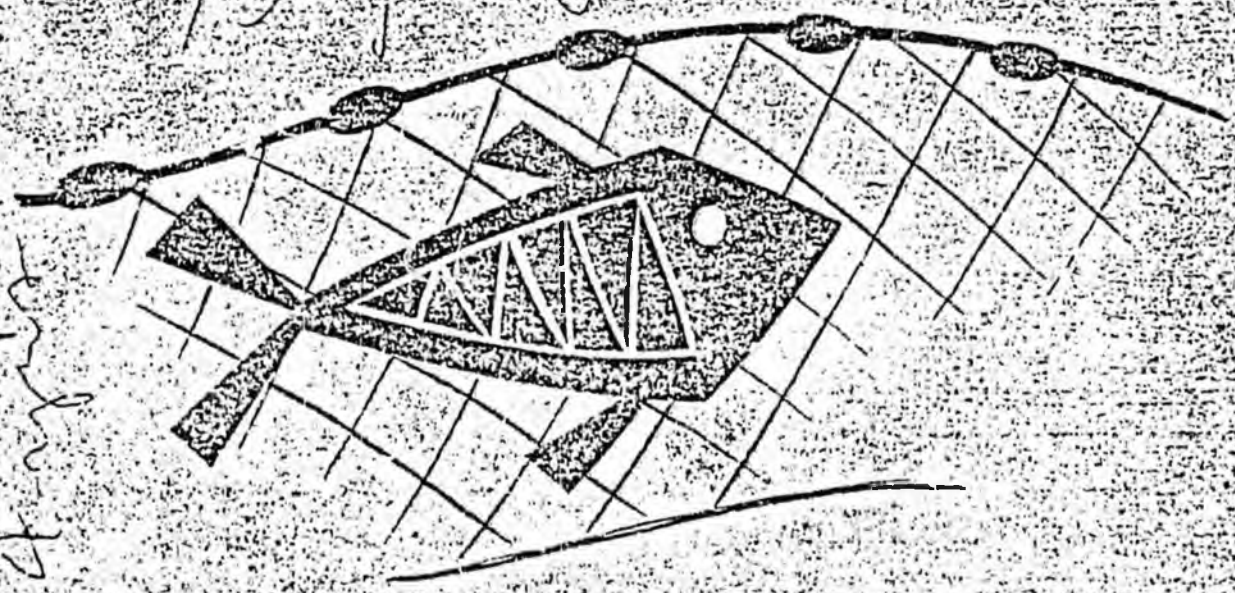
Bristol Bay Sockeye Salmon Cost & Price Analysis

604
\$175

A Report To
The Alaska Independent Fishermen's Marketing Association
(AIFMA)
April, 1980

"Break Even Point"
pp 12 and 20

75 Pages



lowers FROTHAN
sockeye prices in
4-19-80

Prepared by
Richard G. Wilson & Associates, Fisheries Consultants
Anchorage

April, 1980

Mr. David R. Milholland
President
Alaska Independent Fishermen's Marketing Association
6333 Sugar Maple St. S.E.
Olympia, Washington 98503


RE: Bristol Bay Sockeye Cost & Price Study

Dear Mr. Milholland:

I am pleased to transmit to the Board and Members of the Alaska Independent Fishermen's Marketing Association the Marketing and Economic Study--Phase One, Costs and Price Analysis.

Our research team worked hard to meet AIFMA's immediate needs with respect to cost and price aspects of 1980 negotiations. We believe this information will be useful, and we are prepared to develop the market potential issues should you decide to pursue markets further.

Sincerely yours,


Richard G. Wilson
Fisheries Consultant

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INTRODUCTION

As the 1980 salmon season approaches, there is increasing anxiety among Bristol Bay gill net fishermen concerning the possible effects on raw fish prices of:

- the Bay's record high projected commercial sockeye catch of 37.1 million fish¹;
- the poor condition of fresh/frozen sockeye markets; and
- current financial problems in the Alaska salmon processing industry.

The Alaska Independent Fishermen's Marketing Association, representing approximately one-half of the active drift fishermen in Bristol Bay, has received several industry offers which reflect a substantial price reduction from last year's settlement. In addition, restrictions on method and timing of fish deliveries have also been proposed which would have the effect of reducing the volume of fish that could be delivered. For the fishermen, it is often difficult (1) to understand why these changes are necessary and (2) determine whether the reported industry problems are, in fact, true, particularly when information comes from the other side of the negotiating table. Fear has been expressed that, in order to accommodate poor markets in the current year, the fishermen will be asked to absorb the entire burden of cost cutting in production. Certainly, both processors and fishermen are interested in making a profit. However, unless a settlement is reached at an early date, both sectors will suffer unnecessary financial setbacks. The main problem lies in the difficulty of fishermen and processors reaching an agreement on what is a reasonable return for all parties in the existing climate of uncertain economic conditions.

The purpose of this report is to examine the economic factors which are affecting fishermen, processors and markets for this year's Bristol Bay sockeye and to discuss the influences each factor may have on raw fish prices.

¹Alaska Department of Fish and Game, 1979. Preliminary Forecasts and Projections for 1980: Alaska Salmon Fisheries. Division of Commercial Fisheries.

THE SETTING: BRISTOL BAY

Historic Background

From the 1880's until the late 1940's, there were so few canneries operating in Bristol Bay that the industry exhibited the characteristics of an oligopoly. Prices to the fishermen reflected the lack of competition among processors for raw fish. Every spring, the price which was offered to the fishermen was posted on the cannery wall, and fishermen could either "take it or leave it." This was acceptable to most fishermen because of the many forms of assistance and accommodations provided to them, which were similar to those provided to cannery workers. Few fishermen owned their own boats or gear, as most boats were the property of the cannery. In 1934, the U.S. Fish Commissioner described the industry control in Bristol Bay as follows:

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.²

At several times during this historic period, the Bristol Bay fishermen have formed associations to represent their collective interests in the fishery. In the 1940's, the Alaska Fishermen's Union (AFU) represented fishermen's interests in the Bay. During the past fourteen years, the Alaska Independent Fishermen's Marketing Association has grown into this role and has generally represented Bristol Bay fishermen in negotiations on raw fish prices with processors. The Western Alaska Cooperative Fishermen's Association and other fish cooperatives have also participated on behalf of fishermen. While different economic conditions affect the negotiated price each year, there are certain unique features of the Bristol Bay fishery which have consistently affected the price determination throughout its history. These features, including the Bay's remote location, the limited support facilities available and the nature of the sockeye run itself, are discussed in this section. The specific economic factors which are unique to the 1980 season are discussed in later sections of this report.

Location

Unlike fish landings in the Los Angeles area or any other major population center, salmon landings in Bristol Bay are made a great distance from major markets (see Figure 1). The initial distribution point for nearly all of the canned product from the Bay is Seattle, which is more than eighteen hundred miles by sea from the fish landing area. Much of the fresh and fresh/frozen product travels several

²Frank T. Bell, U.S. Fish Commissioner, April 30, 1934. From Alaska Historical Library, Alaska Packers Association Library. P. 21.

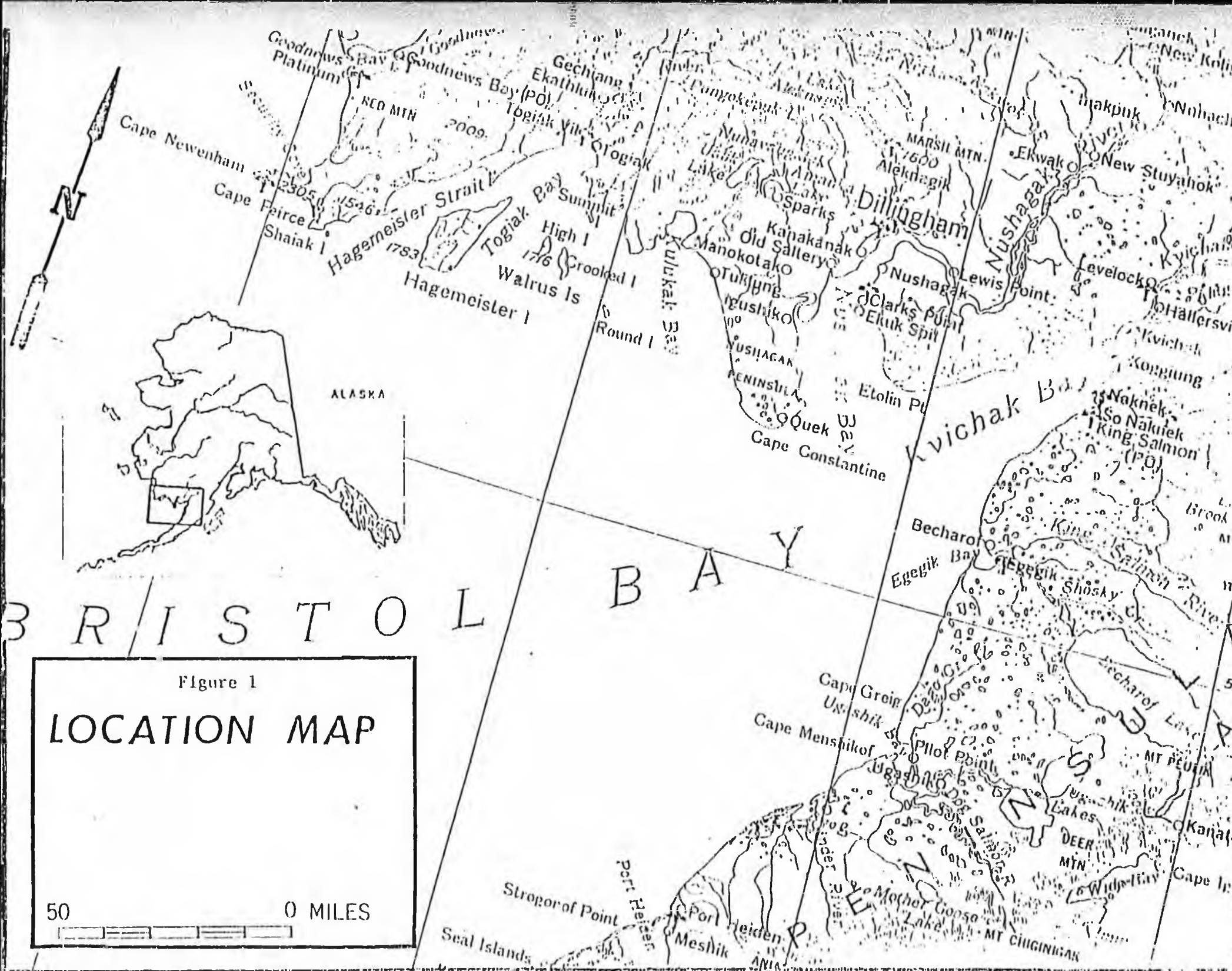


Figure 1

LOCATION MAP

50 0 MILES

thousand miles further to its initial distribution point, the Tsukiji market in Tokyo.

This transportation is expensive and time consuming and, thus, Bristol Bay salmon is saddled with a variable but significant added cost when compared with product landed closer to major markets. Due partly to the high transportation costs incurred by the Bay's remote location, prices paid to fishermen have generally been lower for salmon landed in Bristol Bay than for salmon landed at other locations in Alaska. The annual costs of operating as a fisherman and as a processor/buyer are increased as well by the Bay's remote location. These higher costs result primarily from the lack of inexpensive transportation to and from headquarter cities. In addition, the Bay's support facilities are limited, further increasing the costs of industry support services.

Support Facilities

Because there is no land transportation linking Bristol Bay to other regions of Alaska, most goods are imported by air or sea. This tends to make the construction of support facilities both expensive and difficult, due to the limited barge schedule and the high cost of air freight transportation. There is no public dock, although one is planned by the Bristol Bay Borough. Until a public dock is functioning, the fishery and other local industries are dependent upon the use of private dock facilities. In the past, this has generally restricted dock use to activity authorized by established processing firms which maintain private docks in the area.

The short ice-free season also inhibits construction of shore facilities. Following a late break-up in May, there is little time to complete any major construction before the early June king salmon season or even the late June sockeye harvest. Both the short duration of the construction season and the variable nature of barge and freighter schedules combine to create a situation where deadlines are often missed or considerably delayed, resulting in extremely high construction costs.

The airport facilities in King Salmon are excellent. This airport has all the navigational aids of Los Angeles International Airport and the capability to handle most aircraft, including loaded 747's. Dillingham airport can handle smaller jets and Hercules C-130 aircraft; however, South Naknek, Egegik, Clark's Point, the west side of the Kvichak River, Ugashik and other landing areas have limited or no navigational aids. Nevertheless, were it not for air transportation facilities in the region, the fishery would be considerably less accessible than it is.

The Nature of the Run

The nature of the sockeye run is also a major factor influencing the Bristol Bay fishery. The run is concentrated in a relatively brief

twenty-three day period, and two-thirds of the harvest is landed in a frenetic twelve day peak period.³ This factor alone creates unique problems for both fishermen and processors, but the enormous size of the run during that brief period compounds the situation. The Bristol Bay sockeye run is projected to comprise 88.3 percent of the Alaska sockeye production and 36.2 percent of all Alaska salmon production in 1980. For processors, as well as fishermen, a brief shutdown during the peak period can make the difference between profitable and unprofitable operations for the season. The brief but concentrated nature of the run, then, considerably increases the risk of doing business in the Bay as compared with other salmon fisheries. The extreme variation between high and low sockeye salmon cycles adds yet another risk factor which fishermen, processor-buyers and broker-distributors must accommodate.

Recent Developments

During the past decade, a considerable share of the processing sector operating in Bristol Bay has been financed or purchased outright by foreign capital. However, another major change has occurred as well. Several independent processors have been attracted to the Bay to purchase sockeye salmon at relatively high prices to meet the unusually great demand of the Japanese market for frozen salmon. During the period of high demand, it was profitable for independents to fly or tender out, build freezing facilities on-site, or use floating freezer plants to process frozen salmon. Therefore, competition for raw fish in the Bay increased dramatically. Knowledge of the high value of frozen sockeye in the Japanese marketplace filtered back to Bristol Bay fishermen, who generally felt that the prices they were being offered by processors were less than their fair share of the high retail and wholesale market value.

A strident bargaining attitude developed among fishermen in the Bay in the spring of 1979 and, combined with strong differences of opinion on the part of processors, resulted in a harvester strike. This strike lasted for several days before a settlement was reached on June 27. Reluctantly, processors accepted the two-tiered system based on \$.80 per pound for product to be canned and \$1.25 per pound for product to be sold fresh or frozen. The unexpectedly high 1979 fish returns upset many processor's plans in terms of the canning/freezing ratio, thus forcing them (in spite of stricter fishing limits) to freeze a larger proportion of the volume than expected - at the higher price to the fishermen. Later in 1979, the frozen market collapsed, forcing many processors to sell a portion of their product at a price level that permitted little mark-up over the price paid for the raw fish. It is this setting in which considerable attention has been directed from all quarters on market conditions, processing capacity and raw fish prices in 1980.

³Alaska Department of Fish and Game, 1979. Report to the Board of Fisheries. December. Twenty-two year average.

FISHING AS A LIVING: THE COST OF DOING BUSINESS

During the past decade, the cost of doing business as a Bristol Bay gillnetter has changed radically. Many fishermen now have new, efficient boats, electronic aids and mechanical improvements, all of which contribute to higher operational costs. While the set net business has also changed considerably, this discussion is focused on the drift gillnet fleet.

Increased Risks

With the advent of at least fifteen independent buyers in the Bay in the late 1970's, and the implementation of the Alaska limited entry program, which put a ceiling on the number of fishermen with Bay permits, there was real competition for landed fish for the first time in the history of the Bristol Bay sockeye fishery. Prices paid for raw fish increased dramatically. This situation permitted many fishermen to move away from the security (and control) of established processors and consider buyers/processors as customers. The construction of independent boat storage facilities is a reflection of the new independence the fishermen began to establish during this period. It is now apparent that over-inflated salmon markets generated this period of exaggerated competition for fishermen's catches, making raw fish only temporarily more valuable.

For fishermen who left the cannery fold during this period of competition, the decision was a serious one. It involved taking a major business risk, as they were no longer assured a customer for their fish. Thus, the risk associated with the capital investment required to do business as an independent fisherman has increased dramatically for many Bay fishermen in the past few years.

Sample Fishing Costs

Tables 1 through 3 show sample fishing costs for Bristol Bay sockeye in 1980, based primarily on costs for the 1979 season, but adjusted to the 1980 permit, boat and interest costs. High, medium and low range examples are given to illustrate the varied cost structures of Bay fishermen, based on the cost of the individual's boat and permit and his current rate of payments. All estimates are made for a catch of 56,700 pounds of sockeye, the average catch in 1979.

The high range cost estimate, based on the purchase of a new boat at \$90,000 and permit at \$106,000, is \$66,410; the medium range example, based on the purchase of a \$50,000 boat and the same permit cost, is \$50,960; and the low range estimate, based on a \$27,000 boat which has been paid off, and a permit, which has also been paid off, is \$27,940. It should be noted that the average of these three examples is not necessarily reflective of actual Bay-wide average costs, as there is no

Table 1. 1980 COST OF FISHING SOCKEYE:
HIGH RANGE EXAMPLE

Based on purchase of new boat at \$90,000 and permit at 106,000.
Average catch estimated at 56,700 pounds.

A. <u>Fixed Expenses</u>		<u>Percent of Total Cost</u>
Opportunity Cost of Entry Permit	\$12,720.*	
Boat Payment-Opportunity Cost of Investment	9,800.**	
Shipment of Boat	4,000.	
Insurance	1,800.	
Fish License	150.	
Assoc. Dues	250.	
<u>Depreciation (7 years)</u>	<u>12,800.</u>	
Subtotal A	\$41,520.	62%
B. <u>Variables</u>		
Fish Tax - 3%	1,500.	
Food and Meals	800.	
Fuel and Oil (Fuel \$.86)	750.	
Labor Costs	400.	
Transportation	950.	
Materials and Supplies (including gear)	6,000.	
Close of Season	220.	
Telephone	150.	
Miscellaneous	450.	
<u>Drv Dock Rent</u>	<u>1,200.</u>	
Subtotal B	\$12,420.	19%
C. <u>Crew Share</u>	<u>12,470.</u>	
Subtotal C	12,470.	19%
Total Expense	\$66,410.	100%

* Based on current prices. CFEC, 1980.

**Includes amortized interim financing at time of purchase

Table 2. 1980 COST OF FISHING SOCKEYE:
MEDIUM RANGE EXAMPLE

Based on purchase of \$50,000 boat and permit at \$106,000.
Average catch estimated at 56,700 pounds.

		Percent of Total Cost
A.	<u>Fixed Expenses</u>	
	Opportunity Cost of Entry Permit	\$12,720.*
	Boat Payment-Opportunity Cost of Investment	4,800.**
	Shipment of Boat	2,000.
	Insurance	1,000.
	Fish License	150.
	Assoc. Dues	250.
	<u>Depreciation (7 years)</u>	<u>7,150.</u>
	Subtotal A	\$28,070. 55%
B.	<u>Variables</u>	
	Fish Tax - 3%	1,500.
	Food and Meals	800.
	Fuel and Oil (Fuel \$.86)	750.
	Labor Costs	400.
	Transportation	950.
	Materials and Supplies (including gear)	4,000.
	Close of Season	220.
	Telephone	150.
	Miscellaneous	150.
	<u>Driv Dock Rent</u>	<u>1,200.</u>
	Subtotal B	\$10,420. 20%
C.	<u>Crew Share</u>	<u>12,470.</u>
	Subtotal C	12,470. 25%
	Total Expense	\$50,960. 100%

* Based on current prices. CFEC, 1980.

**Includes amortized interim financing at time of purchase

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Table 3. 1979 COST OF FISHING SOCKEYE
LOW RANGE EXAMPLE

Based on paid off \$27,000 boat and paid off permit.
Average catch estimated at 56,700 pounds.

		<u>Percent of Total Cost</u>
A.	<u>Fixed Expenses</u>	
	Insurance	500.
	Fish License	150.
	Assoc. Dues	250.
	<u>Depreciation (7 years)</u>	<u>3,850.</u>
	Subtotal A	4,750. 17%
B.	<u>Variables</u>	
	Fish Tax - 3%	1,500.
	Food and Meals	800.
	Fuel and Oil (Fuel \$.86)	750.
	Labor and Maintenance	700.
	Transportation	950.
	Materials and Supplies (including gear)	4,000.
	Close of Season	220.
	Telephone	150.
	Miscellaneous	450.
	<u>Drv Dock Rent</u>	<u>1,200.</u>
	Subtotal B	\$10,720. 38%
C.	<u>Crew Share</u>	<u>12,470.</u>
	Subtotal C	12,470. 45%
	Total Expense	27,940. 100%

estimate made for skiff fishermen, and it is not possible to determine how many fishermen are represented in each category. However, the data is useful in illustrating the various cost structures and the variation in total costs among Bay fishermen, as well as to give an indication of the relatively high costs associated with fishing sockeye in Bristol Bay in recent years. The examples given are considered to be representative of approximately seventy-five percent of the fleet.⁴

Cost Analysis: 1976 and 1980

Table 4 gives the cost breakdown for the average Bristol Bay drift gillnet fisherman in 1976⁵ and projects 1980 costs on the basis of the increase in the Wholesale Price Index (WPI) during the 1976-1980 period. It should be noted that the cost information in this table was developed for the Bristol Bay drift gillnet fishery for all five species of salmon, based on the 1976 salmon season. The sources used by CFEC in developing this information were responses to a mail survey and CFEC file data on the average gross earnings of the drift gillnet fleet in 1976.

As can be seen in the table, average fixed costs comprise at least twenty-two percent of total annual costs and may be as high as twenty-seven or twenty-eight percent, depending upon distribution of such expenses as dues and moorage, administration and various equipment and vessel repairs. Average fixed costs represent annual expenses irrespective of the decision to fish or not to fish during the season and irrespective of the prices paid for fish (except fish tax).

Variable costs are the most relevant costs to the Bristol Bay drift gillnetter in making his decision whether or not it is worthwhile to fish in a given season, in view of catch and price predictions. The total average variable costs in 1976 amounted to seventy-eight percent of total average costs. It is appropriate to separate crew share costs, because these are structured differently than other variable costs. Cost variation occurs for different reasons. Expenses such as vessel repair, fuel, galley expenses and some equipment repairs occur as a function of vessel running time. Thus, a significant change in the amount of running time necessary to catch a given volume of fish can cause substantial changes from the "average" cost profile presented in the table. Likewise, the dramatic increases in the cost of fuel in recent years has significantly altered the 1976 "average" profile, as can be seen from the 1980 fuel cost estimates given in Tables 1 through 3.

One other major change in the cost structure of Bristol Bay drift gillnetters has been caused by the explosive increase in the opportunity cost of the entry permit. The current opportunity cost is estimated to

⁴Neil Brown, AIFMA, 1980. Personal communication.

⁵Baker, June and Muse, Ben, Summary of Cost and Net Return Information for the Bristol Bay Drift Gill-Net Fishery, Commercial Fisheries Entry Commission, February, 1979.

VARIABLE COSTS OF A BRISTOL BAY DRIFT
GILLNET OPERATION IN 1976 AND PROJECTION
FOR 1980, BASED ON THE 1976-1980 INCREASE
IN THE WHOLESALE PRICE INDEX (WPI)

<u>Fixed Costs</u>	<u>1976</u>	<u>1980</u>	<u>Percent of</u>	
			<u>Total Average Costs</u> <u>1976</u>	<u>1980</u>
Insurance	\$ 170.00	\$ 237.00		
Depreciation	567.00	789.00 ^{1/}		
OCI	1,228.00	1,710.00 ^{1/}		
OCEP	<u>304.00</u>	<u>12,720.00^{2/}</u>		
	\$2,269.00	\$15,456.00	22%	58%
WPI ^{3/}	182.9	254.7	Net change	39.26%
 <u>Variable Costs</u>				
Dues & Moorage	103.00	143.00 ^{4/}		
Administration	187.00	260.00		
Vessel Repairs	954.00*	1,329.00*		
License Fees	66.00	92.00		
Fuel	380.00*	529.00*		
Galley Expense	335.00*	466.52*		
Equipment Repair	510.00*	710.00*		
Borough Fish Tax	102.00	142.00		
Travel & Flight	294.00	409.00		
Clothing	133.00	185.00		
Rental & Leasing	<u>282.00</u>	<u>393.00</u>		
	\$3,346.00	\$4,658.52	32%	17%
 <u>Crew Share</u>				
	<u>4,815.00</u>	<u>6,705.00</u>	<u>46%</u>	<u>25%</u>
	\$10,430.00	\$26,819.52	100%	100%

*Varies as a function of operating time

^{1/} Probably low due to greater proportion of new boats recently.

^{2/} The opportunity costs of a limited entry permit is estimated to be 12 percent of face value, e.g. \$106,000 @ 12% = \$12,720.00. (Rogers and Kreinheder, 1980)

^{3/} U.S. Dept. of Labor, WPI-1976 = 182.9, 1980 = 254.7 (39.26% change)

^{4/} Probably low due to higher proportion of fishermen storing boats at their own expense.

Source for 1976 data: Commercial Fisheries Entry Commission, Juneau, 1979

be twelve percent of transfer value (refer to Table 4), or \$12,720, compared with an estimated \$304 in 1976. This represents one of the largest cost factors in the 1980 breakdown and has the effect of significantly increasing the minimum gross earnings necessary for a fisherman to "break even" for the season.

Table 5 summarizes the fishing cost estimates given in Tables 1 through 4. This summary indicates that the cost of fishing rose faster than the WPI between 1976 and 1980, as indicated by the higher cost estimates for 1980 obtained on the basis of 1979 experience. The comparison of 1980 costs and projected 1976 costs also shows that purchases of new boats and expenses for independent boat storage and/or annual boat freight to home port are also causing significant increases in fishermen's operating costs and changes in cost structure.

Price or Volume: The Issue in 1980

In summary, changes in the cost structure of Bristol Bay drift gillnet fishermen have resulted primarily from the following changes in the fishery in recent years:

- ° A higher proportion of fisherman-owned boats
- ° A higher proportion of new boats
- ° A higher proportion of fishermen who are paying for independent winter boat storage and shore support facilities
- ° The higher cost of obtaining an entry permit —
- ° Higher interest rates
- ° Higher fuel costs

In order to continue the trend of improvements in fishing technology and fleet condition which have been initiated in the late 1970's (see Table 6) and in order for the fishermen to maintain their financial ability to operate in this fishery, the high cost of doing business as a fisherman in Bristol Bay must be offset by either higher prices or a greater volume of raw fish, or a combination of the two, which will net the fishermen a reasonable return on his capital investment. Figure 2 illustrates the net increase in volume (or price) required to cover cost increases from 1976 to 1980.

Another way to view the 1980 income requirement of Bay fishermen in order to maintain the same cost/revenue position as 1976 is illustrated in Tables 7 through 10. The tables give the projected fishing receipts/losses in 1980 for various raw fish prices and volumes for each of the sample cost levels presented in Tables 1 through 4. The tables indicate that for fishermen with average costs as projected from the 1976 cost estimate, a price level between \$.40 and \$.50 per pound at average 1979 catch levels (56,700 pounds) is the "break even" point. For fishermen

Table 5. COST OF FISHING: 1980 SUMMARY

	Estimated 1980 Cost Based on 1976 Experience <u>(1976 + WPI 76-80)</u>	Illustrative Models for 1980 Based on 1976 Experience		
		<u>High</u>	<u>Mid</u>	<u>Low</u>
Fixed	\$15,456	\$41,520	\$28,070	\$ 4,750
Variable	4,658	12,420	10,420	10,720
<u>Crew Share (25%)</u>	<u>6,705</u>	<u>12,470</u>	<u>12,470</u>	<u>12,470</u>
Total	\$26,819	\$66,410	\$50,960	\$27,940

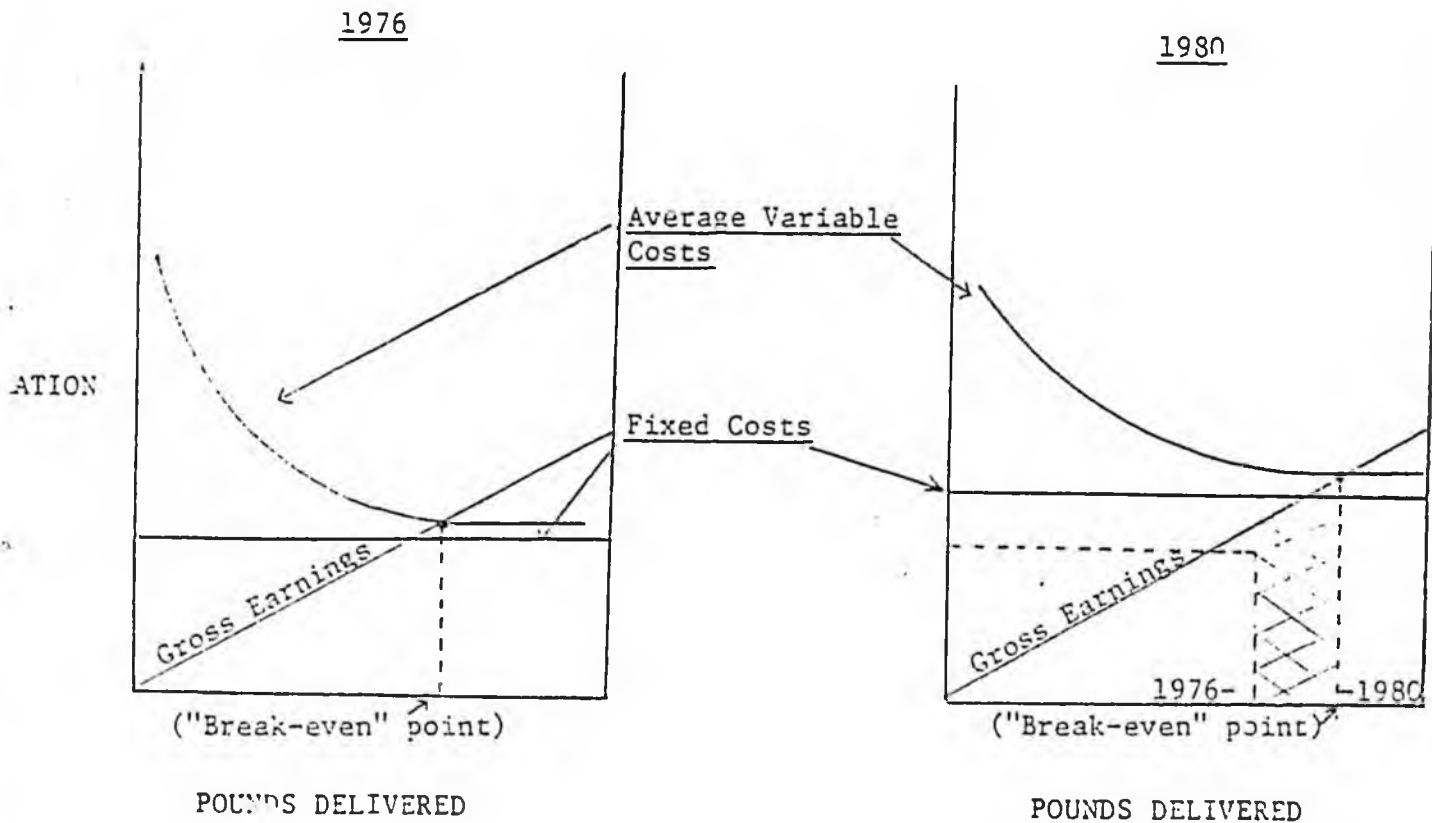
Table 6. NUMBER AND AVERAGE PRICE OF BOATS
BUILT & SOLD TO BRISTOL BAY FISHERMEN
1978-March 15, 1980

<u>Manufacturer</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Average Price of Boat - 1980</u>
Company A			20	\$100,000
Company B			19	\$ 95,000-100,000
Company C	3	4	4	\$100,000-110,000
Company D		6	21	\$ 70,000-78,000
Company E	3	10	2	\$ 62,000-80,000
Company F		3	44	\$105,000
Company G	25	50	90	\$100,000
Company H			*20	\$ 85,000
Company I			*25	\$ 75,000
Company J			*30	\$ 60,000

*Surveyor's estimate; information confidential or unavailable

Source: Telephone survey by Richard G. Wilson & Assoc., March 1980

Figure 2. ILLUSTRATION OF EFFECTS OF HIGHER FISHING COSTS ON THE MINIMUM VOLUME REQUIRED TO "BREAK-EVEN" 1976-1980



Indicates differences in volume required to cover cost increases from 1976 to 1980.

Table 7. PROJECTED FISHING RECEIPTS/LOSSES
 FOR 1976 + WPI INCREASE, 1976-1980,
 AT VARIOUS RAW FISH PRICE LEVELS - 1980

<u>Cost: \$26.819</u>	<u>1976 Plus WPI Increase (1976-1980)</u>					
	<u>.40</u>	<u>.50</u>	<u>.60</u>	<u>.70</u>	<u>.80</u>	<u>.90</u>
Receipts Above/Below Cost of Fishing At:						
1976 Catch Level (22,000 pounds)	-18,019	-15,819	-13,619	-11,419	- 9,219	- 7,019
1979 Catch Level (56,700 pounds)	- 4,139	+ 1,513	+ 7,201	+12,871	+18,541	+24,211
2 X 1979 Catch Level (113,400)	+18,541	+29,881	+41,221	+52,561	+63,901	+75,241

Table 8. PROJECTED FISHING RECEIPTS/LOSSES
FOR HIGH COST RANGE EXAMPLE
AT VARIOUS RAW FISH PRICE LEVELS - 1980

High Cost Range Example							
Cost: \$66,410							
Receipts Above/Below Cost of Fishing At:	-----\$/Pound-----						
	<u>.40</u>	<u>.50</u>	<u>.60</u>	<u>.70</u>	<u>.80</u>	<u>.90</u>	<u>1.00</u>
1976 Catch Level (22,000 pounds)	-57,610	-55,410	-53,210	-51,010	-48,810	-46,610	-44,410
1979 Catch Level (56,700 pounds)	-43,730	-38,060	-32,390	-26,270	-21,050	-15,380	- 9,710
2 X 1979 Catch Level (113,400 pounds)	-21,050	- 9,710	+ 1,630	+12,970	+24,310	+35,650	+46,990

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Table 9. PROJECTED FISHING RECEIPTS/LOSSES
FOR MEDIUM COST RANGE EXAMPLE
AT VARIOUS RAW FISH PRICE LEVELS - 1980

Cost: \$50,960	Medium Cost Range Example						
	-----\$/Pound-----						
Receipts Above/Below Cost of Fishing At:	<u>.40</u>	<u>.50</u>	<u>.60</u>	<u>.70</u>	<u>.80</u>	<u>.90</u>	<u>1.00</u>
1976 Catch Level (22,000 pounds)	-42,160	-39,960	-37,760	-35,560	-33,360	-31,160	-28,960
1979 Catch Level (56,700 pounds)	-28,280	-22,610	-16,940	-11,270	-5,600	+ 70	+ 560
2 X 1979 Catch Level (113,400 pounds)	- 5,600	+ 5,740	+17,080	+28,420	+39,760	+51,100	+62,440

Table 10. PROJECTED FISHING RECEIPTS/LOSSES
 FOR LOW COST RANGE EXAMPLE
 AT VARIOUS RAW FISH PRICE LEVELS -1980

Cost: \$27,940	Low Cost Range Example						
	-----\$/Pound-----						
Receipts Above/Below Cost of Fishing At:	<u>.40</u>	<u>.50</u>	<u>.60</u>	<u>.70</u>	<u>.80</u>	<u>.90</u>	<u>1.00</u>
1976 Catch Level (22,000 pounds)	-19,140	-16,940	-14,740	-12,540	-10,340	- 8,140	- 5,940
1979 Catch Level (56,700 pounds)	- 5,200	- 410	+ 6,080	+11,750	+17,420	+23,090	+28,760
2 X 1979 Catch Level	+17,420	+28,760	+40,100	+51,440	+62,780	+74,120	+85,460

in the high cost range, based on 1979 estimates, the "break even" point is between \$.50 and \$.60 for a catch of twice the 1979 average (113,400 pounds); for fishermen in the medium cost range, it is approximately \$.90 per pound for a catch of 56,700 pounds (or between \$.40 and \$.50 per pound for 113,400 pounds); and, for fishermen in the low cost range, it is approximately \$.50 per pound for 56,700 pounds of delivered fish.

BRISTOL BAY SOCKEYE PROCESSING INDUSTRY:
THE COST OF DOING BUSINESS IN 1980

In order to assist in the determination of what is a reasonable ex-vessel price for the fisherman, this section describes the costs associated with processing Bristol Bay sockeyes in 1980.

Sample Processing Costs For Various
Methods of Processing

If all sockeye harvested in Bristol Bay were processed in a single form, the job of determining "average" processing costs would be greatly facilitated; however, this is not the case. Due partly to the large anticipated sockeye run in 1980, Bristol Bay salmon will be handled and processed in numerous different ways before it reaches the wholesale market. The prices paid to fishermen must therefore reflect the processing costs associated with this considerable variety of handling and processing methods.

Sample salmon processing costs for fresh, fresh/frozen and canned production for both shore-based and floating processing plants located in Bristol Bay, other Alaska processing centers and British Columbia, Canada are given in Tables 11 through 18. Tables 19 and 20 give sample costs for fresh and fresh/frozen production of fish that are shipped round to Seattle or any other major U.S. "market city" and then processed at the destination city. Cost estimates have been included for a wide range of ex-vessel prices to account for the expectations of both processors and fishermen for the 1980 season. The first wholesale price figures shown in the tables represent the resulting price when estimated processing costs at each level of production are added to the given range of ex-vessel values. They should not necessarily be interpreted as the current market prices, which are discussed in another section of this report.

The processing cost figures are estimates for the 1980 season, based on personal communication with processors as well as actual experience working with several processing operations in Bristol Bay and elsewhere in Alaska. The estimates are based on reasonably high volume operations and, subsequently, any smaller volume operations can be expected to have significantly higher costs. Shipping costs are based on tariff rates quoted by Sea-Land on March 10, 1980. While the cost figures reflect our expectations for the summer 1980 salmon season, they are generally conservative estimates and it is conceivable that the rise in fuel costs and interest rates may be even higher than currently projected, thus resulting in significantly higher costs of processing, shipping and mark-up. It should also be noted that the actual costs for every individual processing operation may vary radically from the estimates given due to several factors, including different tendering practices, unloading technology and delivery limits. In addition, the inherent efficiency of each operation varies considerably because all have

Table 11 SAMPLE SALMON PROCESSING COSTS
FRESH/FROZEN PRODUCTION, HEAD-UP
FROZEN IN ANCHORAGE/KEDAI

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering/Handling/Flying	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56
COST/LB., ROUND WEIGHT, DELIVERED	.93	.98	1.04	1.09	1.14	1.20	1.25	1.30	1.36	1.41	1.46	1.51
II. Category II Costs												
A. Recovery, 85%	.16	.17	.18	.19	.20	.21	.22	.23	.24	.25	.26	.27
B. Processing/Freezing/Packaging ¹	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40
C. Shipping to Seattle ²	.043	.043	.043	.043	.043	.043	.043	.043	.043	.043	.043	.043
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.53	1.59	1.66	1.72	1.78	1.85	1.91	1.97	2.04	2.10	2.16	2.22
LESS REVENUE FROM EGG SALES ³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.47	1.54	1.60	1.66	1.72	1.79	1.85	1.91	1.98	2.04	2.10	2.16
PROCESSOR MARK-UP (20%) ⁴	.30	.31	.32	.33	.35	.36	.37	.38	.40	.41	.42	.43
WHOLESALE PRICE, fob SEATTLE	1.77	1.84	1.92	1.99	2.07	2.15	2.22	2.29	2.38	2.45	2.52	2.59

¹Includes direct processing costs, such as labor and plant overhead.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: .05 shipping cost \times .85(.05) = .043.

³Roe recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: (.019) \times (3.40) = .06.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 12 SAMPLE SALMON PROCESSING COSTS
FRESH/FROZER PRODUCTION, HEAD-OFF
FROZER IN ANCHORAGE/KENAI

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering/Handling/Flying	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56
COST/LB., ROUND WEIGHT, DELIVERED	.93	.98	1.04	1.09	1.14	1.20	1.25	1.30	1.36	1.41	1.46	1.51
II. Category II Costs												
A. Recovery, 75%	.31	.33	.35	.36	.38	.40	.42	.43	.45	.47	.49	.50
B. Processing/Freezing/Packaging ¹	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40	.40
C. Shipping to Seattle ²	.038	.038	.038	.038	.038	.038	.038	.038	.038	.038	.038	.038
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.68	1.75	1.83	1.89	1.96	2.04	2.11	2.17	2.25	2.32	2.39	2.45
LESS REVENUE FROM EGG SALES³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.62	1.69	1.77	1.83	1.90	1.98	2.05	2.11	2.19	2.26	2.33	2.39
PROCESSOR MARK-UP (20%)⁴	.32	.34	.35	.37	.38	.40	.41	.42	.44	.45	.47	.48
WHOLESALE PRICE, FOB SEATTLE	1.94	2.03	2.12	2.20	2.28	2.38	2.46	2.53	2.63	2.71	2.80	2.87

¹Includes direct processing costs, such as labor and plant overhead.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: .05 shipping cost - .75(.05) = .038.

³Roe recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: (.019) x (3.40) = .06.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 13 SAMPLE SALMON PROCESSING COSTS
FRESH/FROZEN PRODUCTION, HEAD-ON
FROZEN IN BRISTOL BAY OR FLOATING PROCESSORS

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Haknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (5%)	.018	.020	.023	.025	.028	.030	.033	.035	.038	.040	.043	.045
D. Tendering/Handling	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
COST/LB., ROUND WEIGHT, DELIVERED	.479	.532	.587	.640	.695	.748	.803	.856	.911	.964	1.02	1.07
II. Category II Costs												
A. Recovery, 85%	.08	.09	.10	.11	.12	.13	.14	.15	.16	.17	.18	.19
B. Processing/Freezing/Packaging ¹	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70
C. Shipping to Seattle ²	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.34	1.40	1.47	1.53	1.59	1.66	1.72	1.78	1.85	1.91	1.98	2.04
LESS REVENUE FROM EGG SALES ³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.28	1.34	1.41	1.47	1.53	1.60	1.66	1.72	1.79	1.85	1.92	1.98
PROCESSOR MARK-UP (20%) ⁴	.26	.27	.28	.29	.30	.32	.33	.34	.36	.37	.38	.40
WHOLESALE PRICE, fob SEATTLE	1.54	1.61	1.69	1.76	1.83	1.92	1.99	2.06	2.13	2.22	2.30	2.38

¹Includes direct processing costs, such as labor and plant overhead. Due to the extreme variability in floating processors, this cost may vary by 1.10.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: .09 shipping costs - .85(.09) = .08.

³Roe recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: (.019) x (3.40) = .06.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 14 SAMPLE SALMON PROCESSING COSTS
FRESH/FROZER PRODUCTION, HEAD-ON
FROZEN IN BINS OR BAY OR FLOATING PROCESSORS

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (5%)	.018	.020	.023	.025	.028	.030	.033	.035	.038	.040	.043	.045
D. Tendering/Handling	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
COST/LB., ROUND WEIGHT, DELIVERED	.479	.532	.587	.640	.695	.748	.803	.856	.911	.964	1.02	1.07
II. Category II Costs												
A. Recovery, 75%	.16	.18	.20	.21	.23	.25	.27	.29	.30	.32	.34	.36
B. Processing/Freezing/Packaging ¹	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70	.70
C. Shipping to Seattle ²	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.41	1.48	1.56	1.62	1.70	1.77	1.84	1.92	1.98	2.05	2.13	2.20
LESS REVENUE FROM EGG SALES ³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.35	1.42	1.50	1.56	1.64	1.71	1.78	1.86	1.92	1.99	2.07	2.14
PROCESSOR MARK-UP (20%) ⁴	.27	.28	.30	.31	.33	.34	.36	.37	.38	.40	.41	.43
WHOLESALE PRICE, (JOB SEATTLE)	1.62	1.70	1.80	1.87	1.97	2.05	2.14	2.23	2.30	2.39	2.48	2.57

¹Includes direct processing costs, such as labor and plant overhead. Due to the extreme variability in floating processors, this cost may vary by ± .10.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: .09 shipping costs × .75(.09) = .07.

³Roe recovery is figured at 1.9% and price/lb. at \$3.60, resulting in: (.019) × (3.60) = .06.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 15 SAMPLE SALMON PROCESSING COSTS
CANNED PRODUCTION
CANNED IN BRISTOL BAY

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (4.5%)	.016	.018	.020	.023	.025	.027	.029	.032	.034	.036	.038	.040
D. Tendering/Handling	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
COST/LB., ROUND WEIGHT, DELIVERED	.477	.530	.584	.638	.692	.745	.799	.853	.907	.960	1.01	1.07
II. Category II Costs												
A. Recovery, 66%	.25	.27	.30	.33	.36	.38	.41	.44	.47	.49	.52	.55
B. Processing/Canning/Packaging ¹	.514	.514	.514	.514	.514	.514	.514	.514	.514	.514	.514	.514
C. Shipping to Seattle ²	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05	.05
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.29	1.30	1.45	1.57	1.62	1.69	1.77	1.86	1.94	2.01	2.09	2.18
LESS REVENUE FROM EGG SALES ³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.23	1.30	1.39	1.46	1.56	1.63	1.71	1.81	1.88	1.95	2.03	2.12
PROCESSOR MARK-UP (20%) ⁴	.25	.26	.28	.29	.31	.33	.34	.36	.38	.39	.41	.42
WHOLESALE PRICE, FOB SEATTLE	1.48	1.56	1.67	1.75	1.87	1.96	2.05	2.17	2.26	2.34	2.44	2.54

¹Includes direct processing costs, such as labor and plant overhead. Based on ADF&G projections of 20 one pound and 18 one-half pound lines operational in Bristol Bay in 1980 and processing costs of \$.60/lb. for one pound lines and \$.77/lb. for one-half pound lines, the weighted average cost equals $.689(.60 + .31(.77)) = .514$.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: $.07$ shipping costs $- .66(.07) = .05$.

³Roe recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: $(.019) \times (3.40) = .06$.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 16 SAMPLE SALMON PROCESSING COSTS
CANNED PRODUCTION
CANNED IN SOUTHEAST ALASKA AND
BRITISH COLUMBIA, CANADA

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.026
C. Alaska Raw Fish Tax (4.5%)	.016	.018	.020	.023	.025	.027	.029	.032	.034	.036	.038	.040
D. Tendering/Handling	.185	.185	.185	.185	.185	.185	.185	.185	.185	.185	.185	.185
COST/LB., ROUND WEIGHT, DELIVERED	.56	.62	.67	.72	.78	.83	.88	.94	.99	1.05	1.10	1.15
II. Category II Costs												
A. Recovery, 66% ¹	.29	.32	.34	.37	.40	.43	.46	.48	.51	.54	.57	.59
B. Processing/Canning/Packaging ²	.47	.47	.47	.47	.47	.47	.47	.47	.47	.47	.47	.47
C. Shipping to Seattle ³	.023	.023	.023	.023	.023	.023	.023	.023	.023	.023	.023	.023
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.365	1.433	1.50	1.58	1.67	1.75	1.83	1.91	1.99	2.08	2.16	2.23
LESS REVENUE FROM EGG SALES⁴	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.29	1.37	1.44	1.52	1.61	1.69	1.77	1.85	1.93	2.02	2.10	2.17
PROCESSOR MARK-UP (20%)⁵	.26	.28	.29	.30	.32	.33	.35	.37	.39	.40	.42	.43
WHOLESALE PRICE, fob SEATTLE	1.55	1.65	1.73	1.82	1.93	2.02	2.12	2.22	2.32	2.42	2.52	2.60

¹A recovery rate of less than 66% may result from increased transport distance; therefore, this cost factor may be conservative.

²Includes direct processing costs, such as labor and plant overhead. Based on projections of 50% one pound and 50% one-half pound lines, with processing costs of \$.38/lb. for one pound lines and \$.95/lb. for one-half pound lines, the weighted average cost equals $.75(.38) + .25(.95) = .672$.

³Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: $.035$ shipping costs $\times .66(.035) = .023$.

⁴Recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: $(.019) \times (3.40) = .06$.

⁵Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 17 SAMPLE SALMON PROCESSING COSTS
FRESH PRODUCTION, HEAD-OF
PROCESSED IN ANCHORAGE AND AIR
FREIGHTED TO MAJOR U.S. CITIES
OR COMMERCIAL AIRLINES

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Haknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering/Handling/Flying	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56	.56
COST/LB., ROUND WEIGHT, DELIVERED	.93	.98	1.04	1.09	1.14	1.20	1.25	1.30	1.36	1.41	1.46	1.51
II. Category II Costs												
A. Recovery, 75%	.31	.33	.35	.36	.38	.40	.42	.43	.45	.47	.49	.50
B. Processing/Chilling/Packaging ¹	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25
C. Shipping to Seattle ²	.24	.24	.24	.24	.24	.24	.24	.24	.24	.24	.24	.24
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.66	1.80	1.88	1.94	2.01	2.09	2.16	2.22	2.30	2.37	2.44	2.50
LESS REVENUE FROM EGG SALES ³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.60	1.74	1.82	1.88	1.95	2.03	2.10	2.16	2.24	2.31	2.38	2.44
PROCESSOR MARK-UP (20%) ⁴	.32	.35	.36	.38	.39	.41	.42	.43	.45	.46	.48	.49
WHOLESALE PRICE, FOB MARKET CITY	1.92	2.09	2.18	2.26	2.34	2.44	2.52	2.59	2.69	2.77	2.86	2.93

¹Includes direct processing costs, such as labor and plant overhead.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: $\$.32 \text{ shipping costs} \times .75(.72) = .24$.

³Egg recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: $(.019) \times (3.40) = .06$.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

Table 18 SAMPLE SALMON PROCESSING COSTS
 FRESH PRODUCTION, HEAD-ON
 PROCESSED IN BRISTOL BAY AND
 FLOWN TO MAJOR U.S. MARKETS
 ON CHARTER AIRCRAFT - FISH
 ARE SHIPPED BUTCHERED

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Nakurk											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (2%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10	.10
COST/LB., ROUND WEIGHT, DELIVERED	.47	.52	.58	.63	.68	.74	.79	.84	.87	.95	1.00	1.05
II. Category II Costs												
A. Recovery, 75%	.16	.17	.19	.21	.23	.25	.26	.28	.29	.32	.33	.35
B. Processing/Chilling/Packaging ¹	.29	.29	.29	.29	.29	.29	.29	.29	.29	.29	.29	.29
C. Shipping to Seattle ²	.30	.30	.30	.30	.30	.30	.30	.33	.30	.30	.30	.30
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.30	1.36	1.46	1.51	1.58	1.66	1.72	1.79	1.83	1.94	2.00	2.07
LESS REVENUE FROM EGG SALES³	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.24	1.30	1.38	1.45	1.52	1.60	1.66	1.73	1.77	1.88	1.94	2.01
PROCESSOR MARK-UP (20%)⁴	.25	.26	.28	.29	.30	.32	.33	.35	.35	.38	.39	.40
WHOLESALE PRICE, TO MARKET CITY⁵	1.49	1.56	1.66	1.74	1.82	1.92	1.99	2.08	2.12	2.26	2.33	2.41

¹Includes direct processing costs, such as labor and plant overhead.

²Shipping costs have been converted to round weight equivalents to allow for compatibility with primary costs as follows: $\$.51 \text{ shipping costs} \div .75 (.75) = .30$.

³Net recovery is figured at 1.9% and price/lb. at \$1.40, resulting in: $(.019) \times (1.40) = .06$.

⁴Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

⁵Shipping costs to market city are applicable to all U.S. west coast and midwest cities.

Table 19 SAMPLE SALMON PROCESSING COSTS
 FRESH PRODUCTION, HEAD-OFF
 FISH ARE SHIPPED ROUND TO SEATTLE
 OR OTHER MARKET CITY DIRECTLY
 FROM BRISTOL BAY OR CHARTER
 AIRCRAFT - FISH ARE PROCESSED IN
 MARKET CITY

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering/Handling/Flying	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61
COST/LB., ROUND WEIGHT, DELIVERED	.98	1.03	1.09	1.14	1.19	1.25	1.30	1.36	1.41	1.46	1.51	1.56
II. Category II Costs												
A. Recovery, 75%	.33	.35	.36	.38	.40	.42	.43	.45	.47	.49	.50	.52
B. Processing/Chilling/Packaging ¹	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22	.22
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.53	1.60	1.67	1.74	1.81	1.89	1.95	2.03	2.10	2.17	2.23	2.30
LESS REVENUE FROM EGG SALES ²	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.47	1.54	1.61	1.68	1.75	1.83	1.89	1.97	2.04	2.11	2.17	2.24
PROCESSOR MARK-UP (20%) ³	.29	.31	.32	.34	.35	.37	.38	.39	.41	.42	.43	.45
WHOLESALE PRICE, (to MARKET CITY) ⁴	1.76	1.85	1.93	2.02	2.10	2.20	2.27	2.36	2.45	2.53	2.60	2.69

¹Includes direct processing costs, such as labor and plant overhead.

²Roe recovery is figured at .9% and price/lb. = \$3.40, resulting in: (.019) x (3.40) = .06.

³Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% may be considered, with the ever-increasing cost of working capital.

⁴Shipping costs to market city are applicable to all U.S. west coast and midwest cities.

Table 20 SAMPLE SALMON PROCESSING COSTS
FRESH/FROZEN PRODUCTION, HEAD-OF-
FLOW TO SEATTLE IN THE ROUND
AND FROZEN IN SEATTLE

Costs are separated into two categories: The costs in Category I are expressed in \$/lb., round weight, purchased and delivered to the processing plant; costs in Category II are expressed in \$/lb., recovered or finished product weight.

Cost Category	Ex-Vessel Price Range, Naknek											
I. Primary Costs, \$/lb. Round Weight												
A. Raw Fish Cost	.35	.40	.45	.50	.55	.60	.65	.70	.75	.80	.85	.90
B. Bristol Bay Borough Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
C. Alaska Raw Fish Tax (3%)	.011	.012	.014	.015	.017	.018	.020	.021	.023	.024	.025	.027
D. Tendering/Handling/Flying	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61	.61
COST/LB., ROUND WEIGHT, DELIVERED	.98	1.03	1.09	1.14	1.19	1.25	1.30	1.36	1.41	1.46	1.51	1.56
II. Category II Costs												
A. Recovery, 75%	.33	.35	.36	.38	.40	.42	.43	.45	.47	.49	.50	.52
B. Processing/Freezing/Packaging ¹	.35	.35	.35	.35	.35	.35	.35	.35	.35	.35	.35	.35
PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.66	1.73	1.80	1.87	1.94	2.02	2.08	2.16	2.23	2.28	2.36	2.43
LESS REVENUE FROM EGG SALES²	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)	(.06)
NET PRODUCTION COST, \$/LB. PRODUCT WEIGHT	1.60	1.67	1.74	1.81	1.88	1.96	2.02	2.10	2.17	2.22	2.30	2.37
PROCESSOR MARK-UP (20%)³	.32	.33	.35	.36	.38	.39	.40	.42	.43	.44	.46	.47
WHOLESALE PRICE, FOB SEATTLE	1.92	2.00	2.09	2.17	2.26	2.35	2.42	2.52	2.60	2.66	2.76	2.84

¹Includes direct processing costs, such as labor and plant overhead.

²Roe recovery is figured at 1.9% and price/lb. at \$3.40, resulting in: $(.019) \times (3.40) = .06$.

³Includes indirect costs, such as general and administrative, interest, brokering and marketing. This is a conservative figure; first wholesale mark-ups in excess of 20% must be considered, with the ever-increasing cost of working capital.

been in existence for varying lengths of time and therefore contain a wide range of state-of-the-art processing technology.

The wholesale prices given in the bottom line of the processing cost tables represent the minimum prices required by the processor in order to process Bristol Bay sockeye with a reasonable profit margin in 1980. Analysis of these minimum wholesale prices for the various methods of tendering and processing indicates that the least expensive method of processing, resulting in the lowest wholesale price per pound of raw fish purchased, is canning in Bristol Bay (Table 15). The next least expensive options are fresh production, head-off, processed in Bristol Bay and fresh/frozen production, head-on, processed on floating processors in Bristol Bay, in that order. It is generally more expensive for processors to fly round product to other locations for processing; however, this depends, to a great extent, on the particular efficiency of each individual operation, and especially on their ability to maintain quality control.

Were it possible for all processing to take place in Bristol Bay, it is evident that this would be the more desirable option for processors. However, this is not possible due to the large anticipated run and to the limited production capacity in the Bay. Although limited data is available, the next section gives an indication of what the actual breakdown of the 1980 sockeye run might be, by processing type.

Projected Breakdown of the Bristol Bay
Sockeye Run By Method of Processing

It can be assumed that the majority of sockeyes will either be canned or frozen, while a smaller percentage will be sold fresh. Canned product may be processed in shore-based facilities in the Bay, flown or tendered for processing at other locations, or it may be frozen and then canned at a later date. Frozen product may be processed in shore-based facilities or tendered for freezing at other locations in Alaska or on the Pacific Coast.

The Governor's 1980 Fishery Harvest Planning Group anticipated the following breakdown of processing types for Bristol Bay sockeyes in 1980:

Projected Processing Capacity 1980

Canning in the Bay:	41%
Freezing in the Bay:*	25%
Flying:	20%
Tendering:*	12%

*Proportions for both freezing and tendering could vary by several percentage points depending upon (1) the feasibility of tendering to canning lines as far away as Southeast Alaska and Prince Rupert, British Columbia; and (2) the extent of participation of foreign freezer/trawlers during the 1980 season.

It can be assumed that all tendered raw product which is not flown will be canned. Therefore, the canning (41%) and tendering (12%) proportions may be combined to arrive at a projected (53%) canning capacity for 1980. Most of the remaining 47% will be frozen.

Feasibility of Tendering Salmon To Southeast Alaska and British Columbia, Canada for Canning

Because of the anticipated high volume of fish this year, which will most likely exceed the processing capacity in Southcentral and Western Alaska, it has been suggested that long distance tendering of raw fish would enable processors to handle more volume. The following is a discussion of the feasibility of this option.

Tendering significant quantities of Bristol Bay sockeye to canning facilities in Southeast Alaska and British Columbia, Canada is generally considered technically feasible if the fish are held in RSW. The run time with modern highspeed tenders allows the fish to be delivered in a condition suitable for canning. Two major impediments of tendering to British Columbia for canning are the availability of adequate RSW tenders and the cost attributed to this method of product movement and processing. It is generally agreed that there is not a sufficient number of RSW tenders in the U.S. fleet to move the large volumes of product which would make this a viable alternative. This is especially critical in the Bristol Bay situation, as the short season and long haul demand that each boat can make only one run. There are, however, substantial numbers of Canadian tenders which could be put into service should the State of Alaska allow the tenders, with adequate notice, to operate in Alaskan waters. Assuming that adequate tenders are available, the next most important issue to resolve is cost. If the cost of fish purchases, tendering, processing and shipping exceeds the first wholesale value of the product, the tendering of the fish to Southeast Alaska and British Columbia is not feasible.

Depending on the capacity of the vessel and the length of the charter, tendering costs range from \$.133/lb. to \$.188/lb. for an average of \$.16/lb for fish delivered to British Columbia and Southeast Alaska. In addition to the tendering charges, there will be a grounds charge of about \$.025/lb. for loading the vessels. This is comprised primarily of labor charges for unloading fishing boats and handling fish tickets. Total tendering costs therefore average \$.185/lb. Table 17 outlines the costs related to tendering Bristol Bay sockeye to Southeast Alaska and British Columbia for canning.

The International Pacific Salmon Fisheries Commission projects a total 1980 Fraser River sockeye run of 3,200,000 fish, which will be a low run compared to 1979. The total Convention Waters catch for each country (U.S. and Canada) will probably be about 800,000 fish, the lowest since 1964. Since 1980 is an off-cycle year for pink salmon in British Columbia and a very poor run is expected for Fraser River sockeye, it appears that processors in British Columbia may have excess canning capacity in 1980. The largest pack in British Columbia during

the last ten years was about 1.9 million cases. Should the 1980 British Columbia salmon runs come close to the predicted level, Canadian processors may can between 600,000 and 900,000 cases this season. This should leave an excess capacity of about one million cases in 1980, assuming no conflicts in production schedules.

It appears from this discussion that the option of long distance tendering is feasible this year, depending upon the availability of adequate RSW tenders. It is, however, a more expensive option than canning at locations in Western and Southcentral Alaska.

Other Economic Factors Affecting Processing
Costs for the 1980 Season

Many of the large and small processors operating in Bristol Bay are finding it very difficult to arrange adequate financing for operation during the 1980 season. This is due to five major factors impacting the industry:

1. Extremely high interest rates associated with lines of credit for working capital. Many processors must pay two points over prime for any working capital credit line. With the prime rate at 20%, the cost of borrowed funds is extremely high, even for large processors with well-established financing structures.
2. Substantially reduced availability of preseason advance monies from all Japanese buyers. Traditionally, a large portion of the product sales to Japan have been based upon preseason advances, which have reduced the processors need to borrow working capital. Without this source of funding, additional pressure is placed upon traditional credit lines.
3. Extremely depressed market conditions. Much of the frozen sockeye produced in Bristol Bay has traditionally been sold in Japan. Currently, the market price for red salmon in Japan is substantially below the 1979 market level. In addition, the carryover inventories of product from 1979 into 1980 are extremely high. These large carryovers have depressed other world markets as Japanese product moved elsewhere. Processors have been unable to sell red salmon in some product forms or have had to liquidate inventories at a loss in recent months. The large runs forecast for 1980 indicate that market conditions will remain depressed.
4. U.S. financial institutions desire to cut lending. All of the major banks who have traditionally financed the U.S. processors have seen the financial strength of their clients fall in 1979. Coupled with their increased cost of funds and the above factors, they desire to cut their lending to the processing sector, not increase their credit lines.

5. Substantially increased risk for processors. In addition to the above factors, all of which tend to force processors to restrict their operations, the processors believe they cannot afford to support raw fish costs anywhere near those paid in the 1979 season. They view the current price demands of fishermen as unusually unrealistic. Unsettled pricing, coupled with the other factors mentioned above, have substantially increased the risks associated with processing in Bristol Bay.

Any of the five factors mentioned above, taken alone, would tend to decrease the processing capacity in Bristol Bay during the 1980 season. Taken together, unless there is a radical turn of events, it appears that current financing methods will not be adequate to meet the needs of processors this year. The ultimate result will be a reluctance on the part of the processors to engage in any Bristol Bay operations that are considered to be an economic "risk" either in terms of the price or volume of fish purchased.

MARKET CONDITIONS AND TRENDS

Retail, Wholesale and Raw Fish Price Trends for Canned and Fresh/Frozen Salmon: 1972-1980

Retail Prices

Table 21 shows retail price averages for canned sockeye in ten U.S. cities, 1973 through 1980. Data for the retail canned prices were acquired by the U.S. Department of Commerce, National Marine Fisheries Service (NMFS), Marketing Division, "Price Watch" summaries. Comparable retail price data on fresh/frozen sockeye is not available from NMFS due to a lack of consistent supply of product to the retail outlets surveyed.

Wholesale Prices

Table 22 shows the first wholesale market prices for fresh/frozen salmon, 1976-1980. Data for the fresh/frozen salmon prices were acquired through personal communications with salmon processors and brokers in Alaska and Seattle. The information is necessarily somewhat more arbitrary than it would be if an independent data source were available; however, none exists which is directly applicable to Alaska fresh/frozen salmon product. Prices are given for No. 1 grade product for the species and sizes indicated. It is estimated that approximately eighty-five percent of fresh/frozen gillnet-caught salmon is No. 1 grade and would therefore be reflective of the bulk of the product represented. Prices for No. 2 grade salmon are approximately fifteen to twenty percent below prices for the No. 1 grade product. Due to the wide variability in grading systems and the lack of any objective standard, prices are only indicative of the approximate range that the relevant products were selling for.

Tables 23 and 24 show the first wholesale market prices for canned salmon, 1971 through 1980. Data for the canned salmon prices were acquired from the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News. Industry sources indicate that while these prices may be high by \$1 to \$2 per case (\$.02 to \$.04 per pound), they do accurately portray market price trends over the specified period.

Raw Fish Prices

Table 25 shows the negotiated raw fish prices for sockeye salmon in Bristol Bay, 1954 through 1979. Table 26 shows the raw fish price in Bristol Bay (1966-1979) in relation to the average wholesale prices for canned sockeye, based on Alaska Department of Revenue estimates.

Table 21. RETAIL PRICES FOR CANNED
 SOCKEYE SALMON, 1973-1980

Year	Jan.	April	August	Dec.
1973		1.68	1.81/1.80	2.86
1974	3.03	2.76	3.04/3.07	2.98
1975	No report	2.76	2.71	2.53
1976	2.76	2.70	2.57	2.53
1977	2.57	2.64	2.70	2.71
1978	2.80	2.80	2.80	2.86
1979	2.91	2.94	2.99	3.14
1980	3.15			

Source: R. Kraatz, NMFIS, March 12, 1980. "Price Watch" Summary-Retail.
 1 pound tall equivalent average, in 10 major U.S. cities.

Table 22. FIRST WHOLESALE PRICES - HEADED
AND GUTTED FRESH/FROZEN SALMON†
F.O.B. ALASKA/SEATTLE

	5/76	7/76	9/76	3/77	5/77	7/77	8/77	9/77	1/78	3/78	5/78
Sockeye, 4-6 lb., gill- net caught	1.10	1.30	1.70	1.70	1.80	2.10	2.30	2.20	2.30	2.50	2.75
Coho, 4-6 lb., gillnet caught ¹	.90	1.10	1.50	1.50	1.60	1.90	2.10	2.00	2.10	2.30	2.55
Pink, 3-5 lb., gillnet caught	.40	.40	.50	.50	.50	.70	.90	.90	.90	.95	1.00
Chum, 6-9 lb., bright, gillnet caught	.70	.90	1.30	1.30	1.40	1.70	1.90	1.80	1.90	2.10	2.35
King, 7-11 lb., gillnet caught	2.30	2.40	2.50	2.50	2.60	2.75	3.00	3.00	3.00	3.10	3.20

†The wholesale prices listed in this table were obtained through personal communication with processors and brokers in Alaska and Seattle. All prices given are for #1 quality fish, which represents approximately 80-85% of the gillnet caught, fresh/frozen salmon production. Prices for lower grades of fish are generally 15-20% lower.

¹Prices for 6-9 lb. coho are generally 10% higher; prices for coho over 9 lbs. are 10%-15% higher than the 6-9 lb. fish.

Table 23. NORTHWEST AND ALASKA FIRST WHOLESALE PRICES FOR CANNED SALMON - YEARLY PRICE INDICATIONS 1971-1974 AND QUARTERLY PRICE INDICATIONS 1975-1978, IN U.S. DOLLARS PER POUND¹

	No. of cans per case/can size	Week Ending											
		12/4/71	12/2/72	12/8/73	12/7/74	1/11/75	4/5/75	6/28/75	11/15/75	1/3/76	4/3/76	7/10/76	10/8/76
Sockeye	48/15-1/2 oz.	.99	1.22	2.36	2.32	2.02	1.80	1.80	1.68	1.72	1.79	1.79	1.77
	48/7-3/4 oz.	1.25	1.68	2.36	2.41	1.94	1.83	1.83	2.06	2.28	2.30	2.38	2.36
	48/3-3/4 oz.	1.42	1.73	2.74	2.62	2.22	2.18	2.18	2.40	2.40	2.71	2.85	3.20
Chum	48/15-1/2 oz.	.81	1.02	2.24	1.96	1.83	1.55	1.55	1.55	1.55	1.55	1.55	1.57
	48/7-3/4 oz.	1.01	1.16	2.30	2.02	2.02	1.55	1.55	1.68	1.68	1.77	1.77	1.87
	48/3-3/4 oz.	1.20	1.56	2.49	2.18	2.18	1.60	1.60	1.82	1.82	2.01	2.01	2.58
Pink	48/15-1/2 oz.	.77	.97	1.46	1.53	1.51	1.51	1.51	1.49	1.49	1.49	1.49	1.47
	48/7-3/4 oz.	1.76	1.08	1.59	1.63	1.65	1.59	1.59	1.59	1.61	1.68	1.68	1.57
	48/3-3/4 oz.	-- ¹	--	1.84	1.84	1.85	1.74	1.74	1.69	1.69	1.78	1.78	2.05
Chum	48/15-1/2 oz.	.68	.86	1.38	1.39	1.39	1.30	1.30	1.27	1.27	1.29	1.29	1.29
	48/7-3/4 oz.	.73	.90	1.48	1.51	1.51	1.51	1.51	1.33	1.33	1.42	1.42	1.42

¹The data source for all prices in these tables is the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News. The prices represent those requested by sellers for #1 quality product, canned from fresh fish. Industry sources indicate that these prices are probably higher than those actually received by \$1 to \$2 per case (\$.02-.06 per lb.); however, there is generally a greater degree of accuracy in the first quarter prices quoted. The data does, however, accurately depict price trends for canned salmon.

¹Pink salmon was not packed in 3-3/4 oz. cans at this time.

Table 23. (Continued)

	No. of cans per case/can size	Week Ending				1st Qtr. Average 1978	2nd Qtr. Average 1978	3rd Qtr. Average 1978	4th Qtr. Average 1978
		1/8/77	4/9/77	7/9/77	10/7/77				
Sockeye	48/15-1/2 oz.	1.84	1.88	1.88	2.02	1.98	1.98	1.98	2.02
	48/7-3/4 oz.	2.36	2.46	2.56	2.54	2.54	2.54	2.54	2.60
	48/3-3/4 oz.	3.20	3.20	3.24	3.42	3.42	3.39	3.38	3.17
Coho	48/15-1/2 oz.	1.59	1.59	1.59	1.61	1.59	1.59	1.59	1.59
	48/7-3/4 oz.	1.91	1.91	1.91	1.96	1.96	1.96	1.96	1.96
	48/3-3/4 oz.	2.44	2.49	2.49	2.67	2.67	2.67	2.67	2.75
Pink	48/15-1/2 oz.	1.47	1.37	1.43	1.49	1.42	1.42	1.42	1.35
	48/7-3/4 oz.	1.61	1.59	1.65	1.65	1.61	1.61	1.63	1.58
	48/3-3/4 oz.	2.05	2.01	2.05	2.09	2.09	2.09	2.09	2.05
Chum	48/15-1/2 oz.	1.27	1.25	1.27	1.31	1.24	1.23	1.23	1.25
	48/7-3/4 oz.	1.42	1.42	1.47	1.47	1.42	1.42	1.42	1.39

Table 24. NORTHWEST AND ALASKA WHOLESALE PRICES
FOR CANNED SALMON - MONTHLY AVERAGES,
IN U.S. DOLLARS PER POUND
JANUARY 1979 - FEBRUARY 1980

No. of cans per case/can size		1/79	2/79	3/79	4/79	5/79	6/79	7/79	8/79	9/79	10/79	11/79	12/79	1/80	2/80
Sockeye	48/15-1/2 oz.	2.02	2.02	2.02	2.06	2.06	2.06	2.06	2.21	2.29	2.28	2.29	2.31	2.32	2.32
	48/7-3/4 oz.	2.60	2.62	2.60	2.62	2.60	2.60	2.60	2.81	2.92	2.94	2.99	2.99	2.99	2.99
	48/3-3/4 oz.	3.34	3.34	3.34	3.34	3.34	3.34	3.34	3.63	3.82	3.73	3.81	3.93	3.96	3.96
Coho	48/15-3/4 oz.	1.59	1.59	1.59	1.59	1.59	1.59	1.59	1.62	1.74	1.72	1.79	1.83	1.83	1.83
	48/7-3/4 oz.	1.96	1.96	1.96	---	--	--	--	--	2.11	2.13	2.18	2.20	2.20	2.20
	48/3-3/4 oz.	2.75	2.75	2.75	--	--	--	--	--	3.02	3.06	3.18	3.11	3.11	3.11
Pink	48/15-1/4 oz.	1.37	1.37	1.37	1.42	1.46	1.51	1.51	1.56	1.59	1.59	1.62	1.68	1.63	1.63
	48/7-3/4 oz.	1.59	1.59	1.59	1.65	1.65	1.65	1.65	1.70	1.77	1.80	1.86	1.87	1.89	1.89
	48/3-3/4 oz.	2.05	2.05	2.05	2.05	2.05	2.05	2.05	2.15	2.22	2.25	2.29	2.22	2.23	2.31
Chum	48/15-3/4 oz.	1.25	1.25	1.25	1.29	1.29	1.29	1.29	1.35	1.42	1.46	1.49	1.50	1.51	1.51
	48/7-3/4 oz.	1.40	1.42	1.42	1.51	1.50	1.47	1.47	1.49	1.52	1.57	1.61	1.60	1.72	1.72

The data source for all prices in these tables is the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News. The prices represent those requested by sellers for #1 quality product, canned from fresh fish. Industry sources indicate that these prices are probably higher than those actually received by \$1 to \$2 per case (\$.02-.04 per lb.); however, there is generally a greater degree of accuracy in the first quarter prices quoted. The data does, however, accurately depict price trends for canned salmon.

--- Indicates supply too limited to give price indication.

Table 25. BRISTOL BAY RAW FISH PRICES - 1954-1979

PRICE PER FISH

<u>Year</u>	<u>Reds</u>	<u>Duration of Contract</u>	<u>Date of Settlement</u>
1954	.70	1 year	6/24
1955	.73	1 year	6/12
1956	.79	1 year	6/18
1957	.82	1 year	6/16
1958	.85	1 year	5/16
1959	.90	1 year	7/01
1960	.945	1 year	3/10
1961	1.00	1 year	4/15
1962	1.035	1 year	6/18
1963	1.08	2 years	7/05
1964	1.09		12/13/63
1965	1.09	1 year	4/28
1966	1.125	1 year	6/12
1967	1.175	2 years	6/18/67
1968	1.191		

PRICE PER POUND

<u>Year</u>	<u>Reds</u>	<u>Duration of Contract</u>	<u>Date of Settlement</u>
1969	.24	2 years	7/03/69
1970	.24		
1971	.26	2 years	6/18/71
1972	.27		
1973	.35	1 year	6/14/73
1974	.49	1 year	6/14/74
1975	*.37	1 year	6/18/75
1976	.52	1 year	6/28/76
1977	.595	1 year	6/28/77
1978	.68	1 year	6/26/78
**1979	.80-1.25	1 year	6/27/79

* 1975 sliding price scale
 ** 1979 two price system for reds

Table 26. BRISTOL BAY RAW FISH PRICE IN RELATION TO WHOLESALE PRICES FOR CANNED SOCKEYE SALMON, 1966-1979 (EGGS NOT INCLUDED)

Reds % Cost Based on 72 lbs./Case (48/1 lb. Tall Case)

<u>Year</u>	<u>Negotiated Raw Fish Price (\$/lb.)</u>	<u>Canned Salmon Raw Fish Cost (\$/case)^{1/}</u>	<u>Canned Salmon Wholesale (\$/case)</u>	<u>% Raw Fish Cost</u>
1966	.220	15.96	31.393	50.80
1967	.235	16.92	36.173	46.80
1968	.238	17.15	37.794	45.40
1969	.240	17.28	41.320	41.80
1970	.240	17.28	37.100	46.50
1971	.260	18.72	41.850	44.70
1972	.270	19.44	50.830	38.30
1973	.350	25.20	95.450	37.20
1975	.370	26.64	71.072	37.50
1976	.520	37.44	75.330	48.70
1977	.595	42.84	81.314	52.68
1978	.680	48.96	84.760	57.76
1979	.800	57.60	96.72	<u>59.55</u>
			Average:	46.75

^{1/} Case of salmon based on 48 1 lb. tall cans or 48 lbs. of salmon per case until 1976. True weight = 46.5 lbs. of raw fish per case.

Red at .80/lb. = save \$1.20 per case

Source: Alaska Department of Revenue, Average Wholesale Value

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Analysis of Retail, Wholesale and Raw Fish Price Trends

Figures 3 and 4 show retail, wholesale and raw fish price trends for canned and fresh/frozen salmon, 1971 through 1980. The following patterns are apparent for canned salmon:

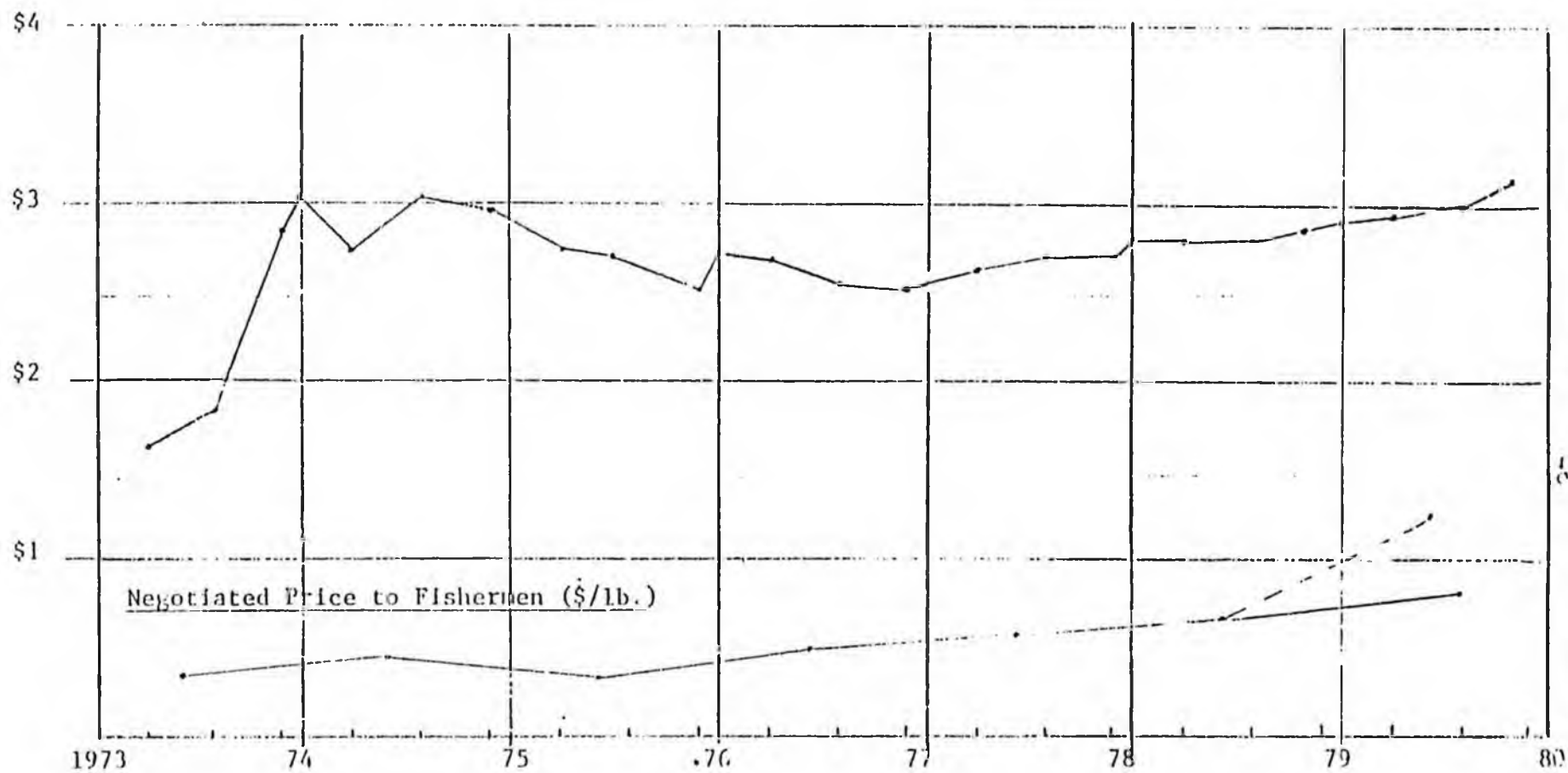
- o Both retail and wholesale prices show a dramatic rise during 1973;
- o Following a brief decline in 1974 and 1975, both retail and wholesale prices became relatively stable (1976-1980) with retail prices increasing at approximately four percent per year and wholesale prices increasing at about 5.5 percent per year;
- o Retail prices generally remained at a level approximately fifty percent above wholesale canned prices from 1973 to 1980; and
- o Raw fish price increases generally lagged behind increases in wholesale and retail prices from 1973 to 1975, but the rate of increase recovered from 1976 to 1980.

The following trends are apparent for frozen salmon:

- o In contrast to the relatively stable increase in retail and wholesale canned prices during the last five years, wholesale prices for frozen salmon experienced a dramatic increase from January 1976 to September 1978;
- o From September 1978 to March 1980, frozen prices declined rapidly, falling below canned price levels in the third quarter of 1979; and
- o Raw fish prices did not reflect the dramatic rise in frozen sockeye wholesale prices until 1979, when the negotiated raw fish price for frozen salmon was established at \$1.25 per pound.

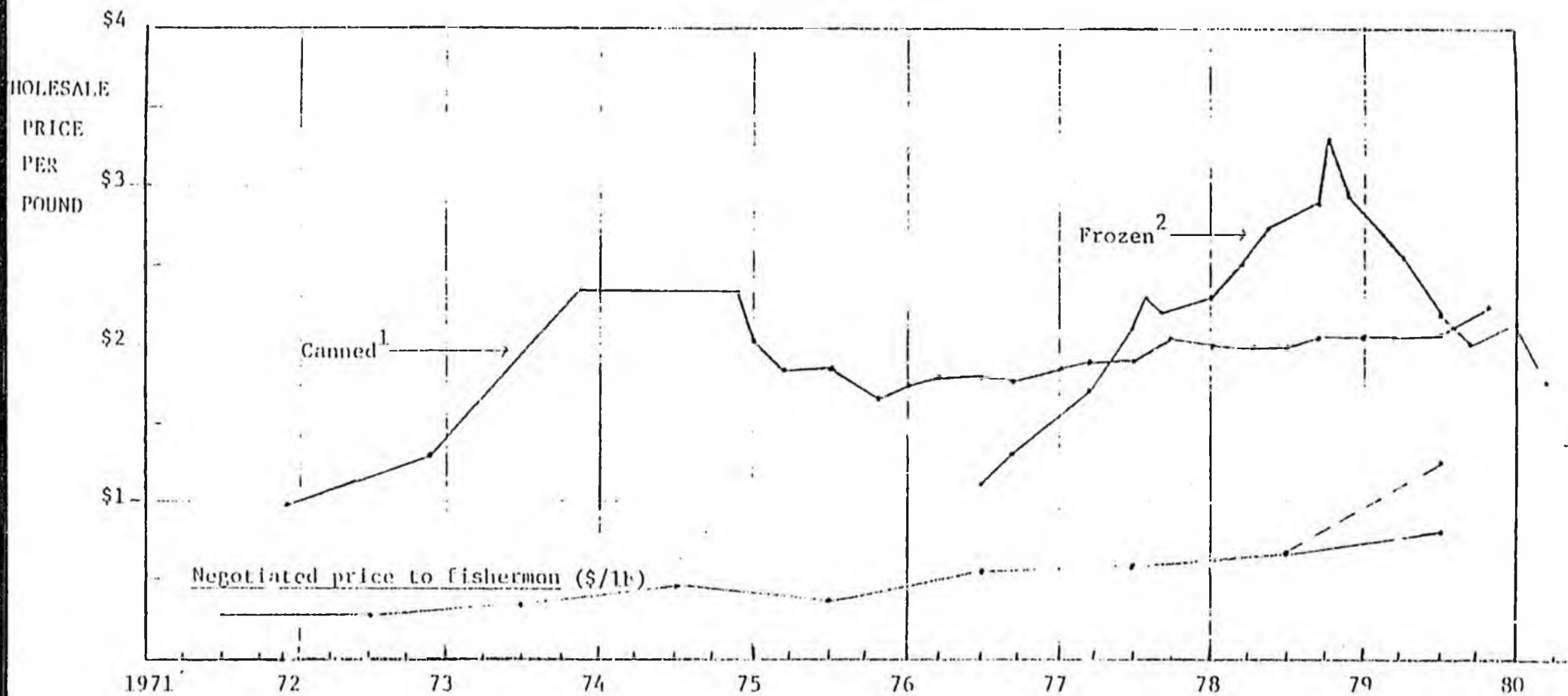
The price movements in the tables clearly reflect the entry and dominance of major Japanese buyers in the fresh/frozen salmon market in the late 1970's, as well as the decline in that market from late 1978 to the present. The implications of the Japanese market on 1980 raw fish prices are more fully discussed in later sections of this report.

Figure 3. RETAIL CANNED SOCKEYE PRICES
AND NEGOTIATED RAW FISH PRICES
IN BRISTOL BAY, 1973-1980



Source: Tables 21 and 25

FIGURE 4. WHOLESALE PRICES OF CANNED AND FROZEN SOCKEYE SALMON AND NEGOTIATED RAW FISH PRICES IN BRISTOL BAY, 1971-1980



1. 48 1-lb. case price, FOB Seattle.
2. Frozen, headed, and gutted, FOB Alaska/Seattle.

Export Patterns

Tables 27 through 30 show the volumes of fresh and fresh/frozen salmon, canned salmon and salmon roe exports to Japan, Canada and various European countries during the 1975 to 1980 period, from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska). Since approximately eighty-five percent of Pacific salmon exported from these districts is produced in Alaska, the tables give a reasonably accurate representation of the destination of Alaska salmon exports.

The volume trends reflected in the fresh and fresh/frozen table clearly indicate the dramatic increase of Japanese imports during this period, resulting in the predominance (seventy percent) of the Japanese in this market in 1979. Total fresh and fresh/frozen exports have tripled from 1975 to 1979, while European exports have remained at approximately the same level. As a result, the percentage of salmon exports destined for European markets has dropped from seventy-three percent in 1975 to approximately twenty-five percent in 1979.⁶

The United Kingdom is the largest importer of canned U.S. Pacific salmon (thirty-eight percent of the total exports listed in Table 28), followed by Canada, the Netherlands and Belgium, in that order. While canned salmon exports have doubled during the 1975-1979 period, the distribution of the exports among the various importing countries has remained about the same. Thus, export market conditions for canned salmon are fairly stable.

Fish roe exports for Districts 29, 30 and 31 have more than tripled during the 1975 to 1979 period. Japan has remained the most important export market for these products (ninety-four percent in 1979) throughout the entire period.

The source for all export statistics given in Tables 30 through 33 is the U.S. Department of Commerce, Bureau of the Census, Foreign Trade Division, annual and monthly reports (EA 664). All exports from U.S. Census Districts 29, 30 and 31 have been included, as all Alaska salmon and nearly all Pacific salmon production takes place in this region. It should be noted that the Bureau of Census export data do not necessarily reflect products originating in the three districts; however, it is assumed that, in the case of salmon, there would not be any significant transportation to other districts prior to export from the U.S. The statistics are compiled by the Bureau of Census from declarations made by packers for each shipment exported. While commodity codes represented in the tables do not specifically represent fresh and fresh/frozen salmon, canned salmon and salmon roe, they have been chosen to most accurately represent salmon exports, as discussed in the footnotes to the tables. In addition, the commodity codes used for 1975-1977 are

⁶It should be noted that European imports did not decrease at that rate. Canadian export data indicates that Canada replaced the U.S. as a major supplier to European markets.

Table 27 FRESH AND FRESH/FROZEN SALMON EXPORTS¹
FROM U.S. CENSUS DISTRICTS 29, 30 AND 31, 11
1975-1979, BY EXPORT COUNTRY, IN POUNDS.

	1975	1976	1977	1978	1979
Japan	9,741,516	5,091,460	32,437,812	87,494,623	95,220,006
Korea	2,000	2,000	---	951,145	304,546
Canada	1,994,028	2,110,328	5,240,649	3,415,012	6,464,711
France	13,494,400	13,123,193	12,938,702	11,784,748	13,256,217
United Kingdom	5,883,571	5,421,264	3,613,729	5,860,360	6,435,908
West Germany	2,794,836	1,687,913	1,825,182	1,990,128	2,622,612
Belgium	2,299,242	2,422,546	1,777,130	1,473,012	2,490,569
Italy	412,000	390,697	426,120	602,707	570,084
Sweden	5,133,868	3,868,785	3,904,805	4,154,501	5,538,051
Denmark	1,630,258	1,763,058	1,785,994	910,842	1,258,004
Norway	41,470	92,653	89,215	25,070	41,153
Netherlands	1,593,098	1,682,178	1,162,115	1,712,060	1,585,285
Switzerland	62,600	204,130	252,269	81,312	125,000
Ireland	---	---	---	---	29,600
Misc. Other Countries ¹	377,202	470,185	257,405	251,552	213,360
TOTALS	44,460,089	38,130,390	65,790,921	120,679,052	136,235,186

¹This category includes U.S. Census Bureau Commodity Codes: #1106620 (#0311065 for 1975-1977) "Salmon, whole or eviscerated, fresh, chilled or frozen"; #1107520 (#0311065 for 1975-1977) "Salmon, fillet, steak or portion, fresh, chilled or frozen"; and data from U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News Weekly categories "Salmon, whole or eviscerated" and "Salmon, fillets and steaks" (for 1979).

¹Salmon exported from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska) is not limited to salmon produced in these areas. However, it is estimated that approximately 85% of these exports represent Alaska salmon production.

¹A list of the countries represented in this category is given in Table

Table 28 CANNED SALMON EXPORTS¹ FROM U.S. CENSUS DISTRICTS
29, 30 AND 31, 11 1975-1979, BY EXPORT COUNTRY,
IN POUNDS

	1975	1976	1977	1978	1979
Japan	137,211	200,798	513,626	1,504,103	2,926,483
Korea	---	---	---	---	---
Canada	4,372,047	3,197,754	3,305,987	5,929,546	9,971,431
France	77,376	13,712	51,525	680,085	540,256
United Kingdom	13,880,244	9,298,959	8,132,567	9,634,243	17,586,370
West Germany	5,010	35,000	59,800	18,985	63,499
Belgium	1,161,341	1,318,607	1,180,205	1,849,335	2,235,601
Italy	5,488	---	79,999	64,700	117,075
Sweden	---	1,200	4,800	---	6,560
Denmark	391	---	---	---	17,500
Norway	---	---	826	---	---
Netherlands	1,589,775	2,272,270	2,487,313	4,503,821	5,189,293
Switzerland	---	4,724	---	---	88,831
Ireland	12,000	---	10,800	4,800	336,303
Misc. Other Countries ¹	514,556	2,451,332	3,932,938	6,201,139	7,655,514
TOTALS	21,755,439	18,794,356	19,751,406	30,796,757	46,534,727

[This category includes U.S. Census Bureau Commodity Codes: #1121920 "Salmon canned and dried, salted or smoked"; #1121940 "Salmon, canned BSPE"; #030110 (1975-1977) "Salmon, in airtight containers"; and data from U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service, Fishery Market News Weekly categories "Salmon, in airtight containers," and "Salmon, canned but not frozen."

[Salmon exported from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska) is not limited to salmon produced in these areas. However, it is estimated that approximately 85% of these exports represent Alaska salmon production.

¹A list of the countries represented in this category is given in Table .

Table 29 FISH ROE EXPORTS FROM U.S. CENSUS DISTRICTS
29, 30 and 31, 1975-1979, BY EXPORT COUNTRY,
IN POUNDS

	1975	1976	1977	1978	1979
Japan	8,085,629	11,436,824	17,281,367	17,942,395	27,762,085
Korea	---	100,466	3,755,725	247,535	1,318,144
Canada	140,444	59,411	225,868	1,105,062	156,526
France	1,000	31,356	42,069	64,082	49,953
United Kingdom	---	14,600	---	---	---
West Germany	88,022	32,879	66,650	70,006	49,551
Belgium	---	19,426	---	4,000	2,000
Italy	8,205	---	---	121,573	218,748
Sweden	---	816	---	---	---
Denmark	---	5,952	10,713	5,443	---
Norway	---	---	---	---	---
Netherlands	---	3,000	---	---	---
Switzerland	---	---	---	---	---
Iceland	---	---	---	---	---
Misc. Other Countries ¹	4,045	62,720	3,070	16,369	2,292
TOTALS	8,327,345	11,767,450	20,985,462	19,576,465	29,559,299

The U.S. Census Bureau Commodity Code #1134500 (1978 and 1979) "Fish Roe" includes salmon roe, herring roe and other types of fish roe; however, the vast majority of that exported from U.S. Census Districts 29 (Portland, Oregon), 30 (Seattle, Washington) and 31 (Anchorage, Alaska) is salmon roe. The Commodity Code #0112000 (1975-1977) "Fish, except shellfish, canned" contains fish roe as well as salted, dried or smoked fish products; however, the majority of this is also salmon roe.

¹A list of the countries represented in this category is given in Table

Table 30. LIST OF EXPORT COUNTRIES INCLUDED IN "MISC.
OTHER COUNTRIES" CATEGORY IN TABLES 27-29

Venezuela	Chile
Finland	Uruguay
Spain	Kuwait
Greece	Saudi Arabia
Qatar	United Arab Emirates
Thailand	Bahrain
Malaysia	New Caledonia, Futuma,
Singapore	Wallis, French Polynesia
Hong Kong	Other Pacific Islands
Australia	Canary Islands
New Zealand	Nigeria
Rep. of China (Taiwan)	Republic of South Africa
French Pacific Islands	Costa Rica
Guatemala	Columbia
El Salvador	Bolivia
Nicaragua	Tunisia
Panama	Austria

not the same as those used for 1978 through 1980. The most significant change of categories was for fish roe (#1134500), which was previously included in "Fish, except shellfish, cured" (#0312000) (1975-1977). In addition to salmon, herring and other fish roe, the latter category also includes small volumes of salted, dried or smoked (but not canned) fish, such as herring and salmon.

Consumption Patterns

Data on consumption of salmon in the U.S., Japan and European countries is not readily available. Rather, an extremely detailed analysis of salmon landings, imports, exports and inventories is required to determine per capita consumption rates, which is beyond the scope of the present report. Table 31 details such an analysis for both canned and fresh/frozen salmon consumption in the U.S. in 1978. U.S. per capita canned salmon consumption was 9.6 ounces in 1978, while fresh/ frozen salmon consumption was 2.4 ounces per person.

Overall consumption of fish products in Japan was 4.5 times greater than the U.S. consumption in 1965.⁷ However, per capita consumption of fish products in Japan decreased from 1960 to 1972 and remained at approximately the same level from 1972 to 1977. While total Japanese consumer demand for fish products has increased slightly in recent years, this increase has occurred at a slower rate than the demand for meat, poultry and other sources of protein.⁸ The primary reason for this is that the price of fishery products has increased at a faster rate than the price of competing protein products. While no data on European consumption patterns, by species, is available, we have determined through personal communications with salmon brokers and processors that European sockeye markets, particularly for fresh/frozen product, is less than for other salmon species.

The implications of the available data on salmon consumption patterns in the U.S., Japan and European countries substantiates, to a certain extent, what is evident from export patterns: Alaska salmon producers are heavily dependent upon the Japanese market, particularly the market for fresh/frozen sockeye; the U.S. market for canned and frozen salmon is presently insignificant, with no indication of a considerable change in the near future; and European canned markets, while remaining relatively stable, do not appear to be good prospects for absorbing the large expected volumes of sockeye production in 1980.

⁷U.S. Department of Commerce, NOAA, NMFS, 1979. Fisheries of the United States, 1978. Current Fisheries Statistics No. 7800.

⁸Ministry of Agriculture, Forestry and Fishery, 1978. "Annual Report on Fishery Trends in Fiscal 1977." Foreign Press Center, Tokyo, Japan.

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Table 31. U.S. SALMON CONSUMPTION, 1978

I. <u>Total U.S. Salmon Landings, All Species, 1978</u>	404,489,000 pounds (rd wt)
II. <u>Canned Salmon Consumption</u>	
A. U.S. Pack, product weight	164,239,000 pounds
B. Imports, product weight	<u>325,000</u> pounds
C. Total Supply, Canned	164,564,000 pounds
D. Exports, product weight	<u>32,546,000</u> pounds
E. Total Available for Consumption	132,018,000 pounds
F. Inventory	
1) Jan. 1, 1978	2,230,820 cases
2) Jan. 1, 1979	2,315,787 cases
3) Net change, 1978 + Net change, 1978 +	84,967 cases 4,078,416 pounds
G. Apparent Consumption, Canned	129,939,590 pounds
H. Total U.S. Resident Population	216,400,000
I. Per Capita Consumption, Canned	.60 pounds
III. <u>Fresh/Frozen Consumption</u>	
A. U.S. Production, product weight	148,477,000 pounds
B. Imports, product weight	<u>6,617,000</u> pounds
C. Total Supply, F/F	155,094,000 pounds
D. Exports, product weight	<u>125,771,000</u> pounds
E. Total Available for Consumption	29,323,000 pounds

Source: Environmental Services Limited

Table 31 (con't)

F. Inventory (cold storage holdings)		
1)	Jan. 1, 1978	28,365,000 pounds
2)	Jan. 1, 1979	25,146,000 pounds
3)	Net change	-3,219,000 pounds
G.	Apparent Consumption, F/F	32,542,000 pounds
H.	Total U.S. Resident Population	216,400,000
I.	Per Capita Consumption F/F	.15 pounds

U.S. Per Capita Consumption of Canned and Fresh/Frozen Salmon. 1978 =

.75 pounds or 12 ounces

Retail and Wholesale Market Conditions

Supply

Generally, the quantity of any product supplied to the marketplace has an inverse relationship to the price paid for that product: When there is a large supply, price is generally lowered. This year's projected statewide harvest of sockeye salmon is forty-two million fish, compared to a 1979 Alaska harvest of twenty-eight million. The high 1980 sockeye projection is primarily due to the anticipated record commercial harvest of 37.1 million fish in the Bristol Bay region, which, if realized, will be the highest ever recorded for this fishery.

Other major sources of supply to world salmon markets in 1980 will be Japan, Canada and the U.S.S.R. Currently, production of chum salmon from hatcheries in Hokkaido, Japan is increasing, and the Japanese have recently reached an agreement with the U.S.S.R. to harvest Russian chum salmon. In addition, the high seas catch of salmon by the Japanese mothership fleet, which has been reduced by international agreements in the past few years, is anticipated to increase in 1980. Thus, while this year's Canadian salmon catch is expected to be lower than usual, the overall supply of salmon to world markets is expected to be exceptionally high in 1980.

Inventories

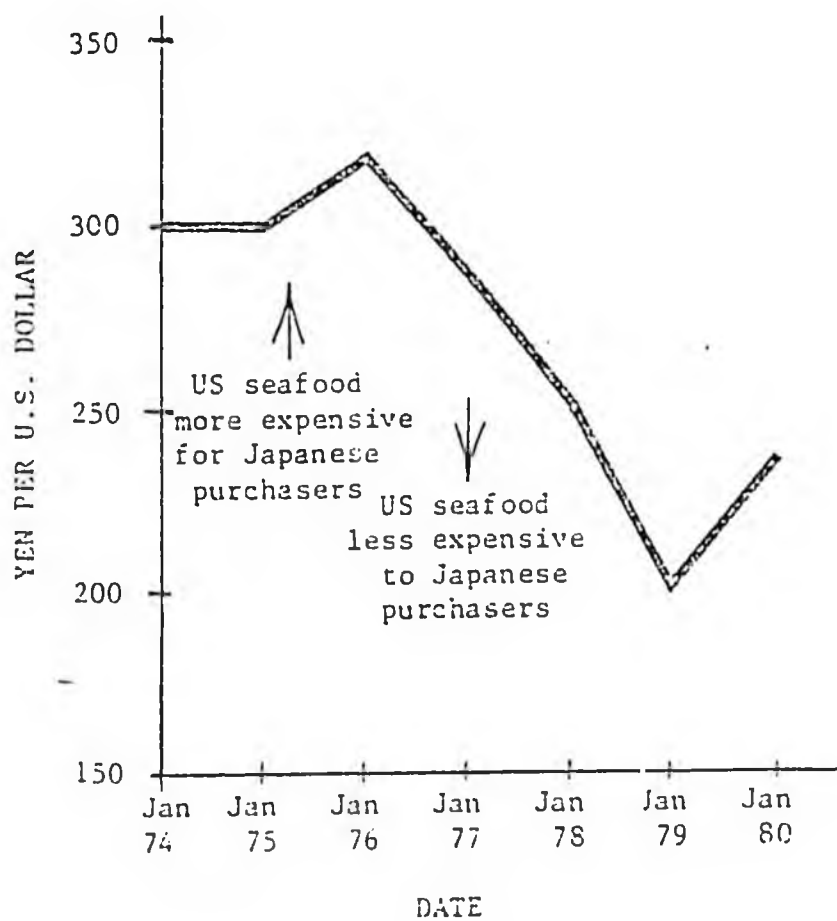
The amount of inventory left over from the previous year is another major factor affecting market price. U.S. inventories of canned salmon are currently lower than in April 1979; however, frozen product inventories are considerably larger than this time last year. The effect of these inventories on 1980 market price is essentially the same as that of supply: the high inventories of frozen salmon will tend to lower prices for 1980 product, especially for lower quality product (other than No. 1 grade). Low inventories of canned salmon are currently creating a rise in price in retail markets, which will probably continue through the early 1980 supply. However, the large anticipated volume of canned product which will be available in 1980 will tend to reduce price later in the year.

International Currencies

The rates of exchange between the U.S. dollar and foreign currencies directly affect the purchasing power of other nations for U.S. goods. Thus, while international monetary conditions may appear to be somewhat unrelated to a discussion of Bristol Bay salmon prices, this section points out that such distant factors can very directly affect wholesale and retail sockeye markets, which in turn affect raw fish prices.

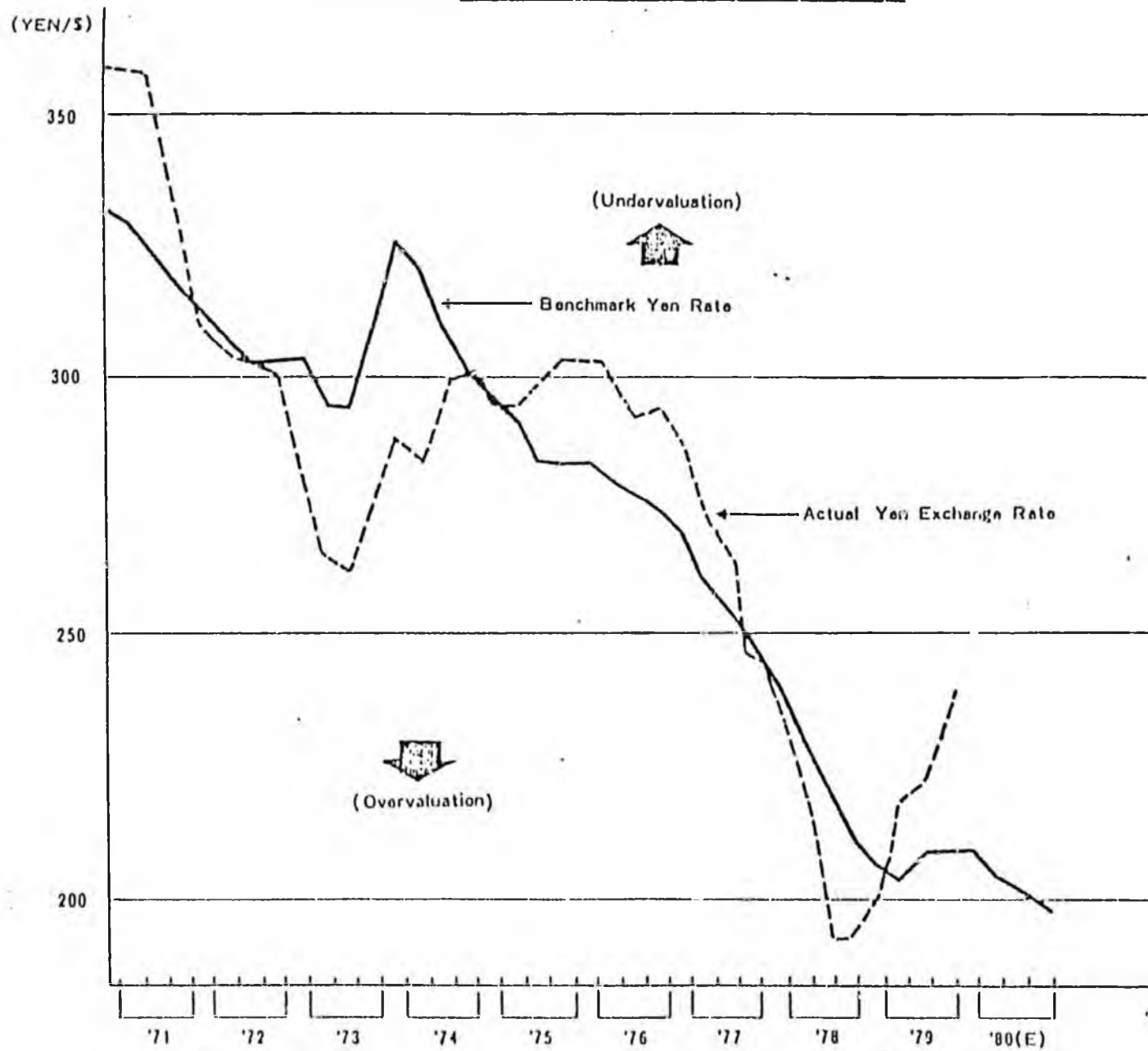
Figures 5 and 6 show the yen/dollar exchange rate from 1971 to 1980. It can be easily seen on this graph that a sharp decline in

Figure 5. YEN/DOLLAR EXCHANGE RATE, 1974-1980
(Rates are noted yearly)



Source: Morgan Guaranty Trust Bank

Figure 6. YEN/DOLLAR EXCHANGE RATE



Source : NRI

expense of U.S. seafood to Japanese buyers occurred from January 1976 to January 1979. The relative strength of the Japanese yen against the dollar during this period correlates well with the increase in Japanese imports of U.S. salmon products discussed in the Export Section of this report. Since January 1979, the yen has weakened against the dollar, thus reversing the trend in Japanese purchasing power of U.S. goods. This weakening is apparent in the recent decline in prices paid by Japanese buyers for U.S. frozen salmon products. There is currently no indication that the yen will strengthen against the dollar before 1980 salmon product goes on the market.

According to bond market sources, the Consumer Price Index (CPI) in Japan is expected to rise more than twice as fast in 1980 as in 1979. The actual CPI increased at a rate of 3.7 percent in 1979 and is projected to rise to a rate of 4.3 percent in 1980 (see Figure 7). The net effect of this increase is less Japanese consumer buying power in 1980 than in 1979.

Fiscal policy with regard to inflation in Japan appears to be moving toward restrictive monetary measures. The rate of increase in the money supply in 1980 is reported to be approximately ten percent, as compared with a twelve percent increase in 1979. The effect of tight money conditions on U.S. salmon export markets will be the same as the current yen/dollar exchange rate and the CPI increase in 1980. Less money will be available to Japanese consumers for purchase of goods in general, and there appears to be little reason to expect that the salmon market demand will increase under these circumstances.

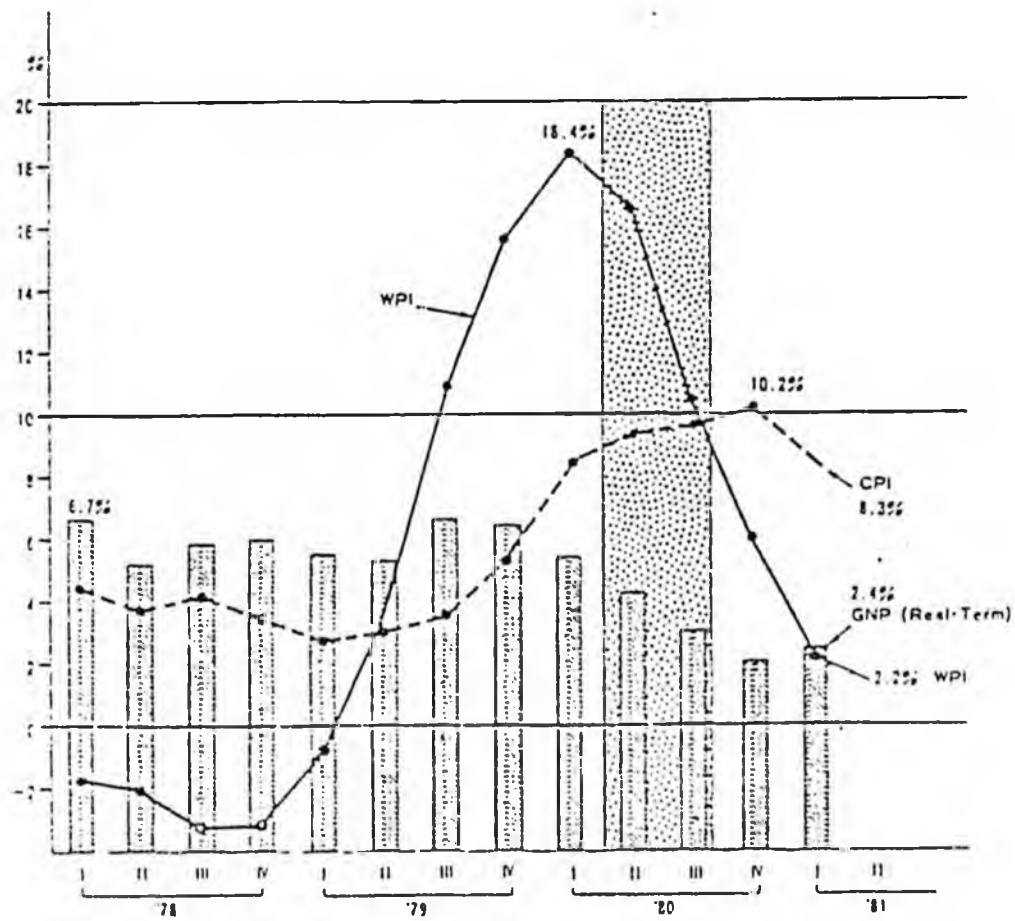
Figure 8 shows the effective exchange rates of the Swiss franc, German mark, Japanese yen, French franc, U.S. dollar, British pound and Italian lire.

Japanese Markets

The complex seafood market structure in Japan, which often appears confusing to the American businessman, has been developed through centuries of dependence upon seafood as a staple in the Japanese diet. A large number of processors, wholesalers and distributors are typically involved in the handling of most consumer products. Perhaps the most obvious aspect of seafood trading in Japan is the presence of large international Japanese trading companies which handle about eighty percent of all imports of all commodities, including seafoods. Seafood producers seeking to establish markets in Japan, whether it be with large trading companies or through other market channels, must recognize that most Japanese firms are anxious to establish long-term buying relationships.

The Japanese consumer is extremely conscious of the appearance and aesthetic appeal of seafood products, primarily because a high percentage of seafoods are eaten raw or cooked whole. As a result of the strict demands of Japanese consumers, Japanese importers pay close attention to seafood quality. Although price is important in seafood negotiations, importers are not reluctant to pay a higher price if

Figure 7. GNP AND PRICE INCREASE
IN JAPAN, 1978-1981

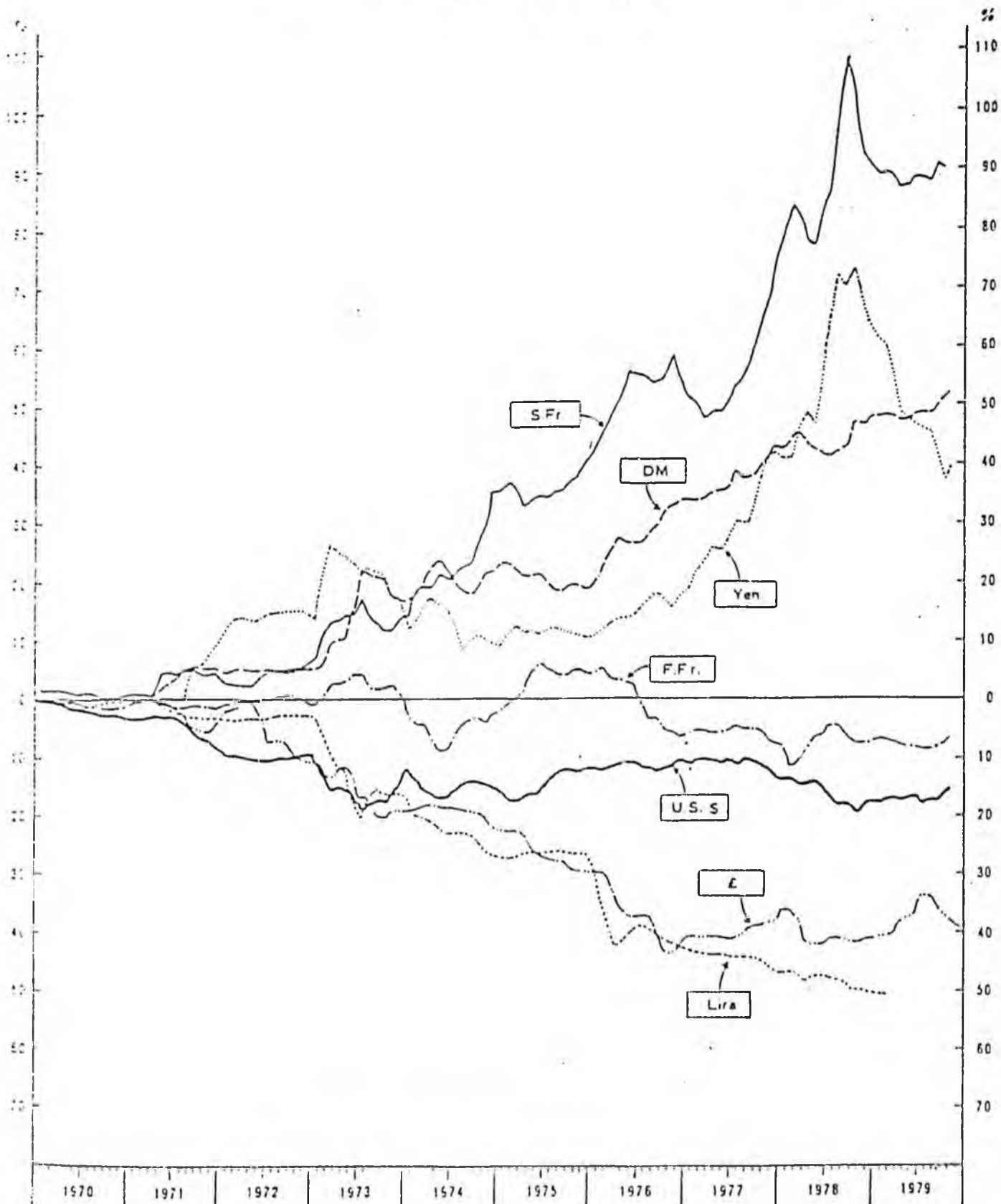


Estimates by NRI

Note: (1) CPI, WPI: 1975 = 100
(2) GNP: Year to year % change

Source: Morgan Guaranty Trust Bank

Figure 8. EFFECTIVE EXCHANGE RATES FOR FOREIGN CURRENCIES



Source : Morgan Guaranty Trust Bank

higher quality is guaranteed. During the years when the supply of a particular seafood product is limited, Japanese buyers are naturally less critical of product quality. However, during times of abundant supply, as is projected for 1980, importers are noted for emphasizing subtle distinctions in skin color and general appearance and will pay a price as is determined by the lowest quality of a shipment. When the market demand in Japan is low, importers will use a variety of ways to reject a shipment. In summary, quality plays a major role in establishing and maintaining Japanese markets, particularly in years of ample supply.

It is clear from the above discussion that the strong Japanese market for fresh/frozen salmon, particularly sockeye, has played a major role in the economics of the Bristol Bay fishery during the 1970's. The most significant aspect of this market as regards 1980 raw fish prices is that the overwhelmingly high Japanese demand for frozen sockeye during this period created an overdependence on this market on the part of U.S. processors and brokers. Japan is the only fully developed market for Alaskan frozen salmon. Thus, faced with the recent decline in Japanese demand due to the many factors mentioned above, U.S. processors are left with few prospects for selling 1980 salmon except to attempt to produce only the highest quality product and to expect lower prices in the market place.

Raw Fish Market Trends in Bristol Bay

Supply

Years of abundant fish returns are never the best for the fisherman, as the supply in these years often exceeds the demand for raw fish. Bristol Bay fishermen began to feel the effects of the high sockeye volume last year, when various delivery limits were set by many buyers during the season. With the exceptionally high anticipated sockeye run, which far exceeds the processing capacity in the Bay and likely exceeds the wholesale demand for processed product, fishermen can expect less demand for raw fish in 1980 than in previous years of limited supply, more promising wholesale markets or both.

Number of Buyers

The large number of buyers competing for landed fish during the period of strong Japanese frozen markets in the late 1970's considerably changed the nature of raw fish markets in Bristol Bay. For the first time in the history of the fishery, the raw fish price was established in a climate of substantial competition, and the attendant increases in raw fish price during this period reflect the increase in the number of buyers in the Bay (refer to the Raw Fish Price section).

Due to the low anticipated wholesale and retail market demand in 1980, it can be expected that the number of buyers in Bristol Bay will be reduced from the previous few years. The effects of reduced markets

on the fishermen is already apparent. Beginning last summer, certain processors began cutting fishermen from their rosters. In one reported case, forty-three of one hundred were informed they would have to find another place to sell their fish in 1980. According to one estimate by the Alaska Independent Fishermen's Marketing Association, at least 100 of its 753 members had no market as of March 15, 1980. In response to a request by the Governor's Office, the Bristol Bay Native Association conducted a survey of Bristol Bay residents. The survey found that as of March 26, 1980, 102 fishermen had no market and sixty-three had "questionable" markets for the 1980 season.

This will necessarily have serious effects on many fishermen and their families: many have no other significant source of income and many have boat and/or gillnet permit payments due which, if missed, will eliminate their only source of income.

SUMMARY AND CONCLUSIONS

The cost of doing business in Bristol Bay has risen considerably for both harvesters and processors in recent years. It appears that both sectors are somewhat overcapitalized at the present time, because of previous expectations of a continued strong Japanese market for fresh/frozen salmon. Recent unexpected increases in fuel costs and interest rates have contributed substantially to cost increases in excess of those previously projected by both sectors for 1980.

Canned salmon markets have remained fairly stable throughout the past decade. At the present time, inventories are low and prices are rising. It is likely that market prospects for canned salmon will remain high until the bulk of the large anticipated 1980 supply reaches the market.

Market conditions for frozen sockeye are poor, due primarily to the collapse of the strong Japanese market upon which the Alaska frozen salmon industry has been built during the past decade. Inventories from 1979 are high and it is not likely that any significant change will occur in this market before the abundant anticipated 1980 supply reaches the market. One possible exception to the dim 1980 market picture for fresh/frozen salmon is the possibility that the Alaska State Legislature may appropriate a large sum of money to initiate a seafood promotion organization, which would direct a large portion of the appropriation to "generic" (nonbrand) advertising of Alaska seafoods in the U.S. and Europe. One of the results of this effort would be to raise domestic and international market demand for Alaska salmon products.

During a high volume, low market year such as 1980, the number of buyers/processors operating in Bristol Bay is likely to shrink, and those who do operate are likely to limit the volume of fish they handle. When this occurs, raw fish prices are often depressed below the "fair" level, as it is a "buyer's market." The options available to fishermen and fishermen's associations are limited under these circumstances. Their alternatives are:

- Refuse to fish.
- Attempt to negotiate individual agreements with buyers.
- Negotiate a Bay-wide price, based on average cost data for fishermen and processors.

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A Bay-wide settlement could take one of several forms:

- A two-tiered price structure, based on volume (e.g., a certain price for the first 30,000 pounds delivered and a lower price for the remainder of the catch). The structure would encourage maximum utilization of the resource and reduce the average price per pound.
- A two-tiered price structure, based on method of processing. In this structure, a certain higher price would be paid for fish to be canned and a lower price would be paid for fish to be frozen, reflecting the weak frozen market situation in 1980.
- A deferred payment system, in which buyers/processors would defer a portion of the negotiated price to fishermen until an agreed upon date, which would be later than in the past. This system would reduce the high cost of interest on working capital for processors.

Whatever option is taken by the fishermen in their price negotiations, two major factors will considerably assist both sectors in their ability to make a profit in 1980: (1) the negotiation of an early settlement, so that both sectors can do some short-range planning for the season to take advantage of "early" fish catches, which will assist the flow of production and will also be more valuable than later catches in this year's market; and (2) make every effort to assume optimum quality control throughout the harvesting, tendering and processing, as the only marginally optimistic market for this year's salmon is for top quality No. 1 grade.

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MEMORANDUM

TO: Senator Jalmar Kerttula
President of the Senate

FROM: Senator Arliss Sturgulewski 
Chairman, Hearing Committee

Senator Pat Rodey, Chairman 
Senate Judiciary Committee

DATE: March 27, 1981

SUBJECT: Bristol Bay Fishery Hearing Report

The Special Judiciary Hearing Committee was charged with conducting a series of fact-find hearings on the Bristol Bay fishery. The results of these hearings and recommendations for action were to be reported to the Senate.

The attached report summarizes the findings of the Hearing Committee and presents a series of recommendations for further action.

The report of the Governor's Bristol Bay Task Force is also attached.

The Special Judiciary Hearing Committee report makes the following recommendations:

Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood products needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.

Attachments

SENATE JUDICIARY HEARING COMMITTEE
Report and Recommendations
March, 1981

A special Senate Judiciary Hearing Committee was formed in late February to conduct a series of hearings on the Bristol Bay salmon fisheries and to report to the Senate its recommendations for both legislative and executive action.

Initially these hearings were to focus on two aspects of the Bristol Bay fishery: the State's role in the negotiating process and the public safety concerns related to the settlement of fish price negotiations. Hearings were conducted in Dillingham, and Naknek, with additional hearings in Juneau. The Governor's Bristol Bay Task Force was present at the Dillingham and Naknek hearings. Task Force Chairman Av Gross and Department of Public Safety Commissioner William Nix attended one of the Juneau hearings. (A copy of the Task Force Report is attached to this report.)

The following recommendations are drawn from the testimony of nearly 50 individuals at the three hearings. 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. As the Governor's Task Force report states, much of the stress occurring in Bristol Bay is due to the changing nature of the fishery and the marketing structure. Because the end result of this evolution in the fishing industry is not known, State policies toward the Bristol Bay fishery should neither artificially restrict that change, nor force the adoption of any "new" system.

The recommendations of this report are organized under four topics: Market Study, the Changing Nature of the Bristol Bay Fishery, Capital Improvements and Public Safety. These recommendations provide a coordinated policy approach to Bristol Bay and, ultimately, to the changing nature of the domestic fishing industry Statewide, while maintaining a general concern for public safety and individual rights.

Market Study

Most of those testifying before the Committee recommended that the State fund an objective marketing study. People thought that such a study would allow fishermen to negotiate on a more equal footing with the processors, and would be of most benefit to the majority of Bristol Bay fishermen who regularly fish for the large, established processors. This market study would at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors

in producing their products. The result would be a recommended range of ex-vessel prices that could be paid for salmon, by type of product (fresh, frozen, canned). Alternative types of price settlements mentioned during the hearings, such as price indexing, percentage of wholesale price and sliding scale agreements should also be considered.

This market price study, as brought out in public testimony, is actually needed in all Alaskan fisheries. The Bristol Bay study could be the first step in the development of an understanding of market conditions related to each of the fisheries in Alaska. In the long run, it is necessary for both the State and the domestic industry to understand the nature of markets for bottomfish, general fish products (fish meal, fish sticks, etc.), crab and herring as well as salmon. With this knowledge, the State is in a better position to create programs to effectively involve Alaska, and Alaskans, in the utilization of the State's fishery resources.

The Governor's Bristol Bay Task Force has announced that the Department of Commerce and Economic Development will have a Bristol Bay market study done by May 15, 1981. The study is to describe the actual inventories, sales, processes and final destination of Bristol Bay red salmon; identify firms and describe the structure used in marketing and distributing these products; describe processing done after the salmon leave Alaska; describe existing demand for Bristol Bay salmon, including sales promotion efforts; relate demand to alternate sources of salmon; explain how prices are set for Bristol Bay salmon, including the effect of financing mechanisms and production costs; and present an analysis of market demand, identifying a range of wholesale prices related to different levels of salmon catch.

Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Changing Structure of the Bristol Bay Fishery

Several individuals testified as to the changing nature of the fishing industry in Bristol Bay. 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. At the same time, most fishermen in Bristol Bay are linked closely to those large processors; cannery fishermen enjoy the benefits of credit, boat storage, ready access to supplies and other benefits in exchange for fishing only for a single processor. Fishermen who violate this unwritten agreement by selling their fish for a higher price to a different processor often find themselves both without a regular buyer and without the benefits of a cannery fisherman.

Fishermen may be unable to actually find markets or make connections with representatives of markets that might otherwise purchase their fish. It was reported to the Committee that there are currently an estimated 125 fishermen who have no markets for their fish. Other fishermen who do manage to organize and find potential markets for their fish outside of the established system report an inability to get their operations "off the ground," due to a lack of front end financing.

In addition, a number of those that testified thought that present State programs involved in fisheries, such as the Alaska Renewable Resources Corporation (ARRC), the Commercial Fishing and Agriculture Bank (CFAB) and the pack loan program, did not provide support for new marketing/processing operations. While some people thought that these State programs were purposefully oriented toward the existing processors, others felt that the inability to use State programs to develop new or expanded processing activities by domestic organizations was a result of unclear policy directions to those programs.

A number of very specific changes in existing State programs were suggested during the hearings. These suggestions ranged from requiring ARRC loans to be made only to wholly-owned Alaskan firms on one hand, to requiring processors to sign a price settlement with fishermen in order to be eligible for ARRC, CFAB or pack loans.

On the whole, people identified the State's role in this changing industrial setting as providing the catalyst for new developments in the industry. This would be accomplished through ensuring easier access to ARRC, CFAB, pack loans and

other funds to be used by new processing operations for organizational, front-end or operating costs prior to the sale of their products.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

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While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood product needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

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A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Capital Improvements

As stated by the Governor's Task Force, the full utilization of the Bristol Bay Fisheries resource is a major State concern. The development of new and expanded markets and marketing structures is one aspect of increasing the utilization of Bristol Bay salmon.

However, access by fishermen and new industry operations to this resource requires a range of facilities to support their activities. These facilities include boat harbors, ocean and industrial docks, water supplies, airports, airport industrial areas and roads.

At present, public and private facilities in the Bristol Bay region lack the capacity to handle new developments in the local fishing industry. This, in effect, creates a barrier to the establishment of new marketing operations, new processors, and to the ability of local fishermen to find alternatives to the storage, repair and support services offered by the existing processors. Simply locating land upon which to build private industrial facilities is difficult, although this situation may change with the shift in ownership of large tracts of land to the local Native corporations.

In short, the natural evolution of the fishing industry in Bristol Bay will require basic investment in public infrastructure. A number of individuals testified that fishermen had no place to keep their boats during the summer and no place to unload fish or store equipment. New processors also have no dock space for their operations, are faced with community water systems unable to supply their needs, and under-developed airport facilities that create delays in the transport of fish to markets. The physical difficulty local fishermen and organizations have in getting their products to market undoubtedly affects the ability of those interests to make commitments to potential markets.

Because of the level of industry activity in Bristol Bay, local residents cannot understand the State's apparent disinterest in developing basic facilities in their region. As one individual stated before the Committee, it seems common sense to provide for the infrastructure needs of Bristol Bay's proven natural resource industry on at least an equal basis to the State's assistance in providing infrastructure for unproven renewable and nonrenewable resource developments.

The Department of Transportation and Public Facilities is currently funding a study of the transportation facility needs of Southwest Alaska, including the Bristol Bay region. Transportation facility needs related to both industry activities and community growth will be identified in this study. The estimated completion date for this regional transportation study is June, 1981.

Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Public Safety

One of the Committee's initial charges was to listen to the Bristol Bay residents on the relationship of public safety to the settlement of price disputes. A significant volume of testimony was received on the use of threats and "scare tactics" in the negotiating process. In addition, a number of people testified that the fishermen feel under extreme pressure to ensure a unified approach to price settlement, because the majority of fishermen have no alternative market to the existing processing operations. Fishermen feel that they have to speak with a single unified voice to be effective within the present system.

As market alternatives develop, the emphasis on maintaining the appearance that fishermen are of a single, unified mind will decrease. Different groups of fishermen will be able to develop their own markets and marketing systems. Witnesses testified that changes in the nature of the Bristol Bay fishery will result in more ex-vessel price competition by processors and in a reduction in the use of threats and intimidation in the settlement of price disputes. Individuals or small groups of fishermen will be able to settle for a price they feel acceptable, without appearing to undercut other fishermen's organizations or markets.

However, until the majority of fishermen feel that they have some market flexibility and have the opportunity to control their own position in a more differentiated marketing system, the use of pressure tactics to encourage conformance to marketing association negotiations is likely to continue.

There will be a continuing need for public safety presence in Bristol Bay. The State's public safety effort must be related to the enforcement of existing laws, without purposefully intervening in the negotiating process itself. In general, a low profile coupled with a workable contingency plan will meet public safety needs while minimizing public reaction simply to the visible presence of public safety personnel.

In order to remain as objective as possible in appearance in its public safety mission, the Department of Public Safety should provide its own support services and remain independent of all parties in the negotiating process. The lack of departmental boats and equipment during the 1980 season resulted in State Troopers being placed on barges and facilities operated by the processors. This lack of support capability decreased the ability of the Troopers to carry out their duties, in that they lacked the mobility to respond. In addition, placing individual Troopers on private property was interpreted by some fishermen as a demonstration that the State was more interested in protecting the processors than in protecting the general public safety. This situation should be avoided in the future, if at all possible.

The Governor's Bristol Bay Task Force has recommended that the Department of Public Safety develop a contingency plan for the 1981 Bristol Bay fishing season. The Governor will submit a special appropriation request to the Legislature to fund additional manpower and support services for this coming season. Both Public Safety's contingency plan and the supplemental appropriation request are included in the Task Force Report.

Above all, the State should emphasize that public safety must be maintained in Bristol Bay, as in other parts of the State. The present legal system defines the unacceptable use of force and pressure tactics. It is important that these laws be enforced equally in all parts of the State and on behalf of all the citizens of the State.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should be provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.

BRISTOL BAY HEARINGS
REPORT

The following document was prepared and released in two stages. It is intended to provide background for the recommendations made to Senate President Kerttula on the Bristol Bay Fisheries.

CONTENTS

- 1.) Hearing report from Dillingham and Naknek
- 2.) Hearing report from Juneau
- 3.) Written testimony and documents presented to the committee
- 4.) The Governor's Bristol Bay Task Force report

1. BRISTOL BAY HEARING REPORT

WILLINGHAM/NAKNEK

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 problem 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 McGill	Val Nick Angasan
Andy Golia	Lyman Smith
Joe Clark	Jim Bineman
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

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 Lons, AARC, and CFAB

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, i.e. 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.

Most 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 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.

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 harassed 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.

2. BRISTOL BAY HEARING REPORT
JUNEAU

INTRODUCTION

To conform with the initial Bristol Bay Hearing Report, the supplement report is organized in the same fashion. Subjects examined have been consolidated and selected quotations used to illustrate the concerns of persons testifying before the committee. Recommendations from the committee are not contained within this document, but will be made in the transmittal letter of both reports to Senate President Jalmar Kerttula.

HEARINGS

The hearing board in Juneau consisted of:

Senator Sturgulewski
Senator Rodey
Representative Chuckwuk
Representative Hurlbert

The Governor's Task Force was represented at the March 16th hearing by Avrum Gross and Commissioner Nix.

Two hearings were held in Juneau to conclude the committee's inquiry. The first was conducted on March 16th from 1:30 P.M. to 4:35 P.M. The hearing was attended by approximately forty individuals. The committee heard testimony from:

Rodger Painter	Eric Eckholm
Sidney Smith	Jim Eaton
John Garner	Mitch Kink
Hank Ostrosky	Archie Gottschalk
	Ray Smith

The second hearing was held on the following Thursday, March 19, from 3:40 P.M. to 5:45 P.M. The committee heard comments from:

Val Angasan	Jack McBride
Phil Daniels	Sidney Smith
Dean Paddock	Chip Toma

ISSUES

PUBLIC SAFETY CONCERNS

The presence of violence on the fishing grounds was without a doubt the most hotly contested issue by all parties, and consumed a substantial portion of the hearings. As indicated

in the original hearing report (see attached), residents of Bristol Bay generally downplayed the issue during the hearings in Dillingham and Naknek. Other bay fishermen, notably those members of the Bristol Bay Fishermen's Marketing Association, presented a conflicting view of the situation. Their testimony indicated that violence, and intimidation, was directed at fishermen harvesting salmon before the general price settlement, and was a dominate aspect of the season.

Both sides testified extensively on the violence issue in Juneau:

Jim Beaton -

"...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..."

Dean Paddock -

"...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..."

John Garner -

"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 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."

(Reference to a tape submitted by Garner, transcript attached.)

Chip Toma -

"...I find it highly ironic that the very same fishermen who made limited entry such an emotional issue in 1973 are doing the same to the legislature of 1981 regarding violence. They are the only fishermen who are dragging this line through the water..."

Roy Smith -

"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."

(speaking about an incident at the Dillingham Boat Harbor)

"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."

Jack McBride -

"The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay."

MARKETING STUDY

Again, as in the initial hearings in the bay area, considerable support was given to a state funded marketing study to provide information to fishermen and processors prior to price negotiations.

Phil Daniels -

"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."

Rodger Painter -

"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."

Jim Beaton -

"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 it is probably a step in the right direction, providing that any one man could ever really understand the market."

Jack McBride -

"The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as, "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

Mitch Kink -

"A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement

of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible."

FOREIGN CONTROL

Resentment towards the dominance of foreign-owned processors surfaced in Juneau, although not to the extent that it was expressed in Bristol Bay. Some individuals described it this way:

Archie Gottschalk -

"The marketing, financing, and processing aspects of the fisheries are predominantly controlled by foreign corporations, especially Japanese corporations: they determine the volume of salmon they want to pack, and as we have seen over the years, the price that they want to pay."

Hank Ofcrosky -

"...The direct intervention by the state into the leaning practices of directing 75 million dollars to Japanese cartel instruments that undermined the price structure in Bristol Bay and created the tension."

PROCESSING SHORTFALL

Regardless of where individuals stood on other issues, a universal attitude in all hearings was that processors had a vested interest in not processing all available fish. Typical comments on the subject included:

Sidney Smith -

"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."

Jim Beaton -

"...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."

Phil Daniels -

"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."

Mitch Kink-

"...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."

INFRASTRUCTURE

As would be expected, infrastructure needs of Dillingham were not discussed extensively in Juneau, however two individuals stressed those concerns like this:

Chip Toma -

"Implement some of the transportation improvements in Bristol Bay that will assist fish movement; airport lengthening and repair, docks and roads. This will increase healthy competition in addition to the ability to process more fish."

Jack McBride -

"Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land."

STATE ROLE IN NEGOTIATIONS

Several persons felt that the state was not going far enough in its perceived role in Bristol Bay negotiations. Comments varied in scope, but many individuals expressed a belief that, without active state involvement, the industry would lack the means to overcome the procedural problems of negotiations.

Rodger Painter -

"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."

Val Angasan -

"The administration,...they haven't offered to step in and play a real part in the management of that resource."

Jim Beaton -

"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 police force going up there...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."

Mitch Kink-

"Set provisions for successful negotiation from free negotiation with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.

Phil Daniels -

"The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen

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BRISTOL BAY HEARING REPORT

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.

Prepared by:

Kevin K. Bruce
Committee Aid
Senate Judiciary Committee
March 25, 1981

Written testimony or documents presented to the committee are attached.

PART 3.

Written testimony and documents presented to the Committee

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 Runa." 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. BENA has been able to provide CETA jobs in the villages with federal funds. Although the wages under CETA are not comparable with a doctor's or lawyers' wages, the CETA 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 CETA 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 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.

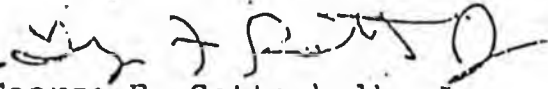
Our Permanent Fund should be more aggressive in assisting companies that are wholly owned Alaskan or Domestic owned Corporations, that are interested in developing Domestic Markets.

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 Imapik 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 HORTON
P.O. BOX 10222
DILLINGHAM, ALASKA 99576

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 MCARDLE
P.O. Box 19822
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.

Japan's dominance: realizing the US role

Alaska fishermen are being asked to bite the bullet this year on a salmon price. Justifiably, perhaps, but not for the reasons frequently reported these days to fishermen. The Japanese market has not collapsed nor are 1978 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 1979 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 51,697 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 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 traits they reveal about our trading position with Japan. Our relation-

Brent Evans & David Keene An Analysis

ship can be spelled out in three adjectives: adversary, passive and rogued.

The Japanese— adversary 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 zone. 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-

jectives at high prices, and it was hard to visualize circumstances in which the show would be on the other foot. Why go to the expense and bother of fighting all the way over to Japan to recruit customers when all we have to do is run our lips down a convenient list of phone numbers for the hostile offices of Mitsubishi, Taiyo, Nippon Suisan, Ichiro, Kyokuyo, Maruhon 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. (Yuniyamon) 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 is 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."

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 United States, especially Japan, is surrounded by an impenetrable shield of mystery and will forever remain inscrutable to Westerners. Thus it is that in venturing our opinion 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 in 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' Lament

In the fog'sie, 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 canner's wanting to buy.

It's a way of life that's passing away
In front of our saddened eyes,
Battling 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 net's demise.

For the trollers men'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.

—Tommy Nikolas
Winnipeg

TESTIMONY BEFORE SPECIAL JUDICIARY / BRISTOL BAY

SUBCOMMITTEE, JUNEAU, 3/20/81

MY NAME IS CHIP THOMA. I AM THE FOUNDER AND FIRST EDITOR OF THE UFA NEWSPAPER, THE ALASKAN FISHERMAN, THE PEOPLE AND PUBLICATION THAT BROUGHT THE ISSUE OF LIMITED ENTRY TO THE ALASKAN LEGISLATURE IN 1972 AND 73. I AM ALSO THE FIRST WRITER IN THIS STATE TO EXPOSE THE EXTENT OF JAPANESE OWNERSHIP IN ALL LEVELS OF THE ALASKAN ECONOMY.

ADDITIONALLY, I ASSISTED LAST YEAR IN BOTH SETTING UP THE FINANCING AND MATERIAL LOGISTICS FOR THE HERRING GILNET FISHERY AT CAPE ROMANZOF (VILLAGES OF CHEVAK, HOOPER BAY, SCAMMON BAY) AND I SUCCESSFULLY HELPED TO ARGUE THE EXCLUSION OF HERRING SEINERS NORTH OF CAPE NEWENHAM (TOGLAK) LEAVING THIS FISHERY TO PRIMARILY LOCAL INTERESTS.

I HAVE A FEW BRIEF COMMENTS ON THE BRISTOL BAY SALMON RUNS OF 1980 AND 1981;

- 1) ALONG WITH MANY OTHERS, I DECRY THE LOSS OF SALMON RESOURCE UP THE CREEK LAST YEAR, BUT I DO BELIEVE THE PRICE OFFERED TO FISHERMEN WAS TOO LOW. CONSEQUENTLY, I EMPATHIZE WITH THOSE FISHERMEN WHO HONORED THE STRIKE. AS I THINK WE'VE ALL LEARNED FROM THESE HEARINGS, THE INABILITY TO PROCESS THE CATCH IS DIRECTLY RELATIVE TO PRICE AND RELUCTANCE TO COME TO AGREEMENT IN A TIMELY MANNER.
- 2) ~~I FIND IT HIGHLY IRONIC THAT THE VERY SAME FISHERMEN WHO MADE LIMITED ENTRY SUCH AN EMOTIONAL ISSUE IN 1973 ARE DOING THE SAME TO THE LEGISLATURE OF 1981 REGARDING VIOLENCE. THEY ARE THE ONLY FISHERMEN WHO ARE DRAGGING THIS LINE THROUGH THE WATER, THE EXACT SAME INDIVIDUALS WHO EXAGGERATED THE CASE FOR LIMITED ENTRY IN 1973.~~
- 3) I'D LIKE TO REMIND THIS COMMITTEE THAT LIMITED ENTRY LEGISLATION WAS BASED ON TWO PRIME FEARS; THE RESOURCE DESTRUCTION FROM BAD WINTERS AND THE POTENTIAL OF TOO MANY FISHERMEN RELOCATING TO ALASKA FROM WASHINGTON STATE BECAUSE OF THE BOLDT DECISION.
BUT LIMITED ENTRY WAS NOT SET UP TO MAKE FISHERMEN A SEPERATE CLASS IN SOCIETY - IT WAS DONE TO PROPERLY HARVEST A COMMON PROPERTY RESOURCE OF THE STATE. A PERMIT IS JUST THAT.. A PERMISSION TO FISH. I SUGGEST IF ANYONE WANTS AN ADDITIONAL OR SPECIAL POLICE PROTECTION, THEY EITHER RUN FOR PRESIDENT OR START A CIVIL RIGHTS MOVEMENT. THESE ARE THE ONLY EXAMPLES IN SOCIETY I AM AWARE OF THAT SPECIAL PROTECTION IS WARRANTED.
- 4) THESE LAST POINTS I'D LIKE TO MAKE ARE RECCOMENDATIONS FOR 1981:
 - A) IMMEDIATELY INSTITUE A MARKETING STUDY. THIS COMMITTEE HAS BEEN ASKE TO DO THIS SINCE IT'S FORMATION. THE GOVERNOR'S TASK FORCE HAS BEEN ASKED TO DO SO SINCE NOVEMBER.
 - B) IMPLEMENT SOME OF THE TRANSPORTATION IMPROVEMENTS IN BRISTOL BAY THAT WILL ASSIST FISH MOVEMENT; AIRPORT LENGTHENING AND REPAIR, DOCKS AND ROADS. THIS WILL INCREASE HEALTHY COMPETITION IN ADDITION TO THE ABILITY TO PROCESS MORE FISH.

- c) I'D LIKE TO SUPPORT SOME OF THE POINTS MADE BY MITCH KINK OF AIFMA:
- a) A TIMELY MARKETING PLAN
 - b) DO AWAY WITH THE ONE BOAT, ONE COMPANY CONCEPT, BY A NON-DISCRIMINATION AGREEMENT BETWEEN THE STATE AND ANY PROCESSING COMPANY THAT RECEIVES A STATE LOAN, BE IT FOR PACK OR EQUIPMENT. THIS WILL ALLOW ANY BAY FISHERMAN TO DELIVER TO NEARLY ANY PROCESSOR, + WILL COMPLETELY CHANGE THE PRESENT WAY OF DOING BUSINESS IN THE BAY, FOR THE BETTER.
 - c) I AGREE THAT SOME ASPECTS OF BINDING ARBITRATION SHOULD BE IMPLEMENTED. IF THE STATE WAS READY TO MOVE THIS WAY, AGREEMENTS COULD HAVE TIME LIMITS AND PRICE RANGES TO ARGUE, NOT THE WIDE OPEN SPECTRUM AS IT NOW EXISTS.
- 5) LASTLY, TIE THE PROPOSED PACK LOANS FOR 1981 TO AN AGREEMENT SIMILAR TO THE ONE DEVELOPED IN THE SENATE LAST YEAR; THAT LOANS WILL BE WITHHELD UNTIL A FAIR, REASONABLE PRICE IS NEGOTIATED AND SIGNED WITH THE FISHERMEN'S ASSOCIATIONS. UNLIKE REPRESENTATIVE MALONE, I DO NOT CONSIDER THIS A SLEDGEHAMMER, BUT A HEDGE ON THE ABUSES THAT OCCURRED LAST YEAR. AS YOU KNOW, THE SAME FIRMS AND INDIVIDUALS WHO GOT THE LOANS LAST YEAR WERE THE PRIME ABUSERS OF FAIR PRICE, SETTLING UP WITH THE FISHERMEN AND THE MISUSE OF THESE LOAN MONIES, PRECISELY BECAUSE NO STRINGS WERE ATTACHED TO THE FINAL LOAN FORM.

FINALLY, I'D LIKE TO THANK THE MEMBERS OF THIS SUBCOMMITTEE WHO HAVE EXTENDED AN EFFORT TO SOLVE THE PROBLEMS OF THE WORLD'S GREATEST FISHERY, BUT LIKE MR. CHUCKWUK, I AM PUZZLED WHY THERE ISN'T MORE INTEREST ON THE PART OF OTHER MEMBERS OF THE LEGISLATURE. I COMPLIMENT KEVIN BRUCE'S SUMMARY REPORT OF THE SUBCOMMITTEE'S TRIP TO THE BAY AS IT SHOWS THE LEVELS AND MAGNITUDE OF THE RESIDENT CONCERNS.

THANK YOU

Chip Thoma

CHIP THOMA



UNITED FISHERMEN OF ALASKA

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SUBMITTED BY: RODGER PAINTER

Rodger Painter
Executive Director

RESOLUTION #81-1

March 11, 1981

WHEREAS the commercial salmon fisheries are vitally important to Alaska's economy; and

WHEREAS Bristol Bay sockeye catches are expected to account for more than one-fourth of the 1981 statewide salmon harvest; and

WHEREAS limited world markets for Alaska salmon products will be greatly influenced by the amount of sockeye harvested in Bristol Bay during 1981; and

WHEREAS there was strong disagreement over the condition of world salmon markets during the long, bitter price dispute between processors and salmon fishermen in 1980; and

WHEREAS the over-escapement of 21 million sockeye salmon in Bristol Bay during 1980 may sharply reduce survival rates; and

WHEREAS continued underutilization of the tremendous Bristol Bay salmon resources could result in a reallocation of the fish under international treaties to Japanese fishing fleets; and

WHEREAS Bristol Bay fishermen and processors have widely divergent views of the condition of world markets for Alaska salmon during 1981; and

WHEREAS all of Alaska's commercial salmon fishermen will be affected by the outcome of negotiations over the price of sockeye salmon in Bristol Bay; and

WHEREAS the State of Alaska has assumed the lead role in attempting to solve the complex problems leading to the price standoff in Bristol Bay; and

WHEREAS the State of Alaska has the responsibility for the sound economic management of the natural resources belonging to all citizens of the State

WHEREAS a first class study of world salmon markets would give fishermen and processors common ground for discussions of prices for Bristol Bay salmon and pinpoint the market value of the state's valuable salmon resource in Bristol Bay;

BE IT RESOLVED that the United Fishermen of Alaska believes the State of Alaska has the responsibility to fund a first class study of world markets for Bristol Bay salmon to help ensure full utilization of the resource and avoid the potential of losing the crucial salmon runs to Japanese fishermen.

MR. ~~Chairman~~ Chairman, Legislators and staff. I am Jack McBride from Dillingham, Alaska. I am the General Manager of the Imapik Regional Aquaculture Corporation.

The statements to follow are my own and do not represent an official position of the organization that I am employed by.

I am here today to ask you to think about where the violence in Bristol Bay starts. Several of you came to that area recently to listen to the citizens of Bristol Bay. Over 5 percent of the total population of Dillingham came to listen and express their views--over 10 percent of the total population of Naknek came to listen and express their views. The entire population of Bristol Bay in over 30 villages had the opportunity to call in during the meeting, which was being broadcast live by KDLG, Bristol Bay's radio station. Yet, not one person among them, told you that Commissioner Nix should send more peace officers up there--not one person among them, suggested that Limited Entry permits be revoked or restricted for certain acts of violence by fisherman.

Now I come to these meetings in Juneau and a number of people have testified that controls are necessary. Someone suggested that it was fear that prevented people in Bristol Bay from speaking up.

Many of these citizens have spoken up on other controversial issues--and even if they were fearful they spoke up anyway. I would find it hard to believe, as I'm sure you do, that there are over 5,000 cowards in a community that has one of the harshest natural environments in the United States--a community where survival is an every day fact of life. To suggest that not even one person would speak out, is an insult to those citizens.

The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay. A handful of people are running up and down the halls of the capitol building taking up your time, telling you about this violence.

If you'll remember, you began hearing about this violence long before the 1980 fishing season, and these people were telling you about the threat of violence in 1981 before the nets were dry after the 1980 season

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They made you believe it too. I don't see one uniformed police officer at this hearing, nor did I see one the other day. Yet in both Dillingham and Naknek there were a number of uniformed police officers at the meetings. Police officers picked you up at the airports and escorted you to the meetings. There were five police vehicles sitting outside the meeting hall in Dillingham during the meeting. One police officer who didn't know me, obviously, offered to drive me to the hotel after the meeting. Now I've been walking to and from work for nearly two years up there and not once was I asked if I cared for a ride by a police officer. I hope you folks came away understanding that we, in Bristol Bay, are just as law abiding as the people in Juneau are. We believe in going through the political system as you do. We're just not as good at it.

I want you to think about who these people are who are taking up your time telling you about the violence. They tell us, in these hearings, of their leadership ^{ROLES} in the fishing industry's concerns--yet the majority of the fishermen are not telling you about the violence.

I would say that neither fishermen nor the residents of Bristol Bay are in favor of any new controls to prevent violence. Neither are they in favor of violence. New controls would only tend to "accentuate the negative" and will only tend to solidify any adverse positions that have occurred and would leave even less room for useful communication.

Fifty laws in Bristol Bay will not make a problem go away that was created in Juneau for a few peoples' self interest. The laws that Commissioner Nix now has at his disposal are adequate for all other situations and I believe they are also adequate to handle this situation, and we won't be assuming that it is only fishermen who might commit an act of violence.

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Whenever, we as citizens, find ourselves in an adverse position with another citizen our first reaction is to think that we are the one that is right, and that the law should settle the problem in our favor, which, of course, is the only just way. As the saying goes, "It depends on whose ox is being gored."

Situations such as this are political and always very sensitive, and we cannot expect to settle the problem by the use of an officer of the law, nor do they want to be put into the position of settling the problem, and we're wrong to ask them to. Do we want law officers to settle our political and social disputes? When we do that, we are a police state, and I don't think any of us would want that.

Bristol Bay salmon do not belong to any group of fishermen. Nor do they belong to all the fishermen. Nor do they belong to the processors. They belong to all of the citizens of the State of Alaska and it is the state's obligation to see that the salmon resource of Bristol Bay is utilized to its maximum, taking into consideration, good management practices.

Obviously when there is an over-escapement of 105 million pounds of fish, something is wrong with the system and the state has an obligation to find remedies, whereby, this situation will not happen again. Pointing fingers at different groups of fishermen is not the answer nor will pointing fingers at processors help. An honest assessment of the entire situation and its shortcomings needs to be undertaken by the state and then these shortcomings need to be addressed in a positive way.

I see at least three very definite shortcomings and there are more. They are: lack of markets, lack of processing capabilities and lack of infrastructure in the bay, to properly handle the resource.

The state took a big step this past year by funding the Seafood Marketing Institute. This is a positive step. When the market is right the price will be right.

Different methods of marketing should be analyzed--can we learn anything from other fishing countries or can we learn anything from the marketing of other commodities.

Processing capabilities should be analyzed, and are these facilities being fully utilized.

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Is it true that markets are being controlled by the amount of fish processed, and, if it is true, what can the state do about it.

Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land.

The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as , "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

These are all things the state can do that are positive, and I'm sure there are others. Making new laws against violence will not correct the reasons why the salmon resource is not being utilized in Bristol Bay and will not even correct the violence. Let's do some positive things that will correct the problems, and there won't have to be any reason for violence, and the state will have maximized the utilization of the resource of Bristol Bay salmon for all of the citizens of the state of Alaska, and not for a chosen few for their own self interests.

From: Mitch Kink, General Manager A.I.F.M.A.

To: Senate Judicial Hearing Committee

Re: 1981 Bristol Bay Fisheries

The following are the recommendations and suggestions made by Mitch Kink (G/M - AIFMA) to Senate Judiciary Committee Hearings held in Nakneh, March 1, 1981.

1. The State of Alaska does absolutely nothing during fish price negotiations. But the different commissions should prepare a plan to be implemented when the need calls for such a plan. Example; If the safety of people is in jeopardy then the Public Safety Commissioner should put his plan to work, etc.
2. Set provisions for successful negotiation from free negotiations with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.
3. Do away with the one boat, one company concept. Example: If one company settles for a price from Bristol Bay Salmon then everybody in the bay can sell to that company without any reprisals, on a first come, first served basis, and if any surplus salmon shows up in that Company's program, they must shut down that operation until all the salmon run can be utilized.
4. The State of Alaska will not issue any licenses to do business in Bristol Bay Fisheries until the complete cycle of doing business in the Bay Fisheries is completed.
5. Create a good climate for good and meaningful negotiations, by doing a feasibility study on the financial structure of Bristol Bay. This study should start with the financial history of the Bay to the present trends.
6. A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible.

ICICLE SEAFOODS GIVE THE FROZEN SHAFT TO BAY FISHERMEN

The Japanese "brokering Cartel" that controls Alaskan Fisheries has effectively used Icicle Seafoods of Petersburg, Alaska as the major processor to fix prices to Alaskan fishermen/producers in Bristol Bay and the rest of Alaska.

This Cartel operates on an international basis and is presently under investigation by the Anti-Trust Division of the Justice Department, Federal Trade Commission, Civil Rights Commission, and the Merchant Marine and Fisheries Committee of the U.S. Congress which is chaired by Representative Breaux of Louisiana.

In our own investigation of Icicle Seafoods, we found some very interesting relationships between major stockholders who hold important policy determining positions on Federal, State and International boards which aid and abet their manipulations of allocation and prices of salmon which benefit their collaboration in the Japanese controlled Cartel.

For instance, Bob Thorstenson is the largest stockholder of Icicle (whose parent company was Petersburg Fisheries and before that, Petersburg Fisheries Co-op) is a member of the International North Pacific Fisheries Commission (INPFC) that allocates salmon between the United States, Japan and Canada along a variable abstention line in the North Pacific and the Bering Sea. Gordon Jensen, also a major stockholder of record in Icicle, sits on the Alaska Board of Fish and Game and the North Pacific Management Council whose former Chairman, Elmer Rasmuson, owner of the Bank of Petersburg and the chairman of the Executive Committee of the National Bank of Alaska, also sits on the INPFC with Thorstenson.

This cozy cabal results in the control of the allocations of salmon in the international waters controlled by INPFC, then to the waters within the 200 mile limit Fisheries Management Zone of the U.S. controlled by NPFMC and then into the inshore waters controlled by the Alaska Board of Fish and Game.

When we received copies of the Debt Structure of Icicle Seafoods, we found that Mitsubishi International Fund, along with Hoi, a wholly owned subsidiary of Fuji Oil of Japan, had loans in excess of \$15,000,000.00 to Icicle and by using select banks in Alaska and Seattle, washed their money through the system so that the fisherman/producer subsidized the whole financial structure through which the Cartel group manipulated the allocations and the prices.

This scheme is resulting in the bankruptcy of many producer/fishermen and will further result in the excessive prices paid by the consumer/housewives in the U.S., Europe, Japan, and the rest of the world.

Even though Icicle Seafoods surfaces as an Alaskan/American owned Corporation, the control of its financing and marketing structure places it in full compliance and conspiracy with the Japanese agents of the International Cartel.

Further investigation discloses that American Counterpart Funds are washed through the Japanese banking system and then come back through Japanese processing companies to purchase American processing assets with low interest and no interest loans. These funds are also used as no interest loans to purchase fish by select corporations.

Involved in this price fixing conspiracy are major U.S. banks such as Crocker International, Rainier Bank, Seattle First, and Citibank of New York, to name a few.

These groups, along with American and European counterparts are involved in a multi-billion steal of Alaskan/American/Bering Sea assets, in which the victims are the legitimate fisherman/producers and the consumer/housewife.

The Administration of the State, along with select legislatures have been directly involved with the Japanese Cartel. The Governor's Office of Jay Hammond, under the direct control of Bill Spears, who, as a trustee of Alaska Renewable Resources, Corp. (ARRC) allocates large grants of money from the Permanent Fund to subsidize low interest/no interest loans to Icicle Seafoods to undermine the price structure of Alaska producer/fishermen. This further enhances the control of the Japanese Marketing Cartel.

To date over 13 million dollars of State tax money has been washed through ARRC specifically to fix a low price to the producer/fisherman.

Contrary to the eyewash article written by Bill Blessington of the Anchorage Times, this low price to the fishermen is not going to lower the price to the consumer.

Within two months, record-high prices for salmon will be paid by the consumer because of the international manipulation of the Cartel.

The huge profits that will be made by the processor/broker will not surface in Alaska or the U.S. The profits will surface in Japan where the distribution of the spoils can take place and defy documentation because of lack of a foreign "conflict of interest" policy by the U.S. or the State of Alaska.

The sell-outs and pay-offs reached into all levels of the fishing industry in the form of State and Federal subsidized loans, job offers, partnerships in various fish brokering schemes, and hidden fish prices to various administrative heads and board members of fisheries associations both resident and non-resident. (A fiscal and physical audit of the funds and assets by the Budget and Audit committee is long overdue.)

It was interesting to note that the resident and nonresident fishermen quit fighting long enough this year to realize that they were both being screwed by their own agents brokering what little organization that was left, for their own personal accounts.

The flagrant machinations of Phil Daniels, special consultant lobbyist for the United Fisherman of Alaska (UFA) along with Bob Blake, UFA president from Cordova, is an embarrassment to the members of that organization. A major reassessment of that organization and its priorities are in order if they are to continue as a force in the fishing industry of Alaska.

The direct involvement of both Daniels and Blake in price fixing and organization manipulation with Icicle Seafood will give students of Alaska fishing history an insight into the takeover of the Petersburg Fisheries Co-op by the present majority stockholders of Icicle.

The Alaska Independent Fishermen's Marketing Association (AIFMA) -- whose initials by a strange coincidence can be manipulated to spell MAFIA -- is also going through an organizational change with charges and counter charges of "sell out" against its former administrative officers and board members who discreetly resigned at the insistence of the majority of its members. This fishermen group is going through the agonizing discoveries of how it was screwed. Its leadership and all the basic information on industry cost figures but chose to use the dubious information of a consultant, Richard Wilson, a former City Manager of Cordova, who used his share of the \$25,000.00 AIFMA marketing study money to set up a fish buying station at Paul's Creek to buy cheap fish at 40¢ a pound from AIFMA, WACMA, and UFA scabs.

The three major factions that control AFIMA, the Italian, Scandinavian and Yugoslavian representatives are now eyeballing each other and the representatives of these groups are endeavoring to keep the fishermen apart and from comparing notes. They have good reason to believe that if the fishermen really start talking to each other the feeling of getting screwed is the same in any language or any culture.

The wholesale political brokering of their membership for the benefit of a few so called "leaders" may result in the realization that could lead to a legitimate fisherman/producer Co-operative being formed capable of serving their direct economic interest.

The eyewash Alaska resident contingent of AIFMA, which has never been seriously considered in the past, is also under direct fire. It is interesting to see what excuses they will come up with especially those wheel dogs acting as leaders who were involved in the price fixing/manipulations.

All in all , the Bristol Bay News will have an interesting time reporting and analyzing the unfolding future fishing scenario.

BRISTOL BAY NEWS
26 July 1980

Excerpts from tapes of radio traffic on the Naknek River on Saturday, June 28, 1980.

Prepared aboard the Department of Public Safety surveillance vessel, M/V Vigilant, Capt. Lockman in command.

The excerpts are in chronological order from a single 90-minute tape, highlighting the most relevant conversations. Excerpts are only presented to save the Committee time; however, the complete tape is available for the Committee on request.

A Salamatoff Seafoods salmon tender - the Sal-Sea Belle - is moving up the Naknek River with a load of salmon on June 28, 1980, while the fishermen's strike is still ongoing. Striking fishermen are trying to prevent the Sal-Sea Belle from reaching a dock where the fish can be off-loaded.

At the same time, fishermen are discussing the possibility of blockading the mouth of the Naknek River (to keep vessel traffic from entering or leaving the river) and patrolling the grounds to keep fishermen from fishing.

PRESENTED BY: JOHN GARNER

Lockman: If they're shooting at him, then its a whole different ball game, OK.

Fisherman #1: For Christ's sake, why in the hell don't they stop this shit? What're you guys doing out there--just... having fun?

Fisherman #2: Fuck you...

Fisherman #3: They sound like a whole bunch of really big men, about four years old.

Fisherman #4: Somebody's going to get....

BREAK

Fisherman #1: He's right in our starboard side--he's right on there, ...'s leading this guy in here.

Fisherman#2: Whats somebody going to do to block them Whalers...get that son of a bitch while they're loading...and ...OK

Fisherman #3: Whats the matter with these damn people, are they all stupid?

Fisherman #4: Think they've just stuck our quotos up there on top this violence...why don't you move your ass--

Fisherman #5: What are you doing to stop that scow before somebody gets hurt--we may have to shcot one of 'em before anybody wises up--

BREAK

Fisherman#1 We want more support, and we want men.

Fisherman #2: What are you talkin' about...
You can see nothing's going down here.

Fisherman #3: ...forced to get a

Fisherman #4: Just watching us play games, they can stop this shit. and they...the god damned anchor before somebody gets killed. Nobody can get a shot of you running up there.

BREAK

Fisherman #1: Shoot 'em!

Fisherman #2: He's got Fish & Game right by his side--

Fisherman #3: God damned boat!

Fisherman #1: Shoot the Fish & Game, shoot 'em!

Fisherman #5: They got bigger guns than you, ya wimp ass suck...

BREAK

Fisherman #1: I feel the, uh- explosive nature, uh, of this whole thing, uh, why is it that...maybe...you didn't close 'em, so that, um, they'd think it's serious...

Lockman: Yeah, roger, that's gotta be my recommendation. I agree it's gone a little too far now, OK.

Fisherman #1: Yeah, I think so, uh, its not enough, uh, not enough boats fishing here to make, uh, any difference in the, uh, escapement, errr, all that kind of stuff, its just too risky; we don't want to see any, anybody go down here.

Lockman: Yeah, um, thats our concern, uh, ya' know, that's why we haven't we haven't taken any action, uh, so far. We've just been sitting here watching people break the law, you know. We're not going to continue to do that. Uh, I'm going to recommend to the State arbitrators that they just shut, close Bristol Bay for the year and everybody can start again next year. OK.

Fisherman #1: Well, maybe thats the way to do it.

Fisherman #2: Don't be ridiculous.
I came to fish.

Lockman: Yeah, I, uh, agree with ya there, uh, I think, uh, thats, uh, pretty extreme measures, too, uh, but we can't, uh, can't go on with this, the fishermen have already lost this battle, uh, they've done more damage to their image in the last 48 hours than they're gonna recover from in the next ten years, OK.

Fisherman #1: Get the Governor to close this whole fishery down before somebodys killed and he's got blood on his hands. This is gettin' out of hand damn quick--

(garble)

Fisherman #2: Sal-Sea Belle over here--close right down on her, Mable B; And I think right now is the time to close the river 'cuz there ain't no one up the river, with fish on board and if we close her right now, we're cool.

BREAK

Fisherman #1: Bunch of us standing around here doing nothing, well the main thing is get on up that, inside the river and block the fucking main entrance.

Fisherman #2: Sal-Sea Belle, did you make it to the docks?

Fisherman #3: ...where is this dock? Is this dock alongside this barge?

Fisherman #2: Roger, the dock alongside the barge.

Fisherman #4: OK, coming now, we're going to put it off the...now.

Fisherman #5: OK, block that barge off and block that dock off. That's what they use for their helicopter launching pad. Just block the dock and block that barge. Don't let them even get close to it.

Fisherman #5: He's way up the other side of the...from Peter Pan.

Fisherman #6: More boats down here.

BREAK

Fisherman #1: beatin' our brains...against the wind... We gotta go out and stop the guys from fishin'. Why stop a 180 foot tender when you can go stop a 32 ft gill netter. Lets use our brains. We've got 50 thousand boats. We patrol the area, that's all we gotta do, is stop ten stinkin' boats from fishin'. We don't stop no 180 ft boat, he'll knock us down like a bowling ball.

Fisherman #2: Not with motars, he won't.

Fisherman #3: heh, heh, heh, bet your ass.

Fisherman #4: Well, we should get together and hold a meeting and decide what we're gonna do -- we'll block the river, stop the guys outside or what are we gonna do, Let's hold a meeting and

Fisherman #5: that's what yesterday's meeting was for...

Fisherman #4: but nobody wants to listen. They've been there all day, Leo. They're seventy strong right at the dock. Listen, lets stop arguing, lets go to the mouth of the river and we'll all tie up and we'll get together and make the plans.

interrupt: we're going to be right here...

Fisherman #4: talk about what to do -- get to the mouth of the river and lets organize...like human beings...and we'll stop this thing. Stop cussing at Alaska packers and stop cussing at everybody else. Let's do this like...and we'll finish this thing. We'll all go to the mouth of the river and we'll have a big party like Jimmy says.

BREAK

Fisherman #1: Yeah, we need more boats.

Fisherman #2: Yeah, these guys from Red Salmon can go up there. Hey, why don't you guys around the Red Salmon area go up in the dock...that boat, isn't at the dock yet.

Fisherman #3: Ain't gonna be able to get in...

Fisherman #4: Listen, Dominic, do you know how many boats are gettin' bumped right now. Do you know how many boats are gettin' bumped?

Fisherman #5: No, I mean, if you got a fucking tender, or any dock or any barge at this present time.

Fisherman #6: He's about 25 feet away and he's bumping our boats! We need more boats! Uh, Dom, we need more boats!

Fisherman...garbled

Fisherman #7: God damn it, lets go, lets get outta here, lets go, we need more boats. Whats the matter with you guys.

BREAK

Fisherman #1: I believe the, uh, skipper of that...an emergency meeting of the Alaska Dept of Fish and Game. Fishermen could be called together, uh, within the... probably and that they could issue an executive order, the fishery would be closed for everyone, until this powder keg is taken care of.

BREAK

Lockman: Yeah, I really don't know whether they can do that or not, but that's what I'm gonna recommend.

Break

Lockman: Just that little group thats all wound up. They pretty well got 88 all to themselves there, this morning, uh. We'll be standing by on 16, OK.

Fisherman #1: Thats a mistake -- when you only say 5%, this whole industry is uptight and you're sitting on a power keg over there. Don't ... don't conceive that idea that there's... only 5% thats running this. This whole industry is uptight. Don't forget that.

Lockman: Well, what is your suggestion, OK.

Fisherman #1: Just what the man said, call the Governor and close this thing down in the interest of life, liberty and the industry

interupt: pursuit of happiness

Fisherman #1: this is gone on. Please stand by your CB radio.

Fisherman #2: We're here to make a living, not please somebody. --- Bear stand by now. The canneries and boats alone deserve the Governor's attention. And our livelihood and our families deserve his consideration also. This is a lifetime industry for many of us. We'd like to see it protected lawfully, legally and we'd like to fish it the same way. And these renegades, when they're fucking the whole industry, its gonna just create a bundle of tension. Somebody or something is gonna burn up or somebody's gonna get killed.

Fisherman #2, continued: That's gotta happen. I've seen guns pulled on this river before. And believe me, its no fun. So I hope that you will convince that Governor that the best thing for the industry is to close it down, until its settled. One way or another. We'll go home or they'll take the fish, one way or the other. That's a convention of the whole damned industry out here on this river, sir. Well, I thank you for listening and I hope that, uh, some consideration can be given to this under the light of calmness and good sense, because we do get a little wild out here at times. We're individuals. We're not regimented lunch buckets out here, and we're gonna protect this industry. Ah, rest assured,

Break

Fisherman #1: Rita Marie is watching a tender and callin' Casey...
Going down river;
Watch her, watch her, watch her.
She's goin' down; headin right towards you, Dom.

Fisherman #2: See there, the Governor said he wouldn't do anything until he did see bloodshed.

Fisherman #3: Well, lets go get the guys that are catching them, that's right.

Fisherman #4: Somebody come up with a good idea.

Fisherman #5: The best idea is to go out and stop the fisherman.
And you're not gonna get any...
...stop the fisherman...

Fisherman #6 They're on the grounds at night, when its dark.

BREAK

Lockman: I agree with ya, its, ah, its sure got outta hand tonight. But, uh, ya know, we're doing what we can. We're a little outnumbered, OK.

I know, uh, what we're trying to do is, ah, stay in a neutral position here. We're trying to not, ah, actively support either faction, ah--our whole role here is to protect life and property. And we're bound by the law, which sometimes, uh, doesn't let us do it in the most effecient way, if that makes sense to you, OK.

Fisherman #1: Well, ya know, I heard there was a couple of shots last night...its not what I call protecting life and property...scow...nobody gets hurt.

Lockman: Ya know pardner, I ya know, I uh, I don't want to disagree with you. I don't have the authority to do that, you know. I can tell boats not to shoot at em, too, but it doesn't do a lot of good. I have three troopers on Sal-Sea Belle still, you know, they're not, their function is to prevent anymore shooting, uh, there's really no

Lockman, continued: way they can do that, until somebody shoots.
I'm just hoping it doesn't get to that, OK.

BREAK

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. Well, we're getting...they want us in the Nusigak, they want us in Egegik and they want us here and they want us outside in the anchorage...its just that time of year for us, I guess, OK.

PART 4.

REPORT TO
JAY S. HAMMOND
GOVERNOR

BY
BRISTOL BAY TASK FORCE

MARCH 23, 1981

Bristol Bay is not only one of the largest fisheries in Alaska - it has historically been one of the most troublesome. Since the 1950s, the fishery has been rife with animosity and strife between fishermen and processors. Strikes have been common with resultant waste of the resource until price settlements are achieved.

In 1980, the situation became critical. Negotiations between the major marketing associations and individual processors were confused and bitter, resulting in very little fishing until a settlement was reached in early July. During the strike, threats of violence were directed by fishermen who refused to fish for the offered price against fishermen who wished to accept the offer. The threats were effective in reducing the effort until a price settlement was reached. The Department of Fish and Game estimates that as many as 21 million additional salmon could have been taken during the strike period, though cannery capacity probably would have reduced that number. Under any criteria, the loss in value was enormous; to fishermen, to canneries and to the state, which owns the resource. Moreover, coming on the heels of a strike in 1979, serious question has been raised as to how long other nations which presently are forbidden to take Bristol Bay salmon will remain quiet while millions of fish are wasted during domestic price disputes.

You requested that the task force review what happened in 1980, with a view toward recommending State action to ensure that whatever happened would not occur again. In an effort to do that, we have discussed the problem at length with nearly everyone involved. Either as a group or individually, we have spoken with representatives of most major processors, the directors and members of the major marketing associations, and a number of fishermen who are not committed to any marketing association. We have discussed the problem with legislators from the affected area. We also participated with the Legislature in holding hearings in Bristol Bay, both at Dillingham and Naknek, during which, residents of the area expressed their views. Final hearings were held in Juneau on the same subject.

The task force has met repeatedly to discuss the information available and to reach a decision as to concrete recommendations. The recommendations are contained in this report. Since they have already been discussed with you and with interested legislators, they will be outlined here only in their basic form. Moreover, since extensive reports have previously been prepared concerning Bristol Bay (particularly that done for the Legislative Affairs Agency last year), we will not spend time here with a lengthy historical review, except as it is necessary to explain the recommendations.

The Nature of the Problem

The basic element which underlies the economic strife of Bristol Bay is the changes that have affected the fishery. A major change is the fairly recent shift from a cannery operated fishing fleet, subject to industry control, to a fleet of independent fishermen, less subject to that control. Independent fishermen have the right under federal law (15 USCA SS521, 522) to organize into marketing associations. These associations permit the fishermen to market their fish in a collective manner, a right, which but for the law, would be denied them under the anti-trust laws of the United States.

Marketing associations are not unions and do not have the powers granted to unions under the labor laws of the United States. They may not, for instance, establish prices which must be paid to all fishermen by processors [Hinton v. Columbia River Packers Association, (9th Cir. 1942) 131 F(2d) 88] or use traditional picketing and boycott methods against processors for that purpose. They may not, under law, interfere with the sale by non-members of the associations to processors with whom the associations are engaged in price disputes. They are exactly what the law states - marketing associations - and whatever power they have must come solely through the fact that they control a substantial supply of fish desired by industry.

In fact, however, the marketing associations in Bristol Bay have followed somewhat different patterns in negotiating prices for fish. While the leadership of the associations have made it clear that it is not official policy, there is no doubt that members of the associations individually and collectively, apply substantial pressure against both non-members and processors during negotiations, primarily to ensure that no fishing will occur in the absence of an association contract. In the absence of any legal power to accomplish this end, association members have adopted less sophisticated, but equally effective techniques - specifically those of intimidation. Association members are quite blunt about it - in their view, it is simply a part of the bargaining process - it always has been and it always will be. As a spokesman for the Bristol Bay Native Association put it in testimony to the Legislature: "Scare tactics...is a part of of a process of expression in the development of an agreement leading up to a price settlement."

The marketing associations are in a developing stage, and their procedures for negotiation are not very sophisticated. Aside from the "scare tactics," the procedures for adoption and ratification of contracts are unsettled. Last year, for instance, was the first time to our knowledge that any Bristol Bay marketing association (in this case AIFMA), did any kind of an economic study of the salmon market as a prelude to negotiation. The study suggested a settlement at

a certain level, but when the executive board of the association reached such a settlement, it was rejected in a mass meeting of the membership. Eventually, after much of the season went by, an approximately similar offer was accepted. The incident brings to light both the dearth of information on economic conditions available to the marketing association and the lack of any established procedures to analyze and ratify contract offers, short of what are bound to be tense and confused mass meetings.

The processors have equal difficulty in reaching settlement in a timely fashion. First of all, under law, since they are not dealing with unions, but with groups of independent fishermen, there can be no industry-wide bargaining. Any discussion or concerted activity between processors to reach a price settlement is a combination to set prices within the terms of the anti-trust laws. Since the processors have already been sued under these acts for collusion and are presently the subject of a federal investigation, they are particularly sensitive toward avoiding even basic communication between themselves. The result is confusion - the marketing associations deal with one processor, then with another in an attempt to set a price for the whole bay, but the processors have no real way of knowing what has been offered or the status of the negotiations elsewhere. There is also a great deal of historical animosity between processors and fishermen, dating from past times when fishermen

were employees of the canneries. Many fishermen feel that the processors have never come to accept them as truly independent, and that this failure is the root cause of the problem.

Whatever the cause, the bargaining process by which prices are set in Bristol Bay is primitive in nature. Communications are poor, the element of threat is constantly present, distrust is high. It is no surprise that the process often fails to produce a reasonable price settlement until the situation becomes absolutely critical.

In a traditional industry - union negotiation, the impact of failure in a bargaining process can be mitigated. For instance, if the steel industry and the steel union fail to agree on a price for labor, and a strike ensues, the economy is disrupted, but the disruption can be minimized by the fact that once the strike is settled, more steel can be made to make up the loss. In most fisheries, the impact of a strike of limited duration can also be rectified by increased processing at a later time. But in Bristol Bay, the season is so short, and the run of such a concentration, that the impact of a strike cannot be rectified. Once the fish are in the river, there is no way they can be recovered. The excess escapement may produce more fish five years hence, but according to our best biological assessment, it is not a one to one return, but wasteful over-escapement.

Moreover, unlike most industries, the product of the fishery, the salmon themselves, are a resource that belongs neither to the processors nor the fishermen. They belong to all the people of the State, and a loss due to a strike is not just limited to the participants in the strike. It is a waste of the public's resource.

The situation is further complicated by the fact that the State has, in essence, given the parties in Bristol Bay an exclusive right to develop and utilize this resource. The fishermen are protected against outside competition by the limited entry program, under which less than 3,000 gear licenses have been issued. The processors are protected by a series of State and federal statutes and regulations which prohibit foreign processors from entering the bay to compete directly for fish purchases. The State is presently completely dependent upon the reasonable efforts of fishermen and processors at price negotiation to ensure adequate harvest of a public resource.

There is, therefore, a clear State interest at stake in Bristol Bay. But at the same time, it has to be kept clear that the problems to be addressed are those created by the class of private interests in the economic marketplace. If these interests are unwilling or unable to solve their own problems, the State will have to take an active role in assuring that in some manner the salmon resource is adequately

harvested. Every opportunity, however, should be given the parties to deal with the problem themselves - primarily to develop a system of settling the price for salmon which alleviates the necessity of wasteful strikes. We see no role for the State in establishing the price to be paid for salmon or in telling the parties how to set the price. That type of intervention would have implications far beyond the price disputes in Bristol Bay. The whole thrust of the State's effort should be to create a climate within which the parties can work out their own disputes.

With few exceptions, all the parties involved in Bristol Bay recognize the need for some help in changing the present process of negotiation. Obviously, the suggestions as to what should be done differ. But out of all the discussion and hearings, two central themes have emerged, both of which have been endorsed by the task force for action. We will review them separately.

A. A Comprehensive Marketing Study for Bristol Bay Salmon:

The executive boards of all fishermen's marketing associations, plus all independent fishermen who have made their views known to the task force, have asserted that the key to a more sophisticated bargaining process is information, and that the key element necessary is a

comprehensive marketing study for Bristol Bay salmon. The marketing associations claim that they have no way of knowing the basic data concerning prices for which salmon can be sold on the wholesale market, trends in those prices, and other factors which affect the amount that processors can reasonably pay fishermen for the raw product. The canneries have this information available to them - the fishermen do not. If they did, the fishermen assert, the parties would commence bargaining from the same point, and would have an easier time reaching a settlement.

Even those recommending the marketing study recognize that there will be some initial difficulty in establishing the study as an aid to the bargaining process. The best marketing study in the world will tell little about the individual experience of a particular processor, so there is a risk that even if the study is done by an impeccable authority, processors will still refuse to concede its relevancy. Moreover, there is a question as to the impact it will have on the marketing associations themselves. Last year, AIFMA produced just such a study, and it predicted a level of settlement nearly identical to that eventually reached. But a tentative settlement at that level by the AIFMA Board was nonetheless emphatically rejected early by the membership.

In spite of these considerations, the task force recommends that the State obtain and finance the requested study. It is the basic proposal made by the fishermen most intimately involved in the problem, and they claim that if a marketing study is done by an authority of good credentials, it will be accepted by both sides, and will be helpful in the bargaining process. Moreover, the study has real public value. The fisheries are a long-standing, major industry in Alaska, and there is a legitimate public interest, both on the part of the Legislature and the Administration, in having an accurate picture of the trends in the industry. Accordingly, we believe that the study should be done, not only for Bristol Bay, but for all of Alaska's salmon fishery.

There is inadequate time available this year to have a comprehensive study done for the entire State. There is time, however, to accomplish the study for Bristol Bay, so that it may be of use in the bargaining process. The Department of Commerce has already contacted a number of consultants who can perform the work. To ensure the credibility of the effort, the selection of a consultant will be done with the advice of all marketing associations and industry spokesmen who will be afforded the opportunity to comment on the proposals before a contractor is selected. The scope of the work, as well as a timetable for its completion, is

attached. The study should be completed by the end of the first week in May and will not exceed \$50,000 in cost to be funded from existing appropriations to your office.

As we move forward toward a more comprehensive annual review of marketing conditions throughout the salmon industry, we will have available this year's experience with the study in Bristol Bay. This will afford the Legislature, which will be required to appropriate future funds, the opportunity to see how the study operates in practice, and of what real use it is, both to the bargaining procedure and to the public at large.

B. Controlling the Climate of the Negotiations:

There seems to be no doubt that physical intimidation has been closely tied to the negotiation process in Bristol Bay for many years. As early as 1962, Governor Egan made a special trip to Bristol Bay to lower the tension that was building. Every strike since statehood, such as those in 1969 or last year, has had its own litany of threats by fishermen against processors or against other fishermen.

Much of the testimony before the legislative committee concerned how real the threats really were during last season's dispute. Many pointed out that no one was

killed or even seriously hurt and that there was no massive destruction of property. Others testified that the flash point was always nearby, that guns were present and that whatever the actual level of violence, the level of intimidation was real and sufficient to keep many fishermen who wanted to fish, on the beach.

It is difficult to determine how real the threats of violence really are - whether left alone, they would simply dissipate or have the potential to escalate into action. But, the key fact to us is that many fishermen and processing personnel who make their living in the Bay believe there is a real threat of violence and respond accordingly. Equally important, is the fact that what intimidation is taking place has been institutionalized. Many fishermen in the bay regard intimidation as an integral part of the bargaining process. So long as that is the case, threats of violence will attend any extended and difficult negotiation and the potential will always exist for real violence.

The pattern of intimidation goes back a long way and its not going to change overnight. But, it appears to us that the State must make a clear statement to the effect that intimidation cannot be a regular part of settling prices in Bristol Bay; that threats on life or limb are just as bad when they are made against fishermen

or processing personnel as when they are made against anyone else. To do this, we recommend that the Public Safety presence in the bay be increased substantially during this and probably future seasons until a new pattern of dealing with price negotiations emerges. Commissioner Nix has prepared a memo covering what he intends to do in the bay this summer. It is attached. In addition, assuming that adequate funds are appropriated, the Commissioner is planning to charter five vessels so as to be able to patrol the bay from the water.

If a price settlement is not reached early, which would avoid the necessity for the expenditure of contemplated funds, the full cost for this program would be \$320,000. A bill has been drawn for submission to the Legislature in the amount of \$270,000. The remainder of the necessary funds are contained in a supplemental budget request already submitted to the Legislature. Since members of both houses have participated in hearings on this subject, they will certainly be knowledgeable on the subject and we are sure will have their own views as to whether the program is necessary. In our view, it is.

Bristol Bay is a fishery very much in transition. Cooperatives are being seriously discussed. Some fishermen are investing in small processor facilities,

and new marketing techniques are being developed. More processing is being done by floating rather than onshore facilities. There are a host of State programs ranging from Alaska Renewable Resources Corporation to Alaska Industrial Development Authority that can and should assist development of those new and different means of harvesting and processing fish in the bay. But the development must be permitted to occur peacefully. We believe the increased presence of law enforcement personnel will have some effect in reducing the tension level.

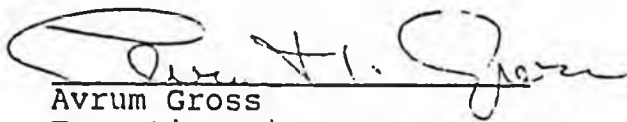
Some had suggested to the task force that additional steps should be taken as protection against violence on the fishing grounds--specifically the revocation of the limited entry permit belonging to anyone who was convicted of a violent act in connection with a fisheries price dispute. Aside from the very real difficulty in writing a satisfactory bill, we feel that this step is not appropriate at this time. Under present laws, there are substantial penalties for violence or threats of violence. What has been lacking is not so much the law as the ability to enforce it. That can be remedied directly and should be.

Conclusion

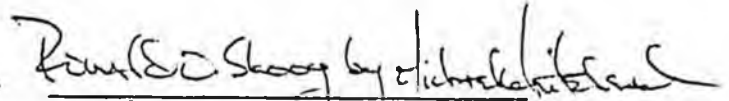
The basic approach of this task force has been to ask the parties involved what they thought would best help the situation, and then attempt to implement those suggestions into an effective government response. We did consider, along the way, more drastic government action, such as opening Bristol Bay both to foreign processors and all fishermen, limited entry permit or no, in circumstances where it appeared the parties would not reach a settlement. We concluded that such an approach is not called for at this time. There is no reason to assume that the fishermen and the processors in the bay cannot work this out by their own means with the assistance they have requested of the State.

We intend, as you suggested, to monitor what happens in the bay this year, and make a second report to you after the season. We should then be able to assess whether what we have recommended has improved the situation, and if not, what further steps will be required.

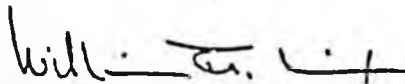
This report is respectfully submitted by members of the
Bristol Bay Task Force, March 23, 1981.



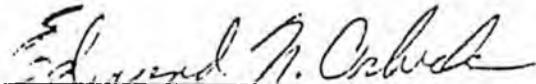
Avrum Gross
Executive Director



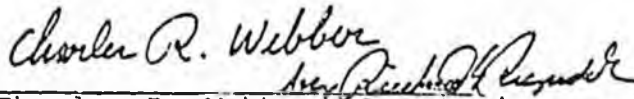
Ronald O. Skoog, Commissioner
Alaska Department of Fish
and Game



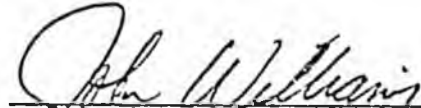
William R. Nix, Commissioner
Alaska Department of Public
Safety



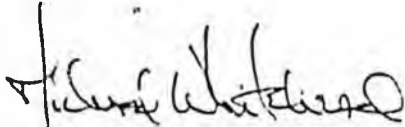
Edmund N. Orbeck, Commissioner
Alaska Department of Labor



Charles R. Webber, Commissioner
Alaska Department of Commerce
& Economic Development

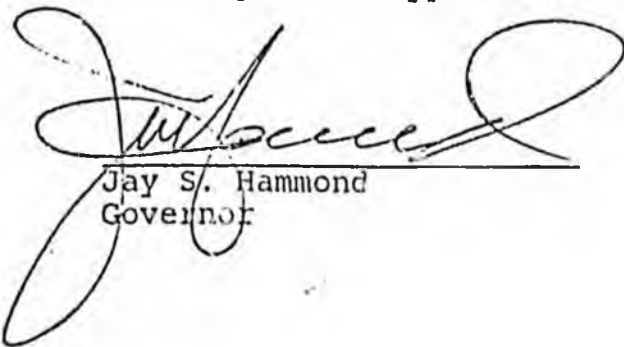


John Williams, Commissioner
Commercial Fisheries Entry
Commission



Michael Whitehead
Special Assistant to the
Governor

This report is approved:



Jay S. Hammond
Governor

March 23 1981

Date

Attachment A

Request for Proposals

Project Topic

To evaluate market conditions related to the production of red (sockeye) salmon in Bristol Bay during 1981.

Purpose

Information generated as a result of this project is expected to provide a comprehensive and objective view of current and projected market conditions for Bristol Bay red salmon. The intention of the State is to make impartial basic market data and observation available for reference by fishermen and processors engaged in annual preseason price negotiations. The value of the project depends on the contribution such information actually makes toward the settlement of timely and satisfactory agreements in Bristol Bay.

Selection of Contractor

The Office of the Governor will contract with an individual or firm having substantial experience in the marketing of seafood products or is closely familiar with the business and has an understanding of current conditions and events occurring within the industry.

About five prospective contractors will be asked to personally present their qualifications and work plan to a project management committee on or about March 27, 1981, in Juneau. The project management committee will be composed of at least three people and, at a minimum, will represent the Office of the Governor and the Department of Commerce and Economic Development. With the concurrence of the Governor's representative, the committee will select the best apparent contractor and proceed to negotiate major terms of agreement. It is the intent of the State to have the contract written and fully executed within about five days of the contractor's presentation.

The project management committee will ask people from four or five organizations representing fishermen and processors to participate in an advisory role with the project management committee during the presentation and selection process.

Members of the management committee will rate each prospective contractor on the following basis:

- 20% Compensation required (the total amount budgeted for this project is \$50,000. If the compensation required exceeds about \$40,000, the scope of work and project feasibility will have to be reevaluated.)
- 40% Demonstrated ability of the firm to acquire accurate basic data and information (previous related work, familiarity with available sources, recognized subcontractors or associates and so on).
- 40% Demonstrated ability of the firm to organize and evaluate market information and data, present understandable written reports and meet the time deadlines imposed.

Scope of Work

The contractor will deliver to the Office of the Governor written reports which provide in careful detail the following information:

1. Describe the actual or relative magnitude of sales of Bristol Bay red salmon, by product form (canned, frozen, fresh and roe) in each country of final destination.
2. Describe the specific channels used to distribute red salmon products -- ending, if possible, at the point of actual consumption.
3. Identify, where possible, specific firms which handle or distribute major amounts of Bristol Bay red salmon. Concentrate on any important systems of vertical integration established by individual firms and points where actual ownership of products are transferred.
4. Explain how and when red salmon products are further processed, packaged and labeled after leaving Alaska. Describe the circumstances under which various red salmon products are purchased by the final consumer.
5. Describe as fully as possible the existing market demand for Bristol Bay red salmon products. Determine if any special efforts were or are being made to advertise or promote sales. Compare current prices and the movement of inventories with past years. Explain the attitude of major users of Bristol Bay red salmon toward these products. Evaluate the relative effect of alternative salmon supplies to demand.

6. Provide an explanation of how the prices of Bristol Bay red salmon products are established. Determine how prices might be influenced or dictated by seasonal financing conditions and mechanisms. Carefully document a significant number of actual prices paid at various stages in the distribution chain for various product forms and categories of quality produced during the 1979 and 1980 seasons. Relate prices to costs and margins at appropriate points (especially consider any major factors which are likely to influence production costs).
7. Present a well-reasoned analysis of expected market demand for Bristol Bay red salmon harvested in 1981 and, based on various possible magnitudes of supply, estimate an appropriate range of increases or decreases in current wholesale prices which might be expected.

Time Frame and Deliverables

- | | |
|--------------|--|
| May 1, 1981 | The contractor will deliver a readable draft report of progress and a press-type summary of important conclusions. |
| May 15, 1981 | The contractor will deliver a final, complete report. The contractor will also provide a clear and objective summary of the final report. Depending on the information to be presented, the summary might be five or six pages. The summary will be widely distributed to people involved in the Bristol Bay salmon fishery. |
| June 1, 1981 | The contractor will monitor important market indicators and report any substantive changes in the form of a press-type summary. |

MEMORANDUM

State of Alaska

TO Commissioner W.R. Nix
Department of Public Safety

DATE: January 16, 1981

FILE NO

TELEPHONE NO: 269-5642

FROM Colonel T.R. Anderson
Director
Alaska State Troopers

SUBJECT Bristol Bay
Contingency Plan

Preface

During the past few years there has been a movement among fishermen to organize so as to be able to bargain collectively with the buyers.

Events Leading to 1980 Strike

During the 1979 season, the per pound price of red salmon was established at \$1.25. An excess of supply for that year resulted in diminished marketability of the large catch. Consequently, there were considerable quantities of unsold, frozen red salmon going into the 1980 season. This was a factor precipitating the drastic reduction in the per pound price offered in 1980 to 40¢.

A large run projection (50 million) in 1980 provided the fishermen with the opportunity to organize and strike over the price being offered. There would be no fishing until the price was raised.

The strike resulted in numerous threats of violence, some alleged assaults, and some instances of boat ramming, including one incident in which the Department of Public Safety vessel, Vigilant, was rammed by a fishing boat.

Several Troopers and Fish and Wildlife Officers were sent to Bristol Bay to quell any further acts of violence. The arrival of the Department of Public Safety personnel had the expected effect of reducing the potential for life and property threatening activities.

By the end of three weeks, the per pound price had been negotiated up to 60¢ and the fishermen returned to work.

The 1981 Contingency Plan

In an effort to minimize the possibility of a reoccurrence of unlawful activity on the fishing grounds, the Commissioner of Public Safety has directed that a 1981 Bristol Bay contingency plan be developed. At this time however, the preliminary indications are that the factors necessary for a strike this season will be absent, one of the more salient of these being the projection of a significantly reduced run of red salmon which means the fishermen will not have time to strike without significant and perhaps devastating financial losses.

DEPARTMENT OF PUBLIC SAFETY
COMMISSIONER'S OFFICE
Juneau, Alaska

FEB 03 1981

Preseason Intelligence

One of the more vital aspects of our preventative efforts will be the gathering and assessment of information from the field and from the participants of the Bristol Bay fisheries themselves prior to the season. To this end, a system has been established within the Department of Public Safety which links field activities with the Commissioner's office with a resultant two way flow of information.

Captain Marcourt Tew, Alaska State Troopers, has been assigned to coordinate the flow of information between the office of the Commissioner and the field under the following system:

All intelligence from the field will be directed to Lieutenant Jent, CIB, in Anchorage. He will be responsible for forwarding it to Captain Tew in Juneau with copies to Colonel Anderson, Colonel Stickles, and Captain Swackhammer, Detachment Commander of the affected area.

Tentative Schedule of Events

The foregoing dates are merely to establish a general time frame and are not intended to portray the actual days on which these events will occur.* This will be progressively "fine tuned" as the fishing season approaches and more information is received.

- May 10 Local and some out of state fishermen prepare boats and equipment.
- May 1 The Public Safety Academy will have completed and distributed a 60 minute training tape on various safety aspects of water borne enforcement. This tape will be viewed by all personnel participating before departing for Bristol Bay. The tape will include such things as: vessel boarding procedures, use of survival gear, small boat handling in rough seas, and officer safety related to on board contact with fishermen.
- May 25 The Field Operations Commander arrives in Bristol Bay. Captain Swackhammer, Commander of the Detachment which includes the Bristol Bay fishing grounds, is assigned the responsibility of acting as the Field Operations Commander (FOC) and will coordinate activities in the field such as:
- intelligence
 - communications
 - logistics
 - equipment/supply needs
 - general supervision
 - other

*Some activity dates are firmly established at this time. These events will be noted with the word 'will' being underlined.

January 16, 1981

The Field Operations Commander will remain in the Bristol Bay area as long as needed.

May 29 All personnel will have viewed the training tape by this date.

June 1 Corporal Schadle and Trooper Whitaker, Alaska State Troopers, will arrive in Bristol Bay (Schadle to King Salmon, Whitaker to Dillingham). They will each fly a Department of Public Safety Super Cub throughout their respective areas. It is expected that they will make considerable personal contact with the people in the area while in uniform. They will be gathering and giving information during their travels with the main objective being high visibility of uniformed Troopers.

June 1-7 Commercial king salmon fishing starts in the Dillingham area. The increased fishing for kings last year is believed to have been a result of the forecasted strike. No strike related problems developed during this period last year.

June 8-10 Alaska State Trooper personnel selected to participate in the effort will begin to arrive in Anchorage for staging and eventual en masse movement to Bristol Bay.

June 1-10 Fish and Wildlife Protection will be utilizing an Alaska Department of Fish and Game 32' vessel for enforcement in Bristol Bay. The vessel will be available only until June 10 as of now.

June 10 Red salmon fishery opens.

June 10 Eight Troopers will be sent to Bristol Bay if needed. Selected personnel will fly as a unit in a chartered twin.

June 10 Two chartered float equipped helicopters will be sent to Bristol Bay from Anchorage. On board will be three additional Alaska State Trooper personnel:

- Trooper G. Hooper; video
- Trooper G. Lewis, video
- Trooper J. McGhee, MEDIVAC

Department of Public Safety video equipment will be used continually in the area and the taping of fishing related activities will be made obvious in an effort to prevent potential violent conduct. Trooper McGhee will serve as the Department of Public Safety on site medical technician.

June 15-18 MV Vigilant will arrive in Bristol Bay.

- June 22 Projected run will start to peak.
July 4-7 Actual run peaks (based on past years).

Aircraft Transportation to Bristol Bay

Of the fixed wing equipment available, Ray Tremblay has recommended utilizing the Volpar twin to transport the eight Alaska State Trooper personnel to Bristol Bay. This aircraft can be chartered from Troy Air in Anchorage. It will carry eight passengers plus gear to the area in approximately one hour at a cost of \$430.00 plus 5% tax.

One Department of Public Safety Grumman Goose will remain on standby in Kodiak for use in the area as needed.

On Site Aircraft Transportation

Two Department of Public Safety Super Cubs will be available for use by Alaska State Trooper pilots as needed. Fish and Wildlife Protection will make the necessary provisions to see that the 100 hour maintenance requirements, if needed, can be performed in the field with no more than approximately six hours "down time."

Helicopters

Bell Jet Rangers on floats can be obtained through Alaska Helicopter at a cost of \$375.00 per hour plus fuel (burn rate approximately 35 gallons per hour). A minimum of three hours per day must be guaranteed. Flight time to King Salmon is one and one half hours.

All aircraft used in the operation will be clearly marked as State Trooper aircraft.

Watercraft

There will be three Boston Whalers (17, 19, and 21 feet) available. The Vigilant will be carrying a shore boat also.

Liaison with U.S. Coast Guard

Commissioner Nix is presently working on identifying the role which the Coast Guard expects to play.

Communications

Presently there is a VHF transceiver at the Fish and Game facility in King Salmon. There is also a single side band unit. Captain Swackhammer is working with the Division of Communications in assessing the engineering/labor needs in order to make existing Department of Public Safety equipment (i.e., MX 360 portables) compatible with the King Salmon repeater.

Ground Transportation

Captain Swackhammer will arrange for needed vehicles.

Meals/Lodging

Existing costs and insufficient dining facilities in the area may necessitate providing one meal charge per day in addition to allowing a \$21.00 per day meal allowance.

An Alaska Department of Fish and Game bunkhouse in King Salmon will adequately house all participating Alaska State Trooper personnel. Department of Public Safety has been authorized priority use.

The availability of facilities at Clark's Point and Egegik will be assessed by Department of Public Safety personnel.

Dillingham Fish and Wildlife has a three bunk facility which may have one bunk available to Alaska State Troopers during the period in question.

While it appears now that the likelihood of another strike by fishermen in Bristol Bay is minimal, the preparations and planning now underway by the Department of Public Safety should have a substantial impact on minimizing the ability or desire of participants in the fishery to generate violent or other unlawful conduct should a strike occur.

Prisoner Handling

I. Felony Arrests

Individual(s) arrested for a strike related felony will be flown to Anchorage as soon as possible to minimize the risk of such a person being able to incite others to violence. Corporal Schadle is the designated pilot should this be necessary.

II. Misdemeanor Arrests

Misdemeanor arrests will be handled by either the King Salmon or the Dillingham magistrate.

III. Mass Arrests

Captain Swackhammer will have a twin aircraft on standby to be utilized for mass prisoner movements. This aircraft may be as large as a ten place Navajo but no smaller than a Beech Baron. In the event of mass arrests, the prisoners will be flown directly to Anchorage.

January 16, 1981

IV. Existing Prisoner Holding Facilities

Presently there is a four prisoner facility at the Dillingham Jail and a two prisoner facility in Naknek.

V. District Attorney's Office

District Attorney Larry Weeks will assign one member of his staff to Bristol Bay if needed.

Attachment

ATTACHMENT

Additional Equipment:

Based on the projected use of fourteen Alaska State Trooper personnel, the following additional equipment will be needed:

03 Float coats	@ \$46.45 each	\$139.35
06 Pair hip boots	@ \$30.45 each	\$182.70
*14 Heavy duty rain trousers	@ \$44.95 each	\$629.30
*14 Heavy duty rain jackets	@ \$48.95 each	\$685.30

The Imperial survival suit is available through Alaska Marine at \$299.00 each. They normally carry 12 suits in stock during the spring. Allow one week for delivery from Seattle.

*Helly-Hanson (Norwegian Made)

Alternative Fixed Wing Twins:

Troy Air:

Navajo six plus gear, \$97.00 plus 5% tax.

Anchorage Airways:

Cessna Titan, up to eight passengers but limited gear, \$325.00 per hour dry. Burns 30 gallons per hour, two hour trip.

Evergreen:

Twin Otter 15 passengers, \$2,400.00, one and one half hour flight time.

Jet Alaska:

Lear, six passengers, \$1,800.00, 45 minutes.

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.



UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE
197 SOUTH FRANKLIN ST
JUNEAU ALASKA 99801
907 586-2820

Rodger Painter
Executive Director

1. Develop a wholesale price index for frozen salmon based on figures supplied by Alaska processors in time for the 1982 salmon negotiations, if at all possible. The frozen salmon wholesale price index should be patterned after the state's wholesale price index for canned salmon.
2. Support long-range approach to solving problems of the Bristol Bay fishing industry suggested by the Senate Judiciary Committee in recommendations 2,3,4,5,6, and 7 in March 27, 1981 report. Particular emphasis should be placed on financing and marketing mechanisms designed to support vertical integration by fishermen (cooperatives and small scale processing operations).
3. If a strong public protection presence in Bristol Bay is deemed necessary, then the best approach is the Judiciary Committee recommendation number 8. State Troopers should not appear to be private guards for processors and non-boycotting fishermen.
4. Organize a series of meetings of all parties involved in the Bristol Bay price dispute ~~to~~ discuss methods of arriving at long and short term solutions. Parameters of the meetings should be set by an analysis of the effects of antitrust litigation on the ability of the industry to jointly discuss mechanisms for arriving at a fair price settlement in which fishermen and processors share in the risks and benefits of the marketplace (profit sharing schemes, sliding price scales and model price indexes). Thought should be given to developing a mechanism aimed at ensuring both sides--fishermen and processors--are satisfied with the validity of the final figures, i.e. ongoing market analysis by the state coupled with an industry-supported confidential audit of processing costs and wholesale prices by an independent auditing firm.
5. Study effects of lifting Alaska's primary processing regulations and laws on all parties involved: fishermen, processors and the general public. If it is determined that Alaska should have such a law on the books, then the state should explore methods of implementing a legally safe statute taking into account the need for a flexible system allowing full utilization of the salmon resources when domestic processors are unable to handle harvestable surpluses.

BBFA, WAFMA, AIFMA
CAUCKWOK, HORTMAN

M E M O R A N D U M

TO: Kevin Bruce
From: Oleta Simmons
Date: February 18, 1981
Subject: TRAVEL ARRANGEMENTS TO BRISTOL BAY

The following travel arrangements have been made:

Open Ticket - Juneau/Anchorage

Saturday, February 28, Anchorage/Dillingham

Wien Flight #25
Depart 3:15 p.m., arrive 4:15 p.m.

Meeting tentatively scheduled in Dillingham for 6:30 p.m. to 10:00 p.m. in the Dillingham City Hall.

Hotel Reservations: Dillingham Hotel (842-5316)

Sunday, March 1, Dillingham/Naknek

Charter: Southwest Airways (842-5464)

Meeting scheduled in Naknek for 12:00 noon to 5:00 p.m. in the Bristol Bay Borough offices

King Salmon/Anchorage (Sunday): Wien #25
Departs 6:15 p.m., arrives
Anchorage 7:05 p.m.

Monday, March 2, Anchorage/Juneau

Wien #86, Departs 8:00 a.m., arrives 11:30 a.m.

Tickets will be available at the Wien ticket counter (airport) or may be picked up at the downtown ticket office (Baranof Hotel, between 8:30 a.m. and 5:00 p.m., Monday through Friday).



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Sturgulewski
FROM: Kevin K. Bruce
DATE: February 20, 1981
SUBJECT: BRISTOL BAY HEARINGS
February 28-March 1, 1981

The following individuals have been confirmed as witnesses before the hearing committee in Bristol Bay:

Dillingham

Trumen Emberg - Western Alaska Cooperative Marketing Association
Harvey Samuleson - Western Alaska Cooperative Marketing Association
William Nicholson - Individual
Val Angasen - Bristol Bay Native Association
Andy Golia - Individual
Jack McBride - Imapik Aquaculture Association
Representative from City of Dillingham

Naknek

Stuart Bowdoin - Bristol Bay Borough
George Gottchalk - Individual

Senator Sturgulewski

2.

February 20, 1981

Some difficulty exists in determining the actual number of individuals who wish to testify in both Dillingham and in Naknek. Many of the persons listed are securing additional individuals to appear before the Committee, and the list should not be considered anywhere complete. The local radio station is playing public service announcements regarding the hearings and plans to broadcast portions of the hearings on Saturday night. This should also increase the participation in the Sunday meeting in Naknek.

Additionally, I have been informed that the presence of Commissioners Nix and Skoog will greatly increase the local participation.

I have been informed by Representative Chuckwuk's office that several individuals will be present who are bilingual, in the event a translator is needed.

For your information, I have attached newspaper articles, chronicling the events in Bristol Bay.

KKB/ods
Attachment

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH-Y STATE CAPITOL
JUNEAU, ALASKA 99811
907-461 3500

IN-SESSION TRAVEL AUTHORIZATION

Authorization for travel for Senator Sturgulewski, Senator Hohman, Kevin K. Bruce-Judiciary Committee Aide and including per diem if a staff member. Travel destination Dillingham & Naknek and date Feb. 28-March 2, 1981.

PURPOSE OF TRIP:

To hold hearings in Bristol Bay regarding the 1980 salmon strike and related public safety problems per Senator Kerttula's request.

President of Senate

Date: _____

For Accounting Use Only

Account Code _____
Advance \$ _____ FW# _____
Per Diem \$ _____ FW# _____
Travel _____
FW# _____ Date _____



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Fouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Hohman
Senator Mulcahy

FROM: Kevin Bruce
Committee Aide

SUBJECT: Status of Bristol Bay Hearings

DATE: February 16, 1981

On January 28, Senator Kerttula requested that the Senate Judiciary Committee examine the public safety problems which surfaced in Bristol Bay during the 1980 salmon season.

After some examination, two aspects became clear:

- 1) Public safety concerns could not be divorced from the negotiating process since the former is a function of the latter; and
- 2) Since State Resources played a vital role, a representative from that Senate Committee should also be involved in the hearing process.

Senator Rodey was contacted by Avrum Gross, the Governor's personal representative on the Bristol Bay Task Force, about working together on the problem. Senator Rodey agreed to do so, in order to eliminate unnecessary duplication of effort.

Several House members have also expressed an interest in participating in the hearings, including Rep. Chuckwuk, Rep. Vaska, and Rep. Zharoff.

In conversations with Rep. Chuckwuk's staff, we have tentatively agreed that the Legislative Committee should be comprised of:

Senator Hohman	Representative Chuckwuk
Senator Mulcahy	Representative Zharoff

In addition, Avrum Gross would participate as the representative of the Task Force, and myself as staff to the committee.

The Senate Resources Representative is not yet firm, and Chairman Fahrenkamp may select a different senator based on scheduling conflicts.

The Bristol Bay hearings will be primarily a fact-finding and needs-assessment hearing. Three primary concerns have already surfaced in discussions with fishermen:

- 1) The Administration's repeated plans to revoke limited entry permits for individuals convicted of violent acts on the fishing grounds; and
- 2) The expressed need for reliable information source on salmon market conditions, processing capabilities, run size, etc., for a base from which to negotiate; and
- 3) The perception that public safety officers kept the peace largely at fishermen's expense during the 1980 season.

Undoubtably, other concerns will also be voiced by residents of Bristol Bay.

The dates for which we are shooting are February 21, for Dillingham, and February 22 for Naknek (see attached schedule). Additional hearings will be scheduled in Juneau in the following weeks to hear testimony from the Administration, marketing associations not represented in Bristol Bay, and for processors.

At this point, hearing facilities are being arranged by Rep. Chuckwuk's office. I will make the travel arrangements and generally coordinate the affair.

If you have any questions, suggestions, or requirements concerning this, please let me know.

M E M O R A N D U M

To: Kevin Bruce
From: Oleta Simmons
Date: February 16, 1981
Subject: TRAVEL ARRANGEMENTS TO BRISTOL BAY

Travel arrangements have been made as follows:

Open Ticket - Juneau/Anchorage

Saturday, February 21, Anchorage/Dillingham

Wien Flight #25
3:15 p.m., arriving 4:15 p.m.

Meeting tentatively scheduled in Dillingham for 6:00 p.m. to 10:00 p.m.

Hotel Reservations: Dillingham Hotel 842-5316 (3 rooms reserved)

Sunday, February 22, Dillingham/Naknek

Charter: Stovall Air Charter Service (842-5316)

Meetings tentatively scheduled in Naknek for 12:00 noon to 5:00 p.m.

King Salmon/Anchorage (Sunday): Wien #25
6:15 p.m., arriving Anchorage 7:05 p.m.

Monday, February 23, Anchorage/Juneau

Wien #86 Departing Anchorage 8:00 a.m., arriving Juneau 11:30 a.m.

Tickets will be available at the Wien ticket counter (airport), or may be picked up at the downtown ticket office (Baranof Hotel, between 8:30 a.m. to 5:00 p.m., Monday through Friday.

Handwritten notes:
Arrangements (Anchorage)
Wien #25 - 3:15 - 4:15
Wien #86 - 8:00 - 11:30

NOTE:

THIS SUMMARY OF THE BRISTOL BAY MARKETING STUDY HAS BEEN MAILED TO ALL BRISTOL BAY LIMITED ENTRY PERMIT HOLDERS. COPIES OF THE FINAL REPORT WILL BE AVAILABLE IN JUNEAU, MAY 29TH OR JUNE 1ST.

DRAFT COPIES HAVE BEEN IN THE HANDS OF PROCESSORS, NEGOTIATORS FOR FISHERMEN'S ORGANIZATIONS AND OTHER INTERESTED PEOPLE FOR ABOUT TWO WEEKS.

RICHARD REYNOLDS

A handwritten signature in dark ink, appearing to be 'R. Reynolds', written over the typed name 'RICHARD REYNOLDS'.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

May 22, 1981

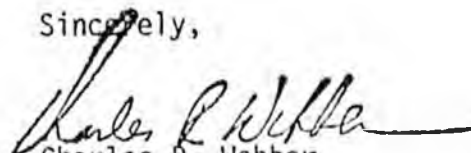
Bristol Bay Limited Entry Permit Holder:

Last winter, Governor Hammond appointed a special task force to deal with issues related to the salmon fishery in Bristol Bay. The task force recommended to the Governor several actions that the State should take this year. These recommendations included a study to evaluate current market conditions for red salmon. A contractor was selected, and the study was initiated about the first of April.

The intention of the State is to make basic market data and information available for reference by fishermen and processors engaged in annual preseason price negotiations. Additionally, the consultant was asked to begin development of a supply/demand formula that might, with further refinement and better data, be used in the future to help forecast market prices. The practical value of the project will rest on the contribution such information actually makes toward the settlement of timely and satisfactory price agreements.

Enclosed is a summary of the consultant's work. The full report will be distributed next week to fishermen's organizations, Department of Fish and Game field offices in King Salmon, Dillingham and local processors.

Sincerely,


Charles R. Webber
Commissioner

CRW/tt5/8

BRISTOL BAY RED SALMON - PROJECTED 1981 MARKET CONDITIONS

1.0 SUMMARY

1.1 Background

In 1980, a fisherman-processor price dispute in the Bristol Bay red (sockeye) salmon fishery lasted until July 3 (one day before the traditional peak of the season). An escapement of approximately 20 million fish over the Alaska Department of Fish and Game's goal occurred. This dispute and the lack of processing capacity caused a loss in revenues to the fishermen, processors, and the State alike. Total loss at the fisherman level was in the \$35 million range and at the wholesale level in the range of \$70 million.

Because of this dispute and the concern that the upcoming 1981 season could be a repeat of 1980, the Governor's Special Task Force on Bristol Bay recommended this study of the Bristol Bay red salmon market. The purpose of the study was to provide an evaluation of market conditions related to the production of red salmon in Bristol Bay for 1981. The time frame for the analysis was very short with only about one month to complete the study, but, more complete information on the markets for Bristol Bay red salmon was considered a step towards the successful conclusion of price negotiations in 1981.

The Bay fishery is in a period of transition with major changes occurring in the following market conditions. The harvest has increased from a low of 741 thousand fish in 1973 to 23.7 million reds in 1980. The Japanese have become heavily involved to ensure their supplies of fishery products. Prices dropped radically in 1980 for frozen product as the Japanese consumer refused high retail prices for salmon. The fisherman-processor relationship has changed with the fisherman becoming more independent though processors still provide substantial support in the way of boat storage, bunkhouses, food, fuel and supplies. The remote location of the Bay and its lack of support facilities also add to the production and marketing costs.

For the 1981 season some of the uncertainty of the past in terms of production capacity and markets has been reduced. Markets for frozen red salmon are stronger than last year as the Japanese frozen market has matured. Markets for canned salmon are steady.

1.2 Supplies of Red Salmon

Supplies are estimated by adding production and carryover or inventory from the preceding year.

The Alaska Department of Fish and Game estimates a red salmon harvest of 21.2 million fish in 1981 for Bristol Bay. For the U.S. a decrease in production of canned red salmon from 10 to 15 percent is expected.

Based on a canned production of 1.6 million cases of red salmon in 1980 this translates to 1.4 million cases in 1981. Inventories are also variable, so since no trend was evident an average of the past five years was computed. This implies a preseason inventory of 12.3 million pounds of canned salmon. Total canned supplies are estimated to be a total of inventory and production or approximately 78 million pounds. Imports, which are minor, were not included. Based on the fluctuations in forecasted production in the past, production was varied by a plus or minus 15 percent while inventories were left constant to develop a calculated range of expected prices. This range of supplies was from 68 million pounds to 88 million pounds of canned red salmon.

Data to make an objective estimate of frozen supplies were not available; however, red salmon cold storage holdings both in the U.S. and Japan are reported to be significantly lower this year than in 1980. For example, as of February, 1981, Japan's cold storages held 6,150 metric tons of salmon versus 28,400 metric tons for the same period last year.

1.3 Demand for Red Salmon

Demand for red salmon includes fresh, frozen, canned and cured salmon for consumption in domestic and export markets.

Domestic per capita consumption of canned salmon has varied little over the past decade with 0.5 pounds reported for 1980. Frozen salmon consumption in the U.S. is currently less than 0.1 pounds per capita.

Fresh and frozen products account for from two-thirds to three-fourths of the total volume of U.S. salmon exports. Japan is the major export market for frozen product normally taking from 50-75 percent of the total. France is the second leading market followed by the United Kingdom, Sweden and Canada. The United Kingdom is the major export market for canned salmon accounting for about one-third of canned salmon exports. Canada and Australia account for 20 percent and 12-16 percent of canned exports, respectively.

Demand is affected by a variety of factors including basic changes in consumer preferences or dietary patterns. Others are changes in population, disposable income, prices of substitutes, product form and domestic/export markets.

The 1981 demand for red salmon is summarized below by major trend:

- (1) Domestic demand - Slightly weaker for canned salmon in 1981 due to U.S. consumer resistance to "high" salmon prices. At the retail level the price of solid white tuna at \$3.45 per pound overtook canned red salmon at \$1.33 in 1981. But consumers still perceive that salmon is a luxury item. Also, canned tuna consumption decreased significantly in 1980 meaning that consumers purchased lower priced substitutes.
- (2) Export demand - Steady to slightly stronger for canned salmon as evidenced by recent increases in U.S. exports. The demand for

frozen salmon in Japan is gaining strength and at current prices is relatively cheap compared to other Japanese foodstuffs.

- (3) U.S. dollar position - A relative stronger dollar and a decline in the value of the Japanese yen, English pound and French franc in relationship to the dollar is expected which weakens the export demand for U.S. canned salmon.
- (4) Inflation - Inflation continues high in all countries eroding consumer purchasing power and having a weakening effect on demand.
- (5) Economic conditions - Expected weaker conditions in the U.S. and abroad. Japan will feel the impact of curtailed auto exports to the U.S. These conditions will weaken demand for canned red salmon.

1.4 Prices for Red Salmon

Prices for all product forms of red salmon have been highly variable in the past due to the significant changes in supply and demand discussed above. Canned salmon has ranged from \$1.72 per pound in 1976 to \$2.26 per pound in 1980 at the Seattle wholesale level. Frozen salmon FAS Japan (free alongside Japanese ships U.S. port of origin) ranged from \$1.63 per pound in 1976 to \$2.25 in 1978. The 1980 price for frozen salmon dropped to \$1.57 per pound. This was due to Japanese consumer resistance to high retail prices and the resultant dumping of 85,000 metric tons of salmon from cold storage on to the market. Sujiko or salmon roe prices for all species varied from \$7.20 per pound in 1976 to \$10.09 per pound in 1978 then declined to \$7.39 per pound in 1980 on the Tokyo wholesale market. During the past five years prices within a year have shown trends of upward, downward and constant prices. This complexity makes it very difficult to predict future prices.

An evaluation of supply and demand relationships suggested the following conditions and factors are instrumental to salmon price formation.

- (1) Wholesale and exvessel prices are dictated by retail prices. Consumer preferences for salmon and the associated retail supply demand conditions effectively constrain wholesale and exvessel demands. (For example, as presented above, consumers have reduced their consumption of tuna due to high retail prices.)
- (2) Since wholesale and exvessel demands are determined by retail demands, neither wholesalers (processors) nor fishermen can effectively control prices once supplies (pack plus carryover) are established.
- (3) During periods of relatively "high" real prices (caused by large increases in demand or decreases in supply), the retailers, wholesalers, and fishermen generally receive higher gross margins. Prices were converted to real or constant dollars by deflating by the wholesale price index so that "real" changes in prices could be observed versus changes caused by inflation. During period of relatively "low" real prices, the reverse is generally true, i.e.,

they each have reduced margins. Typical margins under moderate price conditions based on real exvessel price of 22 cents are 60 cents for the wholesaler and 41 cents for the retailer in real terms. The wholesale price index for 1981 is 250. (No evaluation was possible of the equity in the relative shares of the gross margin among retailers, wholesalers and fishermen. However, no statistically significant change in component margins was discerned in the aggregate data analyzed.)

- (4) Balanced and proportional growth in supply and demand over time is critical to maintaining stable wholesale and exvessel prices. Prices along a demand curve may vary sharply if shifts in supply and/or demand occur.
- (5) Historically, the inability to control supply (principally a biological process) has probably been the most responsible factor affecting equilibrium price levels from year-to-year. As suggested both the wholesalers and the fishermen are then rather locked in to resultant retail price conditions and corresponding wholesale and exvessel prices.
- (6) While supplies of salmon are not readily controlled, rather marked demand shifts can and have occurred also. Many factors may be involved, few of which are accurately documentable. Such factors as population, disposable incomes, prices of substitute products, exchange rates (export impacts), changes in consumer tastes, promotional/marketing programs, product forms (e.g. frozen vs. canned) and other affect the demand levels over time. Subjective judgments as well as quantitative analysis are needed to forecast demand shifts.
- (7) Relatively small shifts in supply and demand affect prices (as presented in the price table for canned salmon below).

A procedure was then developed to estimate the wholesale canned salmon price at Seattle for 1981. Wholesale is defined as the price received by primary wholesalers (processors, importers, brokers) in customary quantities f.o.b. warehouse. For this analysis, National Marine Fisheries Service (NMFS) wholesale prices were used even though it is apparent that wholesale prices will vary. This procedure takes into account the supply demand relationship considered above. Locational factors such as transportation costs and spoilage will affect Bristol Bay prices.

The 1981 Seattle wholesale price is forecasted to be \$2.33 per pound can based on a supply of 78 million pounds. Assuming alternative supply demand relationships the following price table was developed:

	Supply		
	68 million lb. (-15%) price per lb.	78 million lb. (Base) price per lb.	88 million lb. (+15%) price per lb.
-5%	\$2.70	\$2.08	\$1.45
Base (time/trend)	2.95	2.33	1.70
+5%	3.20	2.58	1.95

These prices are most reliable at the target price of \$2.33 and become less so as supply-demand shifts are projected. Also, an estimated slope for the demand curve was used because of insufficient data. Further discussion of these details is presented in the report.

A five percent, or 3.9 million pound, reduction in demand and a supply of 88 million pound would produce a price of \$1.45 per pound. At the other extreme an increase of 5 percent in demand and a supply of 68 million pounds of canned salmon would produce a wholesale price at Seattle of \$3.20 per pound for canned salmon.

The \$2.33 price converts to a case basis by multiplying by 48 pound cans to obtain a case value of \$111.84.

Using the same procedure 1981 prices for one-half pound cans of \$1.53 and one-quarter pound cans of \$.95 were computed.

Insufficient data were available to make a comparable, independent analysis of frozen salmon prices. Therefore, the estimate was made based on the relationship of canned salmon and FAS prices for Japan for frozen salmon. Using an average of the past five years the frozen price was 94 percent of the canned salmon price. A four year average of 102 percent was also calculated excluding the abnormal year of 1980 (when prices were lower in Japan as explained above). These compute to a range for frozen salmon of from \$2.19 to \$2.38 per pound FAS Japan. Converting this range to a comparable wholesale price would mean a Sapporo wholesale price of \$2.69 to \$2.93 per pound.

These prices are average prices and do not consider differences such as quantity sold, quality and brand preference.

1.5 Markets for Red Salmon

The prices presented above are sensitive to other factors such as the specific market for the product and the market channels through which the product is distributed. These factors vary for each sales transaction, thus a specific price becomes very complex. In addition, it must be recognized that prices vary within a year, by location, by type and quality of product and as supply/demand conditions change. Thus, the use of a single average price can be misleading in terms of actual prices received for specific shipments. However, such single-value prices are indicative of the general levels anticipated.

Markets for red salmon vary significantly by year. However, some generalizations can be made on the utilization based on 1980 product form. These are reported below:

- (1) Canned - Approximately 60 percent of the canned red salmon was distributed to the United Kingdom and other British Commonwealth nations. The bulk of the remaining 40 percent is marketed domestically with small quantities sold to Japan, France and other foreign countries.
- (2) Frozen - Almost all frozen red salmon is directly delivered to the Japanese at dockside in Bristol Bay. Small amounts are distributed through Seattle area cold storages to Japan and domestic markets. Besides being the traditional market for frozen product, Japan can compete favorably for Bristol Bay product because of its location in respect to Alaska. Prior to the imposition of the 200 mile limit, the Japanese high seas fishing fleet operated extensively in Alaskan red salmon fisheries. As a result, frozen red Alaskan salmon has been a recognized fishery product in Japan for many years and is readily accepted by Japanese consumers.

Relatively smaller amounts of frozen red are marketed in Europe, but its color and recovery are not preferred by smokers which import 50-55 percent of the frozen product.

- (3) Fresh - Fresh product is marketed domestically. Growing markets are reported by wholesalers, but sales are still small relative to total salmon production.
- (4) Salted and Cured - The products are minor and will probably remain so for 1981.
- (5) Roe - All of this product is marketed directly to Japan.

Market channels for salmon vary from country to country and between different product forms.

1.5.1 Japan-Frozen Salmon

Japan is a major export market for frozen U.S. salmon. In addition to frozen salmon, Japan is a major consumer of salted salmon and salmon roe. The market in Japan is dominated by the large trading companies, estimated to control 75 percent of the trade. The strongest consumption area for red salmon is in Westerr Japan, particularly centering around Osaka and Kyoto. Chum is a major species in the Tokyo and Yokohama areas although red has become much more popular recently. Consumption of red salmon in Hokkaido is said to be quite high.

Imported round salmon is primarily sent to Hokkaido or Northern Honshu, the areas that have traditionally been the salmon processing centers, to remove and prepare the roe into sujiko and the parent fish into salted salmon. These products are then moved to the market by either the processing company or by shippers who then resell to wholesalers or major trading companies.

Dressed and semi-dressed salmon move directly from the importer to wholesale middlemen or trading companies who slice and repack the product for sale to retailers.

1.5.2 United Kingdom-Canned Salmon

The United Kingdom is the major market for canned salmon and its importance, in actual volume taken, has increased substantially since 1978. In 1978 the UK imported 9.8 million pounds of U.S. canned salmon, in 1979 18.3 million pounds and in 1980 33.0 million pounds.

Red salmon is the preferred canned species in the UK. The big three canned salmon distributors in the United Kingdom are John West Foods (a Unilever subsidiary), Berisford Foods and Princess Foods. John West Foods is the price leader. Importer-wholesalers, brokers and major retail chains are important factors in the market.

1.6 Other Marketing Factors

Marketing costs for Bristol Bay red salmon account for a significant proportion of the increased values for the product at the various marketing levels such as wholesale and retail. Pack financing rates based on a prime interest rate of 19 percent and a 2 percent risk premium could total 21 percent. Transportation rates to Seattle range from 40 to 46 cents per pound for air transportation and from 7.5 to 17 cents per pound for sea transportation depending on whether dry or refrigerated containers are used. Direct storage costs are 3 cents per pound for canned salmon and 2.9 cents per pound for frozen product based on average holding periods. Significant promotion or advertising costs have also been incurred. Import duties for salmon are 5 percent for Japan and 3.5 percent for the European Economic Community (EEC). The EEC is considering setting minimum reference import prices for salmon by using market prices of European salmon. This could affect the sales of Pacific salmon which is generally less expensive than European salmon. Also, for exported product significant reprocessing, packaging and labeling occurs adding value to the product at the various marketing levels. For example, in Japan the salmon is thawed and sliced for raw consumption.

MEMORANDUM

State of Alaska

TO: Mike Whitehead
Special Assistant
to the Governor

DATE: March 17, 1981

FILE NO:

TELEPHONE NO: 465-4322

FROM: William R. Nix *WNM*
Commissioner
Department of Public Safety

SUBJECT: Bristol Bay
Approximate Costs

Following are the approximate costs for the five (5) boat charters concerning the Bristol Bay contingency plan:

Boat Charters 6/8/81-7/7/81

\$1000.00 per day x 30 days x 5 boats =	\$150,000
Actual fuel costs only for those boats in transit to and from Bristol Bay, not to exceed 5000.00. 5 x 5000.00 =	25,000

If contractor provides operator during charter 6/8/81-7/8/81 cost for operator, not to exceed 5000.00. 5 x 5000.00 =	\$ 25,000
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Total	\$200,000
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Department Costs

15 Troopers at Sea Duty Pay rate of pay Overtime only =	\$ 51,000
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Transportation to/from Bristol Bay =	8,900
--------------------------------------	-------

Per Diem, travel status only	4,400
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Equipment - rain gear, survival suits, boots, 385 x 15 =	\$ 5,800
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Total	\$ 70,100
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GRAND TOTAL	<u>\$270,100</u>
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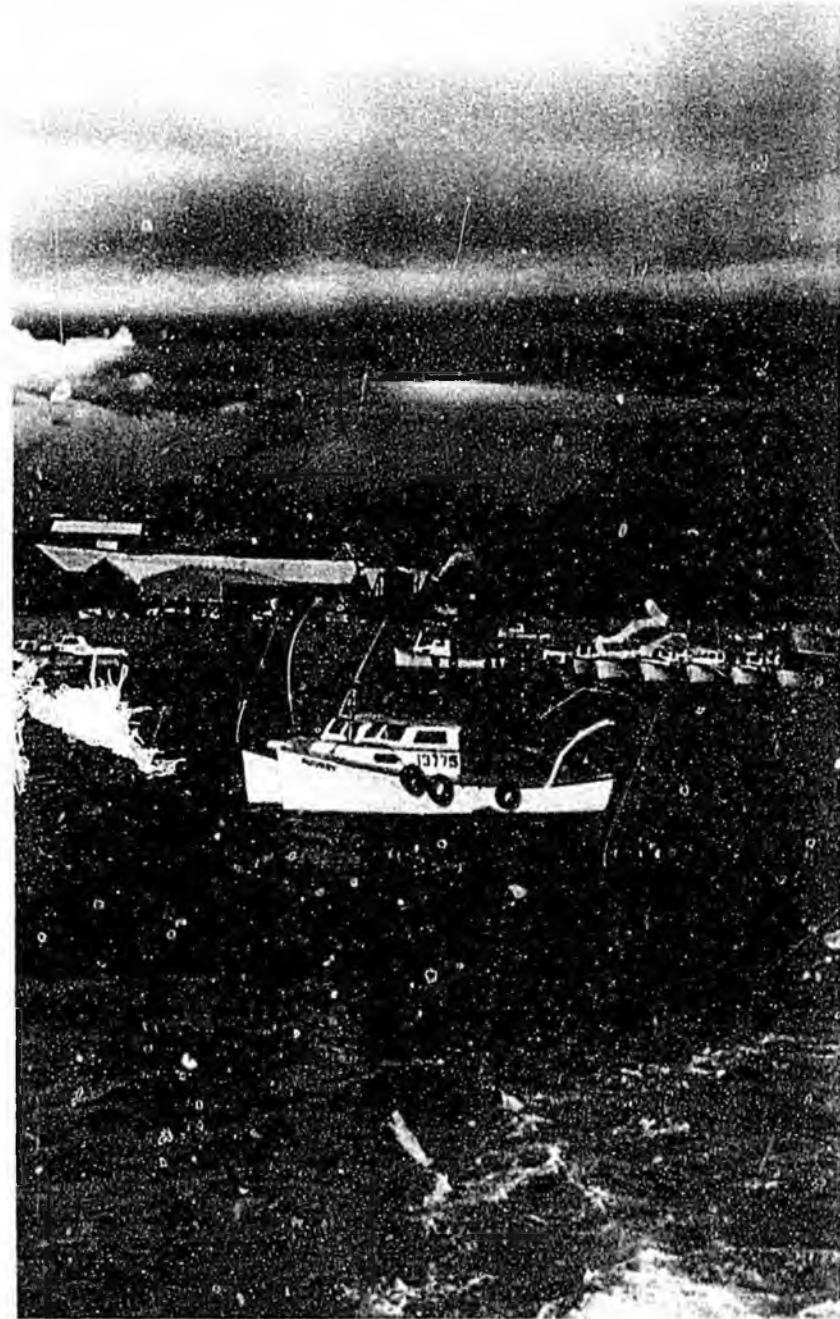
Challenge in Bristol Bay

The Issues of Salmon Marketing



Excerpts from the Governor's Bristol Bay Task Force
Public hearings held in Dillingham, Naknek and Juneau

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The staff would like to acknowledge the enthusiastic support and technical knowledge received from Mr. Jim Deagen of the Alaska State Department of Commerce and Economic Development.

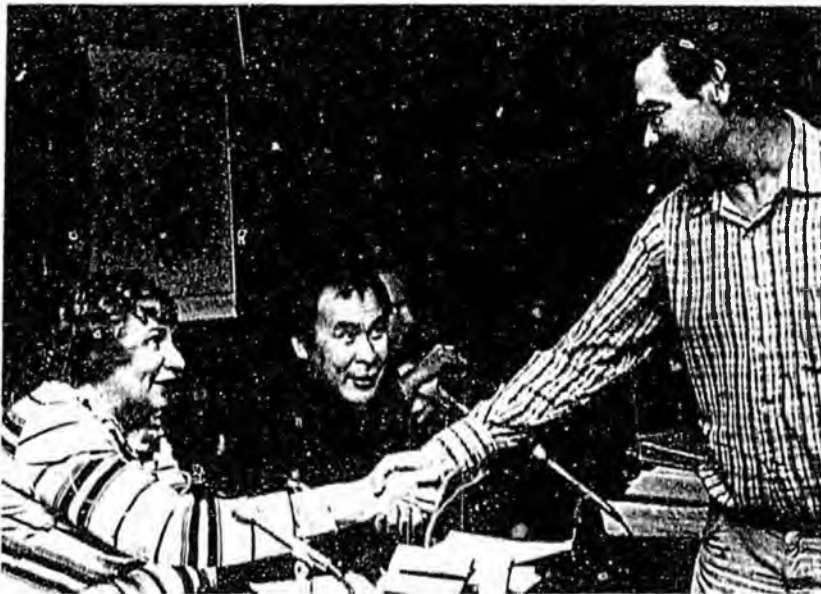
The names of cities in parentheses denote the city where the person spoke and not necessarily the city where they live.

Unless otherwise noted all photographs in this text are by Chris Arend of Anchorage, Alaska.

Introduction By Andy Golia



Committee



Senator Sturgulewski, Orrin Welch



This brochure contains excerpts taken from public testimony presented to an "advisory committee" to Governor Hammond and Senate President Jay Kertulla. The committee has recently held public hearings in Dillingham, Naknek, and Juneau. The committee's responsibility was designated to examine the "violence" that occurred in the 1980 commercial salmon season of Bristol Bay, and examine what role the

State should play in the marketing problems of Bristol Bay salmon, as well as examine the possibility of the State becoming involved in an early price settlement for the upcoming 1981 season.

The committee held public hearings in Dillingham on February 28, 1981, and in Naknek on March 1, 1981. Then on March 16 and 19, 1981, the committee held the same public hearings in Juneau. Approximately 70 participants, mostly fishermen, attended the public meeting in Dillingham, and about 30 attended the public meeting held in Naknek. About 40 participants attended the March 16, 1981 meeting in Juneau, and then on March 19, 1981, about 20 participants attended the last public meeting.

The "advisory committee" members who attended the public hearings held in Dillingham and Naknek were:

- Senator Arliss Sturgulewski, Anchorage, Chairperson.
- Representative Joseph Chuckwuk, Dillingham
- Representative Vernon L. Hurlbert, Sleetmute.
- Avrum Gross, Executive Directors of the Bristol Bay Task Force and former Attorney General.
- Mr. Ronald O. Skoog, Commissioner of the Department of Fish and Game, and member of the Bristol Bay Task Force.
- Mr. Charles R. Webber, Commissioner of the Department of Commerce and Economic Development, and member of the Bristol Bay Task Force.
- Mr. William R. Nix, Commissioner of the Department of Public Safety, and member of the Bristol Bay Task Force.
- Mr. Mike Whitehead, Special Assistant to the Governor, and member of the Bristol Bay Task Force.

Staff members of those related to the committee in attendance at the public meetings held in Dillingham and Naknek were:

- Mr. Glen Svendsen, Member of Staff, Senator Sturgulewski
- Mr. Kevin Bruce, Member of Staff, Senator Rodey.

Introduction



Val Angavan/John Williams



Leon Braswell/Commissioner Ron Skoug

Mr. John Williams, Commissioner with the Alaska Commercial Fisheries Entry Commission, Juneau, also attended the public hearings held in Bristol Bay. Mr. Williams has been appointed an ex-officio member of the Bristol Bay Task Force by Governor Hammond.

The radio station, KDLG of Dillingham, provided live coverage of the Dillingham public hearing. KDLG also provided an excellent prehearing coverage by publicly announcing the hearings to be held and issues to be discussed. KDLG's live coverage also provided an opportunity for listening villages to telephone and ask any question or give comments to the advisory committee.

On March 16, 1981, Senator Sturgulewski chaired the public hearing in Juneau, with Representative Chuckwuk and Representative Hurlbert both in attendance throughout the meeting. Senator Rodey appeared at the hearing later in the session, and Avrum Gross and Commissioner Nix were in attendance at the hearing but left later in the session due to other commitments.

On March 19, 1981, Senator Rodey presided as Chairman of the last public hearing. Senator Sturgulewski, Representative Chuckwuk, and Representative Hurlbert were also present.

Several reasons have led to the formation of the "advisory committee" and its resultant hearings in Dillingham, Naknek, and Juneau. After the collapse of the Japanese market of fresh frozen salmon in late 1979, and talk of a potential prolonged price dispute in the 1980 salmon season in Bristol Bay, Governor Hammond appointed what is known as the Bristol Bay Task Force in hopes to offset any drawn out price dispute. The task force met several times, months before the 1980 season, attempting to devise a plan to avoid a late settlement. All in vain, the prolonged dispute occurred, and then another issue surfaced after the 1980 season—talk of too much violence, which occurred on the fishing ground in Bristol Bay.

An estimated total of 21 million harvestable salmon escaped during the 1980 season, with most of the overescapement resulting from the price disagreement that lingered on until July 3, 1980. Because of the massive escapement of harvestable salmon, and subsequent reports of violence and public safety concerns, Governor Hammond reactivated the task force to make another attempt to resolve such problems, and provide recommendations on what should occur prior to the 1981 season.

Then on January 28, 1981, Senate President Jay Kerttula requested Senator Pat Rodey, the Judiciary Committee Chairman to examine the reports of "violence" which might have occurred in the 1980 season, and report the results of the hearings to be held in Dillingham, Naknek, and Juneau.

Introduction



Dillingham Meeting



Dillingham Meeting

Senator Sturgulewski, Chairperson of the Legislative Budget and Audit Committee, was appointed to preside over the public meetings held in Bristol Bay. Senator Rodey chaired the later hearing held in Juneau.

Avrum Gross, former Attorney General, was selected by Governor Hammond to direct the Bristol Bay Task Force. Mr. Gross and Senator Rodey decided that since both committees were dealing with related issues on Bristol Bay, joint public hearings should be held by both committees to avoid any duplication of effort. Hence, the joint advisory committee was formed.

Funding for this brochure has been derived from the Imapik Regional Aquaculture Corporation (Imarpik) based in Dillingham, Alaska. The staff members of Imapik, Mr. Jack McBride, General Manager, and Mr. Val N. Angasan, Assistant Manager, have both developed this brochure, with assistance from Mr. Andrew Golia, staff member of the Bristol Bay Native Association, Dillingham. The Imapik staff members were also active in assisting the advisory committee staff members in preparing for and arranging the public hearings in Dillingham and Naknek.

Imarpik was formed in late 1977 under the Alaska Private Non-profit Salmon Enhancement Program of 1974. The local aquaculture corporation serves most of the Bristol Bay region, and although its initial formation has been designed for salmon enhancement, Imapik has recently received a \$192,000 contract from the State Legislature to examine the salmon quality control and marketing problems inherent in the Bristol Bay region due to the rapid expansion of the fresh frozen salmon market. Imapik obtained the contract to assist in overcoming both major marketing problems in the Bay. The Executive Committee of Imapik strongly feels that both marketing problems must be alleviated before any major effort occurs to enhance the local salmon runs.

In conclusion, this report has been designed to inform the people of Bristol Bay about the issues confronting local fishermen, in hopes that it will create a greater awareness of the more important issues that directly confront the fishermen of the Bay.

Introduction



Naknek Meeting



Joe Clark/Harvey Samuelson



Naknek Meeting

The Bristol Bay Fishery—Background Information



Av Gross (Dillingham)

"It made sense that before the government told you what it was going to do, it was generally wise to ask you what you wanted the government to do.

"I started in January and met with Mitch and his board (AIFMA) down in Seattle. I talked to the Icicle group of fishermen (EBFA). I've talked to the Board of Fish and Game. The Task Force has been meeting on a regular basis. I've felt very strongly that it was impossible to

come up with any firm conclusions in terms of what was going to be recommended to the Governor or to the Legislature or to anybody else until we come out here and talked to the people."

Phil Daniel (Juneau)

"One of the State's overwhelming interests in Bristol Bay is to see that the resource is harvested. In the last two years, we've 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 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.

"The thing that makes me nervous, is the decision, of whether or not the Japanese will ever be allowed to harvest more of those fish is not in our hands; it's 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. I think that there are grave implications, if we continue to put large numbers of fish up that river, as far as the 200-mile limit is concerned."



Mitch Kiak (AIFMA) (Dillingham)

"We have approximately seven hundred members. Thirty-three percent of these people come from Alaska. Approximately one hundred twenty of those people come from the Watershed. The people that we represent in the watershed represent about 1,200 years of experience."

The Bristol Bay Fishery—Background Information

Alaska Independent Fisherman's Marketing Association

PRICE PER POUND

Year	Reds	Duration of Contract	Date of Settlement
1969	.24	2 years	7/03/69
1970	.24		
1971	.26	2 years	6/18/71
1972	.27		
1973	.35	1 year	6/14/73
1974	.49	1 year	6/14/74
1975	*.37	1 year	6/18/75
1976	.52	1 year	6/28/76
1977	.595	1 year	6/28/77
1978	.68	1 year	6/26/78
**1979	.80-1.25	1 year	6/27/79
1980	.57	1 year	7/03/80

* 1975 sliding price scale

** 1979 two price system for reds



Kay Larsen (Dillingham)

"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 processors were large. In 1977, the price of fish was \$.59½ 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 and \$100,000. The price of fish has not kept up with our expenses. We have a list out at our (BBNA) office of two hundred fishermen who had no markets in the spring (1980)."



Senator Atlin Sturgulewski and Representative Joe Chuckwuk

The Bristol Bay Fishery—Background Information



Robin Samuelson (Dillingham)

“(1979) There was talk around town of cash buyers coming in paying \$1.00 up to \$1.25 a pound for fresh red salmon. People were getting paid to sign up fishermen. A guy would get \$50 to \$100 for submitting your name. The union settled that year for \$.80 a pound with the canneries. When the fishing season was on anything that could float, fly or haul fish was activated. The major cash buyers out at the grounds were having a fierce battle. They all wanted as much fish as possible at any price.”



“Then in the fall when this fish finally reached the market in Seattle and Japan, ‘the weather worsened.’ The Japanese yen started to fall. The big Japanese fishing companies started shaking. Then came our high priced salmon—a glutted market and a lot of salmon of real poor quality, mostly due to the greediness of the processors who were pumped up by the Japanese.”



“The major fresh fish processors couldn’t get rid of the fish, so wholesale prices started to fall. A lot of them went ‘belly up,’ or walked a thin line as far as bankruptcy was concerned. A lot of money was lost on the pack that year.”

Infrastructure Needs In Bristol Bay



Laura Schroeder (Dillingham)

"Unless you've really lived in Dillingham and been here during fishing season, you really don't know how handicapped the fishermen are in Dillingham, or a processor, or a new processor trying to come into Dillingham. All of our beachfronts and the entrance to our streams were taken up years and years ago by canneries who realized that these were valuable sites. This land is still owned by these canneries.

"We have one public dock that goes dry at low tide. We had 15 to 20 cargo barges last season—they tie at the dock from 24 to 48 hours even though we unload them around the clock. They tie up the entire clock—a fisherman and a

processor can't possibly use that dock while there's a cargo barge in—we've had vessels tied up four abreast on the city dock—we've had fish passed over cargo barges three stories high.

"There are no services, such as boat storage and repair if you go independent—we have a 100 boat harbor and we have 539 users. If you want to see impediments, try to get out of there when there are 17 abreast and you want to go fishing and your neighbor doesn't. Except for 50 feet on one side and 250 feet on the other side of the boat harbor, the land is owned on either side by processing companies.

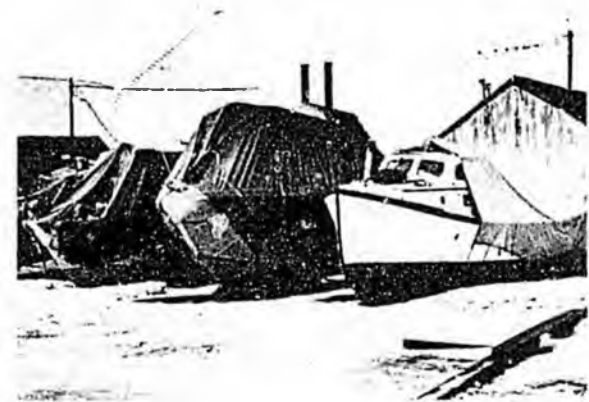
"There is no fire protection to the small harbor. The processor/owner has not seen fit yet to give us permission to cross their property with a waterline."

Sidney Smith (Juneau)

"Anybody who tries to come in who is new or with a new idea is going to have a tough time to compete."

Val Angasan (Dillingham)

"It's pretty obvious that the fresh frozen market in Bristol Bay is going to be playing a pretty serious role here in the future and the Dillingham airport needs to be lengthened.



Boats Stored Outside

Monty Handy (Naknek)

"I think one thing that would help in this price negotiation is to get some local people in here buying fish."



Infrastructure Needs In Bristol Bay



Kay Larsen (Dillingham)

"In America, there is interest in buying our fish, but you get a guy in here and you start showing him what he has to work with and right away they start wondering how they're going to overcome the problems. I really support the State developing those airports and those docks to encourage industry to come in.

"The airport—I've heard that if it were longer then they could get off with payloads and fly them straight to the market.

"There are no docks to move fish across. The city dock is available some, but when a barge comes in here to unload freight, then that processor can't depend on that dock.

"If the State will build new docks and improve airports and will loan money to new processors, development of the fishery would be greatly encouraged."

Jack McBride (Dillingham)

"Finding way 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."

Lyman Smith (Dillingham)

"The key thing here that keeps our fresh market fishery from really going is the lack of airport facilities.

"We need a longer runway that's surfaced so that we can handle any kind of aircraft that wants to come in here, and we also need the ramp space and the support areas which will allow the helicopters to come and the trucks to come unload and deliver that fish.



"It should leave the airport in no worse condition than when it arrives there. Airport development has got to be a critical part of this whole thing. It's vital and we've got to address it.

"In addition to the runway, we also need a parallel taxiway so there can be more than one aircraft operating on the airport at a time."



Robin Samuelson (Dillingham)

"Some of them—hailed them up the river, 25 hours later—let them sit for another 24 hours; unloaded and took them out to the airport and let them sit another 12 hours because their totes were full or they couldn't get enough totes or their planes were too busy, and then they finally flew them off to some other place. Thank God they didn't sell them here in town."

Processing Inabilities In Bristol Bay

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 (more) fish, I think they would be a little wrong."

Kay Larsen (Dillingham)

"Last year there was a lot of talk that fishermen should have been willing to take a low price for their fish and make up the difference 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 has proven true. Even though Fish and Game have 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."

"Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is healthy. State funding which would encourage the development of this competition would be a possible solution. State funding should also include loans to developing processors."



John Eckert (Naknek)

"The processors in the bay here can only process approximately 25 million fish on large run years."



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 the (the processor) can't handle the fish. The day it opens, they put us on a 6,000 pound limit—if that's handling fish, I sure in hell don't know what to say about that."

Allen Aspelund (Naknek) [setnetter]

"What they do, is put us on one half of what the boats get when they are on limits."

Robin Samuelson (Dillingham)

"Six hours after it opened (fishing after the strike), the biggest cannery on this side of the river shut down."



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—to swallow the hook, then they jerked hard to set the hook. There's nothing the processor can do but step out and let the Japanese have it."

Processing Inabilities In Bristol Bay

Mitch Kink [AIFMA] (Dillingham)

"We are saying that maybe they don't want all the fish and I think they said that they could handle all the fish."

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."

Archie Gottschalk (Juneau)

"The marketing, financing and processing aspects of the fisheries are predominantly controlled by foreign corporations; especially Japanese corporations—they determine the volume of salmon they want to pack and, as we have seen over the years, the price that they want to pay."

Jim Beaton (Juneau)

"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. The whole thing is a stacked deck."

Phil Daniel (Juneau)

"We were looking at 40 million sockeye coming back to Bristol Bay to harvest (1980)—there's every reason to suspect that many processors simply didn't want to harvest all that product."



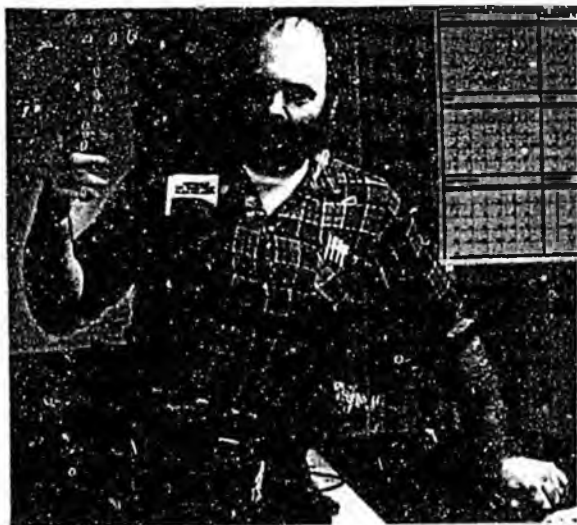
Representative Chuckwuk (Juneau)

"Last summer, my father who has fished faithfully for one of the processing companies was limited to 5,000 pounds a day—for ten days, that would mean only 60,000 pounds. He would only have grossed \$24,000 and out of that \$8,000 goes to the puller."

Chip Toma (Juneau)

"I think we've all learned that the inability to process is directly related to the price."

Quality Control Problems



Lyman Smith (Dillingham)

"I think the State can go a long way toward educating the fishermen if they set up training seminars in handling techniques because, after all, this is a remote area and it's hard to get information out here. Since the State is in the business of loaning money, there may be a way to update equipment that fish cannot be handled properly in—be it slush tanks, or whatever the fishermen decides he should do to improve this handling."

Robin Samuelson (Dillingham)

"The processors have never changed their ways here—the canning processors. They still stack them six feet deep, use shovels, water—anything to push the salmon."



Representative Hurlbert (Dillingham)

"If one area of the State ships bad quality fish, it certainly reflects on the State in other areas. So it affects the State on the whole when one area might taint another area."

Jack McBride (Dillingham)

"You, as the Legislature, may have to deal with this. Quality is what the customer is willing to pay for and buy at the other end—the final customer. What is quality in Europe may not, at all, be the same product in Japan, so be real careful with any quality control legislation. It's really a marketing question."

Pack Loans



Val Angasan (Dillingham)

"Personally, I don't mind the State of Alaska loaning money to processors that have incorporation papers filed in other states, or for that matter, even other countries, however, last year we have seen a perfect example of processing companies, either invested in by ARRC, or loaned to by ARRC, and paying their fishermen drastically low prices—it's unfair. Fishermen should be the first leinholder on all their sales, not the last. I would even recommend that you tie in the processing loans to the price settlement."

Robin Samuelson (Dillingham)

"(1979) How could the price fall that way—who's doing it? It all pointed to the Japanese. The Japanese control us in Bristol Bay. Who owns Peter Pan? Not the Natives anymore—the Japanese! It wasn't Icicle's fault. Icicle would be 'belly up' because the State wouldn't dish

them over enough money—go 'belly up' or sign a preseason contract. If I was backed up against the wall, I guess I'd have to sign a preseason contract, too.

"One company borrowed four or three million dollars from ARRC—from the State—my money, and paid 35 cents and they still haven't paid off their fishermen—I think that's criminal."



Joe McGill (Dillingham)

"In the first place, they financed a bunch of the packers that wouldn't pay the price, and we couldn't even get them to the negotiating table to talk to them and discuss prices.

"I know that the State is financing some of these processors this year and think there is one stipulation they can make in their contract that they do negotiate and pay the going price for fish."

"I believe that from what information that I have, through the State bank, the State owns controlling interest in one of the packers that they had a lot of trouble with last year."

Representative Chuckwuk (Juneau)

"Could there be a possibility that the State may be in conflict with its own fishermen because of their investment in processing."

Hank Ostrosky (Juneau)

"We were directly interferred with last year by the State by its loaning policies. They would not loan to any group that agreed to pay over 40 cents a pound to the fishermen."

Jim Bingman (Dillingham)

"I think that a good way for the State to help us is to establish a base price and the processors could depend on this money (for pack loans)."

Stan Small (Dillingham)

"The money should go to the real American processors, not our buddies across."

Pack Loans

George Gottschalk, Sr. (Naknek)

"I think the State should quit 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 (Naknek)

"It (pack loans) should go to real American processors, not their buddies from overseas—after they caught 700,000 fish (Japanese, 1981 high seas catch), Jay Hammond shouldn't give them one penny."



Marketing—Generic Promotion



Eric Eckholm (Juneau)
Executive Director of the Alaska Seafood Marketing Institute

"We are proposing a joint effort between the fisherman, the processors, and the State of Alaska to help develop markets through generic advertising and promotion to create more demand throughout the world."

"One hundred million pounds of fish were wasted because the fish simply weren't worth enough in the world's market to either the fishermen or the processors to harvest for a profit."

The State's role in helping support this organization (Alaska Seafood Marketing Institute) would avoid a disaster such as one that occurred in 1980 and will occur again in 1985. If we are able to broaden the market base to allow market development in several countries around the world, including America, then a situation occurring in a single market won't cause the kind of disruptions that occurred last year."



Naknek Residents

Kay Larsen (Dillingham)

"The State's idea of a market campaign to sell more Alaskan seafoods is a good one."

Marketing—Generic Promotion



Charles Webber

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."

Lyman Smith (Dillingham)

"I think the State's getting involved in promoting the marketing of these fish (fresh) is going to go a long way toward alleviating these problems."

"There's enough people in the United States and enough money to absorb all this fish and if the U.S. people start eating salmon, the Japanese are going to have to come over with their hats in their hands and bid for these fish. They're not going to come in and dictate to us what they'll pay for them."



Representative Hurlbert



Richard Johnson (Naknek)

"The State needs to start looking into other available markets. Look for somewhere else to sell our fish. There is a big market in the United States and we have not looked into this market."

Marketing Alternatives

Jack McBride (Dillingham)

"Marketing alternatives should 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."



Photo/Jack McBride

Sidney Smith (Juneau)

"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 fish to provide for their whole marketing system. Anything above that is excess."

"I'm not saying change the world, but I think we should start by recognizing those new attempts to market the fish. In 1980 we had about 128 fishermen without a market. I think there has to be a starting place. Our group (a co-op) only takes care of about 30. The State should roll up their sleeves and work with us."

Lyman Smith (Dillingham)

"(Addressing co-ops) One thing that has to happen is you have to have a source of capital."

Carl Heyano (Dillingham)

"There is an organization in the bay area called the Nushagak Fish Producers Cooperative, which we formed a couple of years ago. We requested from the Legislature some funds to help us."

Jim Beaton (Juneau)

"If you're going to share the profit, then you're going to share the loss and, of course, that's what a co-op is all about."

"I frankly would like to see the other things mentioned—vertical integration, the cooperative venture, the check and balance system that would prevent all of this stuff from happening in lieu of the police force going up there."



Photo/Karl Ohls

Phil Daniel (Juneau)

"Perhaps the most desirable thing that should happen in Bristol Bay is vertical integration—co-ops. I think the State should look at that. Why can't we (State) put up money and make it available so fishermen can process their own fish."

"In addition, we should look at commodities marketing. I think that has a real possibility for the State of Alaska, when it comes to this glut of fish, because even though you have a glut of fish in a given time period, you still have the ability to control the flow of product, so you don't dump them on the market all at once."

Marketing Alternatives



Senator Arliss Sturgulewski

Hank Ostrosky (Juneau)

"The structure of CFAB is a cooperative bank—not for cooperatives. That means it comes under different banking laws. A legitimate bank for co-ops should be formed in the State of Alaska and it would just take a minor adjustment to the present co-op law in order to facilitate direct production credit financing to the fishermen, so that they, in turn, can contract with legitimate processors and legitimate transportation companies and with legitimate bonded warehouses, so they can then deal with agents of the consuming section and return the maximum capital gains, in the form of increased dollars to the fisherman, and the maximum capital gains to the consumer, as a reduction in price."

Henry Strub (Dillingham)

"The obvious solution to the marketing problem on the long term would be the stabilization and the enhancement of runs."

"If we had ten million fish swimming up every year, somebody's going to buy them. It seems like that in the last few years since we've had good runs, the interest in the hatchery and other enhancement programs has kind of dropped off."

State's Role In Negotiation Process



Avrum Gross (Dillingham)

"The real concern that the Governor has is simply that the fisherman basically have a monopoly to catch the fish through the limited entry system and the processors have a monopoly to purchase the fish because we don't allow foreign vessels into the bay. Through whatever process they engaged in, umpteen million fish went up the river last year that didn't get caught, that could have been caught and the fish don't belong to the people out here. They belong to everybody in the State and I think that the Governor is concerned basically that the resource was wasted. He just basically wants to explore whether or not there is some way to help the process so that doesn't happen anymore.

"I never envisioned, and I think the Governor didn't either—that the Task Force or the Legislature or anybody else was going to get in the middle of the collective bargaining process—and I realize

it's not collective bargaining, but it's like it.

"The basic approach was this—it's a private industry and a private enterprise problem. You have a product to sell and the industry has a product to buy. In the past, particularly last year, the process by which you sold and the industry bought worked in such a way that a lot of the resource got wasted.

"Now, can the State play any kind of a role in insuring that this thing don't happen again, short of sitting down and literally trying to negotiate the price for people, which everybody would be unhappy with by the time that was over with."



Mitch Kink [AIFMA] (Dillingham)

"As the negotiator of one of the organizations, I feel the task force and this committee, or whoever it is, could help us out and get us to the table and

negotiate openly with integrity on both sides. Arbitration and mediation means absolutely nothing unless the two sides will agree to it."



Robin Samuelson (Dillingham)

"I think it should be a two price system—one for canned and one for fresh.

"I think the State should set up a base price on the '81 red salmon. The only way we're going to get away from it (processor dominance), is when we get those food processors sitting out in front of Clark's Point and Governor Hammond will call up and say you can buy fish in one hour—then you're going to see these canneries and domestic processors start jumping. They'll start having airplanes in here—they'll have freezer ships—they'll do a lot more for these people."

State's Role In Negotiating Process



Kay Larsen/Herman Schroeder/Orris Welch

Kay Larsen (Dillingham)

"But the majority of our local fishermen have absolutely no other alternative available to them. Their entire year's income is derived from the commercial salmon fishery here in Bristol Bay. They're 100% dependent on the fishery because there is very little employment in the villages. The decisions you make about the fishery should be based on these 100% fishermen."

Joe McGill (Dillingham)

"Last year, in my opinion and I think if you polled the audience, a lot of them think the same way—our worst enemy was the State."

Fred T. Angasan (Dillingham)

"I think the State should pass some kind of law to prevent any fishing until the price negotiation is reached and then we prevent the so-called violence."

Richard Johnson (Naknek)

"I think the State should get involved in the price setting."



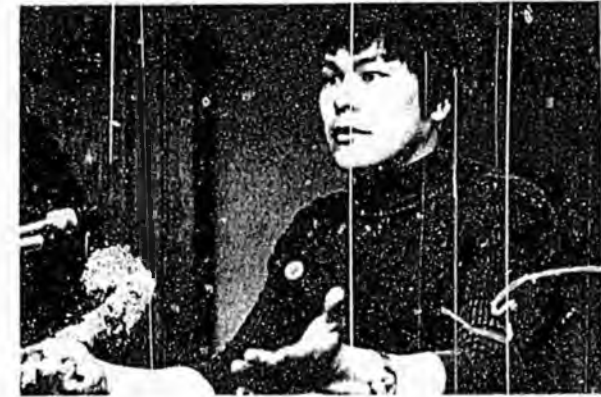
Photo Karl Ohls

Rodger Painter (Juneau)

"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."

Kay Larsen (Dillingham)

"As fishermen, we are also concerned that canneries make a profit. But as fishermen, we too must make a profit."



Val Angasan (Juneau)

"The State has not obligated itself, once again, to answer the real problem of prolonged price disputes and waste in Bristol Bay. The study that is going to be done will not put pressure on the industry to come to the table and settle the price by June 15th or so, which is probably a reasonable time. There's no strings attached to the study. The study can, and may, be thrown out by industry. I have heard that the only thing they (State) plan on doing this summer is increasing the public safety effort in the bay. They (the administration) haven't offered to step in to play a real part in the management of that resource."

"(State involvement) could be a two-edged sword—it could help you or it may not—except that we have a history of price disputes in Bristol Bay."

State's Role In Negotiating Process

Lyman Smith (Dillingham)

"There was a time back in 1964 that we got about a \$1.25 a piece for fish and in 14 years it went from a \$1.25 a piece to \$1.25 a pound. The State forced the canneries to start buying on a pound price and that was a major change in the outlook of the fishery."



Jim Beaton (Juneau)

"One of the big problems in the whole negotiating process up there is they're trying to negotiate a broad brush price there—everybody pays the same thing—when, in reality, depending on their efficiency, how much interest they're paying and a hundred other things—there's actually all kinds of different prices that any given processor could afford to pay for these salmon—the facts are that a lot of processors lost a lot of money up there last year paying even 40 cents a pound because of the fact that they had to sell

early. I think that—if we don't do something about those fish, they're going to be allocated to the foreigners by law—under the federal mandate—not under the State's. We're going to have to do something about this."

Phil Daniel (Juneau)

"It doesn't matter who is right last year. The important point is that it's not working for the fishermen. We're wasting an enormous amount of resource. The fishermen themselves have no take home pay when this scenario takes place as it did last year. The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen and processors does not seem to be reasonable. I do not think we are going to reach a solution in Bristol Bay unless the State takes a real interest in the negotiating process."



Panel in Nooknek

Mitch Kink [AIFMA] (Dillingham)

"Let me ask this question and I think it's an important question. We had in our contract that our fishermen could fish to the emergency period. The emergency period opening was approximately the 23rd of June. We had an agreement that they could fish on last year's price until the emergency period—what we call the free weeks. My question is this—why then was the emergency period rolled back all the way to June 9th instead of the 23rd when all the reports indicated that we were going to have a bumper year. That's an important question and I want it answered."



Mike Nelson—ADF&G Area Biologist (Dillingham)

(In answer to above question by Mitch Kink.) "Prior to the emergency order period, we fish five days a week in Bristol Bay, especially on the east side of the

State's Role In Negotiation Process

bay—June 9th was a Monday. Our prior analyses of data on early catches of sockeye indicated that some proportions of the run could have been harvested prior to the 15th, so it was our intent by the emergency order period beginning on June 9 to allow continuous fishing over the weekend of the 14th and 15th at which point our data indicated that had there been no price dispute, the sockeye salmon catches would have begun to accumulate.”



Commissioner Skoog (Dillingham)

(In further answering Mitch Kink's question.) "The intent of the Fish and Game in regulating our season is to provide the maximum amount of fish for the fishermen to catch when they are

available and the test fishing farther down the coast along the peninsula indicated that the salmon were coming in in sufficient numbers to warrant a harvest and on that basis then, we went for the earlier season.”

Mitch Kink [AIFMA] (Naknek)

"I don't want to know what it costs them (the processors). I don't want to know how much profit they make. All I want to know is that the fisherman is worth so much of that fish.

"I'm willing to say that it takes seventy-two pounds to go in the case. I think that fishermen are worth fifty percent of the final price that that canner gets for this fish. This would make it a possibility to negotiate a multi-year contract, also.”

Lyman Smith (Dillingham)

"I would like to offer as a suggestion to help this problem a shared risk situation—an initial price and after the fish are sold the fishermen gets a share. If the State gets involved in this shared risk idea and picks up a portion of the risk on this capitalization, it could go a long ways toward breaking this log jam on financing.”

Jim Bingman (Dillingham)

"It's hard to negotiate a price at the beginning of the season that's going to hold true for the whole season. I like the comment of sharing price, however, somebody has to share in the expense too, and I think that a lot of the fishermen forget that both of these sides have to be looked at in the negotiations. On a base price, how can the processors then process and get the fish ready for market not knowing what their final figure is going to be without the fishermen also taking some of the risk.”

Robin Samuelson (Dillingham)

"If a processor does not want to comply with the base price (obtained from the study) he should just be told flatly that you're not borrowing from the State. I think it should be at a subsidized interest just because it is a renewable resource and you're helping a wide range of people.”

Mike Hakala (Naknek)

"I believe there should be base price for salmon and I believe in a sliding scale.”

Jim Beaton (Juneau)

"...and this thing about profit sharing is the biggest joke in the world. Everybody talks about profit sharing, but nobody talks loss sharing—that's not business.”

State's Role In Negotiation Process

Val Angasan (Juneau)

"What you can do is validate some prices by just going back and looking at the last ten years and finding out what fishermen got compared to what the processors got."

Phil Daniel (Juneau)

"When I say, as a fisherman, that I will only fish at the point where the last penny has been negotiated, I'm passing every bit of the risk in the marketplace on to the processor."

Joe McGill (Dillingham)

"If we do have a strike, I still think the Commissioner of Labor can help by coming in and mediating."

Chip Toma (Juneau)

"I would like to see some aspects of binding arbitration come about."



Mike Whitehead



John Lundgren (Naknek)

"Last year we voted for binding arbitration and the processors said, 'No'."



George Gottschalk, Jr. (Naknek)

"I would like to see the federal government be the arbitrator in the negotiations. That would make sure there is fair bargaining, done in good faith."

Phil Daniel (Juneau)

"Once you take from the Japanese, you've had it! Once you take the money from the Japanese, they've got a hammer lock on you and we've got to get away from that some way."

Hank Ostrosky (Juneau)

(Referring to market structures in Japan) "What appears to be a wholesale price is not a wholesale price."

Public Safety Concerns



Joe McGill (Dillingham)

"It's a sore point with a lot of the people here. They brought the Department of Public Safety in to act as—I don't know what it's called—a goon gang for a bunch of 'scab' fishermen—it did create a lot of hard feelings.

"I think that strike last year was mild compared to some of them we've had in the past. I know because I've been through quite a few of them and so has the rest of us."

Commissioner Skoog (Dillingham)

"I've had a couple of fishermen come into my office and tell me the threats that they were facing."

Joe McGill (Dillingham)

*(Answering Commissioner Skoog)
"Let's face it, if you want to get in a man's game you should act like a man instead of running crying for help from someone."*



Joe Clark (Dillingham)

"During the 1980 price dispute Commissioner of Public Safety sent Trooper Carl Fraser to Clark's Point to inform Kay Clark, my son, and myself that if we harrassed the processors, we could be arrested; also they could confiscate our boats and might even be made to lose our limited entry permits.

"After Carl left, we had a meeting of our Clark's Point fishermen group and I pointed out the seriousness of this threat. The majority of the fishermen resolved to stand together in a peaceful, but resolute, civil defiance."

"The plan of action was to do these things: (1) demonstrate to Icicle Seafoods and the troopers that we had the same privilege to anchor our boats where we felt like anchoring; (2) we felt William Nix was unjust in his decree and threats; (3) to demonstrate to Icicle their tactics of hauling 'scab' caught fish from elsewhere and processing these fish under

our very noses. This was, then, harrassment to the fishermen. I believe it was on this date (June 30th), 15 troopers came to Clark's Point to observe the situation. I've not heard if Icicle was threatened by Nix."



Fred T. Angasan (Dillingham)

"I have been a commercial fisherman now in Bristol Bay for 28 years. Strikes related to salmon price settlements have occurred in Bristol Bay virtually every two or three years. Therefore a strike situation between the fishermen and the processor is not an unusual occurrence.

"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.

"Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence.

Public Safety Concerns

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 a 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 was the 'scabs,' not a direct confrontation with the processors.

"The Alaska State Troopers and the media create violent situations by over-reacting."

Val Angasan (Juneau)

"The State is readying itself to voluntarily create and participate in a civil revolution—guns, boats and badges."



Photo: Jack McBride

Dean Paddock (Juneau)

"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—I saw people behave irrationally and I saw mob psychology working."



Representative Chuckwuk (Juneau)

"I have not been able to get any verification on the arrests and the violence that supposedly took place. I was not furnished with that information; I don't know why. Obviously the law enforcement was down there in great numbers and there was no evidence of mass arrests.

"I've continually asked for substantiating documents and to this day, nobody has been able to provide this, which leads me to believe that maybe there wasn't that much violence as the news media may have played it up to be."



Commissioner Nix (Dillingham)

"He's legally licensed to fish and he's willing to fish for that number (price) yet other legally licensed fishermen are not willing to fish for that number (price) and you are suggesting that those persons who are not willing to fish should be able to keep that individual from fishing."

Public Safety Concerns



Mitch Kink (Dillingham)

(In answer to Commissioner Nix)
 "No—let me read to you—this went out to our members in 1980 during negotiations. 'No AIFMA member is authorized to make any effort, direct or indirect, to discourage other fishermen from fishing when AIFMA is on the beach. Fishermen have legal rights to fish whenever fishing is allowed by ADF&G. That right may not be legally interfered with.'"

Chip Toma (Juneau)

"I find it highly ironic that the very same fishermen who made limited entry such an emotional issue in 1972 and 1973 are doing the same 'number' to this Legislature in 1981 regarding violence. They are the only fishermen who are dragging this line through the waters—these are the exact same individuals who, in truth, exaggerated our problems in 1972."



Photo: Jack McBride

Roy Smith (Juneau)

"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 and that I would definitely not be forgotten."

(Speaking about an incident at the Dillingham Boat Harbor) "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 .'"



Ralph and Clara Angasan, Melvin Munson and unidentified participants

Ralph Angasan (Naknek)

"When the SAL SEA BELLE went up the river, they had a police escort who told the boats to get out of the way. Yet the SAL SEA BELLE shot at the boats and no police arrested them."

John Garner (Juneau)

"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 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 this tape. (Reference to a 90-minute tape submitted by Garner which were excerpts of a tape monitoring radio traffic from

Public Safety Concerns

a tugboat in the Naknek River on June 28th).

"We want to make sure that you understand that there, indeed, is a problem and not only that but that it can occur again.

"We also have to recognize that fishermen have the knowledge of exercising their decision to fish or not to fish in a climate that allows them to do it without fear of retaliation.

"We want you to know that there were many fishermen who stayed on the beach out of fear."

Hank Ostrosky (Juneau)

"I'm sorry I didn't bring a tape of some of the proceedings at the Red Dog Saloon in Naknek on a normal Saturday night and it would make that (tape submitted by John Garner) sound like a choir picnic. You got to keep it in context."

Senator Sturgulewski (Juneau)

"When we were at those two meetings in the bay, the whole issue of violence, without question, was down-played. You get a different picture when you have different people giving testimony."



Photo: Karl Ohla

Jim Beaton (Juneau)

"I truly feel that one reason there is a lot of this downplay (of violence) is just purely fear and intimidation—no more, no less. I talked firsthand to 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 kids.

"I think the main reason that most people aren't coming forward and there aren't many cases on the docket is because people are afraid.

"I think the mood was there. I think the situation was not only volatile but the people were hostile. I would hate to see a repeat performance of that in the future.

"I really and truly feel that there are some serious problems up there and I hope they can overcome them.

"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 police force going up there—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."



Jack McBride (Juneau)

"The violence issue began here in Juneau and has been—and still is being—perpetuated right here in Juneau. Here in Juneau is where you hear about the violence—not in Bristol Bay.

"Someone suggested that it was fear that prevented people in Bristol Bay from speaking up. I would find it hard to believe that there are over 5,000 cowards in a community that has one of the harshest natural environments in the United States—a community where survival is an everyday fact of life.

Public Safety Concerns

"New controls would only tend to 'accentuate the negative' and will only tend to solidify any adverse positions that have occurred and would leave even less room for useful communication."



Commissioner Nix (Dillingham)

"You put us right in the middle of this whole situation. Where do we draw the line? Do we let Safeway Stores decide to keep out Speedie Stores because they don't like the way they are undercutting them? Do we let the canneries keep out other canneries by use of force and violence because they are going to pay a higher price? Where does this end. Do we just turn our backs on the situations in the bay in the summertime and then come back in the fall to provide you the same protection and the same service that you want to deny someone else during the summer."



Dillingham Meeting

"There was no effort on our part to be very visible until such times as things started to get out of hand. At that time we did make an effort—you all heard the press release I made. I heard it was played once an hour for twenty-four hours but we did not threaten to take away limited entry permits. We very clearly stated what the law says about the use of violence—if you use your boat as an instrument of a crime that boat is subject to seizure as a matter of evidence not because you're engaged in violence but because the person may be committing a crime."

"I have no right or authority to threaten anyone with the loss of their permit or the loss of their boat. It's definitely not within my realm of responsibility—that's not our intent."

"We were not involved last year or the years past or this year in the negotiation process."

"I'm doing my part to play it down with the Alaska fishermen and everybody else. There's a number of groups going around and stirring this thing up. My point in this is trying to play it down and I'm still trying to play it down. The last thing anybody wants is for the Commissioner of Public Safety to get on national television and talk about horror stories that happened in Bristol Bay last year."

Market Study



Andy Golia (Dillingham)

(Recognizing that a study be done)
"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 situations 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.

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

"Most of all, it would point out who's being fair and unfair in the price negotiations here in Bristol Bay.

"The study should be conducted by a national or international marketing firm which is reputable in the areas of fisheries. I feel this study is highly important and could lead to an early price settlement."

Av Gross (Dillingham)

(Question to Andy Golia) "Let me just ask you—why the marketing associations haven't done this themselves in the past?"
(A study)

Andy Golia

(Answering Av Gross) "Well, I understand that AIFMA had done this in 1980 and the processors did not accept that study, I think mainly because when it was funded by AIFMA there was always the question of a biased report."

Val Angasan (Dillingham)

"This study could be conducive for an early settlement, in that the State Legislature, the people of Alaska, who the resource belong to, might have an inkling of an idea whether or not price offers are fair or not fair. The people of the State of Alaska have a right to know."



Allen Aspelund (Naknek)

"I think if the State would have a similar method (as the State of Washington Survey), I believe you will create for us fishermen a little trust. We don't know what's fair."

Market Study

Rodger Painter (Juneau)

"I'd like to emphasize that probably the best thing the State could do is provide some realistic analysis of world markets for salmon, and I do think it's the State's responsibility. It's a very appropriate goal to get a handle on the realities of the marketplace. I think it is imperative. The State has a responsibility for wise economic management and not only the biological management. The 21 million overescapement last year was a tremendous economic waste."

Hank Ostrosky (Juneau)

"As far as looking at marketing situations and market prices we have to look at existing information. Be sure that you're not buying back information that you already have. The Legislature should finance a marketing study directly with the legitimate fishing organizations."

Mitch Kink [AIFMA](Juneau)

"A comprehensive study of world markets for Bristol Bay sockeye salmon could be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement of fish prices in Bristol Bay. The study should be completed by mid-April. This means that the process for implementation should be completed as soon as possible."



"If we can get proper numbers then we negotiate on how much we are worth in that industry."

"AIFMA wanted the same thing that you people here want. They want a fair and equitable price and they want to fish 'day one' in the bay. In 1975, we initiated a sliding price scale and we got burned because we did not know the exact numbers. When we had to accept the processor's numbers we did not have a proper sliding scale as far as I am concerned."

Robin Samuelson (Dillingham)

"They (State) should study the market conditions. This money (for the study) should come from the State. I mean we're talking about a renewable resource."

Val Angasan (Juneau)

"What I'm saying is that they (State) come in with a (price) range."

Anthony Balachi (Naknek)

"The study done by AIFMA was not rejected, it was just that it stopped too soon."

Jim Beaton (Juneau)

"I think that it is probably a step in the right direction—providing that any one man could ever really understand the market."

Phil Daniel (Juneau)

"Processors are much more sophisticated in dealing with the market. They know what's happening to a degree that the fishermen only speculate. That's the reason this 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 a price is concerned."

"You have to have figures in this study. If you don't have figures in there I'm not sure you will have accomplished anything."

Market Study



Jack McBride (Juneau)

"A State-funded study by a firm that could supply credible information to both the fisherman and processor would go a long way to establish a price range within which both the fisherman and processor could feel comfortable to negotiate.

"This study should include such things as 'how interest rates relate to the price fishermen get for their fish—what does the fresh frozen market do in relation to the canned market—how does the yen/dollar relationship effect the price of salmon—what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets, other than the Japanese, influencing the price of salmon, and where can we find other markets.'

"The fishermen definitely need some facts to work with."



Joe Clark

Recommendations



TO: Senator Jalmar Kerttula
President of the Senate

FROM: Senator Arliss Sturgulewski
Chairman, Hearing Committee

Senator Pat Rodey, Chairman
Senate Judiciary Committee

DATE: March 27, 1981

SUBJECT: Bristol Bay Fishery Hearing Report

The Special Judiciary Hearing Committee was charged with conducting a series of fact-find hearings on the Bristol Bay fishery. The results of these hearings and recommendations for action were to be reported to the Senate.

The attached report summarizes the findings of the Hearing Committee and presents a series of recommendations for further action.

The Special Judiciary Hearing Committee report to Senator Kerttula makes the following recommendations:

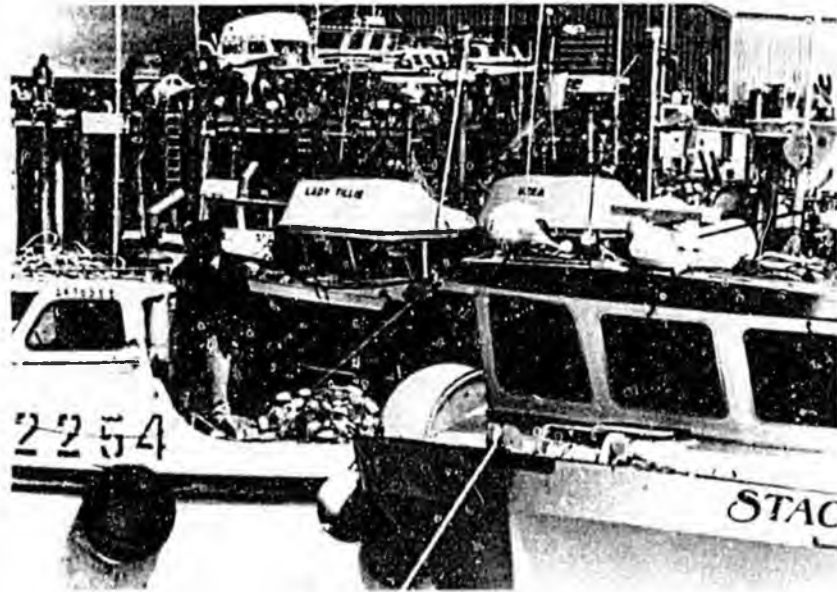
Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Recommendations



Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood products needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Recommendations



Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.

Attachments

Recommendations



The Governor's Bristol Bay Task Force has announced that the Department of Commerce and Economic Development will have a Bristol Bay Market Study done by May 15, 1981 and will report any substantive changes in market indications up until June 10, 1981. The state project manager will be Development Specialist, Richard E. Reynolds. This study will include the following:

- 1) describe actual inventories, sales, processes and final destination of Bristol Bay sockeye salmon.
- 2) identify firms and describe the structures used in marketing and distributing these salmon products.
- 3) describe processing done after the salmon leave the State of Alaska.
- 4) describe existing demand for Bristol Bay salmon, including sales promotion efforts.
- 5) relate demand to alternate sources of salmon.
- 6) explain how prices are set for Bristol Bay salmon, including the effect of financing mechanisms and production costs.
- 7) present an analysis of market demand, identifying a range of wholesale prices related to different levels of salmon catch.

The Governor's Bristol Bay Task Force has also recommended that the Department of Public Safety develop a contingency plan for the 1981 Bristol Bay fishing season. A special appropriation request will be made to the Legislature to fund additional support services and manpower. It was also recommended that the State should emphasize that public safety must be maintained in Bristol Bay as the legal system defines the unacceptable use of force and pressure tactics.

Is Alaska's bottomfish program being sabotaged?

Alaska's fish processing industry has hit upon hard times. New England Fish Company and Salmatof Seafoods have both shut down or sold out in the past year, despite the widely publicized efforts of state officials to make Alaska processors a major force in world seafood markets. Other Alaska processors are scrapping along hoping for an improvement in 1981.

Three years ago, Gov. Hammond announced that the state was launching a bottomfish development program aimed at replacing foreign floating processors and foreign fishermen, with an Alaska-based industry. Is it a coincidence that since its inception the bottomfish program has been stymied by sharp declines in fish prices relative to the costs of doing business in the industry, or is there a cause-effect relationship between Alaska's announcement of its bottomfish development intentions and the subsequent weakness of fresh and frozen seafood prices?

A good case can be made for the latter. Does anyone seriously believe that foreign processors and fishermen working within Alaska's 200-mile limit will simply bow out meekly because Alaska would like to do big things in their industry? On the contrary, at least in principle the more reasonable assumption is that foreign concerns will do whatever they can to discourage an Alaska takeover.

One weapon at the disposal of say, the Japanese, is their ability to manipulate product prices, to depress them to the point where individual domestic processors cannot make a reasonable profit on their investments.

As measured by the percent change in the respective U.S. producer price indexes, the three year period from January 1978 through January 1981 saw the price of fresh cod filets rise just 1.6 percent per year while ocean perch filets increased 2.6 percent per year. The price of frozen fish blocks rose 1.0 percent per year and the price of fresh salmon declined an average of 1.6 percent per year. During the same period, the overall U.S. producer price index advanced approximately 12.7 percent per year and the all-urban U.S. consumer price index increased 11.4 percent per year.

Although these figures do no more than



david reaume

suggest the need to explore the issue further, it is a fact that foreign fleets would prefer that they be allowed to continue processing large quantities of salmon and bottomfish pulled from Alaska waters. Certainly foreign interests are aware that depressed product prices discourage American entry into what has long been a foreign fishery.

Let us suppose for the moment that fish prices have indeed been held down in order to convince American investors that fish processing is a poor investment. What are some of the implications?

First, under the present conditions and agreements governing the 200-mile Alaska fishery, American processors are not likely to invest the capital needed to capture the processing industry because, individually, each American processor is a price taker. Most potential investors who examine the prospects are likely to conclude that their expected rate of profit is too low. Foreign competition is too tough. Price takers do not drive out price setters.

Second, if Alaska is to become a force in the bottomfish industry, either somebody (the state?) must subsidize the takeover of the industry, or foreign fleets must simply be banned by the federal government from fishing within Alaskan's 200-mile limit. In either case, assuming Alaskan firms were then willing to harvest and process the stocks now allocated to

foreign fleets, an important possibility might arise: The Alaska firms might no longer be forced to accept prices set by lower cost foreign processors. They might find that control of an important part of the world's protein supply made it possible for them to pass their higher costs of production along to consumers (in the U.S. and elsewhere).

Without a good deal more information no reasonable person would advocate massive state subsidies or the federal banning of foreign fleets from Alaska waters. But as the world turns, such information will never become available unless we are willing to accept the possibility that the depression in fish prices is no accident.

Predatory price manipulation by foreign fish processors is not merely a plausible hypothesis, it cries out to be tested. If the hypothesis is correct, it implies either the abandonment of the state's bottomfish program or a major redirection of effort. Business as usual may be a long road to nowhere, travelled at great expense.

□ David Reaume is an economic consultant and investment advisor in Juneau. He was formerly principal economist with the Alaska Department of Commerce and Economic Development and holds a doctorate in economics from Harvard University.

REPORT TO
JAY S. HAMMOND
GOVERNOR

BY
BRISTOL BAY TASK FORCE

MARCH 23, 1981

Bristol Bay is not only one of the largest fisheries in Alaska - it has historically been one of the most troublesome. Since the 1950s, the fishery has been rife with animosity and strife between fishermen and processors. Strikes have been common with resultant waste of the resource until price settlements are achieved.

In 1980, the situation became critical. Negotiations between the major marketing associations and individual processors were confused and bitter, resulting in very little fishing until a settlement was reached in early July. During the strike, threats of violence were directed by fishermen who refused to fish for the offered price against fishermen who wished to accept the offer. The threats were effective in reducing the effort until a price settlement was reached. The Department of Fish and Game estimates that as many as 21 million additional salmon could have been taken during the strike period, though cannery capacity probably would have reduced that number. Under any criteria, the loss in value was enormous; to fishermen, to canneries *NOT SO* and to the State, which owns the resource. Moreover, coming on the heels of a strike in 1979, serious question has been raised as to how long other nations which presently are forbidden to take Bristol Bay salmon will remain quiet while millions of fish are wasted during domestic price disputes.

You requested that the task force review what happened in 1980, with a view toward recommending State action to ensure that whatever happened would not occur again. In an effort to do that, we have discussed the problem at length with nearly everyone involved. Either as a group or individually, we have spoken with representatives of most major processors, the directors and members of the major marketing associations, and a number of fishermen who are not committed to any marketing association. We have discussed the problem with legislators from the affected area. We also participated with the Legislature in holding hearings in Bristol Bay, both at Dillingham and Naknek, during which, residents of the area expressed their views. Final hearings were held in Juneau on the same subject.

The task force has met repeatedly to discuss the information available and to reach a decision as to concrete recommendations. The recommendations are contained in this report. Since they have already been discussed with you and with interested legislators, they will be outlined here only in their basic form. Moreover, since extensive reports have previously been prepared concerning Bristol Bay (particularly that done for the Legislative Affairs Agency last year), we will not spend time here with a lengthy historical review, except as it is necessary to explain the recommendation .

The Nature of the Problem

The basic element which underlies the economic strife of Bristol Bay is the changes that have affected the fishery. A major change is the fairly recent shift from a cannery operated fishing fleet, subject to industry control, to a fleet of independent fishermen, less subject to that control. Independent fishermen have the right under federal law (15 USCA SS521, 522) to organize into marketing associations. These associations permit the fishermen to market their fish in a collective manner, a right, which but for the law, would be denied them under the anti-trust laws of the United States.

Marketing associations are not unions and do not have the powers granted to unions under the labor laws of the United States. They may not, for instance, establish prices which must be paid to all fishermen by processors [Hinton v. Columbia River Packers Association, (9th Cir. 1942) 131 F(2d) 88] or use traditional picketing and boycott methods against processors for that purpose. They may not, under law, interfere with the sale by non-members of the associations to processors with whom the associations are engaged in price disputes. They are exactly what the law states - marketing associations - and whatever power they have must come solely through the fact that they control a substantial supply of fish desired by industry.

In fact, however, the marketing associations in Bristol Bay have followed somewhat different patterns in negotiating prices for fish. While the leadership of the associations have made it clear that it is not official policy, there is no doubt that members of the associations individually and collectively, apply substantial pressure against both non-members and processors during negotiations, primarily to ensure that no fishing will occur in the absence of an association contract. In the absence of any legal power to accomplish this end, association members have adopted less sophisticated, but equally effective techniques - specifically those of intimidation. Association members are quite blunt about it - in their view, it is simply a part of the bargaining process - it always has been and it always will be. As a spokesman for the Bristol Bay Native Association put it in testimony to the Legislature: "Scare tactics...is a part of a process of expression in the development of an agreement leading up to a price settlement."

The marketing associations are in a developing stage, and their procedures for negotiation are not very sophisticated. Aside from the "scare tactics," the procedures for adoption and ratification of contracts are unsettled. Last year, for instance, was the first time to our knowledge that any Bristol Bay marketing association (in this case AIFMA), did any kind of an economic study of the salmon market as a prelude to negotiation. The study suggested a settlement at

a certain level, but when the executive board of the association reached such a settlement, it was rejected in a mass meeting of the membership. Eventually, after much of the season went by, an approximately similar offer was accepted. The incident brings to light both the dearth of information on economic conditions available to the marketing association and the lack of any established procedures to analyze and ratify contract offers, short of what are bound to be tense and confused mass meetings.

The processors have equal difficulty in reaching settlement in a timely fashion. First of all, under law, since they are not dealing with unions, but with groups of independent fishermen, there can be no industry-wide bargaining. Any discussion or concerted activity between processors to reach a price settlement is a combination to set prices within the terms of the anti-trust laws. Since the processors have already been sued under these acts for collusion and are presently the subject of a federal investigation, they are particularly sensitive toward avoiding even basic communication between themselves. The result is confusion - the marketing associations deal with one processor, then with another in an attempt to set a price for the whole bay, but the processors have no real way of knowing what has been offered or the status of the negotiations elsewhere. There is also a great deal of historical animosity between processors and fishermen, dating from past times when fishermen

were employees of the canneries. Many fishermen feel that the processors have never come to accept them as truly independent, and that this failure is the root cause of the problem.

Whatever the cause, the bargaining process by which prices are set in Bristol Bay is primitive in nature. Communications are poor, the element of threat is constantly present, distrust is high. It is no surprise that the process often fails to produce a reasonable price settlement until the situation becomes absolutely critical.

In a traditional industry - union negotiation, the impact of failure in a bargaining process can be mitigated. For instance, if the steel industry and the steel union fail to agree on a price for labor, and a strike ensues, the economy is disrupted, but the disruption can be minimized by the fact that once the strike is settled, more steel can be made to make up the loss. In most fisheries, the impact of a strike of limited duration can also be rectified by increased processing at a later time. But in Bristol Bay, the season is so short, and the run of such a concentration, that the impact of a strike cannot be rectified. Once the fish are in the river, there is no way they can be recovered. The excess escapement may produce more fish five years hence, but according to our best biological assessment, it is not a one to one return, but wasteful over-escapement.

Moreover, unlike most industries, the product of the fishery, the salmon themselves, are a resource that belongs neither to the processors nor the fishermen. They belong to all the people of the State, and a loss due to a strike is not just limited to the participants in the strike. It is a waste of the public's resource.

The situation is further complicated by the fact that the State has, in essence, given the parties in Bristol Bay an exclusive right to develop and utilize this resource. The fishermen are protected against outside competition by the limited entry program, under which less than 3,000 gear licenses have been issued. The processors are protected by a series of State and federal statutes and regulations which prohibit foreign processors from entering the bay to compete directly for fish purchases. The State is presently completely dependent upon the reasonable efforts of fishermen and processors at price negotiation to ensure adequate harvest of a public resource.

There is, therefore, a clear State interest at stake in Bristol Bay. But at the same time, it has to be kept clear that the problems to be addressed are those created by the clash of private interests in the economic marketplace. If these interests are unwilling or unable to solve their own problems, the State will have to take an active role in assuring that in some manner the salmon resource is adequately

harvested. Every opportunity, however, should be given the parties to deal with the problem themselves - primarily to develop a system of settling the price for salmon which alleviates the necessity of wasteful strikes. We see no role for the State in establishing the price to be paid for salmon or in telling the parties how to set the price. That type of intervention would have implications far beyond the price disputes in Bristol Bay. The whole thrust of the State's effort should be to create a climate within which the parties can work out their own disputes.

With few exceptions, all the parties involved in Bristol Bay recognize the need for some help in changing the present process of negotiation. Obviously, the suggestions as to what should be done differ. But out of all the discussion and hearings, two central themes have emerged, both of which have been endorsed by the task force for action. We will review them separately.

A. A Comprehensive Marketing Study for Bristol Bay Salmon:

The executive boards of all fishermen's marketing associations, plus all independent fishermen who have made their views known to the task force, have asserted that the key to a more sophisticated bargaining process is information, and that the key element necessary is a

comprehensive marketing study for Bristol Bay salmon. The marketing associations claim that they have no way of knowing the basic data concerning prices for which salmon can be sold on the wholesale market, trends in those prices, and other factors which affect the amount that processors can reasonably pay fishermen for the raw product. The canneries have this information available to them - the fishermen do not. If they did, the fishermen assert, the parties would commence bargaining from the same point, and would have an easier time reaching a settlement.

Even those recommending the marketing study recognize that there will be some initial difficulty in establishing the study as an aid to the bargaining process. The best marketing study in the world will tell little about the individual experience of a particular processor, so there is a risk that even if the study is done by an impeccable authority, processors will still refuse to concede its relevancy. Moreover, there is a question as to the impact it will have on the marketing associations themselves. Last year, AIFMA produced just such a study, and it predicted a level of settlement nearly identical to that eventually reached. But a tentative settlement at that level by the AIFMA Board was nonetheless emphatically rejected early by the membership.

In spite of these considerations, the task force recommends that the State obtain and finance the requested study. It is the basic proposal made by the fishermen most intimately involved in the problem, and they claim that if a marketing study is done by an authority of good credentials, it will be accepted by both sides, and will be helpful in the bargaining process. Moreover, the study has real public value. The fisheries are a long-standing, major industry in Alaska, and there is a legitimate public interest, both on the part of the Legislature and the Administration, in having an accurate picture of the trends in the industry. Accordingly, we believe that the study should be done, not only for Bristol Bay, but for all of Alaska's salmon fishery.

There is inadequate time available this year to have a comprehensive study done for the entire State. There is time, however, to accomplish the study for Bristol Bay, so that it may be of use in the bargaining process. The Department of Commerce has already contacted a number of consultants who can perform the work. To ensure the credibility of the effort, the selection of a consultant will be done with the advice of all marketing associations and industry spokesmen who will be afforded the opportunity to comment on the proposals before a contractor is selected. The scope of the work, as well as a timetable for its completion, is

attached. The study should be completed by the end of the first week in May and will not exceed \$50,000 in cost to be funded from existing appropriations to your office.

As we move forward toward a more comprehensive annual review of marketing conditions throughout the salmon industry, we will have available this year's experience with the study in Bristol Bay. This will afford the Legislature, which will be required to appropriate future funds, the opportunity to see how the study operates in practice, and of what real use it is, both to the bargaining procedure and to the public at large.

B. Controlling the Climate of the Negotiations:

There seems to be no doubt that physical intimidation has been closely tied to the negotiation process in Bristol Bay for many years. As early as 1962, Governor Egan made a special trip to Bristol Bay to lower the tension that was building. Every strike since statehood, such as those in 1969 or last year, has had its own litany of threats by fishermen against processors or against other fishermen.

Much of the testimony before the legislative committee concerned how real the threats really were during last season's dispute. Many pointed out that no one was

killed or even seriously hurt and that there was no massive destruction of property. Others testified that the flash point was always nearby, that guns were present and that whatever the actual level of violence, the level of intimidation was real and sufficient to keep many fishermen who wanted to fish, on the beach.

It is difficult to determine how real the threats of violence really are - whether left alone, they would simply dissipate or have the potential to escalate into action. But, the key fact to us is that many fishermen and processing personnel who make their living in the Bay believe there is a real threat of violence and respond accordingly. Equally important, is the fact that what intimidation is taking place has been institutionalized. Many fishermen in the bay regard intimidation as an integral part of the bargaining process. So long as that is the case, threats of violence will attend any extended and difficult negotiation and the potential will always exist for real violence.

The pattern of intimidation goes back a long way and its not going to change overnight. But, it appears to us that the State must make a clear statement to the effect that intimidation cannot be a regular part of settling prices in Bristol Bay; that threats on life or limb are just as bad when they are made against fishermen

or processing personnel as when they are made against anyone else. To do this, we recommend that the Public Safety presence in the bay be increased substantially during this and probably future seasons until a ~~new~~ pattern of dealing with price negotiations emerges. Commissioner Nix has prepared a memo covering what he intends to do in the bay this summer. It is attached. In addition, assuming that adequate funds are appropriated, the Commissioner is planning to charter five vessels so as to be able to patrol the bay from the water.

If a price settlement is not reached early, which would avoid the necessity for the expenditure of contemplated funds, the full cost for this program would be \$320,000. A bill has been drawn for submission to the Legislature in the amount of \$270,000. The remainder of the necessary funds are contained in a supplemental budget request already submitted to the Legislature. Since members of both houses have participated in hearings on this subject, they will certainly be knowledgeable on the subject and we are sure will have their own views as to whether the program is necessary. In our view, it is.

Bristol Bay is a fishery very much in transition. Cooperatives are being seriously discussed. Some fishermen are investing in small processor facilities,

and new marketing techniques are being developed. More processing is being done by floating rather than onshore facilities. There are a host of State programs ranging from Alaska Renewable Resources Corporation to Alaska Industrial Development Authority that can and should assist development of those new and different means of harvesting and processing fish in the bay. But the development must be permitted to occur peacefully. We believe the increased presence of law enforcement personnel will have some effect in reducing the tension level.

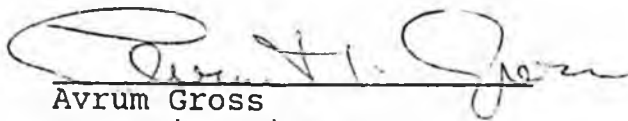
Some had suggested to the task force that additional steps should be taken as protection against violence on the fishing grounds--specifically the revocation of the limited entry permit belonging to anyone who was convicted of a violent act in connection with a fisheries price dispute. Aside from the very real difficulty in writing a satisfactory bill, we feel that this step is not appropriate at this time. Under present laws, there are substantial penalties for violence or threats of violence. What has been lacking is not so much the law as the ability to enforce it. That can be remedied directly and should be.

Conclusion

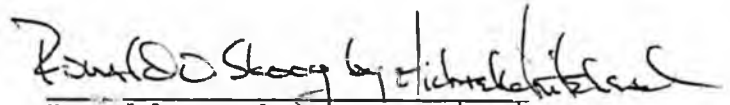
The basic approach of this task force has been to ask the parties involved what they thought would best help the situation, and then attempt to implement those suggestions into an effective government response. We did consider, along the way, more drastic government action, such as opening Bristol Bay both to foreign processors and all fishermen, limited entry permit or no, in circumstances where it appeared the parties would not reach a settlement. We concluded that such an approach is not called for at this time. There is no reason to assume that the fishermen and the processors in the bay cannot work this out by their own means with the assistance they have requested of the State.

We intend, as you suggested, to monitor what happens in the bay this year, and make a second report to you after the season. We should then be able to assess whether what we have recommended has improved the situation, and if not, what further steps will be required.


This report is respectfully submitted by members of the
Bristol Bay Task Force, March 23, 1981.



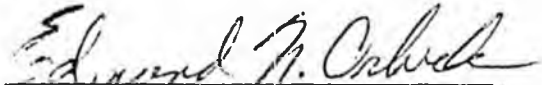
Avrum Gross
Executive Director



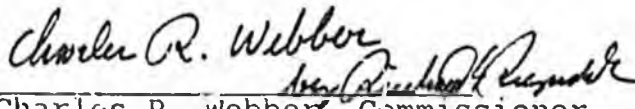
Ronald O. Skoog, Commissioner
Alaska Department of Fish
and Game



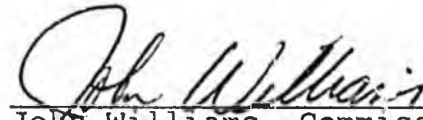
William R. Nix, Commissioner
Alaska Department of Public
Safety



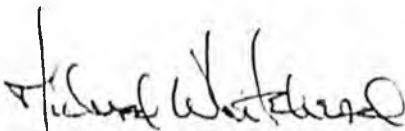
Edmund N. Orbeck, Commissioner
Alaska Department of Labor



Charles R. Webber, Commissioner
Alaska Department of Commerce
& Economic Development

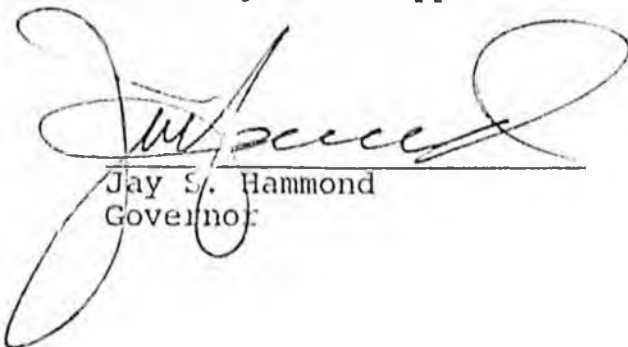


John Williams, Commissioner
Commercial Fisheries Entry
Commission



Michael Whitehead
Special Assistant to the
Governor

This report is approved:



Jay S. Hammond
Governor

March 23 1981

Date

Attachment A

Request for Proposals

Project Topic

To evaluate market conditions related to the production of red (sockeye) salmon in Bristol Bay during 1981.

Purpose

Information generated as a result of this project is expected to provide a comprehensive and objective view of current and projected market conditions for Bristol Bay red salmon. The intention of the State is to make impartial basic market data and observation available for reference by fishermen and processors engaged in annual preseason price negotiations. The value of the project depends on the contribution such information actually makes toward the settlement of timely and satisfactory agreements in Bristol Bay.

Selection of Contractor

The Office of the Governor will contract with an individual or firm having substantial experience in the marketing of seafood products or is closely familiar with the business and has an understanding of current conditions and events occurring within the industry.

About five prospective contractors will be asked to personally present their qualifications and work plan to a project management committee on or about March 27, 1981, in Juneau. The project management committee will be composed of at least three people and, at a minimum, will represent the Office of the Governor and the Department of Commerce and Economic Development. With the concurrence of the Governor's representative, the committee will select the best apparent contractor and proceed to negotiate major terms of agreement. It is the intent of the State to have the contract written and fully executed within about five days of the contractor's presentation.

The project management committee will ask people from four or five organizations representing fishermen and processors to participate in an advisory role with the project management committee during the presentation and selection process.

Members of the management committee will rate each prospective contractor on the following basis:

- 20% Compensation required (the total amount budgeted for this project is \$50,000. If the compensation required exceeds about \$40,000, the scope of work and project feasibility will have to be reevaluated.)
- 40% Demonstrated ability of the firm to acquire accurate basic data and information (previous related work, familiarity with available sources, recognized sub-contractors or associates and so on).
- 40% Demonstrated ability of the firm to organize and evaluate market information and data, present understandable written reports and meet the time deadlines imposed.

Scope of Work

The contractor will deliver to the Office of the Governor written reports which provide in careful detail the following information:

1. Describe the actual or relative magnitude of sales of Bristol Bay red salmon, by product form (canned, frozen, fresh and roe) in each country of final destination.
2. Describe the specific channels used to distribute red salmon products -- ending, if possible, at the point of actual consumption.
3. Identify, where possible, specific firms which handle or distribute major amounts of Bristol Bay red salmon. Concentrate on any important systems of vertical integration established by individual firms and points where actual ownership of products are transferred.
4. Explain how and when red salmon products are further processed, packaged and labeled after leaving Alaska. Describe the circumstances under which various red salmon products are purchased by the final consumer.
5. Describe as fully as possible the existing market demand for Bristol Bay red salmon products. Determine if any special efforts were or are being made to advertise or promote sales. Compare current prices and the movement of inventories with past years. Explain the attitude of major users of Bristol Bay red salmon toward these products. Evaluate the relative effect of alternative salmon supplies to demand.

6. Provide an explanation of how the prices of Bristol Bay red salmon products are established. Determine how prices might be influenced or dictated by seasonal financing conditions and mechanisms. Carefully document a significant number of actual prices paid at various stages in the distribution chain for various product forms and categories of quality produced during the 1979 and 1980 seasons. Relate prices to costs and margins at appropriate points (especially consider any major factors which are likely to influence production costs).
7. Present a well-reasoned analysis of expected market demand for Bristol Bay red salmon harvested in 1981 and, based on various possible magnitudes of supply, estimate an appropriate range of increases or decreases in current wholesale prices which might be expected.

Time Frame and Deliverables

- | | |
|--------------|--|
| May 1, 1981 | The contractor will deliver a readable draft report of progress and a press-type summary of important conclusions. |
| May 15, 1981 | The contractor will deliver a final, complete report. The contractor will also provide a clear and objective summary of the final report. Depending on the information to be presented, the summary might be five or six pages. The summary will be widely distributed to people involved in the Bristol Bay salmon fishery. |
| June 1, 1981 | The contractor will monitor important market indicators and report any substantive changes in the form of a press-type summary. |

MEMORANDUM

State of Alaska

TO: Commissioner W.R. Nix
Department of Public Safety

FROM: ^{TZN} Colonel T.R. Anderson
Director
Alaska State Troopers

DATE: January 16, 1981

FILE NO:

TELEPHONE NO: 269-5642

SUBJECT: Bristol Bay
Contingency PlanPreface

During the past few years there has been a movement among fishermen to organize so as to be able to bargain collectively with the buyers.

Events Leading to 1980 Strike

During the 1979 season, the per pound price of red salmon was established at \$1.25. An excess of supply for that year resulted in diminished marketability of the large catch. Consequently, there were considerable quantities of unsold, frozen red salmon going into the 1980 season. This was a factor precipitating the drastic reduction in the per pound price offered in 1980 to 40%.

A large run projection (50 million) in 1980 provided the fishermen with the opportunity to organize and strike over the price being offered. There would be no fishing until the price was raised.

The strike resulted in numerous threats of violence, some alleged assaults, and some instances of boat ramming, including one incident in which the Department of Public Safety vessel, Vigilant, was rammed by a fishing boat.

Several Troopers and Fish and Wildlife Officers were sent to Bristol Bay to quell any further acts of violence. The arrival of the Department of Public Safety personnel had the expected effect of reducing the potential for life and property threatening activities.

By the end of three weeks, the per pound price had been negotiated up to 68% and the fishermen returned to work.

The 1981 Contingency Plan

In an effort to minimize the possibility of a recurrence of unlawful activity on the fishing grounds, the Commissioner of Public Safety has directed that a 1981 Bristol Bay contingency plan be developed. At this time however, the preliminary indications are that the factors necessary for a strike this season will be absent, one of the more salient of these being the projection of a significantly reduced run of red salmon which means the fishermen will not have time to strike without significant and perhaps devastating financial losses.

DEPARTMENT OF PUBLIC SAFETY
COMMISSIONER'S OFFICE
Juneau, Alaska

FEB 03 1981

Preseason Intelligence

One of the more vital aspects of our preventative efforts will be the gathering and assessment of information from the field and from the participants of the Bristol Bay fisheries themselves prior to the season. To this end, a system has been established within the Department of Public Safety which links field activities with the Commissioner's office with a resultant two way flow of information.

Captain Harcourt Tew, Alaska State Troopers, has been assigned to coordinate the flow of information between the office of the Commissioner and the field under the following system:

All intelligence from the field will be directed to Lieutenant Jent, CIB, in Anchorage. He will be responsible for forwarding it to Captain Tew in Juneau with copies to Colonel Anderson, Colonel Stickles, and Captain Swackhammer, Detachment Commander of the affected area.

Tentative Schedule of Events

The foregoing dates are merely to establish a general time frame and are not intended to portray the actual days on which these events will occur.* This will be progressively "fine tuned" as the fishing season approaches and more information is received.

- May 10 Local and some out of state fishermen prepare boats and equipment.
- May 15 The Public Safety Academy will have completed and distributed a 60 minute training tape on various safety aspects of water borne enforcement. This tape will be viewed by all personnel participating before departing for Bristol Bay. The tape will include such things as: vessel boarding procedures, use of survival gear, small boat handling in rough seas, and officer safety related to on board contact with fishermen.
- May 25 The Field Operations Commander arrives in Bristol Bay. Captain Swackhammer, Commander of the Detachment which includes the Bristol Bay fishing grounds, is assigned the responsibility of acting as the Field Operations Commander (FOC) and will coordinate activities in the field such as:
- intelligence
 - communications
 - logistics
 - equipment/supply needs
 - general supervision
 - other

*Some activity dates are firmly established at this time. These events will be noted with the word 'will' being underlined.

The Field Operations Commander will remain in the Bristol Bay area as long as needed.

May 29 All personnel will have viewed the training tape by this date.

June 1 Corporal Schadle and Trooper Whitaker, Alaska State Troopers, will arrive in Bristol Bay (Schadle to King Salmon, Whitaker to ^{King Salmon} Dillingham). They will each fly a Department of Public Safety Super Cub throughout their respective areas. It is expected that they will make considerable personal contact with the people in the area while in uniform. They will be gathering and giving information during their travels with the main objective being high visibility of uniformed Troopers.

June 1-7 Commercial king salmon fishing starts in the Dillingham area. The increased fishing for kings last year is believed to have been a result of the forecasted strike. No strike related problems developed during this period last year.

June 8-10 Alaska State Trooper personnel selected to participate in the effort will begin to arrive in Anchorage for staging and eventual en masse movement to Bristol Bay.

June 1-10 Fish and Wildlife Protection will be utilizing an Alaska Department of Fish and Game 32' vessel for enforcement in Bristol Bay. The vessel will be available only until June 10 as of now.

June 10 Red salmon fishery opens.

June 10 Eight Troopers will be sent to Bristol Bay if needed. Selected personnel will fly as a unit in a chartered twin.

June 10 Two chartered float equipped helicopters will be sent to Bristol Bay from Anchorage. On board will be three additional Alaska State Trooper personnel:

- Trooper G. Hooper, video
- Trooper G. Lewis, video
- Trooper J. McGehee, MEDIVAC

Department of Public Safety video equipment will be used continually in the area and the taping of fishing related activities will be made obvious in an effort to prevent potential violent conduct. Trooper McGehee will serve as the Department of Public Safety on site medical technician.

June 15-18 MV Vigilant will arrive in Bristol Bay.

June 22 Projected run will start to peak.

July 4-7 Actual run peaks (based on past years).

Aircraft Transportation to Bristol Bay

Of the fixed wing equipment available, Ray Tremblay has recommended utilizing the Volpar twin to transport the eight Alaska State Trooper personnel to Bristol Bay. This aircraft can be chartered from Troy Air in Anchorage. It will carry eight passengers plus gear to the area in approximately one hour at a cost of \$430.00 plus 5% tax.

One Department of Public Safety Grumman Goose will remain on standby in Kodiak for use in the area as needed.

On Site Aircraft Transportation

Two Department of Public Safety Super Cubs will be available for use by Alaska State Trooper pilots as needed. Fish and Wildlife Protection will make the necessary provisions to see that the 100 hour maintenance requirements, if needed, can be performed in the field with no more than approximately six hours "down time."

Helicopters

Bell Jet Rangers on floats can be obtained through Alaska Helicopter at a cost of \$375.00 per hour plus fuel (burn rate approximately 35 gallons per hour). A minimum of three hours per day must be guaranteed. Flight time to King Salmon is one and one half hours.

All aircraft used in the operation will be clearly marked as State Trooper aircraft.

Watercraft

There will be three Boston Whalers (17, 19, and 21 feet) available. The Vigilant will be carrying a shore boat also.

Liaison with U.S. Coast Guard

Commissioner Nix is presently working on identifying the role which the Coast Guard expects to play.

Communications

Presently there is a VHF transceiver at the Fish and Game facility in King Salmon. There is also a single side band unit. Captain Swackhammer is working with the Division of Communications in assessing the engineering/labor needs in order to make existing Department of Public Safety equipment (i.e., MX 360 portables) compatible with the King Salmon repeater.

Ground Transportation

Captain Swackhammer will arrange for needed vehicles.

Meals/Lodging

Existing costs and insufficient dining facilities in the area may necessitate providing one meal charge per day in addition to allowing a \$21.00 per day meal allowance.

An Alaska Department of Fish and Game bunkhouse in King Salmon will adequately house all participating Alaska State Trooper personnel. Department of Public Safety has been authorized priority use.

The availability of facilities at Clark's Point and Egegik will be assessed by Department of Public Safety personnel.

Dillingham Fish and Wildlife has a three bunk facility which may have one bunk available to Alaska State Troopers during the period in question.

While it appears now that the likelihood of another strike by fishermen in Bristol Bay is minimal, the preparations and planning now underway by the Department of Public Safety should have a substantial impact on minimizing the ability or desire of participants in the fishery to generate violent or other unlawful conduct should a strike occur.

Prisoner Handling

I. Felony Arrests

Individual(s) arrested for a strike related felony will be flown to Anchorage as soon as possible to minimize the risk of such a person being able to incite others to violence. Corporal Schadle is the designated pilot should this be necessary.

II. Misdemeanor Arrests

Misdemeanor arrests will be handled by either the King Salmon or the Dillingham magistrate.

III. Mass Arrests

Captain Swackhammer will have a twin aircraft on standby to be utilized for mass prisoner movements. This aircraft may be as large as a ten place Navajo but no smaller than a Beech Baron. In the event of mass arrests, the prisoners will be flown directly to Anchorage.

IV. Existing Prisoner Holding Facilities

Presently there is a four prisoner facility at the Dillingham Jail and a two prisoner facility in Naknek.

V. District Attorney's Office:

District Attorney Larry Weeks will assign one member of his staff to Bristol Bay if needed.

Attachment

ATTACHMENT

Additional Equipment:

Based on the projected use of fourteen Alaska State Trooper personnel, the following additional equipment will be needed:

03 Float coats	@ \$46.45 each	\$139.35
06 Pair hip boots	@ \$30.45 each	\$182.70
*14 Heavy duty rain trousers	@ \$44.95 each	\$629.30
*14 Heavy duty rain jackets	@ \$48.95 each	\$685.30

The Imperial survival suit is available through Alaska Marine at \$299.00 each. They normally carry 12 suits in stock during the spring. Allow one week for delivery from Seattle.

*Helly-Hanson (Norwegian Made)

Alternative Fixed Wing Twins:

Troy Air:

Navajo six plus gear, \$975.00 plus 5% tax.

Anchorage Airways:

Cessna Titan, up to eight passengers but limited gear, \$325.00 per hour dry. Burns 30 gallons per hour, two hour trip.

Evergreen:

Twin Otter, 15 passengers, \$2,400.00, one and one half hour flight time.

Jet Alaska:

Lear, six passengers, \$1,800.00, 45 minutes.

MEMORANDUM

State of Alaska

TO: Mike Whitehead
Special Assistant
to the Governor

DATE: March 17, 1981

FILE NO:

TELEPHONE NO: 465-4322

FROM: William R. Nix *WRN*
Commissioner
Department of Public Safety

SUBJECT: Bristol Bay
Approximate Costs

Following are the approximate costs for the ~~five (5)~~ ^{four} boat charters concerning the Bristol Bay contingency plan:

Boat Charters 6/8/81-7/7/81

\$1000.00 per day x 30 days x 5 ⁴ boats =	\$150,000	120,000
Actual fuel costs only for those boats in transit to and from Bristol Bay, not to exceed 5000.00.		
4 ⁴ x 5000.00 =	25,000	20,000

If contractor provides operator during charter 6/8/81-7/8/81 cost for operator, not to exceed 5000.00.

4 ⁴ x 5000.00 =	\$ 25,000	<u>20,000</u>
Total	\$200,000	160,000

Department Costs

12 Troopers at Sea Duty Pay rate of pay Overtime only =	\$ 51,000	40,800
--	-----------	--------

Transportation to/from Bristol Bay =	8,900	7,120
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Per Diem, travel status only	4,400	3,520
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Equipment - rain gear, survival suits, boots, 385 x 15 ¹² =	\$ 5,800	<u>4,620</u>
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Total	\$ 70,100	56,060
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GRAND TOTAL	<u>\$270,100</u>	
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216,060

Archie N. Gottschalk
3-6000, Suite 109
Juneau, Alaska 99801
March 17, 1981

Senator Arliss Sturgulewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In reviewing the different statements made before the judiciary hearings and the administration's special Bristol Bay task force, I would like to make several comments.

A number of persons have stated that what is needed for fishermen is marketing information from which to negotiate on an equal footing with the processors. It is important to assess this recommendation in context of what happened last year during the fishermen's strike in Bristol Bay. First, the Alaska Independent Fishermen's Marketing Association (AIFMA) had a report, the Bristol Bay Sockeye Salmon Cost and Price Analysis, from which to negotiate; second, the AIFMA negotiators had the cost and price analysis in their hands in April, well before the end of the strike; third, the negotiators, when they did settle for their membership, settled below the pricing "break-even point" established in their own cost and price analysis! The negotiators caved in.

One is tempted to say, in light of what happened and what the AIFMA negotiators said, that the leadership of the Alaska Independent Fishermen's Marketing Association sold out their own membership in settling for the price that they did settle for. The fishermen, AIFMA members and non-member fishermen, were caught in the bite of the line not of their making. Dave Milholland, President of the Alaska Independent Fishermen's Marketing Association during the strike, said of the AIFMA members who rejected the negotiators' recommendations: "I told them when I left that they ought to become more reasonable..." The question is this: more reasonable than what? You must realize that, when Milholland made this statement, the AIFMA leadership had pushed for a settlement less than that established in their own cost and price analysis!

(The general membership of the marketing association did not have the Bristol Bay Sockeye Salmon Cost and Price Analysis available to them; the analysis was a closely held document by the association's leadership.)

Senator Arliss Sturgulewski
March 17, 1981
Page Two.

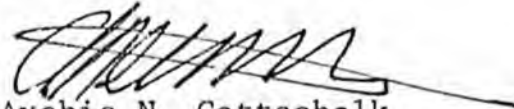
Merely having marketing information available does not mean that the fishermen have an equal footing with the processors in negotiating prices. Even if the fishermen were to have direct information available to them, and not information simply held by the association's leadership, the economic system of the fisheries lends itself to strikes, and the problems attendant to strikes. The marketing, financing, and processing aspects of the fisheries are predominantly controlled by foreign corporations, especially Japanese corporations: they determine the volume of salmon they want to pack, and as we have seen over the years, the price that they want to pay.

Information on marketing is inadequate: the state must examine methods to alter the overall structure, or at least assist those fishermen who want to break the Japanese stranglehold to do so.

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.

In light of the price settlement in Bristol Bay last summer, it may be advisable for the legislature to examine how many fishermen broke even, how many lost money, and how many actually made it.

Sincerely,



Archie N. Gottschalk

cc: Senator George Hohman
Representative Joe Chuckwuk

*Ken - H has not
yet seen -*

Archie N. Gottschalk
3-6000, Suite 109
Juneau, Alaska 99801
March 19, 1981

Senator Arliss Sturgulewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

In following my testimony before the Judiciary Committee hearing on the problems of the Bristol Bay fisheries, I would like to restate a point that is of the utmost importance to Bristol Bay residents; it has been apparently overlooked by both the Committee and the Governor's Task Force.

Both the Committee and the Task Force have concentrated their efforts in addressing the problems between fishermen and the processor over salmon prices and in addressing problems attendant to a fishermen's strike.

The questions that have been asked seem to revolve around two main issues: First, how may the state best intervene, if it were to, in helping to settle a fishermen's strike in Bristol Bay this summer? Second, what role should the state take to prevent "violence," as conceived by the administration, during a strike?

The basic problem, however, is much broader than the dispute between fishermen and processors: there are approximately one hundred and twenty-five (125) fishermen without markets in Bristol Bay this coming season. What is the state doing to ensure that these fishermen are considered when addressing the fishery problems in the Bay?

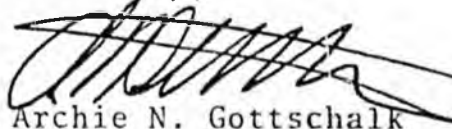
The legislature is entertaining a bill to provide one hundred million dollars (\$100,000,000.00) to processors for this year's season. A tremendous amount of time and effort is being spent in hammering out the provisions for the pack loans, yet little thought is given to the fishermen -- Alaskan fishermen -- who lack markets: the pack loans do not affect the fishermen without markets.

It is important to consider the fishery problems in Bristol Bay in its totality: all the fishermen must be taken into consideration. The time involved is very critical, the solutions must be forthcoming soon; it is already the middle of March. It takes

Senator Arliss Sturgulewski
March 19, 1981
Page Two

time to put any system together. The logistics underlying a commercial fisheries operation are complicated and require time to work out. It is important for you to convey this point in making any recommendation in your report to the President of the Senate. Regardless of what has transpired in the legislature regarding the Bristol Bay fisheries problem, the fishermen who lack markets for this upcoming season must be considered in developing a system to handle the salmon runs in Bristol Bay.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Archie N. Gottschalk', with a long horizontal flourish extending to the right.

Archie N. Gottschalk

SNG:clm

cc: Senator George Hohman
Representative Joe Chuckwuk

Offspring Testimony
in June. 5/19

Val Angasan

Phil Daniels

~~ROY SMITH~~

~~Frank DeKosky~~

Jack McBride

~~Philip Allen Dwyer~~

~~Jim Bunker~~

Rick Meyer

Ray Gunn

Sean Paddaok

Kick Kauber

~~Eric Eckstein~~

~~Michel Stink~~

~~Archie Potkath~~

~~Frank Woods~~

Juneau

Naknek Alaska

Dillingham, AK

Nimilchik, Alaska

Juneau, "

Touevu, Alaska

Juneau, Alaska

P.O. Box 1911, King Salmon, AK 99613

Juneau

~~Juneau~~

~~A.I.F.M.A.~~

~~Juneau~~

~~Seaf River~~

Gristol Bay Hearings
Monday, March 16

- * Roger Painter, United Fishermen (586-2820)
- Richard Lauber, Pacific Seafood Processors (6-6366)
- ** Royal DeVore, Pacific Pearl (276-2181)
- * Eric Eckholm, AK Seafood Marketing (6-2902)
- * Phil Daniels (6-6121)
- Walter Kirk - AIFMA (206-734-1876)
- Bob Blake

** Would not be able to attend; send me notes

* Will testify

Seattle 206

4011 Aurora Blvd.

Anchorage 99503



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

A G E N D A

Senate Judiciary Committee Hearing

Monday, March 16, 1981
Butrovich Committee Room - 1:30 p.m.

CALL TO ORDER

BRISTOL BAY HEARINGS

Scheduled Testimony:

Rodger Painter - United Fishermen of Alaska
Phil Daniels - Bristol Bay Fishermen's Association
John Garner - Bristol Bay Fishermen's Association
Sidney Smith - Independent
Hank Ostrosky - Independent
Eric Eckholm - Alaska Seafood Marketing Association
Val Angasan - Bristol Bay Native Association
Mitch Kink - AIFMA

ADJOURN



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

A G E N D A

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Mitch Kink - AIFMA

ADJOURN

Excerpts from tapes of radio traffic on the Naknek River on Saturday, June 28, 1980.

Prepared aboard the Department of Public Safety surveillance vessel, M/V Vigilant, Capt. Lockman in command.

The excerpts are in chronological order from a single 90-minute tape, highlighting the most relevant conversations. Excerpts are only presented to save the Committee time; however, the complete tape is available for the Committee on request.

A Salamatoff Seafoods salmon tender - the Sal-Sea Belle - is moving up the Naknek River with a load of salmon on June 28, 1980, while the fishermen's strike is still ongoing. Striking fishermen are trying to prevent the Sal-Sea Belle from reaching a dock where the fish can be off-loaded.

At the same time, fishermen are discussing the possibility of blockading the mouth of the Naknek River (to keep vessel traffic from entering or leaving the river) and patrolling the grounds to keep fishermen from fishing.

Lockman: If they're shooting at him, then its a whole different ball game, OK.

Fisherman #1: For Christ's sake, why in the hell don't they stop this shit? What're you guys doing out there--just... having fun?

Fisherman #2: Fuck you...

Fisherman #3: They sound like a whole bunch of really big men, about four years old.

Fisherman #4: Somebody's going to get....

BREAK

Fisherman #1: He's right in our starboard side--he's right on there, ...'s leading this guy in here.

Fisherman#2: Whats somebody going to do to block them Whalers...get that son of a bitch whi'e they're loading...and ...OK

Fisherman #3: Whats the matter with these damn people, are they all stupid?

Fisherman #4: Think they've just stuck our quotos up there on top this violence...why don't you move your ass--

Fisherman #5: What are you doing to stop that scow before somebody gets hurt--we may have to shoot one of 'em before anybody wises up--

BREAK

Fisherman#1 We want more support, and we want men.

Fisherman #2: What are you talkin' about...
You can see nothing's going down here.

Fisherman #3: ...forced to get a

Fisherman #4: Just watching us play games, they can stop this shit. and they...the god damned anchor before somebody gets killed. Nobody can get a shot of you running up there.

BREAK

Fisherman #1: Shoot 'em!

Fisherman #2: He's got Fish & Game right by his side--

Fisherman #3: God! damned boat!

Fisherman #1: Shoot the Fish & Game, shoot 'em!

Fisherman #5: They got bigger guns than you, ya wimp ass suck...

BREAK

Fisherman #1 I feel the, uh- explosive nature, uh, of this whole thing, uh, why is it that...maybe...you didn't close 'em, so that, um, they'd think it's serious...

Lockman: Yeah, roger, that's gotta be my recommendation. I agree it's gone a little too far now, OK.

Fisherman #1: Yeah, I think so, uh, its not enough, uh, not enough boats fishing here to make, uh, any difference in the, uh, escapement, errr, all that kind of stuff, its just too risky; we don't want to see any, anybody go down here.

Lockman: Yeah, um, thats our concern, uh, ya' know, that's why we haven't, we haven't taken any action, uh, so far. We've just been sitting here watching people break the law, you know. We're not going to continue to do that. Uh, I'm going to recommend to the State arbitrators that they just shut, close Bristol Bay for the year and everybody can start again next year. OK.

Fisherman #1: Well, maybe thats the way to do it.

Fisherman #2: Don't be ridiculous.
I came to fish.

Lockman: Yeah, I, uh, agree with ya there, uh, I think, uh, thats, uh, pretty extreme measures, too, uh, but we can't, uh, can't go on with this, the fishermen have already lost this battle, uh, they've done more damage to their image in the last 48 hours than they're gonna recover from in the next ten years, OK.

Fisherman #1: Get the Governor to close this whole fishery down before somebodys killed and he's got blood on his hands. This is gettin' out of hand damn quick--

(garble)

Fisherman #2: Sal-Sea Belle over here--close right down on her, Mable B; And I think right now is the time to close the river 'cuz there ain't no one up the river, with fish on board and if we close her right now, we're cool.

BREAK

Fisherman #1: Bunch of us standing around here doing nothing, well the main thing is get on up that, inside the river and block the fucking main entrance.

Fisherman #2: Sal-Sea Belle, did you make it to the docks?

Fisherman #3: ...where is this dock? Is this dock alongside this barge?

Fisherman #2: Roger, the dock alongside the barge.

Fisherman #4: OK, coming now, we're going to put it off the...now.

Fisherman #5: OK, block that barge off and block that dock off.
Thats what they use for their helicopter launching pad.
Just block the dock and block that barge. Don't let
them even get close to it.

Fisherman #5: He's way up the other side of the...from Peter Pan.

Fisherman #6: More boats down here.

BREAK

Fisherman #1: beatin' our brains...against the wind...
We gotta go out and stop the guys from fishin'. Why
stop a 180 foot tender when you can go stop a 32 ft
gill netter. Lets use our brains. We've got 50 thousand
boats. We patrol the area, thats all we gotta do, is
stop ten stinkin' boats from fishin'. We don't stop no
180 ft boat, he'll knock us down like a bowling ball.

Fisherman #2: Not with motars, he won't.

Fisherman #3: heh, heh, heh, bet your ass.

Fisnerman #4: Well, we should get together and hold a meeting and
decide what we're gonna do -- we'll block the river, stop
the guys outside or what are we gonna do, Let's hold a
meeting and

Fisherman #5: thats what yesterdays meeting was for...

Fisherman #4: but nobody wants to listen. They've been there all day,
Leo. They're seventy strong right at the dock.
Listen, lets stop arguing, lets go to the mouth of the
river and we'll all tie up and we'll get together and make
the plans.

interupt: we're going to be right here...

Fisherman #4: talk about what to do -- get to the mouth of the river
and lets organize...like human beings...and we'll stop this
thing. Stop cussing at Alaska packers and stop cussing at
everybody else. Let's do this like...and we'll finish this
thing. We'll all go to the mouth of the river and we'll
have a big party like Jimmy says.

BREAK

Fisherman #1: Yeah, we need more boats.

Fisherman #2: Yeah, these guys from Red Salmon can go up there. Hey,
why don't you guys around the Red Salmon area go up in the
dock...that boat, isn't at the dock yet.

Fisherman #3: Ain't gonna be able to get in...

Fisherman #4: Listen, Dominic, do you know how many boats are gettin'
bumped right now. Do you know how many boats are gettin'
bumped?

Fisherman #5: No, I mean, if you got a fucking tender, or any dock or any barge at this present time.

Fisherman #6: He's about 25 feet away and he's bumping our boats! We need more boats! Uh, Dom, we need more boats!

Fisherman...garbled

Fisherman #7: God damn it, lets go, lets get outta here, lets go, we need more boats. Whats the matter with you guys.

BREAK

Fisherman #1: I believe the, uh, skipper of that...an emergency meeting of the Alaska Dept of Fish and Game. Fishermen could be called together, uh, within the... probably and that they could issue an executive order, the fishery would be closed for everyone, until this powder keg is taken care of.

BREAK

Lockman: Yeah, I really don't know whether they can do that or not, but that's what I'm gonna recommend.

Break

Lockman: Just that little group thats all wound up. They pretty well got 88 all to themselves there, this morning, uh. We'll be standing by on 16, OK.

Fisherman #1: Thats a mistake -- when you only say 5%, this whole industry is uptight and you're sitting on a power keg over there. Don't ... don't conceive that idea that there's only 5% thats running this. This whole industry is uptight. Don't forget that.

Lockman: Well, what is your suggestion, OK.

Fisherman #1: Just what the man said, call the Governor and close this thing down in the interest of life, liberty and the industry

interupt: pursuit of happiness

Fisherman #1: this is gone on. Please stand by your CB radio.

Fisherman #2: We're here to make a living, not please somebody. --- Bear stand by now. The canneries and boats alone deserve the Governor's attention. And our livlihood and our families deserve his consideration also. This is a lifetime industry for many of us. We'd like to see it protected lawfully, legally and we'd like to fish it the same way. And these renegades, when they're fucking the whole industry, its gonna just create a bundle of tension. Somebody or something is gonna burn up or somebody's gonna get killed.

Fisherman #2, continued: That's gotta happen. I've seen guns pulled on this river before. And believe me, its no fun. So I hope that you will convince that Governor that the best thing for the industry is to close it down, until its settled. One way or another. We'll go home or they'll take the fish, one way or the other. That's a convention of the whole damned industry out here on this river, sir. Well, I thank you for listening and I hope that, uh, some consideration can be given to this under the light of calmness and good sense, because we do get a little wild out here at times. We're individuals. We're not regimented lunch buckets out here, and we're gonna protect this industry. Ah, rest assured,

Break

Fisherman #1: Rita Marie is watching a tender and callin' Casey...
Going down river;
Watch her, watch her, watch her.
She's goin' down; headin right towards you, Dom.

Fisherman #2: See there, the Governor said he wouldn't do anything until he did see bloodshed.

Fisherman #3: Well, lets go get the guys that are catching them, that's right.

Fisherman #4: Somebody come up with a good idea.

Fisherman #5: The best idea is to go out and stop the fisherman.
And you're not gonna get any...
...stop the fisherman...

Fisherman #6 They're on the grounds at night, when its dark.

BREAK

Lockman: I agree with ya, its, ah, its sure got outta hand tonight. But, uh, ya know, we're doing what we can. We're a little outnumbered, OK.

I know, uh, what we're trying to do is, ah, stay in a neutral position here. We're trying to not, ah, actively support either faction, ah--our whole role here is to protect life and property. And we're bound by the law, which sometimes, uh, doesn't let us do it in the most effecient way, if that makes sense to you, OK.

Fisherman #1: Well, ya know, I heard there was a couple of shots last night...its not what I call protecting life and property...scow...nobody gets hurt.

Lockman: Ya know pardner, I ya know, I uh, I don't want to disagree with you. I don't have the authority to do that, you know. I can tell boats not to shoot at em, too, but it doesn't do a lot of good. I have three troopers on Sal-Sea Belle still, you know, they're not, their function is to prevent anymore shooting, uh, there's really no

Lockman, continued: way they can do that, until somebody shoots.
I'm just hoping it doesn't get to that, OK.

BREAK

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. Well, we're getting...they want us in the Nusigak, they want us in Egegik and they want us here and they want us outside in the anchorage...its just that time of year for us, I guess, OK.

300 S. Ferry St.
Terminal Island
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(213) 548-2478

UNITED STATES DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
NATIONAL MARINE FISHERIES SERVICE

January 29, 1981
Compiled by:
Sunee C. Sonu

FOREIGN FISHERY INFORMATION RELEASE NO. 31-2
Supplement to Market News Report

DECEMBER 1980 TUNA LANDINGS AT YAIZU, JAPAN, UP 6%

Tuna and billfish landings at the major tuna port of Yaizu, Japan during December 1980 totaled 15,332 metric ton (MT) valued at ¥6,019 million (\$32.4 million at ¥210=US\$1), according to the Yaizu Fishery Cooperative Association. The landings were up 935 MT or 6% above the December 1979 figure. The increase was due primarily to gains in bigeye, large yellowfin and skipjack landings. Exvessel prices of tuna at Yaizu in December 1980 averaged \$2,393 a short ton (ST) for albacore, \$1,239/ST for skipjack and \$1,857/ST for large yellowfin tuna.

December 1980 tuna and billfish landings and average exvessel prices at Yaizu

SPECIES	Quantity			Average exvessel price ^{1/}					
	1980		1979	1980		1979			
	Dec.	Nov.	Dec.	December	November	December			
	-----Metric ton-----			¥/KG	\$/ST	¥/KG	\$/ST	¥/KG	\$/ST
Bluefin	---	15	---	917	3,961	974	4,167	1,545	5,964
So. bluefin	981	602	1,195	1,757	7,590	1,800	7,702	2,721	10,504
Bigeye	1,543	525	961	647	2,795	653	2,794	1,034	3,992
Yellowfin (lge)	1,753	1,413	1,154	430	1,857	570	1,533	725	2,799
Albacore	367	112	505	554	2,393	557	2,383	514	1,984
Swordfish	90	27	93	600	2,591	822	3,517	719	2,776
Striped marlin	14	18	93	850	3,671	810	3,466	915	3,532
Blue marlin	97	43	62	594	2,566	579	2,477	581	2,243
Black marlin	6	9	66	540	2,332	501	2,143	802	3,096
Skipjack	10,467	9,303	9,473	287	1,239	254	1,036	362	1,397
Total ^{2/}	15,332	12,074	14,397						

^{1/} based on ¥210=US\$1 for December 1980; ¥212=US\$1 for November 1980; and ¥235=US\$1 for December 1979.

^{2/} Total also includes small tuna and some billfish.

---Less than one metric ton.

AMERICAN SAMOA TUNA PRICES, JANUARY 1981

Tuna delivery prices at American Samoa for January 1981 remained unchanged from December at \$1,820 a short ton (ST) for albacore, \$1,340/ST for yellowfin, \$1,140/ST for bigeye and \$1,040/ST for skipjack.

GHANA TUNA PRICES, DECEMBER 1980

Frozen tuna prices at Tema, Ghana for December 1980 were reportedly the same as those for November. The prices for frozen tuna are, per short ton: yellowfin, \$1,182.13 (G.G.) \$1,077.13 (RI); bigeye, \$1,077.13 (G.G. & RI); and skipjack, \$977.13 (RI) \$892.13 (RII) \$677.13 (RIII).

January 29, 1981

SALMON grade 1, head-off, frozen, gillnet-caught
 Red Puget sound, Southeast Alaska, 4-6 lbs \$2.57-2.70/lb,
 6-9 lbs \$2.72-2.77/lb
 Bristol Bay, 4-6 lbs \$2.52-2.60/lb, 6-9 lbs \$2.62-2.72/lb
 Silver 4 lbs & under \$1.60-2.20/lb, 4-6 lbs \$1.67-2.02/lb,
 6-9 lbs \$2.02-2.42/lb
 King 7-11 lbs \$2.72-2.92/lb, 11-13 lbs \$3.03-3.22/lb,
 13 lbs & up \$3.17-3.32/lb
 Chum bright 4-6 lbs \$1.52-1.67/lb 6-9 lbs \$1.32-2.02/lb,
 semibright 4-6 lbs \$1.27-1.37/lb

BLACK COD without collar, Japanese cut
 2 lbs & under \$0.39-0.45/lb, 2-3 lbs \$0.50-0.55/lb,
 3-4 lbs \$0.70-0.75/lb, 4-5 lbs \$0.90-0.95/lb,
 5-7 lbs \$1.07-1.10/lb, 7 lbs & up \$1.10-1.13/lb
 3-5 lbs \$0.63-0.83/lb, 5 lbs & up \$0.93-1.03/lb

SQUID California squid, imports from San Pedro
 5-9 fish/pound \$0.60-0.61/lb

HALIBUT head-off, sidefin-trimmed
 10-20 lbs \$1.47-1.72/lb, 20-40 lbs \$1.37-1.52/lb

SHRIMP Mexican shrimp, brown, head-off, frozen 2kg-blocks
 16/20 (16-20 shrimp per pound) \$5.42-5.60/lb, 21/25 \$5.32-5.55/lb,
 26/30 \$5.21-5.50/lb, 31/35 \$4.50-4.75/lb, 36/40 \$4.15-4.25/lb
 41/50 \$3.69-3.75/lb

WHOLESALE PRICE AT TOKYO CENTRAL WHOLESALE MARKET

January 23, 1981

ABALONE Japanese product, live, with shell
 \$8.32-14.62/lb

SURIMI (minced Alaska pollock meat)
 shore-processed, frozen, grade 2 \$0.63-0.68/lb,
 factoryship-processed, frozen, grade super A \$0.90-0.92/lb

ALASKA POLLOCK ROE salted, processed, Japanese products, grade 1
 small \$5.40-5.65/lb, medium \$5.85-6.30/lb,
 large \$5.40-5.35/lb

SALMON ROE sujiko, imports from Alaska, salted, processed, chum
 grade 1 \$9.00-9.45/lb, grade 2 \$7.05-8.32, grade 3 \$6.75-7.20/lb

HERRING ROE imports from Canada, processed
 large \$10.12-12.37/lb, medium \$10.12-11.25/lb

SEA URCHIN ROE imports from Los Angeles, fresh
 receipts 5,183 trays (tray=0.44 lb) \$1.98-11.88/tray

SALMON imports, red, semidressed, 4-6 lbs \$2.92-3.15/lb,
 dressed, 4-6 lbs \$3.15-3.26/lb
 Mothership-processed, red grade 1
 3 fish (3 fish per 22 lb box) \$3.93/lb,
 4 fish \$3.82/lb, 5 fish \$3.69/lb

Note: Yen/dollar conversion based on ¥202=US\$1.

JAPANESE TUNA PURSE SLINER FISHERY DEVELOPMENTS

The Japanese tuna purse seiner FUKUICHI MARU which is engaged in tuna surveys under charter to the semigovernmental Marine Resources Research Center reportedly caught 308 metric tons of mostly skipjack tuna during the first half of December. The catches were made on 7 sets around schools associated with drifting wood in waters north of Bismark. Another Center-chartered tuna purse seiner HIPPOH MARU (999 gross tons) caught 8 tons of tuna (skipjack 3 tons, yellowfin 3 tons, bigeye 2 tons) during the same period in waters north of Bismark. The catch was made on 1 set near drifting objects.

JAPANESE FROZEN ALBACORE EXPORT PRICES

Japanese export prices for frozen round albacore to the United States in late January were reportedly quoted at around c.&f. \$1,250-1,260 a short ton for west coast deliveries.

U.S. FISHERY EXPORTS TO JAPAN DOWN 11% IN DECEMBER

Japan imported ¥57,329 million (270 million at ¥212=US\$1) worth of fishery products while exporting ¥17,310 million (\$81 million) during the month of December this year, announced the Finance Ministry. As compared to the comparable month in 1979, the imports were down 21.5% while the exports rose 13.5%. The United States sold ¥4,156 million (\$19 million) to Japan, down 11.1%, and purchased ¥3,117 million (\$14 million) from Japan, up 52.9% from the same period last year.

BLACK COD PRICES

Wholesale prices of Japanese longline-caught black cod at the landing ports in Japan in late January were reported to be around ¥735/kg (\$1.65/lb at ¥202=US\$1) for 4 to 6 fish to the case (case=15 kg), ¥592/kg (\$1.33/lb) for 7 to 8 fish to the case, ¥461/kg (\$1.03/lb) for 9 fish to the case, ¥343-350/kg (0.73-0.79/lb) for 11 to 12 fish to the case, ¥300/kg (\$0.67/lb) for 13 to 15 fish to the case and ¥196-260/kg (\$0.44-0.60/lb) for 16 to 20 fish to the case.

WHOLESALE PRICES OF TUNA AT TOKYO CENTRAL WHOLESALE MARKET

January 23, 1981

BLUEFIN TUNA

imports from Miami, Florida, jumbo, fresh, airfreighted
receipt 6 fish highest \$6.75/lb, average \$4.55/lb, lowest \$2.47/lb

BIGEYE

imports from Taiwan, fresh, airfreighted
receipt 9 fish highest \$3.37/lb, average \$2.60/lb, lowest \$1.35/lb

YELLOWFIN

fresh, receipts 20 fish highest \$6.30/lb, average \$3.37, lowest \$2.47/lb

frozen, receipts 204 fish \$3.15/lb, average \$1.35/lb, lowest \$0.78/lb

imports from Taiwan, fresh, airfreighted
receipts 42 fish highest \$7.42/lb, average \$3.45/lb, lowest \$1.35/lb

Note: Yen/dollar conversion based on ¥202=US\$1.

JAPANESE FISHERY IMPORTS, BY SELECTED SPECIES, OCTOBER AND JANUARY-OCTOBER 1980

Fishery Products	OCTOBER		JANUARY-OCTOBER	
	kg	¥1,000	kg	¥1,000
<u>Live</u>				
Young eel	6,046	45,939	122,192	1,920,743
Adult eel	731,617	1,238,130	13,361,425	20,983,250
<u>Fresh</u>				
Skipjack	---	---	81,696	8,437
Yellowfin tuna	1,053,271	1,033,361	9,303,937	9,515,228
Bluefin tuna	27,962	71,087	659,914	1,386,283
Bigeye tuna	135,409	127,938	630,881	626,455
Billfish	72,238	77,769	756,555	805,919
Yellowtail	155,146	108,030	338,579	234,617
Salmon	578	1,952	12,926	16,310
Spanish mackerel	263,418	186,414	3,582,155	1,728,073
Hairtail	2,770	2,216	38,639	24,611
Sea bream	203,385	191,494	1,397,662	1,265,516
<u>Frozen</u>				
Skipjack	328,091	71,990	5,131,120	1,117,879
Albacore	64,538	22,301	606,989	203,656
Yellowfin tuna	1,476,477	698,250	21,251,471	14,540,340
Bluefin tuna	24,840	8,428	332,840	300,937
Bigeye tuna	3,029,683	1,400,369	30,938,177	21,393,168
Billfish	1,242,854	444,824	12,331,718	5,721,127
Herring	1,075,571	266,307	28,018,349	9,848,921
Cod	83,711	23,021	9,037,483	3,472,899
Yellowtail	---	---	16,207	6,228
Jack mackerel	631,659	101,745	3,371,997	568,559
Herring roe	89,138	131,107	188,105	195,884
Cod roe	774,137	338,123	6,766,030	3,990,469
Salmon	4,105,282	3,958,127	36,141,551	28,317,605
Spanish mackerel	506,968	99,451	2,801,836	564,181
Hairtail	151,848	52,962	1,129,462	332,477
Croaker	118,540	44,996	1,334,458	549,637
Sea bream	645,606	190,419	8,442,681	2,750,264
Shark	171,031	37,730	976,897	255,716
Smelt	1,049,609	140,797	31,529,830	8,500,580
<u>Fresh/frozen</u>				
Lobster, spiny	211,200	57,392	2,863,277	5,806,502
Shrimp	14,955,216	23,273,208	116,290,940	198,589,236
Crab	1,595,611	1,591,596	23,009,282	19,529,481
Squid	4,579,841	2,665,679	83,990,615	41,528,224
Octopus	6,606,795	2,977,589	44,611,910	34,870,720
Abalone	163,148	267,254	1,446,753	2,198,863
Clam	2,151,136	351,020	11,732,168	2,623,908
Scallop	5,248	5,335	50,258	72,540
Whale meat	2,272,913	1,076,010	22,942,286	12,901,642
<u>Salted/dried</u>				
Salmon roe	1,616,927	3,273,682	7,811,825	18,310,969
Herring roe	479,321	1,242,426	5,013,150	16,001,381
Herring roe on kelp	1,204	3,150	520,087	976,653
Squid	153,147	275,025	1,554,958	3,232,402
Sea urchin roe 1/	234,563	601,897	1,596,432	4,663,192
Jelly fish and sea cucumber 1/	570,540	397,507	3,680,755	2,686,404
<u>Canned</u>				
Abalone	46,835	129,441	519,090	1,383,759

1/ Includes fresh and frozen

Conversion rate: ¥208=US\$1 for October and ¥226=US\$1 for January-October

JAPANESE FISHERY IMPORTS, BY SELECTED COUNTRY OF ORIGIN, OCTOBER 1980

<u>Commodity & country</u>	<u>Quantity</u> <u>kg</u>	<u>Value</u> <u>¥1,000</u>	<u>Commodity & country</u>	<u>Quantity</u> <u>kg</u>	<u>Value</u> <u>¥1,000</u>
SKIPJACK, frozen			ADULT EEL, live		
Korea, South	24,607	7,048	China, Mainland	18,236	23,046
China, Taiwan	16,040	4,447	China, Taiwan	706,531	1,205,087
Maldives	287,133	60,386	Thailand	6,370	9,184
Panama	261	109	United States	480	813
Total	328,091	71,990	Total	731,617	1,238,130
YELLOWFIN TUNA, fresh/frozen			LOBSTER, spiny, fresh/frozen		
Korea, South	1,195,116	561,848	Indonesia	5,932	4,221
China, Taiwan	1,048,115	1,018,644	India	15,480	21,960
Philippines	33,940	25,027	Nambia	74,381	132,649
United States	396	552	South Africa	5,470	10,227
Panama	247,840	122,965	Australia	20,114	40,390
Total	2,529,748	1,736,611	New Zealand	72,166	138,212
ALBACORE, frozen			Total	211,200	367,382
Korea, South	57,757	18,867	SQUID, fresh/frozen		
China, Taiwan	14,301	2,689	Korea, South	1,449,961	753,167
Panama	2,480	745	China, Taiwan	47,675	62,071
Total	64,538	22,301	Thailand	974,270	618,954
BIGEYE TUNA, fresh/frozen			Malaysia	39,808	21,196
Korea, South	1,839,169	912,368	Spain	558,263	339,656
China, Taiwan	803,378	345,459	Greece	189,315	97,133
Singapore	35,794	21,817	Canada	106,509	24,153
Philippines	14,371	9,859	United States	177,192	49,473
Panama	201,242	115,784	Morocco	476,952	377,108
United States	8,427	1,757	Argentina	14,594	3,468
Total	3,105,092	1,528,307	Total	4,519,841	2,665,679
SALMON, frozen			OCTOPUS, fresh/frozen		
Korea, South	5,000	5,203	Korea, South	876,425	444,159
Korea, North	4,200	865	Thailand	446,758	30,326
Canada	709,405	792,437	Spain	4,314,918	1,918,204
United States	3,263,932	3,108,946	Lybia	224,352	141,592
U.S.S.R.	123,000	51,216	Panama	14,364	8,399
Total	4,105,860	3,960,079	Morocco	490,485	245,130
SALMON ROE, salted, dried			Canary Islands	137,761	68,855
Canada	262,267	489,591	Total	6,618,795	2,977,589
United States	1,354,660	2,784,091	SEA BREAM, fresh/frozen		
Total	1,616,927	3,273,682	Korea, South	124,320	34,736
HERRING ROE, salted, dried			Panama	38,540	21,388
Korea, South	330,044	1,250,756	China, Taiwan	11,028	9,033
Korea, North	1,876	996	Hong Kong	2,232	2,042
China, Mainland	33,162	33,553	Spain	61,920	14,037
Canada	78,560	222,759	New Zealand	265,689	219,485
United States	35,679	54,362	Argentina	162,850	41,922
Total	479,321	1,562,426	Total	848,991	381,913
YOUNG EEL, for fish culture			SEA URCHIN ROE, fresh/frozen, salted		
Korea, South	4,546	38,689	Korea, South	51,466	159,995
China, Mainland	1,500	7,250	Korea, North	54,375	70,716
Total	6,046	45,939	China, Taiwan	17,340	18,015
CLAM, fresh/frozen			China, Mainland	2,310	3,016
Korea, South	48,513	19,230	United States	75,923	279,226
Korea, North	1,012,980	141,691	Mexico	3,813	10,792
China, Mainland	1,089,643	190,099	Chile	23,934	41,012
Total	2,151,136	351,020	Total	234,563	601,897

JAPANESE FISHERY EXPORTS, BY SELECTED SPECIES, OCTOBER AND JANUARY-OCTOBER

<u>Fishery products</u>	<u>October</u>		<u>January-October</u>	
	<u>kg</u>	<u>¥1,000</u>	<u>kg</u>	<u>¥1,000</u>
<u>Fresh</u>				
Skipjack	1,122,867	161,434	17,056,566	2,761,292
Yellowfin	159,660	21,554	713,905	87,313
<u>Frozen</u>				
Skipjack	5,792,475	1,510,110	45,028,744	12,561,987
Albacore	---	---	40,140	21,206
Yellowfin tuna	1,166,451	418,925	9,033,421	3,377,212
Sea bream	28,440	2,572	397,330	43,238
Pacific mackerel	1,003,453	92,910	10,391,722	1,024,522
Saury	1,872,212	323,410	13,557,835	2,576,633
Salmon	127,331	137,478	846,753	717,110
Rainbow trout	32,965	21,220	420,006	298,941
Shark	50,520	15,333	768,776	211,922
Flatfish	23,536	7,913	1,111,123	350,420
Cod	489,731	105,106	6,323,455	1,329,928
<u>Frozen, Fillet</u>				
Shark	100,000	41,891	1,720,086	980,525
Flatfish	1,480,441	622,894	14,797,096	6,328,610
Cod	274,991	121,165	3,865,615	1,770,512
<u>Fresh/frozen</u>				
Shrimp	199,281	239,631	1,578,339	2,315,070
Squid	265,862	101,646	15,454,809	5,701,273
Octopus	38,781	44,512	306,148	303,785
<u>Canned</u>				
Salmon	24,337	25,895	101,542	89,892
Albacore				
In oil	290,592	291,344	3,854,578	4,066,737
In water	896,104	795,897	7,708,498	7,247,729
In tomato sauce	5,716	5,323	26,195	25,262
Other packs	-----	-----	4,753	2,762
Skipjack				
In oil	1,417,220	1,328,343	10,325,638	10,141,613
In water	928,002	696,727	4,941,138	3,917,011
Other packs	102,897	36,868	358,725	216,240
Mackerel				
In oil	817,513	336,998	17,509,394	8,071,354
In water	6,534,673	1,327,556	58,200,311	12,122,411
In tomato sauce	7,341,525	1,777,758	92,068,876	23,407,517
Other packs	34,958	16,707	158,511	83,300
Sardine				
In tomato sauce	5,640,519	1,251,360	42,859,773	10,084,877
Other packs	231,413	49,534	1,503,337	376,386
Clam, little neck				
In oil	861	1,687	8,048	12,794
In water	87,408	42,975	800,996	427,068
Other packs	5,143	3,716	45,452	35,663
Oyster				
In oil	190,736	209,519	936,343	1,106,412
In water	296,028	157,102	1,394,039	789,868
Other packs	300	654	17,007	16,691

Note: Yen/dollar conversion rate: ¥208=US\$1 for October and ¥226=US\$1 for January-October 1960

JAPANESE FISHERY EXPORTS, BY SELECTED COUNTRY OF DESTINATION, OCTOBER 1980

Commodity & country	Quantity kg	Value ¥1,000	Commodity & country	Quantity kg	Value ¥1,000
SKIPJACK, canned			SKIPJACK, fresh/frozen		
United Kingdom	337,533	302,607	Continental U.S.	1,699,105	455,617
United States	386,072	657,366	Puerto Rico	1,840,346	534,103
Germany	38,908	32,070	Papua New Guinea	953,570	128,731
Switzerland	260,409	233,182	Guam	761,405	190,087
Canada	116,091	106,675	Ghana	1,108,020	228,201
Belgium	26,225	23,849	Marianas, Marshalls		
South Africa	210,813	191,895	& Carolines (USA)	169,297	32,703
Syria	61,915	55,036	Total	6,915,342	1,671,544
Saudi Arabia	9,231	8,826	ALBACORE, frozen		
Austria	12,859	11,508	Continental U.S.	194,479	91,963
Egypt	25,719	23,253	Puerto Rico	14,602	6,765
Total	2,448,119	2,061,938	Total	209,081	98,728
MACKEREL, canned			SAURY, fresh/frozen		
Philippines	252,000	42,167	Samoa	939,620	157,045
Papua New Guinea	1,487,231	282,245	South Africa	265,000	52,029
Indonesia	184,966	48,325	Mauritius	100,000	21,266
Singapore	361,909	74,720	Malaysia	83,000	13,482
Nigeria	4,977,405	1,284,311	Uruguay	30,000	7,046
Egypt	1,666,878	382,412	Singapore	243,580	37,635
United Arab Emirates	532,328	187,631	Total	2,072,212	357,029
Saudi Arabia	243,191	112,980	COD, frozen		
Malaysia	973,160	191,565	United States	61,991	23,792
Fiji	386,701	67,569	South Africa	74,755	20,651
Sri Lanka	1,587,575	284,813	Korea, South	315,000	52,513
Jamaica	102,000	18,029	Total	489,731	105,106
Yemen	18,240	8,826	FLATFISH, fresh/fillet		
Netherlands	113,230	25,912	United States	1,187,956	489,655
Gabon	104,528	23,638	Australia	175,443	78,265
Total	14,728,669	3,459,019	France	36,535	17,283
SARDINE, canned			Sweden	71,436	33,699
Philippines	2,226,078	461,129	Canada	9,071	3,992
Singapore	660,211	132,757	Total	1,480,441	622,894
Malaysia	281,489	64,065	SQUID, fresh/frozen		
Netherlands	123,896	34,040	Italy	75,952	33,584
Puerto Rico	209,765	53,584	Canary Islands	84,560	36,893
United Kingdom	433,658	119,223	Canada	80	148
Belgium	86,286	22,886	United States	79,693	15,814
Dominica	70,027	13,061	Total	265,662	101,646
Papua New Guinea	48,603	13,009	SALMON, canned		
Total	5,640,519	1,251,360	Australia	22,176	22,492
SHRIMP, frozen/fresh			Total	24,337	25,895
Guyana	81,832	93,990	ALBACORE, canned		
United States	6,712	14,780	United States	657,336	240,568
Surinam	29,348	36,613	Canada	240,568	231,688
Canary Islands	2,430	3,622	France	31,965	31,320
Total	199,281	239,631	Kuwait	4,763	4,529
COD, frozen			Saudi Arabia	51,438	48,121
United States	218,990	100,304	Lebanon	16,216	15,319
Australia	48,076	19,233	Cyprus	51,213	49,565
Total	274,991	131,165	Switzerland	74,390	83,513
OCTOPUS, fresh/frozen			Hong Kong	953	1,002
United States	37,754	42,950	Total	1,192,412	1,092,564
Total	38,781	44,512			



UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE
197 SOUTH FRANKLIN ST
JUNEAU, ALASKA 99801
907 586-2820

Rodger Painter
Executive Director

RESOLUTION #81-1

March 11, 1981

WHEREAS the commercial salmon fisheries are vitally important to Alaska's economy; and

WHEREAS Bristol Bay sockeye catches are expected to account for more than one-fourth of the 1981 statewide salmon harvest; and

WHEREAS limited world markets for Alaska salmon products will be greatly influenced by the amount of sockeye harvested in Bristol Bay during 1981; and

WHEREAS there was strong disagreement over the condition of world salmon markets during the long, bitter price dispute between processors and salmon fishermen in 1980; and

WHEREAS the over-escapement of 21 million sockeye salmon in Bristol Bay during 1980 may sharply reduce survival rates; and

WHEREAS continued underutilization of the tremendous Bristol Bay salmon resources could result in a reallocation of the fish under international treaties to Japanese fishing fleets; and

WHEREAS Bristol Bay fishermen and processors have widely divergent views of the condition of world markets for Alaska salmon during 1981; and

WHEREAS all of Alaska's commercial salmon fishermen will be affected by the outcome of negotiations over the price of sockeye salmon in Bristol Bay; and

WHEREAS the State of Alaska has assumed the lead role in attempting to solve the complex problems leading to the price standoff in Bristol Bay; and

WHEREAS the State of Alaska has the responsibility for the sound economic management of the natural resources belonging to all citizens of the State; and

WHEREAS a first class study of world salmon markets would give fishermen and processors common ground for discussions of prices for Bristol Bay salmon and pinpoint the market value of the state's valuable salmon resource in Bristol Bay;

BE IT RESOLVED that the United Fishermen of Alaska believes the State of Alaska has the responsibility to fund a first class study of world markets for Bristol Bay salmon to help ensure full utilization of the resource and avoid the potential of losing the crucial salmon runs to Japanese fishermen.

NUSHIGAK FISH PRODUCERS COOPERATIVE

This management system is designed to replace and to correct many of the inequities which have characterized the system which has marketed the Bristol Bay salmon in the past. It is the outgrowth of an investigation by a group of Bristol Bay fishermen carried on over the period of the last five years.

Historically, the major processing firms operating in Bristol Bay have carried the full burden of the financing of the product. To alleviate a major cost, inventory, the brokeraging of the product has added upwards of a 400% markup at this stage in the marketing stream. This markup accounts substantially for the fact that little Alaskan salmon is marketed in the continental United States. It has not been competitively priced with other meat products available. In their investigation, the fishermen determined that if salmon could enter the market at approximately 50% of the value that brokerage firms were doing so, a competitive market could be established. This could be accomplished by having the fisherman become involved as an owner or first title holder. It means the elimination of many layers of brokeraging. It means that the fisherman must share in the financial burden of his product until it has been sold into the market.

During the 1979 season, on a small scale, this idea was tested. The test was successful.

Following the 1979 season, the fisherman's group determined that there is a domestic market for 30-million pounds of fresh and fresh frozen salmon and 6 million pounds of canned salmon which can be developed.

The Nushigak Fish Producers Cooperative work on a cooperative effort in the 1980 salmon season and did not get any help from the State or Federal agencies. The cooperative effort was at a larger scale, so the 1981 salmon season looks like to start at a smaller

scale of approximately 5 million pounds, which was done in 1979 salmon season.

The Nushigak Fish Producers Cooperative will share in the cost of the product to the market at a cost much lower than the market price, yet able to break even to live for the winter.

The Nushigak Fish Producers Cooperative have contracted C.M. Consultants and INFACT (Inter-Oceanic Factors, Inc.) to manage the cooperative effort.

The Nushigak Fish Producers Cooperative will butcher a good portion of their catch at Dillingham and be flown to Anchorage to freeze and will also be barged to the West Coast to be frozen.

The freezing at Anchorage is very limited so a good portion will be frozen at Seattle or on the West Coast during the peak run. Also at the peak a good portion will be butchered at Anchorage. The portion of the product that cannot be frozen at Anchorage will be frozen in the West Coast.

The main reason for so many steps is because Alaska does not have any facilities to freeze at a peak run which Alaska has most every year.

The Nushigak Fish Producers Cooperative is strongly trying to use local help as much as possible to get local participation into the cooperative effort.

The tendering for Nushigak Fish Producers Cooperative will be with the help of Levelock Village Corporation and local tenders.

The facilities for butchering in Dillingham is with the help of the village corporation of Dillingham, which has a site and a building.

The real problem the Nushigak Fish Producers face is to buy equipment and materials for the operation. The Nushigak Fish Producers cannot compete with the high interest rates and the cost of the equipment and materials. Since the existing canneries have amortized the equipment and materials over the years and that cost is not a cost factor to the existing canneries.

The Nushigak Fish Producers Cooperative also have the problem of high interest rates for a pack loan.

If the State can in any way help to give the Nushigak Fish Producers Cooperative an equipment and material cost grant for the 1981 salmon saeson, it will help a lot of people throughout the State. Also, if the State would loan money at a low interest rate so the cooperative effort can be on an on-going effort and concern for the fishing industry.

By looking at the cooperative effort, the Nushigak Fish Producers Cooperative is willing and able to try a pilot program for the 1981 season. It would really help if our government (meaning the State of Alaska) would help in any way or form to make this pilot program operate through the 1981 salmon season.

The cooperative effort would put a lot of people to work and it will help the State in the long run.

INTER-OCEANIC FACTORS, INC.
INTERNATIONAL HEADQUARTERS • LONG BEACH, CALIFORNIA



110 WEST OCEAN BOULEVARD, LONG BEACH, CALIFORNIA 90802
TELEPHONE (313) 435-7497 TELEX: 656-353 CABLE: INFACF

March 14, 1981

Nushigak Fish Producers Cooperative
P. O. Box 154
Dillingham, Alaska 99576

Gentlemen:

We, Inter-Oceanic Factors, Inc. (INFACF), would like to reconfirm our desire to work with you on the proposed program to develop a more stable marketing system for Alaskan seafood production and bring the fisherman closer to the marketing activities in both the quality of product sold and resulting financial gains. The exchange of communications and our recent meeting in Dillingham have been most productive. At this time I would like to thank the members for their assistance and hospitality during our visit last week.

In review, it is apparent that due to major changes in the national economic system, i.e. high cost of money for the marketing sector to purchase and maintain inventories of seasonally produced products, restricts the ability to pass on to the producers (fisherman) an additional percentage of any market increase to offset the disproportionate increase in the producers operating cost, i.e. higher fuel costs and increased capital investment required to maintain an equal production level.

We believe your plan for an active fish producers cooperative to maintain control of their production through shore handling and processing, thus permitting a more direct route to the ultimate market, is a valid one. Such an operation would eliminate any restriction of fishing activities, of an already short season, due to delayed raw product price negotiations. If properly financed, it would also provide a more stable market of finished products eliminating the necessity of a higher margin for the current speculating buyer system. AND, create a more responsive and supportive market by providing a more stable price, thus permitting them the opportunity to project and implement proper sales promotional activities toward the ultimate buyer - the consumer.

March 14, 1981

Page 2

Since our original meetings last fall, we have researched through our associate offices in Europe, the Far East and domestically the possibilities of establishing buyers who would be desirous of participating in a more direct purchasing system and supportive of providing additional sales promotional activity. I stated at our meeting we have been very successful and have a committed buying clientele in all three marketing areas.

In addition to operating in a variety of markets, it is also important to provide a full spectrum of products, fresh, fresh frozen and canned. Provisions for this activity have been taken into consideration in the processing and handling program being developed in conjunction with C.M. CONSULTANTS.

INFACT and its staff have accumulated many years of experience in fishing, seafood processing and market development, both domestically and internationally. In its marketing activity, INFACT differs from the norm in that it performs as a "factor" (according to Webster, a representative of a principal) not a broker and acts as a liaison between producers, processors and buyers to assist in coordination of marketing requirements with production capabilities.

In order to establish a successful cooperative marketing concept, a pilot model should be implemented first. As stated, INFACT would be pleased to work with C.M. CONSULTANTS and the NUSHIGAK FISH PRODUCERS COOPERATIVE to attain this goal. A successful pilot model would permit the establishment of effective procedures and allow the fisherman to understand his increased participation and responsibilities. The successful marketing and other inherent benefits will provide the interest and possible participation by other Bristol Bay fishermen and associations.

We will continue working with C.M. CONSULTANTS in establishing the operating parameters required for the pilot model and look forward to future meetings with you.

Sincerely,

INTER-OCEANIC FACTORS, INC.



V. E. MATTSON,
President

VEM:mee

cc: C.M. Consultants

February 12, 1981

Mr. Gene Mattson
Inter-Oceanic Factors, Inc.
100 West Ocean Boulevard
Long Beach, California 90802

Dear Mr. Mattson:

In reply to Mr. Constantine G. Gratsos's letter dated January 16, 1981, I am in complete agreement.

As we have mentioned before, the joint venture method of an arrangement between the fishermen and market is the only way to create stability. This concept has been accepted by the Fishermens Cooperative in Dillingham, also by the cooperative located in Naknek.

At this point we must conduct a meeting as soon as possible either in Long Beach or preferably in Anchorage, to cover all the issues pertaining to this venture.

Enclosed you will find a schedule that we are working with along with a summary manual on our module processing plant.

Sincerely,



R. DAVID KINCAID

RDK:mee

Encl.

February 12, 1981

Mr. Gene Mattson
Inter-Oceanic Factors, Inc.
110 West Ocean Boulevard
Long Beach, California 90802

Dear Mr. Mattson:

I, Carl Heyano, am Secretary of the Nushagak Fish Producers Cooperative which is officed in Dillingham, Alaska. Our organization has received a copy of your letter to David Kincaid dated January 16, 1981. I am authorized by the Nushagak Fish Producers Cooperative to notify you that we have agreed to the concept and intent of the letter and this has been approved by the Board of Directors of Nushagak.

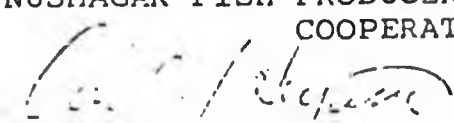
We are desirous of organizing a joint venture between Nushagak Fish Producers Cooperative and your organization on a profit sharing basis.

We have started putting our figures together for the prices and terms and will have these ready to work with when you arrive in Anchorage for the meetings.

We eagerly await your arrival here in Anchorage and if you need any further information or if we can be of further assistance to you, please let us know or call David Kincaid at C.M. Consultants.

Very truly yours,

NUSHAGAK FISH PRODUCERS
COOPERATIVE


Carl Heyano,
Secretary

P. O. Box 154
Dillingham, Alaska 99576

cc: David Kincaid

After more than twenty years of personal activity connected with international fisheries, V. E. "Gene" Mattson saw the need for a special type of organization. One which would bring together fishery and maritime experts. A source of experienced guidance in all phases of the fisheries industry. So in 1965, he organized Inter-Oceanic Factors, Inc. (INFACT).

Since then, INFACT has provided managerial, consulting and procurement services for the development of domestic, foreign and international fisheries projects. It has furnished sales direction, management expertise and procurement surveillance to principals wishing to sell or purchase products in overseas and third-country markets. And INFACT has developed an extensive import-export operation.

INFACT is a leading firm in the highly specialized field of fisheries consulting. Clients include individuals, corporations, governments and international agencies. The scope of INFACT's operations is world-wide. The professional fisheries experts on staff

have skills ranging from food technology to economics, from fisheries biology to company management. INFACT also coordinates design and specifications of various fishing vessels, ranging from shrimp trawlers to tuna purse-seiners, for clients around the world. These services include vessel and machinery procurement—and supervision of construction where necessary to assure compliance with specifications and on-time delivery.

INFACT's import-export activities include the purchase, sale and international transfer of raw and processed

fisheries products. The firm has become a major supplier of high-value items such as shrimps, lobsters and scallops—as well as tuna—to the U.S. West Coast market. Most of these commodities are imported from Far East and Latin American sources. INFACT is also developing distribution of seafood products into Canada and Europe. In addition, INFACT acts as liaison between producers and importers to assist in coordination of market requirements with production capabilities.

Besides seafood products, INFACT also deals in other food and non-food items. For example, the firm is a major supplier of food and dry goods to a supermarket chain in Tahiti, and furnishes Caterpillar engines and machine parts to the fishing industry in the same South Pacific area. Among INFACT's diversified assignments are those being conducted for the Fort of San Diego in the Far East.



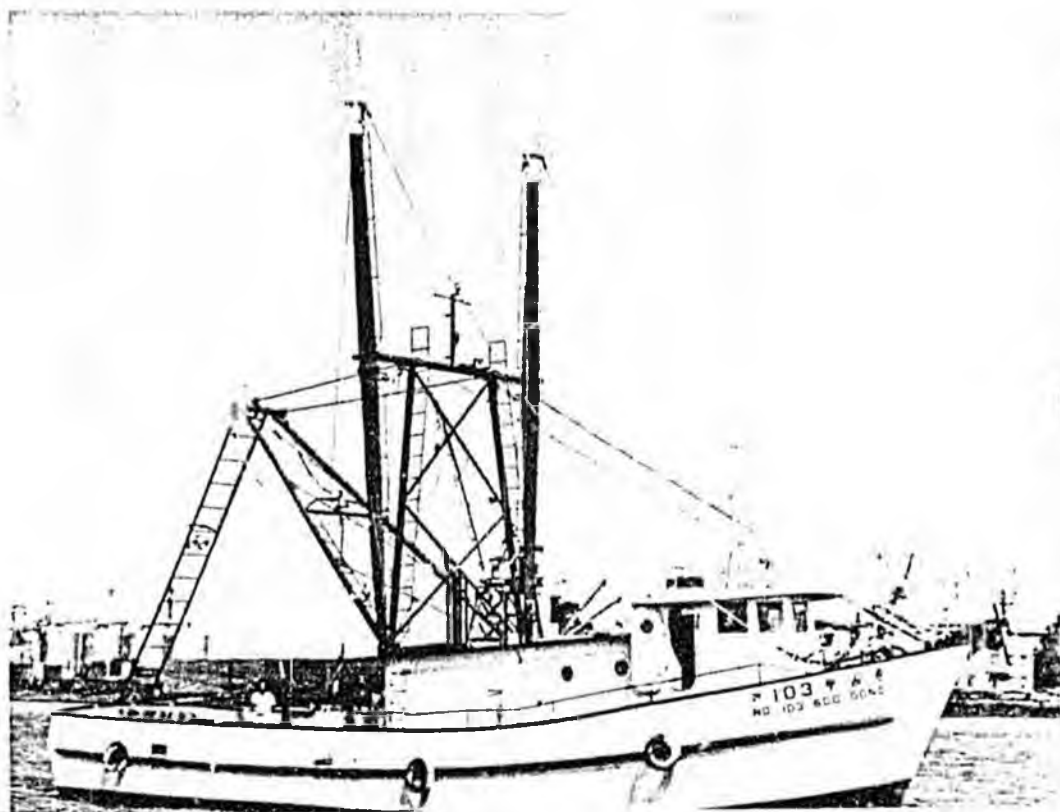
INTER-OCEANIC FACTORS, INC.



Inter-Oceanic Factors, Inc.
110 West Ocean Boulevard
Long Beach, California 90802
Telex 656-353; Cable INFACT
Phone (213) 435-7497



INFACT represents Racor Industries in the Pacific, Far East, and Mid East. Racor fuel and water filter/separators are made to handle engines from 10 hp to 10,000 hp.



THE INFACOT WORLD

Thailand, 1965-

Performed an investment survey of Thailand fisheries. Acted as consultants for developing commercial processing of frozen shrimp and lobster.

Representatives for Ackapon Export Co., Ltd. and United Cold Storage Co., Ltd. in the international marketing of their products.

Colombia, 1966-1967

Recommended fishery development programs for the government of Colombia under auspices of UNDP. Advised on investments to a consortium of major companies and government ministries in fishery projects.

South Korea, 1967-

Determined economic, commercial and technical requirements for the capture, production, processing and marketing of mackerel and tuna, a major fishery program for the government of the Republic of Korea.

Executed a program for training Korean fishermen in modern purse-seine techniques.

Assisted with overseas procurement, finance and construction of modern shrimp trawler fleets for Korean clients.

Somalia, 1967-1968

Performed an appraisal of facilities and activities of the Somalia-American Fishing Company for USAID. Presented commercial fishery evaluation of the east coast of Somalia and the Gulf of Aden.

India, 1969-1970

Acted as consultants and fishery advisers to the World Bank. Evaluated studies and loans for development and construction of major fishing harbors.

United States, 1969-1970

Developed raw material sources and packaging processes for new fishery products of General Foods Corporation.

Singapore, 1970-

Participant in construction and operation of an integrated tuna complex, including freezing and cold storage facilities, dock and vessel handling capabilities, a joint venture among U.S., Italian and Korean interests.

Venezuela, 1971-1972

Evaluated and gave recommendations for: exploitation of resources, cannery installations and fleet additions. Designed plants and supervised installation. Provided staff training program for Venezuelan mackerel and tuna packers.

Panama/Costa Rica 1971-

Consultants and managers for development and operation of tuna purse-seine fleet. Arrangement of international trading, including purchase and transshipment of tuna to world markets.

Italy, 1971-1975

Performed as consultants and advisers in the development of tuna production unit in Bari, Italy, and an international fishery program, including shore plants and fleet for an Italian government group.

Philippines, 1971-

Performed investment survey. Developing tuna production units for international markets, including fishing, freezer/mother ships and transshipment systems. International marketing of seafood and related products including vessels and equipment.

Korea/Japan, 1972

Conducted scientific appraisal of resources and requirements for proposed development of skipjack fishery, for Overseas Private Investment Corporation.

Mexico, 1973-1975

Performed as technical and management consultants for the establishment of a joint venture (Italy-Mexico) tuna project at Mazatlan, which included modern superseiners, land-based cold storage and tuna processing facilities.

Ecuador, 1973-1976

Acted as technical consultants for the development and installation of a regional fishery school at Manta in cooperation with the National Fisheries Institute and prepared a vocational training program for purse-seine captains, master fishermen and engineers, a project financed by the World Bank and the Ecuadorian government.

Guyana, 1973-1974

Performed a detailed study of fish processing and marketing in Guyana and CARIFTA countries, sponsored by the United Nations Development Program and the World Bank in cooperation with the government of Guyana.

Surinam, 1974-

Assisting the Korea Marine Industry Development Corporation in the purchase of 50 modern shrimp trawlers, built by Bender Ship Building of Mobile, Alabama; these vessels to fish the northeast coast of South America. Activities included: assistance in obtaining Export-Import Bank financing; vessel design; machinery selection and procurement; coordination of construction; liaison for outfitting, crewing and delivery.

A similar service for the construction and purchase of 10 shrimp trawlers also was provided to Jedong Industrial Company of Korea.

Indonesia, 1975-

Performed preinvestment study for fishery development project for a major U.S. oil firm.

Performed investigation and made recommendations for the development of a long-term aquaculture and pond fishery program.

Assisting in supervisory missions to Indonesia to inspect and recommend on World Bank financed integrated skipjack and tuna projects at Ambon and Aer Tembaga.

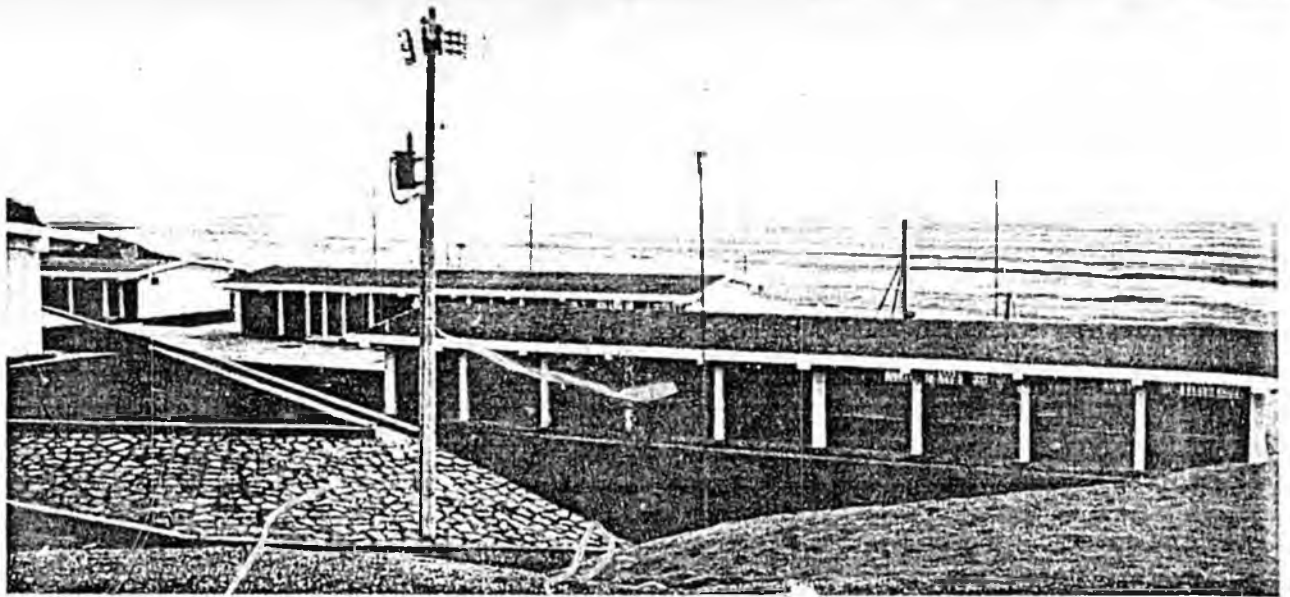
Malaysia, 1975

Participated in a development program for the fisheries sector of the east coast of Peninsular Malaysia under the auspices of the Asian Development Bank to formulate longer-term development plans for vessel construction, fish harbor complexes, marketing, technical-economic assistance and training to fishermen.

• **Commerce, 1965-**

International trade and commerce in fish, frozen seafoods and other food products. Equipment and machinery for the fishing industry. Assistance in selection, procurement, financing and construction of modern fishing vessels. Import and export of products to and from the United States, Europe, South East Asia, the South Pacific, Far East and Latin America.

Commission agents and brokers as well as direct buyers and sellers. International representatives for Racor Industries of Modesto, California.



Vocational Training

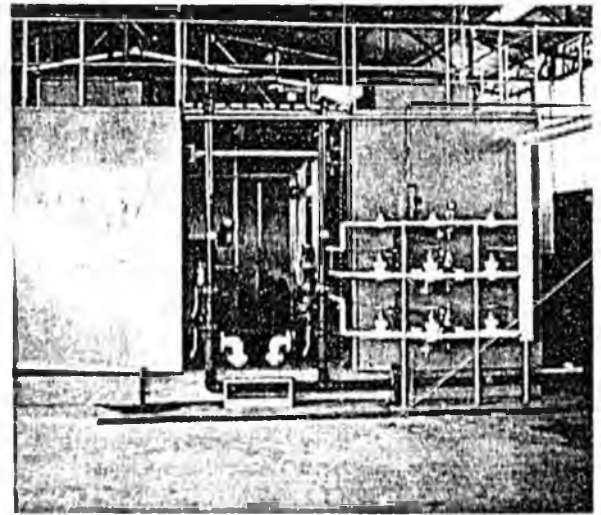
Training of personnel for the fishing industry is one of the Company's major capabilities. In addition to basic training, the upgrading of fishermen, plant workers or administrative personnel to a high level of competency is provided through on-the-job programs. For developing companies, on-the-job training may be accomplished under Management Contracts, with the ultimate goal in mind that upon the phasing out of INFACT participation, the project would be self-sufficient and operating under qualified local control and administration. Training programs vary from fish catching, vessel operation, vessel maintenance, processing, quality control, to administration and management.

The Fisheries Training School at Manta, Ecuador, is an example of vocational facilities designed, built and staffed under INFACT supervision. Here, faculty and students may learn the art of modern purse-seine fishing, engineering, electronics and refrigeration



technology, as well as a host of other specialized subjects from customized texts prepared by INFACT in addition to visual aids and full-scale working equipment.

The technical section of this Training Center comprises four principal departments: Fishery Technology; Marine Sciences; Engineering; and Nautical Science. Each assigned certain curricula and subject areas. Subject matter for the above is organized in accordance with the traditional separation of responsibilities aboard fishing vessels.



STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

SUBPORT BUILDING
JUNEAU, ALASKA 99801

February 9, 1981

Mr. Kevin Bruce, Assistant to the
Honorable Patrick M. Rodey
Alaska State Senate
Pouch V, State Capitol
Juneau, Alaska 99811

Dear Mr. Bruce:

In response to your recent request for Bristol Bay salmon fishery information I have enclosed two Department reports.

In the first report, entitled "Preliminary Review of the 1980 Bristol Bay Salmon Fishery," you will find a narrative and tabular material documenting the 1980 salmon harvest and the area's salmon production and processing capacity analysis. The report does not provide estimates of projected processing capacities for the 1981 season as many factors will influence industry planning and their actual inseason effort. Generally, we do think that the 1981 processing effort and capacity will be adequate to handle the forecasted 21.2 million salmon harvest. This is provided that all onshore canning and freezing facilities are utilized to the extent they were during the 1979 and 1980 seasons.

The second report, the 1981 Bristol Bay sockeye salmon forecast, describes the run projection developed for each of the major sockeye salmon producing river systems in Bristol Bay along with estimates of harvestable surpluses by fishing district.

Your question on eventual 1981 salmon prices is difficult to answer. We hope for an early settlement this year as the projected run of 26.7 million sockeye salmon will not allow the industry and fishermen the extended harvest opportunity that last year's 62.4 million salmon run provided.

Fishermen are generally aware of this fact and will be seeking a resolution before June 20, 1981 when strong sockeye catches historically begin. Further, many fishermen suffered significant financial setbacks as a result of last year's extended strike and they probably will be very reluctant to incur similar hardships this season.

Mr. Kevin Bruce

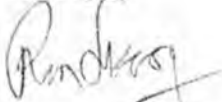
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February 9, 1981

On the other side of the issue, the industry's price offer will depend heavily on market conditions and current holdings or inventories in addition to other factors. Our Department cannot adequately comment on these matters with the information now at hand. However, the Governor has established a planning task force to review the situation in the upcoming months and report back their findings. We are participating in that effort.

Please let me know if the Department can be of further assistance to you in this matter.

Sincerely,



Ronald O. Skoog
Commissioner
(907) 465-4100

Enclosures



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

March 12, 1981

Mr. Brad Matsen
Alaska Fisherman's Journal
1115 NW 46th Street
Seattle, Washington 98107

Dear Mr. Matsen:

Please find enclosed an initial hearing report from the Bristol Bay area.

The Committee will be holding final hearings on March 16 at 1:30 p.m. in the Butrovich Room..

Sincerely,

Kevin K. Bruce
Committee Aide

KKB/ods
Enclosure



Alaska State Legislature

House of Representatives

February 11, 1981

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

MEMORANDUM

TO: Rep. Fred Brown, Chairman
House Judiciary

House Judiciary Committee Members

FROM: Rep. Joseph Chuckwuk *JC*

SUBJECT: Revocation of Commercial Fishing Permits

I was recently informed that the Governor is entertaining the thought of amending the commercial fisheries limited entry law to provide for the revocation or suspension of permits held by fishermen convicted of certain crimes committed during fishing strikes.

As you know, the Governor is highly concerned about the potential problems that may arise in Bristol Bay this summer. Last year's strike prompted the Governor to appoint Avrum Gross to head the administration's special Bristol Bay Task Force in examining options open to the State to intervene in price disputes between fishermen and processors and methods which may be used to prevent "civil disobedience."

One suggestion from the Governor's office is to revoke or suspend commercial fishing permits held by fishermen convicted of committing certain crimes during a strike. There are already laws that handle various kinds of offenses. An amendment like this would create problems rather than prevent them.

Although I have not seen any proposed amendment, I was informed that it is being considered. If and when the amendment is proposed by the Governor's office, I would like to completely review the matter with the members of the House Judiciary Committee.

cc: Senator Pat Rodey



Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

February 13, 1981

Commissioner William R. Nix
Alaska Department of
Public Safety
Pouch N
Juneau, Alaska

Dear Commissioner Nix:

I am extremely concerned about the upcoming Bristol Bay salmon season and the role that the Department of Public Safety may pursue during the negotiations over salmon prices between the fishermen and the processors.

Governor Hammond is quite concerned himself; in fact, as you know, he appointed Avrum Gross, one of his close political advisors, to head a special task force of which you are a member. The Task Force is to analyze the problems, as perceived by the Governor, that arose last summer and to make certain recommendations to ensure that those problems do not reoccur.

Since your department maintained a high profile during the fishing strike in the Bay area, I would like to know what you, as Commissioner, think happened in Bristol Bay last summer regarding violence, and, certainly, I would like to hear of your concerns regarding this summer's season.

Your department must be aware of specific acts of violence, since the Governor has become so concerned that he has entertained the idea of amending the commercial fisheries limited entry law to provide for the revocation or suspension of permits for those convicted of committing certain crimes during strikes. I would like you to enumerate the specific acts of violence you are aware of that occurred in the Bay. How many arrests were made by your department during the strike? How many persons were prosecuted? How many persons were convicted of committing acts of violence during the last season? (I am looking for solid facts.)

To entertain an extreme idea such as the revocation or suspension of permits, the Governor, in his concern over violence, must be relying on data compiled by your department, or at the very least, he must have been given reports of violence that have been substantiated by your department.

I certainly don't condone violence, but the prospect of revoking or suspending fishing permits is questionable. You can recite the numerous laws designed for public protection. There is no shortage of criminal laws; the issue is simply one of enforcing those laws already on the books.

I would appreciate a quick reponse to the questions that I have posed to you. As I have already said, I am extremely concerned about how the administration perceives the potential problems that may arise in Bristol Bay this summer.

Sincerely,



Representative Joseph Chuckwuk

cc: Governor Jay Hammond
Senator Pat Rodey
Senator George Hohman
Mr. Avrum Gross

JC/ah

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY OFFICE OF THE COMMISSIONER

POUCH N - JUNEAU 99811

February 25, 1981

465-4322

The Honorable Joseph Chuckwuk
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Chuckwuk:

In response to your letter of concern on the past and future of this Department's position related to the Bristol Bay salmon season, at the outset, the Department will continue to follow its mandate, as it has in the past, of taking such action as necessary to preserve law and order and to protect the lives and property of all Alaskans.

As I am sure you are aware, confrontation begets violence. If confrontation does exist and a deterrent to violence is present during that time to prevent or reduce its capability of occurring, the results are less severe than stopping the violence once it occurs.

The Department's action as related to Bristol Bay was primarily that of detering the violence that was ever present during the confrontation that existed between fishermen and processors as well as fishermen and fishermen at the time of salmon price negotiations in that area.

The information you requested as related to actual cases in the Bristol Bay area is as follows:

Criminal

Data covers Bristol Bay area for April through July of each year.

	1978		1979		1980	
	Off./Arrest	Off./Arrest	Off./Arrest	Off./Arrest	Off./Arrest	Off./Arrest
Homicide/Manslaughter	1	1	1	1	Ø	Ø
Rape	1	1	Ø	Ø	Ø	Ø
Aggravated Assault	Ø	Ø	5	3	8	5
Burglary	5	1	6	1	12	1

Representative Chuckwuk

-2-

February 25, 1981

Larceny	27	2	5	2	17	1
Other Assaults	9	5	5	2	4	1
Vandalism	9	1	6	4	12	2
Weapons	1	1	2	2	1	0
Disorderly Conduct	3	2	2	2	17	6
Arson	0	0	1	1	0	0
All Other Offenses	35	8	20	6	39	7
Total	91	22	53	24	110	23

Fishing Citations Issued

Commercial	60	91	26
Sport Fishing	3	9	2
Total	63	100	28*

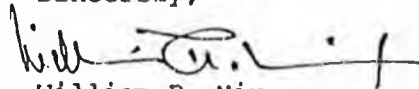
*Note: 1. In 1980 there were no closed water restrictions.

2. In 1980 Fish & Wildlife Officers assigned to land, boat, and aircraft in the Bristol Bay area concentrated on necessary peace keeping activities.

The Department's enforcement intelligence indicated that the prospect of violence in the Bristol Bay area during the 1980 salmon price negotiations was real, and covert and overt acts were committed to substantiate that information. As a result, the Department in its role of crime prevention elected proaction rather than reaction. The outcome related to our presence to reduce the possibility of violence in Bristol Bay was obviously effective.

The position this Department will take in the upcoming 1981 Bristol Bay salmon price negotiation will be a reflection of conditions that prevail during that time and will be solely based on a level necessary for peace keeping and the protection of life and property.

Sincerely,



William R. Nix
Commissioner

cc: Governor Hammond
Senator Pat Rodey
Senator George Hohman
Mr. Avrum Gross

25 Feb 81
5:25 PM
Phone conversation w/ Commissioner Nix / says he will not provide information! Jac



Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

February 20, 1981

Mr. Steve Pernoyer, Director
Department of Fish & Game
Division of Commercial Fisheries
Support Building
Juneau, Alaska 99801

Dear Mr. Pernoyer:

I reviewed the following legislative status reports you recently sent me: Kuskokwim Coho Research, Kuskokwim Bay Management Expansion, Bristol Bay Sockeye Smolt Studies, Bristol Bay Salmon Test Fishery, and the Bering Sea Herring Management Expansion.

I am concerned that the herring fishery in the Bering Sea has grown to be the largest herring fishery in Alaska in the short time that it has at the expense of threatening the resource itself. Little substantive research has been completed pertaining to the management of these stocks on a sustained yield level, and little has been done to determine what effects heavy harvests of Bering Sea herring have on other marine life. There are different stocks of herring in the Bering Sea: what are the sustained yield levels of these different stocks, i.e., what level of harvest is Kulukak Bay capable of sustaining?

There must be a basis upon which the past management decisions governing the Bering Sea herring stocks have been based to allow the tremendous harvest and "waste" of these stocks. Upon what basis did the Department of Fish and Game make their decision to permit the seiners to participate in the Bering Sea herring fishery? What level of harvest, in tonnage, is the department expecting for the different herring stocks in the Bering Sea this next season? In addition, what effects may an over-harvest of these different stocks have on other marine life?

I would appreciate a prompt reply.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph Chuckwuk".

Representative Joseph Chuckwuk

cc: Commissioner Ron Skoog

JC/ah



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Sturgulewski, Senator Hohman
FROM: Kevin K. Bruce
DATE: February 20, 1981
SUBJECT: BRISTOL BAY HEARINGS
February 28-March 1, 1981

The following individuals have been confirmed as witnesses before the hearing committee in Bristol Bay:

Dillingham

Truman Emberg - Western Alaska Cooperative Marketing Association
Harvey Samuleson - Western Alaska Cooperative Marketing Association
William Nicholson - Individual
Val Angasen - Bristol Bay Native Association
Andy Golla - Individual
Jack McBride - Imapik Aquaculture Association
Representative from City of Dillingham

Naknek

Stuart Bowdoin - Bristol Bay Borough
George Gottchalk - Individual
RALPH ANGESEN - AIFMA
JOHN LUNDGREN - AIFMA
MITCH KINK - AIFMA

Senator Sturgulewski

2.

February 20, 1981

Some difficulty exists in determining the actual number of individuals who wish to testify in both Dillingham and in Naknek. Many of the persons listed are securing additional individuals to appear before the Committee, and the list should not be considered anywhere complete. The local radio station is playing public service announcements regarding the hearings and plans to broadcast portions of the hearings on Saturday night. This should also increase the participation in the Sunday meeting in Naknek.

Additionally, I have been informed that the presence of Commissioners Nix and Skoog will greatly increase the local participation.

I have been informed by Representative Chuckwuk's office that several individuals will be present who are bilingual, in the event a translator is needed.

For your information, I have attached newspaper articles, chronicling the events in Bristol Bay.

KKB/ods
Attachment



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Hohman
Senator ~~Mulcahy~~ STURGOLEWSKI

FROM: Kevin Bruce
Committee Aide

SUBJECT: Status of Bristol Bay Hearings

DATE: February 16, 1981

On January 28, Senator Kerttula requested that the Senate Judiciary Committee examine the public safety problems which surfaced in Bristol Bay during the 1980 salmon season.

After some examination, two aspects became clear:

- 1) Public safety concerns could not be divorced from the negotiating process since the former is a function of the latter; and
- 2) Since State Resources played a vital role, a representative from that Senate Committee should also be involved in the hearing process.

Senator Rodey was contacted by Avrum Gross, the Governor's personal representative on the Bristol Bay Task Force, about working together on the problem. Senator Rodey agreed to do so, in order to eliminate unnecessary duplication of effort.

Several House members have also expressed an interest in participating in the hearings, including Rep. Chuckwuk, Rep. Vaska, and Rep. Zharoff.

In conversations with Rep. Chuckwuk's staff, we have tentatively agreed that the Legislative Committee should be comprised of:

Senator Hohman	Representative Chuckwuk
Senator Mulcahy STURGOLEWSKI	Representative Zharoff

In addition, Avrum Gross would participate as the representative of the Task Force, and myself as staff to the committee.

Senator Hohman, Senator Mulcahy

February 16, 1981

The Senate Resources Representative is not yet firm, and Chairman Fahrenkamp may select a different senator based on scheduling conflicts.

The Bristol Bay hearings will be primarily a fact-finding and needs-assessment hearing. Three primary concerns have already surfaced in discussions with fishermen:

- 1) The Administration's repeated plans to revoke limited entry permits for individuals convicted of violent acts on the fishing grounds; and
- 2) The expressed need for reliable information source on salmon market conditions, processing capabilities, run size, etc., for a base from which to negotiate; and
- 3) The perception that public safety officers kept the peace largely at fishermen's expense during the 1980 season.

Undoubtedly, other concerns will also be voiced by residents of Bristol Bay.

The dates for which we are shooting are February 21, for Dillingham, and February 22 for Naknek (see attached schedule). Additional hearings will be scheduled in Juneau in the following weeks to hear testimony from the Administration, marketing associations not represented in Bristol Bay, and for processors.

At this point, hearing facilities are being arranged by Rep. Chuckwuk's office. I will make the travel arrangements and generally coordinate the affair.

If you have any questions, suggestions, or requirements concerning this, please let me know.



Official Business


Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Sturgulewski
FROM: Kevin K. Bruce 
DATE: February 27, 1981
SUBJECT: BRISTOL BAY HEARINGS

You have asked that I prepare a memorandum of the hearings, and specifically your role in the hearing process.

As Chair, I suggest you stress that:

- 1) The Legislature is conducting the hearings at the request of Senate President Kerttula;
- 2) The Administration's representatives are there as a courtesy to the Governor, not as members of the hearing authority;
- 3) The Legislature is on a fact-finding mission to secure the input from the residents of Bristol Bay as to what they see as:
 - a) The State's role in the negotiating process in Bristol Bay; and
 - b) The public safety concerns they may have in relation to price disputes.
- 4) That further hearings will be conducted in Juneau on the same questions, with outside processors, fishermen not represented in Bristol Bay, and the Administration;
- 5) That a report with recommendations to the Task Force and to the Legislature will be prepared at the conclusion.

I do see a potential problem that has surfaced prior to the hearings. Senator Hohman has informed me that he will not

Senator Sturgulewski

2.

February 27, 1981

participate in the process. It would seem that in order to do this, he would have to explain to his constituents why he is not participating, necessitating unfavorable comments toward the hearings and its objectives. You might wish to discuss this further with him.

If, in fact, an appropriation from the Legislature is needed to fund a marketing study, the fastest approach might be to ask the Legislative Council to do so, by concurrent resolution. Directly appropriating the necessary funds could cause some delay, and as you know time is of the essence.

KKB/ods

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

Over several years there has developed practically an adversary relationship between the fishermen 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 counterveiling 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

extremely conservative in their pricing. If the fishermen aren't willing to take on any risk, they deserve less of a return. This in effect puts 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.

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.

The feeling I got from the people I talked to is that most of the 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 owes 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. ←

- 4
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.



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Kerttula
FROM: Kevin K. Bruce
DATE: March 12, 1981
SUBJECT: BRISTOL BAY VIOLENCE

I have reviewed the memo from David Gottstein and have several comments:

The situation in 1981 is totally different from 1980 in Bristol Bay and, in fact, resembles 1979 more closely. The projected harvest is 21.2 million fish. Total processing capability in the Bay area is about 23-25 million fish; therefore, processors and fishermen have a tremendous incentive to settle early and maximize the harvest.

Additionally, the market situation is also slightly different. The latest inventory information indicates that frozen markets continue to be somewhat slow, but improve from last year. The outlook for the canned pack is deemed positive. The current Japanese wholesale prices for U.S. pack have continued to rise to a current level of about \$3.37 a pound.

What all this indicates is that prices at the dock should be up from 1980 as well as demand; therefore, a logical reason for extended price negotiations does not exist.

Admittedly, logic has not always prevailed in Bristol Bay negotiations, but early indicators suggest that most parties wish to avoid a repetition of last year.

The actual presence of violence last year is being presented in conflicting views. Residents of Bristol Bay claim that events were distorted in the media. Commissioner Nix of Public Safety has also indicated that the potential by far exceeded the actual instances of violent acts. Some Icicle fishermen, notably Phil Daniels, maintain the violence was very real. (Daniels is expected to testify before the Committee on March 16).

STUART H. BOWDOIN
BOROUGH MANAGER



*Senator Pat Rodey
For your information
FM! Rep. Chuckwak*

TELEPHONE
(907) 268-4224

Bristol Bay Borough

Box 189 • NAKNEK, ALASKA 99633

February 11, 1981

RECEIVED

FEB 17 1981

Governor Jay S. Hammond
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond:

It is our understanding that a Task Force for the Bristol Bay Fisheries will hold public hearings in Dillingham.

More than 70% of the Bristol Bay salmon catch is harvested and processed in the Naknek area. It is our opinion that the task force should also hold a meeting in Naknek.

The Bristol Bay Borough request your assistance in this matter.

Sincerely,

Stuart H. Bowdoin
Stuart H. Bowdoin
Borough Manager

SHB:bjt

bcc: Representative Joe Chuckwak



UNITED FISHERMEN OF ALASKA

MAILING ADDRESS:
P.O. BOX 1352
JUNEAU, ALASKA 99802

OFFICE
197 S FRANKLIN ST
907 586-2820

UFA MEMBER ORGANIZATIONS

- ✓ ALASKA INDEPENDENT FISHERMEN'S MARKETING ASSOCIATION
6333 Sugar Maple Street S.E.
Olympia, Washington 98503
- ✓ CHIGNIK BOAT OWNER'S ASSOCIATION
Phyllis Carlson
c/o 603 East 4th Street
Juneau, Alaska 99801
- ✓ COMMERCIAL FISHERMEN OF COOK'S INLET
Box 2641
Kenai, Alaska 99611
- ✓ COOK INLET FISHERMEN'S FUND
Box 3
Ninilchik, Alaska 99639
- ✓ HALIBUT PRODUCERS COOPERATIVE
P.O. Box 1235
Bellingham, Alaska 98225
- ✓ NORTH PACIFIC FISHERIES ASSOCIATION
Box 796
Homer, Alaska 99603
- ✓ PENINSULA MARKETING ASSOCIATION
Box 32
Sand Point, Alaska 99661
- ✓ SOUTHEAST GILLNET FEDERATION
Box 1186
Juneau, Alaska 99802
- ✓ ALASKA TROLLERS ASSOCIATION
P.O. Box 5825
Ketchikan, Alaska 99901
- ✓ COMMERCIAL FISHERMEN'S CO-OP ASSOCIATION
c/o 702 Water Street
Ketchikan, Alaska 99901
- ✓ COOK INLET FISHERMEN'S ASSOCIATION
SRA Box 48T
Anchorage, Alaska 99507
- ✓ CORDOVA DISTRICT FISHERIES UNION
P.O. Box 939
Cordova, Alaska 99574
- ✓ KENAI PENINSULA FISHERMEN'S COOPERATIVE ASSOCIATION
Route 2, Box 752
Soldotna, Alaska 99669
- ✓ PETERSBURG VESSEL OWNER'S ASSOCIATION
P.O. Box 232
Petersburg, Alaska 99833
- ✓ SOUTHEAST ALASKA SEINE BOAT OWNERS AND OPERATORS ASSOCIATION
728 Water Street
Ketchikan, Alaska 99901

Dillingham

Artist - not a fisherman

Joe McGill

- state was worst enemy
- to loans to processors gave them support
- 20. Use of State Troopers

Andy Galia

BBNA - Economic Planner

Board of WACMA

Fisherman

but representing himself

1. calls for state market study -
to be done by well-known marketing firm
and, ^{consultant selection} accepted by fishermen + processors
 1. world market + market conditions
 2. for Bristol Bay Salmon in US, Japan + Europe

Joe Clarke - Clarke's Point

1. Personal example of dealings with troopers -
troopers protected processors + threatened fishermen

Fred Ougasson

Exec Dir - BBKilling Assoc + Fisherman

1. Strikes are usual, and non-violent
2. There are laws, courts + process to handle violence as it occurs

Mitch Krink - Fishing since 1946, in bay since 1952

AIFMA representatives 700 members 33% from
the Bay

General manager, AIFMA, charged with
negotiating next years agreement

1. PR on fish surplus done by processors was
misleading - especially burden on
processors finances = most financial
problems (NEFCO) were due to industry
overextension in other areas

2. ~~It~~ Talk that 21 million more fish could
have been caught is misleading -
the canneries could not have handled

3. F+G moved up emergency period from
June 23 to June 9 - aids processors
and prevented fishermen from open
fishing prior to emergency period
(AIFMA allows fishermen to fish on their
own until emergency period - by moving
up emergency period, support for AIFMA
negotiations could have been hurt)
(F+G opened because run started. AIFMA's
own rules prevented fishermen from fishing)

Value of study -

1. In 1975, fishermen were bound by a sliding price scale based on numbers given by processors

2. Philosophical approach = the value of the fisherman in the final wholesale cost of the product = What percentage of cost is fisherman worth?

Does fisherman contribute to 50% of the final product? 35%? - need outside study to show figures -

This would allow market price to fluctuate, negate price setting problem, if fishermen are guaranteed a % of fish.

NIX-

asks several questions on what role of troopers is.

MITCH - willing to ~~ask~~ for arbitration/mediation but both sides have to agree to follow up on the findings of arbitration

Key lesson - BBNA

Point - wholesale prices appear to fluctuate to the processor's own ends - low during settlement + year-end reports to the state, and raise dramatically one pressure is off. State response may be to change use of timing of industry reports.

- 1) Most local fishermen have no other source of income
- 2) Prices must reflect fishermen's cost of living
- 3) Low Price/High volume doesn't work because processors haven't geared up to increase pack sizes.
- 4) Many people use CETA, BIA general assistance for pure survival - cuts in these programs will place more reliance on fishery - 2 million in CETA + BIA gen. assist
- ~~5) Fishermen support~~ 5) Fishermen sacrifice aid processors
- 6) Need for infrastructure improvements to encourage increases in marketing, processor capacity, etc = docks, airport, loans to new or expanding processors

Robin Samuelson

Independent Fisherman, Fresh Frozen

- 1.) Major market problems in 1977 pack lead to 1980 problems - ^{being no score, quality} year dropping
- 2.) 1977 quality problems blamed on processors
- 3.) Iceless low price due to signing pre-season contract w/ Japanese, as state didn't get timely pack loans - Japanese pack financing limited iceless to paying fisherman 40%

Recommendations -

1. State study market
2. State set base price
3. State loan on pack financing with stipulation that ^(a) fisherman get kick-back of percentage of what final actual price for previous year was above base price set for last year for ^(b) processor agrees to a base price for next year as stipulation of pack loan

Requires
 1) price base not low, no
 commodity not hurt by
 selling below base
 2) base adjusted base
 as pack sales upward
 but - occur to increase
 are necessary to sales figures
 work. especially if
 interest rate to processor
 is subsidized by
 public funds.

Jack McBride

Ematipik Regional Aquaculture Assoc

- 1.) Referenced newspaper article in ~~news~~ from "The Journal" - Alaska Fisherman's journal from issue that went out during time of 1980 strike.
- 2.) Contrary to popular wisdom - shows need for study
- 3.) "audant" that gave several recommendations
- 4.) One recommendation was on state assistance in infrastructure - Arlin's question on how infrastructure should be developed
- 5.) Question from Rep. Chackwick - was threatening posture by Gov's office the wrong approach - Rep. Chackwick continues = fish is a proven renewable resource = lets provide the infrastructure here on a priority at least equal to the unproven renewable or non-renewable resources.

AV is mountaintop = talk about the waste of a state resource, but sees funneling of study by State as intervention into a private market process.

Val Luger representing self -

- 1.) Comment on previous studies done
 - Tape on BB
 - Roger Pointe's report
 } both had misleading information + misleading implications
- 2.) Recommend Gov's task force to set parameters on price negotiation
- 3.) State involvement - two edged sword, but history of price disputes may demand state involvement
- 4.) Marketing study - better idea of Fairness of prices, point is value gained by use of state funds for study is gained by all of Alaska
- 5.) Recommendation - If legislature is interested in settling price disputes, should see villages + dependence on fisheries.
- 6.) Use of State Funds to support processors that gave unfairly low prices - tie pack loans to price settlements loans should give first lien to fisherman
- 7.) Dillingham airport needs lengthening to support Air Fresh Program mkt
- 8.) go ahead + fund other fisheries studies

Val gave dig at limited entry limiting ability to get into fishery.

Follow up after mtg →

Lynnan Smith

Former Fisherman, now on planning commission of city.

- 1) Has been a steady stream of evolution in industry - one reason for price disputes is lack of direction in present evolution of industry
- 2) ~~Price~~ Price equity - one problem is risk factors
 - a) Traditionally pack loans were US risk capital
 - b) now, pack loans come from outside, and may allow some market manipulation
 - c) Recommends = shared risk situation - processor / fisherman (floating price) / state _{low interest}
- 3) Market ~~to~~ mix - canned, fresh and fresh frozen
 - a) Fresh goes to US market, but is weakest link. High potential mass market with high income.
 - b) Supports market promotion
- 4) Airport improvements
 - a) parallel taxiway would increase # flights - get airports off runway so others can use - also safety factor
 - b) increased support area - ramps and facilities.
- 5) Federal involvement in permitting = need changes in wetlands = need

a/

- need local industry development. What adjustments/replacement must be made if conveyer jobs dry up. Need substitutes

Q - Comm. Weber - what is 1985

Smith - industry as a unit has to promote markets - can't be left to individual components

Q - Weber = quality of BB Fish

A - Problem is educational + upgrading of handling of fish.

Whitehead - European market - BB can not compete on quality basis with fish from European market

Smith - Industry should regulate itself - let state work on education, funding, new techniques, but don't mandate those techniques.

Q - Av = has there been large scale coop attempt

10/

Don M. Clune - Levelock - phone-in

Joe Chuchurik = House CRA is looking at an alternative to CZM program.

Mike Whitehead = There has been no formal word from Interior/BLM on a Federal accelerated lease schedule.

Arlin - People can request teleconference from Resource Chairman on CZM Bill.

Jim Beaman - Fisherman/processor

General comments

1) Price of Fish

Pre-season contract prices to broker, Elsie Pt
125/16 fish 450/16 eggs

This year at Clou's Point for processed fish

^{1.50}
225 = Seattle processed fish price

2) Higher price possible if processor can freezer van
Fish of Sea Land = takes dock and storage/
handling facilities to do this.

Sealand costs 254/16 to Seattle.

3) Supports risk sharing concept - but - fisherman must accept low price with some at later time.

4) Supports state loans for payment of low price by processors

5) Bore Price -

5) Q from Joe - would it be better
to sell directly to Japanese?

Resumen = lots of difficulties -

It might be more profitable
to fishermen immediately, but
maybe not to overall local
economy; and maybe not to
fishermen if those markets
dry up + locals don't have
other market structures to turn to.

Carl

sec. Nushagak Fish Coop

trying to put pack agreements together
(had one contract that was rejected
by the council)

Follow up
on that

Mitch - BE price settlement does serve as
the base for many other regional
contracts, so gives more support
to a state study

McBride - quality = must depend on eventual
customer's evaluation of quality

level harvest =
constant market

Henry Sprew (sp?) Fisherman -

one help = stabilization of the run -
don't discontinue hatchery penhouse and
programs because of peak years - lean to con

Mark Seegars -

BBWA Econ Dev. Specialist

- Should be relationship of US Fed Gov to Japanese Gov = international treaties may be used as lever to get some market structure changes

Thomas Crandall - Fisherman

Promotion of US markets - how will it work if Japanese control the marketing structure.

Comm. Weber = Seafood Marketing Institute = hope to develop new market structure as well as demand.

Ronny Houser - Fisherman

Fish is too high priced in market - price must come down if market is too expanded.

Jerry

- UFA

Why was Commission formed - What are they going to come up with price recommendations

Leon Braswell - questions on use of troopers

Recommend low saying no scabs

Hyman Smith - speaks to Sweetheart clauses (sets price setting burden of many over Con. B. Bay)

- wholesale market reports - state could require negotiation on % of wholesale price

13

Carl Louren - question on pulling of permits for violence.

~~Robert Samuelson~~

Monney Samuelson - \$100 million distribution of pack box - state own Salamontof

City Manager -

Infrastructure Problem

- 1) Against selling of permits
- 2) Dock + boat harbor - need major improvements all available beachfront taken by existing processors - no room for new people / processors (even if structure is gone land is still in processor ownership)
- 3) Need alternative to services provided by processors to enable fishermen to actually go independent - boat storage, repair, parts, boat harbor (100 boat design of 500 users)
- 4) Boat harbor expansion - needs dredging, expansion, fire protection
- 5) 160' Dock - can't be used when cargo barges are in
- 6) Need for water + power, account cold storage facilities at city dock to service independents + new processors.

All kinds of infrastructure problems faced by local fishermen that are not faced by outside fishermen who use private docks + facilities

14/14

Fred Samuelson - Q from Joe on the marketing quality contract through legislative council

- 1) education program on fish quality methods
- 2) Interpret market info to British Bay Region
- 3) Fishing Business advice to small fisherman
- 4) Loans + financing sources
- 5) initial OCS impact assessments
- 6) Program plan for Fisheries diversification - herring + bottomfish
- 7) BB regional Fisheries program plan

Kathy Larsen -

Husband is member of Nushagak Coop -

US interest in buying fish, but buyers are scared off by lack of infrastructure.

Stan Small - processor w/ 25% interest in city docks only paid 20¢/lb.

Naknek Mtg

March 1, 1981

- Rep Joe Chuchuck opening remarks
- Aulin - overview
- Ans - Trade Force role
- Aulin - question of pricing study -
what should it be, how should it be funded.

John Eckert - Fisherman
representing self -

1. Processors can only handle 25 million fish -
they won't open early because they
can't handle more fish. (Takes pressure
off negotiation / settlement at beginning)

Comm. Skoog -

Board of Fisheries have set out ground rules
for allowing floating processors into Bay.

Ans - question of cannery employment dropping
if foreign processors are brought in.

John = Fisherman knows that they must work
with canneries, and floating processors so
have limits placed on them, to ensure that
canneries get their fish.

Herring Fishery

- 1) IF tender does not buy fish, the Fishermen has to throw back, and is liable for that waste of fish, even though processors make decision
- 2) Problem with restrictions on herring taken by tender - reduces market

Mitch Kinnik

AIFMA

1. State should not do anything while price negotiations are going on - but have standby plans to implement if required - public safety; resource waste (coll processors in); etc
2. Set Deadlines for specific stages - start of negotiation; initial price offer; vote; etc
3. Do away with the one-company-for-a-boat system. If one company settles, all boats should be allowed to sell to that company. If processor can't handle volume, should be made to wait until other price settlements are made.

who prevents them from
their own arrangements
with a company/credit line?

3
~~4. Don't open sea~~

4. IF price is not settled in Bay,
don't let anyone fish - don't issue
year licenses until price is settled

5. Create a climate for negotiations through
profile of the prices, pack, ~~to~~ market, etc
historical overview of trends of settlement,
dates, prices, catch size, run sizes.

6. Comprehensive study of world markets
for BB Salmon - to be done by an independent.
Must be completed by mid-April so all
sides can look at it
price, market, effect of pack size on
market, wholesale vs Retail prices, % of
value of catch fisherman receives,

QA who can gain enough trust from both sides
to have study accepted or recognized.

Mitch - don't know - have to try = state is
more likely to be accepted by both sides
as objective than if one or other side
sponsored alone.

Should be funded by State ^{to} avoid appearance
of

To idea has two benefits - Both Fisherman + processor have stake in getting maximum profits = Maximizing profits depend in part on quality of products

Anthony Belachi -

Study needs to be continuous; problem with ALMA study was that it was only current to February.

Point - how to develop ongoing capability to monitor market

Mitch - study should be used to establish base price; sliding scale used to come up with adjustment or bonus.

Kevin - what if base price is too high = do processors lose out?

Mitch - no - not setting a price, but, by using the current price negotiate the Fisherman's share of the cost = idea is to turn

Joe - interest in how other areas do their price settlement

George Pottschalk SR

Representing self.

- 1) State doesn't provide information
- 2) ARRC ownership of Salamontof - state conflict of interest = what type of operation will state allow Salamontof to run this year = strike breakers last year.

5/-
81

- 3.) Question of whether the State represents public interest or - to support processors line of argument.
- 4.) Recommend state should not back processors in a manner that influences price negotiations.
- 5.) Troopers are pro-processor - need to look at operation.
- 6.) AK Constitution - need to get back.
- 7.) Togiak fisherman were unable to sell herring to processors that receive state backing.
- 8.) Bush is ~~at~~ under-represented in consideration of fisheries management.
- 9.) Need licensing office in Wainwright, so all fishermen + comery workers don't have to drive to King Salmon.

Monty Handy - Air Taxi Officer, Former FFW officer.
~~Fisheries~~

- 1.) Local Fisheries really are controlled by foreign interests.
- 2.) State lease of tidelands for fish transportation seems to be influenced by big money companies. Example of his own ^{DOT flight} ~~lease~~ lease cancellation.
- 3.) State programs make it harder for small, local

6/
 New - need audit on lease programs -
 Are they oriented toward big interests
 DOTPP ramp space, tideland leases

interests - benefits go to big companies
 4) State is financing Foreign interests

John Asplund

- 1) Problems with lack of uniformity in gear
 reqs throughout Alaska - esp. Set Net
 Set Net 50 Fathom limit is antiquated
- 2) State of Washington 'Pink Sheet' which gives packers
 size of pack, price to wholesalers, value, remaining
 in storage, etc.
- 3) Supports sliding scale method -
 establish a base year as initial
 negotiating point.

Harvey Samuelson

1. Recommend State set a minimum price on
 salmon as a State resource (they have
 set minimum prices on other ~~state-owned~~
 or use of state-owned resources = gravel,
 timber, etc.
 Ar = anti-trust. To be legal, state would have to
 buy all the fish from fishermen and
 resell to processors.

7/
John Lundgren -

UP - AIFMA

- 1.) No pressure on commercial to see the early.
- 2.) In order for state to have any role, they must be ready put pressure on parties

Q - Joe = what about foreign processors in -
Real problem is ability of existing processors to adjust size of pack on their own

Mike Makkala = representing his own views

Naknek Advisory Committee

- 1.) Fishermen not getting enough for fish
- 2.) Most processors bought for ~~87¢~~ 87¢
- 3.) Support sliding scale
- 4.) Processors can not handle fish, no matter what they say
- 5.) Salomantuf = state needs more in-depth review of loan application
- 6.) Market development - state needs to do it as the processors have steady Japanese market and don't want to develop any domestic US market.

Big problem of sliding scale or % price = where do you take the price in a tight market integrated processing and marketing structures and financing.

Kawaji = Rodley will be looking at ANRC, CPAB & and post loan issues

George Gattshak Jr
representing self

- 1) Japanese control - need laws on % of Foreign ownership of "US" corporations
- 2) Japanese depression of catch which can be used to argue for larger Japanese allocation of catch within 200 nautical miles limit.
- 3) Need regional management boards.
- 4) Call in foreign processors in big years
- 5) No competition in Fishery - Permanent Fund should be used for more development financing.
- 6) Policy on ANRC + STAB - don't use to subsidize foreign corporations
- 7) Recommend Federal arbitration, not State. Settlement by March, as market conditions are known by then. Federal arbitration because doesn't trust state.

Richard Johnson - Fishermen

- 1) Toyiak - completely arbitrary in purchasing very hard on local gillnet boats, as opposed to outside country-linked boats who could sell their fish.
- 2) Complete Japanese domination = sell Fishermen their gear (nets, etc) as well as control of market
- 3) Must be other buyers = state must help set up market alternatives.

9/

Comm. Weber = market development progressing
on a couple of fronts - money fish and
volume bottomfish.

~~mitch~~
John Eckert - Comm. Planning Commission

1) Question of state lease of property
Does state have zoning control over
~~the~~ private use of property once leased
out from state.

A - a) need change in state law to let
local ordinances apply to state law

b) Problem with state land disposal adhering
to local plot requirements

2) Sanitation problem in King Salmon.
~~septic waste~~ waste disposal at
airport ramp - people are starting to
live on leased land without authorization
by lease

3) Question on limited entry

4) BB Advisory Council - designation of
regional areas = BB takes into area
from Piteloff's, Toqiak, Rhequik, Rodick's
Boundaries should be changed to reflect
extreme difference between Rodick's/Abentia
Fishes and BB Fishes

10/

5) Gov's Office = Nahuch + Dillingham people had
be asked to be notified of BoF F+G
vacancies and tentative appointments

6) Foreign processors = look for a way to
exclude the Japanese, as they are
here already.

2) Need higher agency budgets - Fire, Pub Safety
~~Ralph Duggan~~

McBride - make Turk Force effort more permanent.

Report: beef up Bristol Bay police

Associated Press

Juneau — Hoping to avoid a repeat of last summer's tense strike by Bristol Bay salmon fishermen, a special task force has proposed the state spend \$320,000 to beef up police patrols in the bay this year to thwart violence if another strike occurs.

The task force also has recommended the state fund a \$50,000 marketing survey for Bristol Bay salmon.

Fishermen's marketing associations in the bay have lobbied for the survey, which they say would provide needed information during price negotiations between fishermen and processors.

The task force appointed by Gov. Jay Hammond issued its report Monday, and Hammond endorsed the group's recommendations.

Hammond said he will seek funding from lawmakers for increased police patrols, to include five additional surveillance boats and added helicopter patrol time. He also pledged \$50,000 from his contingency fund for a marketing survey to be completed by May 15.

"Coming on the heels of strikes in 1979 and 1980 this year's fishing season is important," Hammond said.

"Given our international commitments, there is a serious question as to how long other nations which are currently forbidden to take Bristol Bay salmon will remain quiet while millions of fish are wasted during domestic price disputes."

Last summer, an estimated 21 million red salmon swam upstream while striking fishermen were locked in a price dispute with processors.

"The two major concerns we have are a desire to safeguard an adequate harvest of Bristol Bay reds as required under terms of international law and a curtailment of possible violence and other illegal activities in the bay," Hammond said.

The task force named by Hammond to investigate the Bristol Bay fishery includes former attorney general Avrum Gross and six top state officials, including the commissioners of Public Safety, Fish and Game, and Labor.

In its report, the task force said fishermen historically have relied on violence and intimidation during price negotiations. Over the years, a wedge of animosity has separated fishermen and processors, dating from the time when fishermen were

employees of the canneries.

"Whatever the cause, the bargaining process by which prices are set in Bristol Bay is primitive in nature," the report states. "Communications are poor, the element of threat is constantly present, distrust is high."

"...the state must make a clear statement to the effect that intimidation cannot be a regular part of settling prices..."

The task force said the "whole thrust of the state's effort should be to create a climate within which the parties can work out their own dispute."

While the state has a "clear interest" in helping find a better way to negotiate price settlements, the task force warned that every opportunity should be given to fishermen and processors to develop a system of settling salmon prices without risking strikes.

Members of the task force said more drastic government action — such as opening the bay to foreign processors and fishermen without limited entry permits — was considered, but rejected.

However, the task force plans to monitor what happens in the bay this

year and make a second report to the governor after the season.

In addition to economic losses to fishermen and processors and the threat of violence created by a strike, the task force said the situation is complicated because the salmon are a resource that belongs to the people of Alaska — not the fishermen or processors.

That means a strike can result in waste of the public's resource, the task force said.

An attachment to the report details the Department of Public Safety's "contingency plan" for guarding the bay in the event of a strike this summer. In addition to increased boat and helicopter patrols, the plan outlines procedures for handling prisoners in the event of arrests.

The plan is outlined by Col. T.R. Anderson, director of State Troopers. Anderson states that last summer's strike "resulted in numerous threats of violence, some alleged assaults, and some instances of boat ramming, including one incident in which the Department of Public Safety vessel, Vigilant, was rammed by a fishing boat."

1981 rerun of Bristol Bay woes unwanted

The Associated Press

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Bristol

Bay

blues

May
1980
Alaska
fisherman

Situation deteriorates as record runs approach

by Rodger Painter

Someone with a sense of black humor might find delicious irony in the situation taking shape in Bristol Bay.

Seven years ago the bay was declared a disaster area when salmon harvests hit all-time lows. Fishermen, processors and shoreworkers were told bells would have to be tightened in order to build future runs.

Political wheels were set in motion, eventually resulting in a new treaty with the Japanese to pull devastatingly effective high seas gillnet fleets off Bristol Bay salmon. The disastrous years in the Bay also provided a major impetus to the move to impose limited entry on Alaska's salmon fisheries as a way of protecting residents dependent upon fishing.

Now that the runs have been rebuilt to record levels, the seafood industry is faced with an economic crisis of a different sort—too many fish. A gloomy economic outlook is compounded by the politically explosive prospect of scores of permit-holding resident fishermen sitting on the beach while non-residents fish salmon runs unparalleled in Alaska's history.

Even the treaty with the Japanese could be threatened by the growing certainty millions of salmon will be going to over-escapement or dumped for lack of buyers.

The Japanese could gain considerable strength in a move to relocate the "salmon abstention line" if 1980 proves to be the third consecutive year of underutilization of Bristol Bay salmon, according to Chuck Meacham, the state's director of international fisheries. Domestic processors were unable to keep up with 1978 and 1979 salmon catches in the bay, escapement goals were greatly exceeded in some systems and millions of pounds of salmon reportedly were dumped by fishermen.

The situation was deteriorating rapidly as the fishing season approached, and the specter of blood being spilled on the fishing grounds was being felt from Western Alaska to Juneau.

By mid-May there had been no serious negotiations between fishermen and processors over fish prices, and the prospect of a settlement by the June 8 sockeye salmon opening date was growing dim. Some buyers, most notably Whitney Fidalgo Seafoods, had made 40-cents-a-pound offers for sockeyes, well below what most fishermen were willing to accept and less than half the average 1979 price.

Doubt was beginning to mount that a strike could be effective, primarily because of the estimated 400 fishermen who could find no major buyer willing to take them on. Processors also issued warnings that striking fishermen would be replaced.

News from other fronts was similarly dismal:

- New England Fish Co. went broke (see page 18), increasing the estimated processing capacity gap by up to 1.5 million salmon.

- Supplementing domestic production with foreign processing was all but ruled out.

- Markets for frozen sockeyes had shown no notable signs of improvement.

- Some processors were having difficulty locating sufficient front-end money to put up the summer's salmon pack.

Everything seemed to add up to a potential economic disaster for the seafood industry in Bristol Bay this summer. Although no one would escape unscathed, at the head of the bankruptcy lines would be fishermen who had invested up to a quarter of a million dollars to fish in a bay in which they had never dipped a net.

State and federal authorities have spent a great deal of time trying to figure out how to handle the bonanza harvests expected in Bristol Bay. So far, however, nothing concrete has come as a direct result.

Gov. Jay Hammond appointed a panel of state officials in November, 1979 to deal with Bristol Bay. Hammond and task force chairman Charles Meacham met initially with fishermen and processors in separate December meetings, at which time the state set two deadlines: Feb. 1 for a processing capacity assessment and March 1 for a price settlement.

A preliminary capacity report by the task force was circulated at a second round of meetings with the industry in February, but processors were unhappy with the figures and it was sent back to the drawing board. The final report released in March set the production gap at 3.2 million of the state's forecast of 37.1 million sockeyes. Notably absent was any mention of the projected pink salmon catch of 14 million fish.

The capacity report came under immediate fire when it was presented to a March 5 legislative hearing on Bristol Bay.

House Majority Leader Nels Anderson said he had to "hold suspect" the figures claimed in the report. Others were more blunt in their criticism.

"They're giving us a line of bull on that," said fisherman Harvey Samuelson over a telephone connection from

Dillingham to a committee hearing room in Juneau.

Other critics were quick to point out the estimated capacity to handle 35.4 million sockeyes was 50 percent higher than the amount packed in 1979 when large amounts of fish were dumped overboard.

Skepticism over the capacity figures wasn't the only problem the task force faced. Consider these events:

- The North Pacific Fishery Management Council rejected 6-5 a task force recommendation to allow foreign factory ships to handle surplus Bristol Bay salmon in federal waters under joint venture operations with domestic plants.

- Spain, Germany, Norway, Poland, Russia, Korea and Canada all were willing to send factory ships to Bristol Bay, according to Meacham.

- The joint venture proposal met with heavy opposition from members of the Alaska Board of Fisheries at a task force meeting in April.

- Fisheries board chairman Nick Szabo cited the lack of guarantees Japanese buyers would be kept out if the joint ventures were approved. Szabo said board

members were unalterably opposed to any arrangements potentially leading to displacement of established markets for Alaska salmon.

To win the board's support for the joint ventures, Hammond promised not to allow foreign factory ships into Bristol Bay, unless the board supported the move. When Fish and Game Commissioner Ron Skoog polled board members by telephone in early May over whether to let in foreigners, the tally was six to one against.

- Staunch opposition from national labor leaders killed a request for a waiver of federal laws blocking the use of foreign tenders to haul surplus Bristol Bay salmon to other Alaska ports.

- A cloud was cast over one of the task force's biggest accomplishments—the use of foreign tenders to haul fish outside state waters—when New England Fish Co. declared bankruptcy. Nearly all of the fish expected to be hauled to British Columbia under the plan was to be supplied by Nefco.

The only apparent direct achievement of the task force was the successful lobbying effort gaining temporary waiver of federal pollution laws closing processing plants in Anchorage, Petersburg and Ketchikan.

bristol bay

(Continued from page 1)

Meacham said the reopened canneries were expected to handle relatively small amounts of Bristol Bay sockeyes.

There's one thing in which all sides of the Bristol Bay effort are in wholehearted agreement—an early price settlement between fishermen and processors is crucial.

The ability of domestic processors to handle the projected catches is tied closely to even distribution of fishing effort. The fish going by in the early part of the runs, if fishermen tie up their vessels in a price dispute, would be harvests lost.

As of May 13, said Truman Emberg, director of the Bristol Bay fishermen's group Western Alaska Cooperative Marketing Association, there had been "no serious negotiations" over sockeye and pink prices. Emberg accused cash buyers offering 40 cents a pound for sockeyes of trying to exploit the fishermen with no markets.

Fishermen recognize the problems processors are having with depressed markets for frozen salmon, but that "doesn't justify fishing for one-third of last year's price," Emberg said.

Officers of the Alaska Independent Fishermen Marketing Association (AIFMA) also were distressed at the lack of price talks. Other than an "ultimatum" from Whitney Fidalgo Seafoods, AIFMA has been unable to get a firm offer from

processors, said Mel Olsen, secretary-treasurer of the Bay's largest fishermen's association.

At first, Whitney sent its fishermen a proposal for a sliding sockeye price geared to the amount of salmon harvested in Bristol Bay. If catches topped 33 million sockeyes, the price would be 40 cents a pound, under the formula. For a sockeye harvest of less than 8 million, Whitney offered to match AIFMA's 72 cents a pound request.

That offer was withdrawn later in favor of a proposal for 30 cents a pound up front and the rest, if any, to be determined by Whitney Fidalgo," Olsen said.

Neither offer was sent to AIFMA as agreed to in the 1979 contract with Whitney, Olsen said, adding a lawsuit was under consideration.

Olsen said he thought most processors eventually would attempt to bargain in good faith, although he expressed concern about the lack of talks to that point.

Significantly, by mid-May there had been no formal request for the state to step in to mediate the price negotiations.

Processors, meanwhile, were attempting to closely examine the markets for sockeyes before setting fish prices. Many of the processors were burned badly in 1979 when they agreed to pay fishermen up to \$1.25 a pound for sockeye only to have the market collapse.

Scott Jacobsen, a vice president with Ice Seafoods, said processors were attempting to deal with a market situation where retail prices for sockeyes in Japan are "lower than what we paid to fishermen in Bristol Bay" during 1979. "It's a question of whether we can sell (inventories of frozen sockeyes), not what price we can get."

Rick Lauber, lobbyist for the Pacific Seafood Processors Association, (which represents nearly all of the bay's processing capacity), labeled as "asinine" assertions by fishermen that canneries were attempting to exploit the weak market situation.

"Every processor I know is doing everything they can to pack as much fish as possible," Lauber said. Among other things, he added, efforts to fly fish out of

Alaska fishermen, May 1980, page forty

the bay will make the major airstrip at King Salmon "one of the busiest airports in the state this summer."

Still, many fishermen felt, as one put it, "Processors are going to try to get well in one year at the expense of the fishermen."

The legislature's part in the Bristol Bay planning effort was to put together a \$75 million loan program to aid resident-owned processing plants having trouble locating "pack financing."

Written by key lawmakers in both houses, the loan package put \$15 million into the Alaska Renewable Resources Corporation and \$12 million into the Alaska Commercial Fishing and Agriculture Bank (CFAB). Through its participation in the federal farm credit system bonding program, CFAB is able to use the \$12 million to "leverage" \$60 million.

To make money available in time to finance front-end expenses for summer operations, the state initially set aside \$40 million to cover loan guarantees until CFAB's "leveraged" money comes in.

The complex financing arrangement initially created a great deal of confusion, which — when coupled with unrelated political maneuvering — sent the proposal back to committee for more work the first time it appeared on the House floor.

After finally passing the House by wide margins, the loan bills were stalled in the Senate along with other fisheries legislation "held hostage" to put pressure on the two legislators most interested in them — House Speaker Terry Gardiner and Senate President Clem Tillion. On May 13, the Senate sent, by an 18-0 vote, the \$75 million loan package to Hammond for signature into law.

Supporters argued the loan money was desperately needed to aid small resident-owned processing companies who don't have ties to easy sources of financing from Japanese buyers. The intent of the program is not to bail out faltering non-resident companies like Nefco, but to give a boost to financially sound resident-owned processors, backers said.

Just how much the loans will help in

(Continued on next page)

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Bristol Bay is going to be difficult to judge, although the apparent impact will be minimal.

For instance, processor lobbyist Lauber said the state loans probably "would not reach a significant portion of the industry." Others confirmed that opinion, including CFAB president Gary Anderson, who admitted he was "really surprised" the bank hadn't been contacted by interested processors as a result of the publicity the \$75 million loan program had generated.

All of the money is likely to be spoken for, however, as most companies cannot afford to pass up money available at two percent under going interest rates. Ocean Beauty Seafoods spokesman Byron Mallot said the resident-owned processing chain probably would apply for the money, despite previously having enough front-end capital put together, strictly from a competitive standpoint.

Bristol Bay fishermen representative Hamberg had a somewhat different view of the loan program, saying he was afraid the subsidized money would go toward bankrolling cash buyers trying to drive prices down to unreasonable levels."

* * * *

When it comes to the question of foreign processing, Hammond is in a "damned-if-you-do, damned-if-you-don't" situation.

If the governor lets foreign factory ships into state waters, there's no legal way to block out the Japanese, who are the most likely buyers to show up on the fishing grounds. Since Japan purchases virtually all of the sockeyes frozen in Bristol Bay (about half the total 1979 pack), every unprocessed salmon Japanese buyers get is one less fish domestic processors will be able to sell.

Thus, a "yes" decision could mean bankruptcy for domestic processors unable to move large inventories of salmon for the second consecutive season, causing a chain reaction in other fisheries in which bay processors play major roles. It also would make enemies of shore workers losing processing jobs to crews on foreign factory ships.

If no additional capacity is brought in,

however, the governor could be looking at the wastage of millions of harvestable salmon and an estimated 400 permit-carrying fishermen sitting on the beach during the biggest runs in history. The situation would strike home with Hammond, a former Bristol Bay gillnetter who relied heavily on support from fishermen in both of his gubernatorial elections.

As time began to run out and options disappeared, it was becoming clear to nearly everyone involved that domestic processors would be swamped with fish, provided runs come in as expected. Reliable sources confirmed Hammond was considering renegeing on his promise to the Board of Fisheries not to unilaterally bring in foreign factory ships.

An eleventh hour invitation isn't likely to attract much interest, however, as similar last-minute decisions in 1978 and 1979 were abysmal failures. Indeed, the purpose of the six months of planning was to avoid this very position.

In trying to figure out what went wrong, Hammond will find a lot of fingers pointed in the direction of task force chairman Meacham.

Source-after-source in the Hammond Administration, as well as legislators, processors and fishermen following the task force, were highly critical of Meacham's handling of the planning effort. None of the critics, however, were willing to voice the strong denunciations on the record.

Meacham has come under heavy fire for ignoring suggestions for alternatives to foreign processing, botching the political strategy and planning for only a 3.2 million salmon shortfall in processing capacity when, realistically, the gap appeared to be much larger.

Meacham discounts much of the criticism as a misconception of the task force's role.

The task force was a "fact-finding group, not a regulating group," Meacham said. "Everyone is trying to escalate it to the governor's office...there shouldn't be anything laid at my doorstep."

His role as chairman of the task force was only to coordinate work done by

(Continued on page 13)

Bristol Bay

(Continued from page 41)

various state agencies, Meacham said. Specific criticism would be more appropriately directed at whatever department or individual responsible for the particular piece of work, he said.

Meacham defended the capacity figures as the "best possible." The charge of the task force was not to conduct a lengthy analysis of the information supplied by processors, but merely to collect facts, he said.

The biggest reason for the political failures was the "lack of groundswell support" from the seafood industry, Meacham said. "I felt very naked without the support" of fishermen, processors and shore workers in the effort to win approval of the joint ventures.

Overall, Meacham said, he is satisfied with the job of the task force, although there were "some disappointments."

* * * *

Senate President Tillion, also chairman of the North Pacific Fishery Management Council, is more philosophical than most observers about the situation taking shape in Bristol Bay.

"Bankruptcies are the Epsom salts of the free enterprise system," Tillion said. "You got to have them every now and then to flush things clean."

Orbeck mediates dispute

6/12/80

Fish price standoff looms

Anchorage Daily News

By JEANNE ABBOTT
Daily News reporter

A standoff loomed large Wednesday as mediation between Bristol Bay fish packers and fishermen entered its second day here.

"We're trying to get them together, but it isn't easy, and we're not near any stage of agreement," said Ed Orbeck, the state's commissioner of labor and official mediator between the opposing groups.

"They have a good attitude — the fishermen want to fish and the processors want to can. But I don't think the issue will be resolved this week."

Orbeck entered the dispute Monday at the request of commercial fishermen belonging to the 778-member Alaska Independent Fisherman's Marketing Association. Also involved is the Western Alaska Fisherman's Marketing Association, with another 350 fishermen as members. The groups represent about half of the registered fishermen in the bay who will be involved in the sockeye salmon harvest.

Orbeck has been meeting separately with association leaders and various processors including Nelbro Packers, Alaska Packers Association Inc., Bumble Bee Seafoods, Columbia Ward Fisheries, Diamond-E Fisheries and Peter Pan Seafoods.

The commissioner is being assisted by his deputy Glenn Lundell, and by the state's acting director of commercial fisheries, Steve Pennoyer.

With a record harvest of 37 million sockeyes forecast for Bristol Bay this season, and the run predicted to strengthen by June 23, pressure appears to be mounting for a settlement.

One snag that still must be resolved is the absence of two major processors, Whitney-Fidalgo and Icicle Seafoods, in

the negotiations. One reportedly told Orbeck that they found no impasse, and the other informed the commissioner that contract talks between fishing groups had already been dismissed.

Although there is a hush around any mention of price difference, the spread seems to fall somewhere between 40 and 70 cents per pound for reds.

"I don't think fishermen understand the deep problems we face," said one processor who asked not to be identified. "If we can't market this product at a profit, we're not going to process it. This is an enormous gamble."

He listed a series of troubles, including:

- a domestic recession, particularly on the East Coast, which will make canned salmon unappealing if it is priced too high;

- a surplus of frozen salmon in Japan, caught by their own fishermen off neighboring islands and Russia, which restricts the market for American-caught salmon, and

- the relationship between the dollar and the yen which "makes it hard for the Japanese to pay the prices they used to pay."

Said the processor: "The only way to move the salmon is to significantly reduce the price ... Remember, the market may have to absorb a substantial run this year."

But commercial fishermen say their figures on wholesale canned salmon prices show "the market is good and processors can pay the asking price."

Dave Milholland and Mel Olsen of the Alaska Independent Fisherman's Marketing Association said Thursday, "We admit we'll have to bite the bullet this year, but we're not asking 80 cents or \$1.25. Our people are reasonable."

The figures he quoted were prices paid last year.

The fishermen also said the current impasse was not un-

usual. "Since 1969 we've never settled in any other month except June, except once, and that was in July," said Milholland.

"We hope it will be settled by the middle of next week so fishermen won't lose valuable fishing time. But we're trying to protect fishermen against the possibility of a small run rather than settling for a low price and assuming a large run. Before you catch a million fish, you have to catch one," Milholland said.

editorial

If the Bristol Bay salmon fishery follows early indications, someone in Alaska's seafood industry stands to get burned. Right now, the most likely fall guys are the fishermen.

When it comes time to sort through the aftermath, the role of state government in the situation ought to be examined closely. Politicians often are the scapegoats for the economic problems of the increasingly regulated seafood industry, but this time a strong case could be made for pointing a finger of blame toward the governor's office.

Last fall, Gov. Jay Hammond had the foresight to recognize the seriousness of the problem involved in handling the 50 million salmon catch forecast for Bristol Bay in 1980. Hammond appointed a task force of officials to throw the state government's weight behind the push to find a solution.

By assembling representatives of the seafood industry and saying, essentially, "We want to help. Here's what we want done," the Hammond Administration assumed a leadership role. With leadership should come responsibility for what was or was not accomplished.

Under the most wildly optimistic prediction, Bristol Bay processors will fall 3 million salmon short of handling the available harvest. Other assessments have millions of fish added to that gap, including massive dumpings of catches no one will buy. The gloomiest soothsayers paint a picture of blood on the fishing grounds with fisherman pitted against fisherman.

While processors aren't going to escape a disaster unscathed, events are shaping up more to their advantage.

The condition of world markets for frozen salmon hasn't improved significantly and moving massive volumes of Bristol Bay sockeyes isn't going to be easy. With foreign processing of excess sockeyes only the remotest of possibilities, the prospect of competition in the world marketplace for cheap salmon should be greatly diminished. And, if predictions by fishermen of pared-down fleets strapped with low individual catch limits materialize, there may be no glut.

Locating front-end money to finance summer operations now appears to be a non-problem with apparent approval of a \$75 million state loan program to aid the smaller resident-owned companies.

The outlook for fishermen provides little room for optimism. Most fishermen have gone heavily into hock to gear up for the bonanza runs of 1980, and avoiding going broke will mean demanding decent fish prices or locating a buyer willing to take unlimited catches.

Caught in the biggest bind are those fishermen who have been cut loose by the canneries. Price disputes aside, indications are that most of the estimated 400 fishermen without buyers will be long-time residents of Bristol Bay. Yes, those are the same fishermen who suffered through many hard times in the Seventies in sacrifice for the health of future

runs. If the record harvests come about and local fishermen end up sitting on the beach while non-residents fish, there's bound to be a political backlash.

Unfortunately, there doesn't appear to be much that anyone can do to change the situation at this point. Six months ago, who knows?.

The special task force appointed by Hammond put more than six months of effort into trying to figure out how to best handle the 50 million salmon. What the task force produced was a processing capacity estimate that flew in the face of the reality of the marketplace and a political strategy that failed at the slightest challenge.

When assessing what went wrong, Hammond should start right at the top with special task force chairman Charles Meacham, the governor's director of international fisheries. So far, however, Meacham is unwilling to accept any responsibility for the end state of affairs in Bristol Bay.

As the situation deteriorates, Meacham has taken to pointing fingers at people to whom he parceled out specific assignments and counted on for support. It's very clear, however, who was in charge of the task force, who shaped its direction, and ultimately who was responsible.

The task force failed to analyze the production figures fed by processors, as, in Meacham's opinion, the charge was only to report what processors gave as estimates. Never mind that the 50 percent increase in projected capacity in one year came at a time when the industry was reeling from a disastrous market collapse and that many companies were saying they were at the verge of bankruptcy.

According to source-after-source, Meacham doggedly pursued one—and only one—method of dealing with the processing capacity gap: foreign processing and/or markets. This came despite strong opposition from most quarters to bringing in the foreigners.

Another plan Meacham chose to pursue was a waiver of federal laws prohibiting the use of foreign tenders from carrying Bristol Bay fish to other Alaska ports. This, too, was doomed to inevitable failure because of staunch opposition from national labor leaders.

Board of Fisheries officials were perplexed at Meacham's absence at the spring meeting of the regulatory body to present, explain and defend the task force proposals. The eleventh hour attempt to gain an endorsement by the North Pacific Fishery Management Council of joint ventures in the 200-mile zone to handle Bristol Bay salmon also failed.

Some of the task force's work may prove valuable, particularly the lobbying of Washington, D.C. for temporary waivers of federal pollution standards that would have closed down at least three canneries this summer. The plants, located in Anchorage, Petersburg and Ketchikan, are expected to handle some Bristol Bay fish.

When everything shakes down, however, it appears Hammond will get a hefty dose of blame for any disaster that occurs in Bristol Bay. That blame would be more appropriately directed at Meacham.

1,500 jobs rest on Bristol fishing, city report says

- Anchorage Times 6/24/80

by Karen Ranspot
Times Writer

Striking Bristol Bay fishermen may hold the jobs of as many as 1,500 Anchorage residents in their hands. And there's a chance Anchorage could take Bristol Bay salmon marketing away from Seattle.

These are two of the surprising items in a new city report on the fishing industry in Anchorage. The information was compiled over the past three weeks and the report was released Monday.

"Nobody had really gone out and found out what (fishing industry) was here," said James Hemming of Dames & Moore, the consulting firm that prepared the report for the city.

When the municipality asked Hemming to do the report, he had no idea what he'd find.

What he found was 1,500 Anchorage jobs dependent on salmon fishing and most of these dependent on the Bristol Bay fishery.

He also found a fish processing capacity of 33 million to 43.5 million pounds, a capacity that is more than double last year's. That is something even the state didn't know.

And with a peak 1980 harvest, this increased capacity of 12.5 million to 16.5 million pounds could almost offset the 18.3 million-pound processing deficit reported in by the state in March. The increase in Anchorage processing capacity wasn't included in the state report.

It's too early to know what effect the Bristol Bay strike will have on Anchorage, Hemming said, since the peak harvests are in July. If the strike is settled quickly, there would be little effect. If the strike drags on, the effect could be serious.

According to Hemming's report, most of the 1,500 jobs are in fish processing and fish transportation. The majority of these jobs are seasonal. Most of the people haven't started working yet, Hemming said, and they won't if the strike continues.

There are six processing plants in Anchorage: Whitney-Fidalgo, Seapro, Martin Seafood, Alaska Salmon Co., Al-Aska and Alaska Gourmet. In addition, three trucking firms — Sea-Land, Totem Ocean Trailer Express (Tote) and Air Land Transport — are involved in the Anchorage fisheries industry.

One of these firms, Sea-Land, may end its local trucking operation when their current contract with the Teamsters expires on July 1, according to the report.

Moving fish from Bristol Bay to market presents another problem. Transportation of fresh and frozen fish must run smoothly and efficiently to minimize spoilage, and the disorganization of the industry makes the logistics of rapid transportation difficult.

"It's not an organized effort (delivery of fish)," Hemming said. "A large cooperative or marketing group would help. There's also the shortage of cold storage in both Bristol Bay and Anchorage."

With so many transfer points between the fishing boat and the market, there's the potential for delay at several points. And a delay can result in spoiled fish. A more organized effort could cut down on the potential for delay, Hemming said.

Anchorage processors can hold about 4.3 million pounds of fish, but the bulk of the fish must move rapidly out of Anchorage to market or to storage facilities in Seattle, the report said.

The need for rapid transfer to Seattle could be eliminated if cold storage facilities in Anchorage were increased. And although the report recommends a detailed study on de-

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(Continued from Page A-1)
veloping greater cold storage capacity in Anchorage, it cautions the linkage between Anchorage and markets must first be perfected.

If Anchorage can help develop the emerging markets in the Lower 48 and work out a transportation system, Anchorage could replace Seattle as the storehouse of Alaska fish, the report said.

"Alaskans catch the fish; however, Seattle firms control the economic destiny of Alaska fisheries participants," the report said. It recommends a re-ordering of the industry.

As a natural center for marketing and brokerage activities of fish, Anchorage must be able to handle inventory control for a year's supply of fish, the report said.

And despite a better developed transportation infrastructure in Seattle, Anchorage's location gives it a marketing advantage over Seattle. "It saves time and money to go direct from Anchorage to the Lower 48 and bypass Seattle," the report said.

■ ■

Anchorage Daily News

Tension

grows in Bristol Bay

6/24/80

By JEANNE ABBOTT
Daily News reporter

Settlement of a price dispute between fishermen and Bristol Bay packers took on "growing urgency" Monday as the sockeye salmon run began to build.

Fish already are streaming into the nets of fishing crews west of Bristol Bay in the False Pass area of the Aleutians, a site that hosts the sockeyes a week or two before the larger Bristol Bay fishery. Catches of 400,000 reds were reported Tuesday and Saturday last week in the False Pass district.

But for the hottest fishing areas in Bristol Bay proper, officials reported Monday no agreement on a per-pound price for red salmon was yet in sight.

"Someone's got to make a move, but no one has yet," said Truman Emberg of the 350-member Western Alaska Fisherman's Marketing Association. He said the range was still between the association's asking price of 80 cents per pound and an offer of 45 cents.

"Anything is possible," Emberg said about the chances of settlement this week. "But no one is panicking yet. Fishermen are waiting it out. It's still early."

The run in Bristol Bay is expected to build to a peak on July 4 and result in a record harvest if the two sides can come together.

The 778 members of The

See Back Page, FISH

Fish

Alaska Independent Fishermen's Marketing Association also are sitting out the beginning of the run and, Emberg said, most other unaffiliated fishermen were following suit.

"It's a tough situation. So far I haven't seen a whole lot of agreement," said Steve Pennoyer, acting director of the Division of Commercial Fisheries. "By Thursday or Friday it's going to get pretty uncomfortable."

Quoting figures from a similar run in 1965, Pennoyer said the harvest was 1.6 million fish in the Naknek-Kvichak District by June 26.

"At that point we start talking about hours, not days," he said.

In a 24-hour period on June 27 and 28, 2.7 million sockeyes were caught in 1965. Millions

Continued from page A-1

more were caught in the following two weeks: 1.6 million on June 30, 1.6 million on July 1, 1.9 million July 4 and 5, 1.7 million June 6 and 7, and 2.3 million July 8 and 9. Another million were harvested July 10 and 11, and in the 194 hours from July 11 to July 19, another 4.2 million reds were taken.

Pennoyer also said the history of labor disputes in Bristol Bay was not always related to peak years in a salmon cycle, such as this one is.

And Emberg said his fisherman sat on the beach until July 9 one year awaiting a contract.

Last year, fish packers paid 80 cents for fish to be canned and \$1.25 for fish to be frozen.

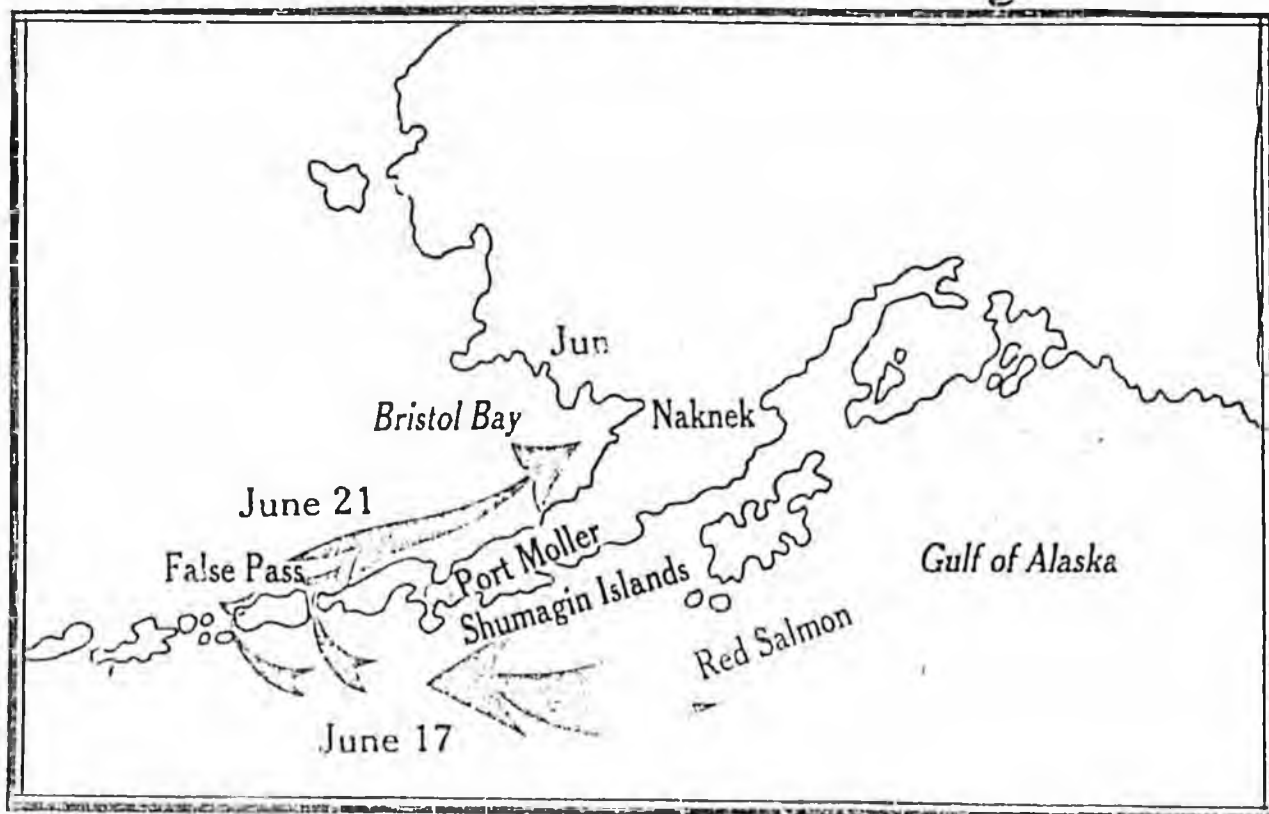
International marketing problems in the face of a glut of fish in Japan are affecting price considerations.

Anchorage Daily News

6/24/80

Strike goes on; huge fish run

Anchorage Times 6/25/80
enters Bristol Bay



Arrows show migration of Bristol Bay red salmon

by Bill Blessington
Times Outdoor Editor

As tens of millions of red salmon began arriving today in Bristol Bay, the entire 1,700-boat fishing fleet remained on strike for higher fish prices.

"We heard on the radio yesterday that both unions were going out this morning," said one independent fisherman. "They said they would be sitting on the beach and that if we were smart we'd do the same thing."

"I'm not going to fish."

The governing board of the 788-member Alaska Independent Fishermen's Marketing Association met Monday in Naknek and voted to reject the 40 cent per pound price offered for red salmon by the major Bristol Bay packers.

In Dillingham, the board of the 350-member Western Alaska Cooperative Marketing Association did likewise and told members not to fish for king salmon today because of the possibility that large numbers of red salmon would be caught in king gear.

The only fleet presently operating is near False Pass and Unimak. Catches there have been heavy, according to the Alaska Department of Fish and Game, confirming predictions that the Bristol Bay salmon run

will be the largest in recorded history.

If fishermen and processors can agree on a price by this weekend, they should be able to start their season with a catch of almost 1 million fish a day, according to the Department of Fish and Game.

But if there's no price agreement, those million fish per day, worth \$2.5 million to fishermen and three times that to processors, will be lost.

The majority of the returning adult salmon are coming from ocean rearing areas in the Gulf of Alaska, said Ken Parker, deputy director of the commercial fisheries division of the Department of Fish and Game.

The fish move through the Shumagin Island area, up through the lower part of the Alaska Peninsula by Unimak Pass and then on up into Bristol Bay, he said. The bulk of the fish passed through the Shumagins June 17.

On June 21, the main portion of the run was off Port Moller on the north side of the Alaska Peninsula. By Friday, the bulk of the run will have entered Bristol Bay and will be preparing to move into the spawning stream areas where fishermen are waiting for them.

Fishermen at Shumagin Pass and

South Unimak have taken a total of 2.2 million fish since settling a strike against canneries on June 15.

"And there are indications that a lot more fish are still passing through the area," Parker said.

A year ago, Bristol Bay fishermen ended a strike on June 26. On June 27, they caught 800,000 red salmon in the Naknek-Kvichak districts of Bristol Bay. Even though it's open to commercial fishing, no one is fishing in that area today because of the strike.

Parker said daily catches increase rapidly until the traditional peak on the Fourth of July. By the evening of the Fourth, he said, fishermen in the Naknek-Kvichak district had caught 6.9 million fish.

This year's expected run of 37 million harvestable fish in Bristol Bay is twice as large as last year's run, when 18.7 million fish were taken.

Hardest hit by the fishermen's strikes so far has been the community of Kodiak.

Fishermen there turned down an offer for a 12 percent premium on top of the Bristol Bay price.

Without fish, the town's several thousand cannery workers remained
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Strike . . .

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idle. Kodiak fishermen, however, depend more upon the run of pink salmon for their livelihood. That run will begin in several weeks.

"Kodiak is just a little bit different than the outlying canneries," said Chuck Knapp, superintendent of the Pan Alaska cannery there.

"It's local hire here. And there are just a lot of local people who are not working as a result of the strike."

Knapp, contacted aboard his floating cannery Tuesday afternoon, said he was about to move his entire operation to Unalaska because he has been unable to purchase fish in Kodiak.

Statewide, the fisheries employment picture is bleak at this time, according to Hal Hanes, the state seafood industry placement coordinator for Job Service.

"They're all waiting for something to happen," Hanes said from

his Anchorage office. "We've had requests for some local job placements but nothing at all from Bristol Bay per se."

Last year, the state Job Service program put 2,237 persons into seasonal jobs packing fish. Although there has been an increase in the number of Alaskans requested for work by processors, Hanes said the uncertainty over fish prices is keeping daily employment figures at two or three jobs a day statewide.

Even so, most of the canneries in Bristol Bay are staffed with at least skeleton crews this week, according to industry sources.

"We're still waiting for negotiations to begin but a crew is on the way up (today)," said Pat Johnson from Alaska Packer's main office in Seattle.

The Nelbro plant in Naknek has a partial crew on hand today, according to the firm's Seattle office.

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Fishermen blockade Dillingham harbor

Anch. Daily News
6/26/80

The Associated Press

DILLINGHAM — Several Bristol Bay fishermen blockaded the entrance to Dillingham's harbor early Wednesday, but by noon boats were being allowed to enter and leave, officials said.

The protest involved an estimated 25 boats lined up in two rows across the entrance to the harbor, in what the fishermen acknowledged was an attempt to discourage other fishermen from putting their nets in the water.

Fishermen and processors are locked in a tense dispute over this year's price for sockeye salmon.

The state Department of Fish and Game has predicted one of the largest red salmon runs in history for Bristol Bay.

See Back Page, BLOCKADE

Blockade

Continued from page A-1

Biologists said Wednesday that large numbers of fish are starting to show up. The run usually peaks around July 4.

The harbor blockade came as the Western Alaska Cooperative Marketing Association asked its 350 members not to fish in the Nushagak District when it opened on Wednesday.

Several hundred boats were reported tied up at Dillingham Wednesday, and Fish and Game Department officials said "only a very few" boats were fishing in the area.

"By noon there were still some people parked there (in the entrance to the harbor), but they were letting boats go through, people that said they weren't going to fish," said one Dillingham resident who asked not to be identified. "Mostly everybody's just kind of waiting to see what happens."

Truman Emberg, business manager of the Alaska Cooperative Marketing Association, said fishermen and processors were still "miles apart" in price negotiations.

And he said there was some resentment among fishermen over a shipment of fish caught in the False Pass area that arrived in Dillingham Wednesday for processing at a Peter Pan Seafoods cannery.

Cannery:

Anch. Times 6/26/80

break strike

or get out

Bill Blessington

Times Outdoor Editor

A major Naknek cannery has told fishermen to break their strike by 9 a.m. Friday or get out.

At Dillingham, meanwhile, the packing fishermen today resumed a partial blockade of the shipping channel. Boats leaving the harbor were warned not to break the strike.

And in Juneau top state officials are renewing efforts at mediating the strike that has Bristol Bay fishermen and the salmon packing industry still "miles apart" in tense price negotiations.

Whitney Fidalgo Seafoods, one of the major Bristol Bay salmon packers in Naknek, began making good threats to punish strikers by giving them an ultimatum: Fish by 9 a.m. Friday or get fired.

"Those fishermen not fishing by 9 a.m. Friday for the company are hereby demanded to leave Whitney Fidalgo premises," company president Denton Sherry said Wednesday afternoon.

"These fishermen should no longer rely on us for a market for their fish, to provide room and board accommodations, or to store their boats and gear."

Sherry's firm, which is 99 percent owned by Japanese interests, offered fishermen 40 cents a pound for red salmon in late February. No increase in price has been forthcoming from the salmon canners since.

The fishermen are holding out for this year's price of 80 cents a pound.

In Dillingham this morning, Alaska State Troopers reported that a small boat harbor was quiet despite attempted blockades today and Wednesday.

"Nobody is fishing that we know of," said Trooper John Olson. "There's a lot of fishermen who would like to fish because fishing is okay, but they're just not doing it."

About 25 boats lined up in two rows at the mouth of the harbor Wednesday, almost blocking it.

It was an apparent show of strength by members of the Western Alaska Cooperative Marketing Association, the local fishermen's union.

The partial blockage of the harbor resumed this morning with 30 boats tied side-by-side almost all the way across the entrance.

Despite the partial blockade, traffic was moving freely in and out of the harbor. But fishermen leaving the scene were being warned by those on the tied-up boats that they had better not be going out fishing.

A large percentage of the fleet in Dillingham left that port last night after Wednesday's attempted blockade broke up.

"A lot of them were going over to Naknek, possibly because it has better camping facilities and because the harbor here is real small. A lot of them were glad to get out of the (close mooring conditions) here," Olson said.

The attempted blockade came after the association's leadership asked members not to fish Wednesday during an open period for king salmon. Although the group has been selling kings for \$1.05 per pound, it was feared that large catches of red salmon would be made incidental to the king catches. The fishermen are refusing to deliver the reds until the price is acceptable to them.

Millions of red salmon have begun arriving in Bristol Bay as the vanguard of what is expected to be the largest run of fish there in recorded history.

State Commissioner of Labor Ed Orbeck, Deputy Commissioner Glenn Lundell and Steve Pennoyer of the Alaska Department of Fish and Game are expected to arrive in King Salmon at noon Friday to

resume their efforts at mediating the strike, which began in Kodiak three weeks ago and spread along the red salmon migration routes into Bristol Bay.

Efforts by the state mediation team to resolve the price dispute during talks here two weeks ago failed when fish packers refused to budge from the 40 cent per pound offer. An estimated 1,600 boats in Kodiak stayed in port rather than fish for 40 cents a pound.

In Bristol Bay 1,700 boats and beach fishermen have been idled by the strike, along with thousands of cannery workers in ports from Cordova to Dillingham.

The only area actively fishing for red salmon at this time is False Pass at the tip of the Alaska Peninsula and southern edge of Bristol Bay.

Fishermen in False Pass ended their strike June 15 by agreeing to accept a red salmon price 6 percent higher than that eventually paid in Bristol Bay.

Western Alaska economy grinds to a halt; Bristol Bay fishermen blockade Dillingham

Kodiak Mirror 6/26/80

Need for fish market illustrated

By CHRIS BLACKBURN
Mirror Staff Writer

The continuing dispute over red salmon prices has brought Dillingham's economy "pretty much to a standstill," the area's legislative representative Nels Anderson said in a telephone interview with *The Mirror* this morning, adding that the current price dispute illustrates the necessity for Alaska to develop U.S. and European markets for fish products.

The Bristol Bay red salmon run is not expected to peak until around the 4th of July, Anderson said, which gives fishermen and processors another five days to settle their price dispute.

Right now the people are "really tense," Anderson said. "The fishermen are anxious to get out. The processors are anxious to get product, and I think the fish are anxious to get caught."

The "Bay" has turned away from the "pay after fishing," method of doing business, Anderson said, and with no fish going onto the market there has been a definite drop in economic activity, though the extent of the drop is difficult to determine.

The charter plane service business has definitely dropped off, Anderson said. As long as there is no fishing there is no need for charter planes to fly supplies out to fish camps.

(Continued on Page 3)

Some fishermen have requested that the Bristol Bay red salmon season not be allowed to open, Anderson said, adding that the State of Alaska is required to harvest the fish to the optimum level.

Anderson said he didn't know if biological harm could be caused by not fishing the 1980 run, but under international agreements and the 200 mile limit, fish not harvested by domestic fishermen would have to be harvested by foreign fleets.

The "company store" concept which developed 100 years ago—in which a fisherman's credit, source of gear, food and the market for his fish belongs to one company—has forced fishermen to "toe the line" or risk losing their positions with the cannery.

The "company store" concept is partially responsible for the current price problem as well as the dependency of Alaska on one major market, "which happens to be the Japanese," Anderson said.

"I don't think the Japanese can be blamed entirely," Anderson said, explaining that the problem lay with Alaska's reliance on one major market—"the situation would be equally bad whether the market

were Japanese, German or one major company"—and failure to develop several markets.

"My feeling has always been that Alaska has to take a more aggressive role in providing our fishermen with markets. We have to convince McDonald's to sell salmon burgers and Burger King to sell salmon sandwiches. We have to sell to the Lower 48 and to Europe," Anderson said.

"We have a magnificent product in Alaska," Anderson said, "and we have to get out there and develop new markets."

Bristol Bay dilemma

By rights it would be an occasion for celebration, but the developing salmon season in Bristol Bay nudges instead at the edge of tragedy both personal and economic. Even as great rivers of sockeye move through the cold waters of the big bay toward the warmer spawning grounds upstream, fishermen and processors are poised for confrontation, locked in a struggle over prices that threatens the annual harvest and perhaps even the safety of individuals.

The greatest run of red salmon in history is expected to pass through the bay this week, a circumstance that ordinarily would have promised record paydays for fishermen, cannery workers and processing companies alike. This year, however, international market conditions combined to set the stage for a bitter dispute over prices that has led the two largest fishermen's associations to call a strike.

Despite mediation by the state Department of Labor and extensive talks between the two sides, the price dispute has not been broken. Striking fishermen have warned their fellows not to venture out to fish until a settlement is reached; a partial blockade of the river in Dillingham underscored the seriousness of the possible strike. Boats sailing beyond the floating pickets were warned not to fish.

Rumors of violence — reports that may themselves help stoke the fires of tension — have been plentiful, indeed. Fishermen headed out to Bristol Bay are abuzz with reports of arms caches, airplane surveillance and more. Some plants have threatened to evict from bunkhouses and boat storage yards any fishermen participating in the strike.

It would be ironic if this projected record run produced not wealth but poverty for the fishermen and fish processors; it would be worse still if a hungry world is forced to watch millions of protein-rich fish go to waste. Surely there is a compromise available that would allow all parties to take mutual advantage of the harvest.

Only good faith and reason can find one. Greed, bitterness and rumor will never lead to settlement, and we hope all the parties will remember that simple fact as time runs out on the record season of 1980.

Anchorage Daily News 6/30/80

Tension builds

Anchorage Times 6/30/80

as fish talks resume

by Karen Ranspot
Times Writer

Naknek — Leaders of the striking Bristol Bay salmon fishermen met this morning to consider another price offer from packers after a weekend of tension and scattered reports of gunfire and rainmings.

Meanwhile, the state has turned down requests that the fishery be closed until a price settlement is reached. The Department of Public Safety sent an additional 15 Alaska State Troopers to Bristol Bay, and the commissioner of public safety warned striking fishermen that their boats could be confiscated if violence erupts.

Members of the Alaska Independent Fishermen's Marketing Association voted 500-32 over the weekend to reject the packers' latest offer, a 20 percent increase over the 40 cents a pound processors had stuck with for months. That offer is less than half of last year's price.

The rejected offer was 40 cents a pound for frozen salmon and 55 cents a pound for canned, with a guaranteed average price of 50.5 cents. Offers being considered this morning were not disclosed.

Early today a cannery-owned tender made it through a weakened fishermen's blockade and began unloading fish caught by non-strikers.

The fishermen in South Naknek took to their boats Saturday night but they didn't head for the sea and the salmon waiting to be harvested. They remained in the river — the blockade of the Whitney-Fidalgo cannery was to continue.

And at dawn Sunday, the Whitney-Fidalgo blockade had held. But the fishermen's victory was empty. The Saucy Bell, another tender, got through to a barge downriver. Soon 40,000 pounds of salmon would be unloaded.

And early this morning the Wide Bay docked at Whitney-Fidalgo and began unloading. Exhausted after two nights without sleep and apprehensive about the state's warning that boats would be confiscated if trouble started, most of the fishermen slept through the night.

The Saturday night blockade by 200 gillnetters was the second night fishermen had kept tenders from reaching the Whitney-Fidalgo dock, but there weren't enough gillnetters

to blockade every cannery.

Without firing on the fish-loaded scow, the fishermen couldn't stop the Saucy Bell from reaching the barge downriver.

Shots were heard, and fishermen say the Saucy Bell fired on their boats. No injuries were reported.

The gillnetters giving chase to the Saucy Bell heard the voices of their friends and fellow fishermen on Channel 88 of their radios. Some told them to blast the Saucy Bell out of the water, others told them to keep their guns in their bunks.

One of the captains in a boat in front of the Saucy Bell yelled he was going to be rammed. Sunday morning fishermen said boats trying to move between the barge and the dock were hit by the onrushing scow. Damage was apparently light.

And while about 30 gillnetters tried to outrun the Saucy Bell, the fishermen anchored in front of the canneries stood on their decks watching the lights of the gillnetters and the Saucy Bell and watching for another tender to make a run during the confusion.

While they watched, they listened to the radio. One fishermen, a friend of the Saucy Bell's captain, told him to give it up, to stop or turn back.

But the Saucy Bell moved on and as she docked the fisherman shook his head in disbelief. "I don't understand. He was a fisherman. He knows what this is about. Why didn't he stop? He didn't have to go on."

The trooper vessel Vigilant stood by until the talk of guns began. The captain's voice came over the radio. As the Vigilant moved toward the racing Saucy Bell, he warned the fishermen against violence. As the anger built the captain asked to blockade leaders on another channel, and soon fishermen heard the captain would recommend Gov. Jay Hammond close the fisheries until a price settlement is reached.

Finally the captain's voice came through on the radio.

"I will recommend the fisheries be closed before there is violence," he said. Warning that it wasn't his decision, the captain said he would do all he could.

Fishermen echoed their approval but doubted Hammond would act. "If there is bloodshed, it will be on the governor's hands," said one fisherman over the radio.

From Juneau, Commissioner of Public Safety Bill Nix announced the increase in trooper forces in the area "due to rapidly escalating reports of violence, intimidation and destruction of property."

"While we have made every effort to avoid igniting an already volatile situation, it has reached the point where law-abiding citizens are being prevented from pursuing their livelihood."

He said fishermen using violence would be prosecuted.

If a boat is used "as an instrument of a crime (ramming another boat) or it is evidence of that crime, the boat will be impounded until the charges have been resolved," he said.

The Department of Public Safety now has 36 officers, seven aircraft and five boats in the bay.

Nix explained the state's decision not to close the fishery: "If the state were to close the season for any short period of time, the striking fishermen could conclude that they could enlist the aid of the state in getting a good price simply by committing enough acts of violence."

He said closure would invite violence in future seasons.

Despite Nix's public order, fishermen at Clark's Point, a village of about 150 on Nushagak Bay, announced they will continue their blockade around an Icicle Seafood processor there after high tide today.

The fishermen say Nix's handling of the situation has been biased toward processors.

The blockade at Clark's Point was temporarily interrupted this weekend by an outbreak that culminated with an investigation by four troopers Sunday.

Striking village fishermen, angered when Icicle Seafood tenders brought in salmon from other areas for processing, had tied up their around the processors to stop tenders from coming in, but terms were generally peaceful, a fisherman reported.

The start of the outbreak is unclear, but at some point a couple of fishermen reportedly devised a rubber slingshot catapult and began bombarding the processor with eggs, mayonnaise and water bombs. Fishermen said Icicle personnel began cutting mooring lines and ramming the fishing boats with tenders and tugs.

Bristol Bay

situation tense

By JEANNE ABBOTT 6/30
Daily News reporter

NAKNEK — Commercial fishermen flatly turned down their latest price offer for red salmon Saturday night and went to war on the Naknek River — where open hostilities led to an exchange of obscenities across boats and scattered reports of gunfire.

At dawn Sunday, nearly 100 fishing boats were blockading the river for the second time in 24 hours to stop fish deliveries at Naknek canneries. State troopers confirmed that gunshots were fired into the air, but said fishermen were not firing at each other.

"I'd almost call this a "holy war," said one fisherman.

Commissioner of Public Safety William Nix ordered a contingent of 15 additional troopers into Bristol Bay Sunday, saying, "Repeated reports of violence, intimidation and destruction of property prompt the state to take strong steps to preserve peace during the strike."

He said there would be arrests and boat impoundings if the actions continued. A trooper helicopter was due to arrive Sunday night to document any illegal activity with photographs and video tapes, Nix said from Juneau.

That would mean a team of 25 troopers plus the public safety vessel "Vigilant" and Fish and Wildlife Protection officers would be on hand to quell any disturbances. No arrests have been made to date.

The main confrontation occurred after 3 a.m. Sunday, when a loaded tender from Bristol Bay fishing grounds tried to break a line of boats to unload. Fishermen who have refused to drop their nets until the price of fish is settled circled the tender and shouting erupted. Harrassment on both sides led to obscene language and threats, and later there were reports of boat rammings, although the tender finally got through.

Then, at 7:30 a.m., a fisherman defying the almost universal fishing boycott found himself surrounded by strikers and feared swamping in their wake.

"He radioed for help and said he thought he might sink," said public safety officer Steve Reynolds in King Salmon.

"We sent a Grumman goose and a skiff, warned them and they backed off. The guy took refuge with us and bailed out his boat."

Because of the incidents, the Alaska Independent Fishermen's Marketing Association (AIFMA) in Naknek, telephoned Gov. Jay S. Hammond Sunday morning and asked that the fishery be closed until the price is settled.

"We want to make it clear that this is being done by a fringe element," said AIFMA board member Karl Hellberg. The association represents nearly 800 fishermen.

"We do not condone any demonstrations or violence. We are asking our members to act with restraint and avoid confrontation."

But Nix announced Sunday afternoon a decision to keep the fishing grounds open and said,

"We are reluctant to take that step because striking fishermen might conclude that they could get the state to respond by committing enough acts of violence. We'd have to close the entire season to keep fishermen from using violence as leverage to get a price settlement."

Reaction from association executives was swift. "It's a mistake. Someone is going to get killed," said Mel Olsen, who heads the AIFMA.

Tension among fishermen increases daily as the predicted surge of red salmon moves into Bristol Bay. At a rally Saturday many fishermen spoke harshly about the Japanese who own or finance major canneries in the Bay.

One, Whitney Fidalgo, and its president Benton Sherry, are particular targets since they have refused to negotiate prices and threatened to kick fishermen off their dock.

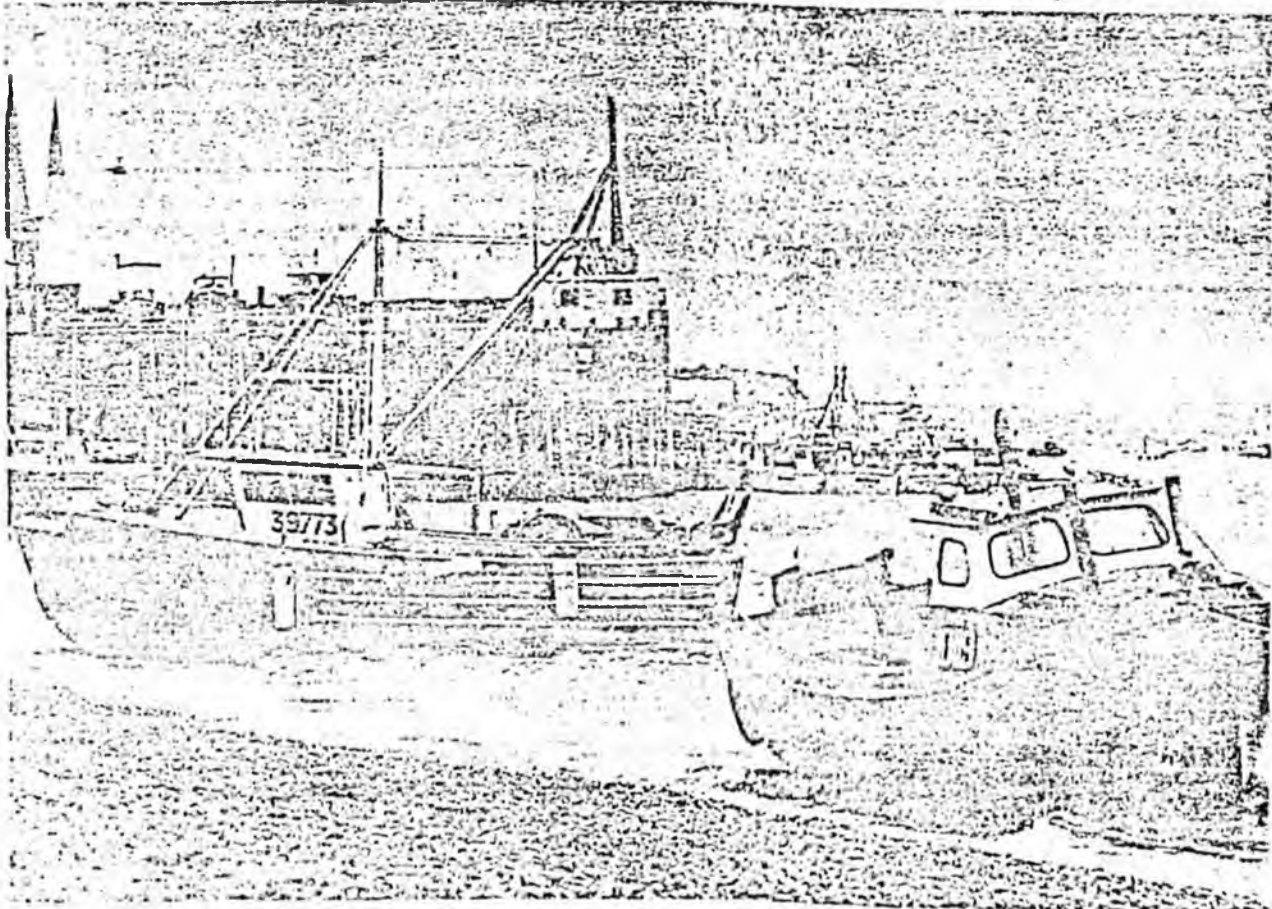
Sherry has kept his price offer at 40 cents a pound, or less than half of last year's price. He refuses to talk with reporters.

"They're all so mad at Sherry it's affecting negotiations," says state labor commissioner and mediator Ed Orbeck, who remained in Bristol Bay this weekend to arrange talks between packers and fishermen.

The latest offer made was 55 cents a pound for canned fish and 40 cents for fish to be frozen. The offer was made by Alaska Packers and was rejected by fishermen Saturday, 5/22-30.

Talks continued Sunday but

See Back Page, BRISTOL BAY



Idle boats and angry weather make conditions less than ideal at King Salmon. Anchorage Daily News/Marc Olson

Bristol Bay

no new offer was forthcoming. Olsen said he thought it would be at least three more days before an agreement came.

"I don't see it before then," he said.

"Fishermen are very upset about the Japanese," said Hellberg of AIFMA. "They think the Japanese are deliberately keeping prices low to make big profits at their (fishermen's) expense. My personal feeling is if I'm going to go broke they are, too."

Hellberg and others say investments in boat and gear mean fishermen would need to catch at least 120,000 pounds of fish — if the price were 50 cents — just to break even.

Last year the average fisherman made \$100,000 during the season but claimed the federal government and banks took most of their profits. Hellberg

said fishermen weren't likely to settle for less than 60 cents a pound.

But the politics of the stand-off aren't keeping the fish away. Steve Penoyer, director of the Division of Commercial Fisheries, said Sunday almost 4 million red salmon already were in the Kvichak River — one-third of the season's escapement. Some 500,000 fish had reached the Naknek River, where the escapement figure is set at 850,000 fish.

"We're into a substantial bunch of fish, but the main body is still to come, perhaps starting to peak on Tuesday," Penoyer said.

A record harvest of 37 million salmon had been forecast for this year, but so far the price dispute has turned a bonanza into a bust.

Fishing against the flow

Anchorage Daily News 7/3/80

NAKNEK — Rare was the fisherman who ventured out into Bristol Bay in defiance of a widespread boycott this week.

Jim Beaton was one who did.

The outspoken Beaton has turned the other cheek to striking fishermen who use the word "scab" freely. He has fished Bristol Bay for 20 years and doesn't think it should be any different this year.

So he goes out in his 32-foot aluminum boat and drops his nets for salmon in the face of threats, unprintable language and intimidation.

Beaton won't say whether he carries a gun.

"But I will say there are a lot of terrorists out there," says Beaton. "These fishermen are on an emotional high, a power trip. They're trying to hit an elephant with a flyswatter," he says of the season's price dispute over red salmon.

Beaton waited to fish while the strike moved along at the first of the season, then made a decision to move this week.

Tuesday night he slipped out into the bay and pulled up 9,000 pounds of fish. He claims another non-striking fisherman already has sold 95,000 pounds of fish at 40 cents a pound — or \$38,000 so far.



Jim Beaton

Anchorage Daily News/Marc Olson

Beaton says he was trailed and questioned by several boat owners but the night passed without violent incident.

"I waited for a long time for the fishermen's association to do something. I sat and watched while the rank and file voted and decided they didn't understand the market. It's going to be hard this year for anyone to break even."

A member of the state Board of Fisheries who helped set official policy, Beaton apparently saw the shadows of the struggle early. He and two other fishermen invested \$1 million in their own floating processor.

He catches the fish, then dumps them onto his own packing machine. No money changes hands, but he still has to balance his books and find his own markets.

"I've got \$500,000 in fixed costs. I don't even know if I can break even."

The operation hopes to process one million pounds of fish during the season and he figures his own salmon is worth 40 cents a pound.

"The public is not being served by this situation and there's already a big loss of fish. I've never seen anything like it in 20 years."

Bristol Bay

(Continued from Page 1)

said Fish and Game biologist Don B. of King Salmon.

He added, however, that the huge escapement would make up for any loss in productivity per spawner.

Fishermen received about 57 cents a pound for Bristol Bay reds this year, with the value of the total catch some \$75 million.

Biologists are predicting a record run of pink salmon as well, some 17 million fish, with a catch of 11.6 million.

That run is expected to peak next week, but the price to be paid for pinks has not been settled by all fishermen and processors.

The 350 members of the Western Alaska Cooperative Marketing Association started fishing for pinks in the Nushagak River last week after agreeing with Peter Pan Seafoods on a price of 25 cents a pound.

The 760-member Alaska Independent Fishermen's Marketing Association, however, was still without a price agreement after three of its top officers resigned.

President Dave Milholland, Vice President for Alaska John Lundgren and Secretary-Treasurer Mel Olsen quit their posts after what was described only as a "mix up in procedures for prices." Association spokesmen would not elaborate.

Sources said, however, that the resignations apparently stemmed from an incident last week.

The AIFMA board of directors reported then it had signed contracts with Nelbro Packing Co. and Alaska Packers for 25 cents a pound for pinks.

Nelbro subsequently announced the contracts had been invalidated because the board had neglected to ratify the price offer with a vote of the general membership.

Bristol Bay turns attention to pink run

7/22/80

ANCHORAGE (AP) — With the red salmon run just about over, Bristol Bay fishermen are turning their attention to what state biologists predict will be a record run of pink salmon as well.

Biologists had forecast a record run of 54 million red salmon, but that figure was exceeded by 4.5 million.

While fishermen had been expected to take 37 million reds, a price dispute kept most nets

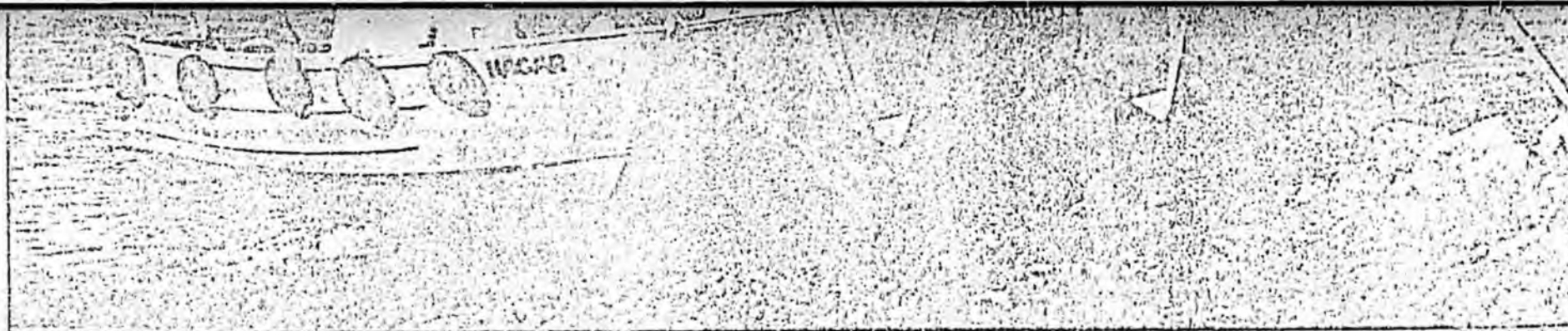
out of the water until the run was well under way and limited the take to only 22.5 million fish.

A daily limit imposed on fishermen and processors also helped cut the expected catch.

The escapement of 36 million fish was double what state Department of Fish and Game biologists were hoping for.

"The overescapement won't kill future runs, but we will lose some productivity per spawner."

(Continued on Page 3)



FISHING LINE — Fishing boats line up to unload their catches at Naknek last week during the Bristol Bay fishing season. Though a price dispute between fishermen and processors cut into the take, a near-record salmon run aided them. For more on the fishing, see below and Page 3 of today's Empire.

(*Journal Empire*) 7/22/80

Dispute cuts Bristol Bay net profits

Editor's Note: Last week Empire Staff Reporter Karin Davies and Photographer Mark Kelley traveled to Bristol Bay to report on fishing developments in that area. Today starts a three-part series on what they found.

By **KARIN DAVIES**
Empire Staff Reporter

NAKNEK — Glinting in the brilliant sunshine, a net-entangled sockeye salmon flopped over the roller of Little Star, a Juneau-based gillnetter, onto the peeling gray deck. Pushing a filthy NEFCO cap above his tan line, Dick Gregg surveyed his work of two plus hours — just over 30 fish.

He shook his head in disgust.

Scanning the Bristol Bay horizon Wednesday, the 39-year-old Juneau resident noted the dwindling number of tenders and scattered gillnetters. Despite state Department of Fish and Game statistics saying this was the biggest run in history — 57.8 million fish with a harvest of 22.3 million — Gregg said, "It ain't like last year. There's one hell of a lot less fish. Somebody must be dreaming."

Still, Chuck Meacham Jr., the department's Bristol Bay research project leader, said the fish were there, but they

eluded snares while the seasonal battle over price raged between processors and fishermen. Escapement, the number of salmon escaping nets barring their path to spawning grounds, was put at 35.5 million, about double the projected figure, he said.

Each year, processors and fishermen plan to settle prices early, and usually they settle late — pressured by a bay thick with milling salmon and thoughts of lost profits.

As the salmon moved upriver this year, uneasiness became open hostility, finally erupting in violence.

At Naknek processors threatened to evict fishermen from company bunkhouses, and striking fishermen blockaded Naknek River to prevent tenders from delivering fish. Those who crossed the line faced threats, taunts of "scab" and burning trash dumped on decks. Reportedly, gunshots were exchanged more than once, and fist fights easily broke out among idle fishermen.

As negotiations dragged, frustrations mounted. Because processors and fishermen are independent businessmen trying to agree on a price, and not employers and employees, federal anti-trust laws forbid collective action, forcing

processors and fishermen to meet individually, slowing the bargaining process.

Money talks have been further restrained by lawsuits filed by fishermen in 1974 and 1975, charging Bristol Bay processors with price-fixing. Due in federal court this October, the suit should help define issues that have confused negotiations.

Many blame an unstable international salmon market for hampering negotiations. Last season the yen was strong, and the Japanese could afford to pay high market prices. When high seas and domestic Japanese salmon fisheries showed unexpectedly good returns of less expensive salmon, though, some Japanese marketers contend they got stuck with a lot of expensive Bristol Bay salmon no one wanted.

Facing an apparent world salmon glut, Japanese salmon brokers, the long-standing economic mainstay of the Bristol Bay sockeye fishery, announced early they would not pay high salmon prices — all of which raised the hackles of fishermen who contend the Japanese are manipulating world markets to drive sockeye prices down from a high of \$1.25 per pound in 1979.

Not only is there resentment for Japanese processors, but also for out-of-state fishermen who hold 740 of 1,717 limited entry permits. Some complain the Alaska fishery is being controlled by outside interests. Karl Hellberg, new secretary-treasurer of the Alaska Independent Fishermen's Marketing Association, disagrees.

"Who is an Alaskan," he asked. We're all citizens of the United States. I happen to live in Oregon in the winter, but I've been fishing in Alaska since 1962. Does that make me an 'Outsider'?"

Going into the season, everyone knew fishermen who got a high of \$1.25 a pound last year would face processors whose surplus salmon were stacked up in cold storages as far away as Denver, Colo. Trouble was anticipated from the start, and Gov. Jay Hammond urged price negotiations nearly six months ago.

The two sides met in January, but could not agree on a price until July 3, ten days and four votes after the run began. Fishermen demanding 80 cents a pound got 57 cents, up 17 cents from what the processors originally offered.

No one was happy, but the sockeyes refused to wait.

Fear and loathing on Bay

By KARL OHLS

Sep 17/76 Fishermen

and "Go can a pickle, Icicle!"

One aftereffect of the long price dispute in Bristol Bay probably will be bitter feelings between the fishermen that went fishing and those that voluntarily sat on the beach until a settlement was reached.

Though few in number, the strike-breakers included various set-net sites on the east side of the bay and scattered independent fishermen who had no affiliation with the two big marketing associations.

Much animosity was directed at them by the striking fishermen, whose attitudes can be summed up in a list of strike slogans sent to KDLG, Dillingham's radio station.

They included: "Better dead than 40 cents a red;" "Don't take their price, let them eat ice;"

The main organized fishing effort came from drift gillnetters that had a market with Icicle Seafoods. A number of Icicle fishermen formed their own marketing association, the Bristol Bay Fishermen's Association, and went fishing June 24, nine days before the strike was settled.

Some of the fishermen complained of harassment as tension heated up on the fishing grounds.

"Neither AIFMA (Alaska Independent Fishermen's Marketing Association) or WACMA (Western Alaska Cooperative Marketing Association) has the right to tell us not to fish or to prevent us from fishing," said John Garner, an Icicle fisherman who participated in the formation of the new association.

He said they organized their own group because

See ICICLE page 18

Salmon season guts the bay with fishermen, boats, planes

by Helen Gillette
Times Writer

Now that the fish are gone for the season, what some have referred to as the Great Bristol Bay Fishing and Air Carnival of 1980 is over and done with.

It was hectic over there, with Dillingham and, to a lesser degree, King Salmon and Naknek overrun with people, planes, helicopters and boats of every kind.

Adding to the confusion were:

— Hundreds of fishermen, with and without boats, from states including Alaska, Washington, Oregon, and California.

— Prospective crewmen, and penniless youths waiting for cannery jobs.

— Fuel suppliers and other local businessmen besieged for credit.

— Pilots in all kinds of flyable planes waiting to either spot fish or haul it out.

— Fifty to 60 boats, docked in the harbor, engaged in buying, selling, processing and taking fish away.

Complicating factors included the late arrival of herring at Togiak. A heavy mid-run Togiak storm swamped or lost many boats, leaving the rest scurrying for shelter. Also, once fishing started and the need developed to get the fish to market immediately, airplane traffic grew heavy, both on and off the beaches and from air strips.

Adding to the confusion was the crowded harbor at Dillingham, with at least 400 boats, sometimes lined up 15 to 20 abreast. The fishermen's strike against processors and pressure by the two fishermen's unions made a hectic situation worse.

And, climaxing it all, a disastrous pink salmon run canceled out a good forecast and crushed fishermen who hadn't made it at Togiak or with the reds.

Also, consider the fact that both fishermen and processors were hungry economically. New England Fish Co. had just gone bankrupt, supposedly from last year's season of high prices paid fisherman plus a softening Japanese market. There were other bankruptcies and perhaps other firms in trouble. As for fishermen, many of them backed by processors, they faced huge payments on their boats.

On the surface, it was a volatile situation, with all the ingredients present for big confrontations. But, in spite of all the unsatisfied, milling, hungry, unwashed bodies present, and the frustrating and frightening conditions, there really weren't any incidents of import.

Besides the non-violence, there were other positive things in the bay.

The fish got off easy. In fact, about 20 million reds destined for harvest got away up the creeks while fishermen and processors were talking price. The peak of the run was on before the strike was settled.

The red, or sockeye, return to Bristol Bay was 60.8 million fish, well above the 54.5 million forecast. The catch was 23 million. The escapement, 37.8 million, was about 20 million above the 17.4 million escapement goal set by fish and game biologists.

Ken Middleton, central region director for the Alaska Department of Fish and Game, said one good thing

this year is that the fish were well taken care of. Last year a lot of fish was dumped for lack of markets. Also, quite a lot of substandard, held-too-long fish got to market in 1979, helping erode the Japanese demand.

In spite of appearances, everything was better organized this year, Middleton said. Also, it helped that the fish arrived in a sort of smooth procession, never in a big glut. Then, too, the weather stayed cool, cloudy and rainy, so that fish kept better while waiting either on-shore processing or air or boat-lift out.

Middleton stayed at the bay three weeks this summer, the first time he'd done that in three years.

"I couldn't believe the changes that had taken place," he said.

For the first time, he saw helicopters being used to take salmon from tenders at sea to waiting trucks on land. The fish were then trucked to the airport where they were flown to Anchorage, Cordova, Homer, Seward, Kenai, Vancouver, British Columbia, "and all over the country."

Meanwhile, little planes were either spotting schools of fish for the boat crews or picking up fish on every beach and getting them out, mostly to Anchorage. Estimates of planes in use range as high as 100.

There were a lot of airplane mishaps, with estimates running from 25 to 40.

Meanwhile, it was busy out on the water, too. Besides fishing boat traffic, there were 50 to 60 freighters, tenders, floating processors and independent cash buyers out there in

boats.

The cash buyers included several foreign buyers, who under state law were able to buy fish secondhand from a domestic dealer. What happened was that the American fisherman sold his fish to the middleman who immediately transferred them to the foreigner, who put them in freezing brine on his boat and boated them to Vancouver, B.C.

At first the state made these parties load and unload the fish twice, first onto the domestic buyer's boat and thence onto the foreign transport.

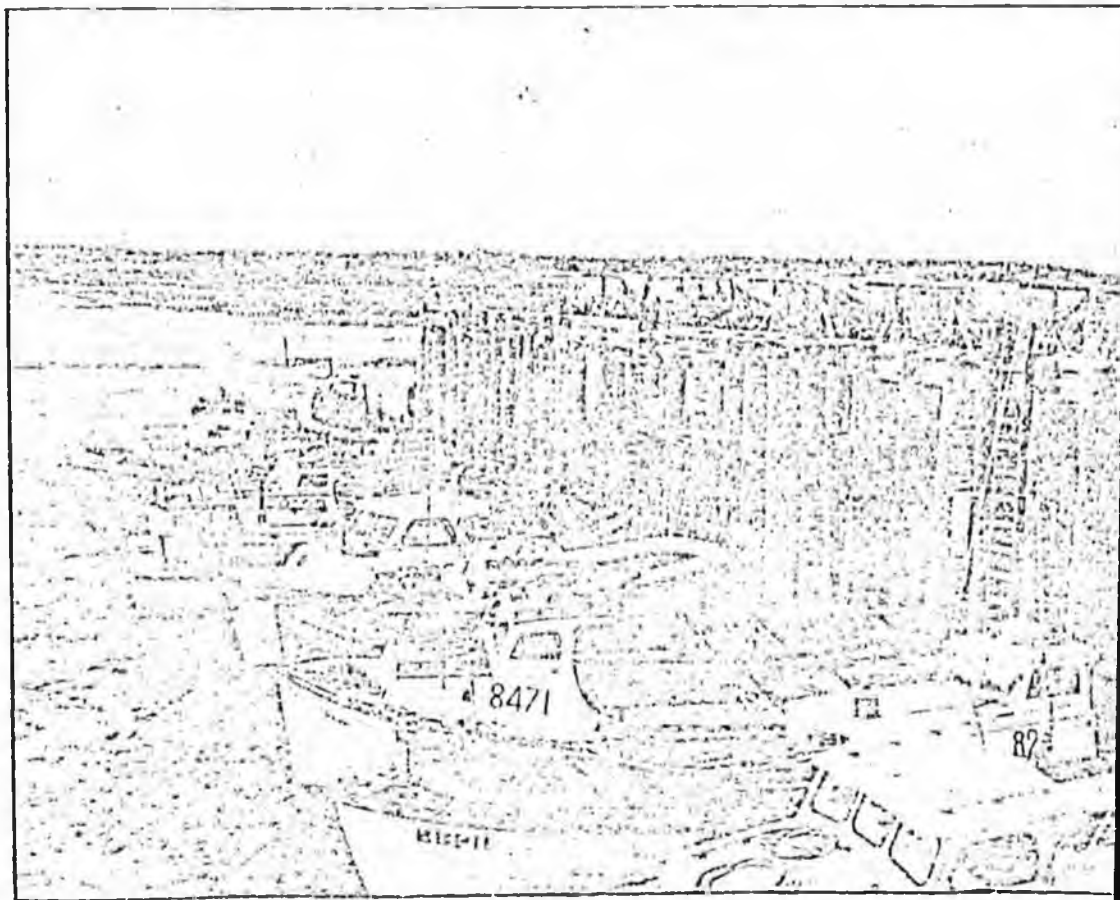
"But this was just holding up traffic and not improving the fish, so midway through the season we waived this technicality," Middleton said. However, the domestic buyer was required to be on board the foreign ship at time of transfer.

The foreign buying situation was okayed when it became apparent that on-shore processors weren't going to be able to handle the catch.

Another good thing, Middleton said, was the market situation. Despite the soft Japanese market, there seemed to be markets for all the fish, particularly ones in Europe.

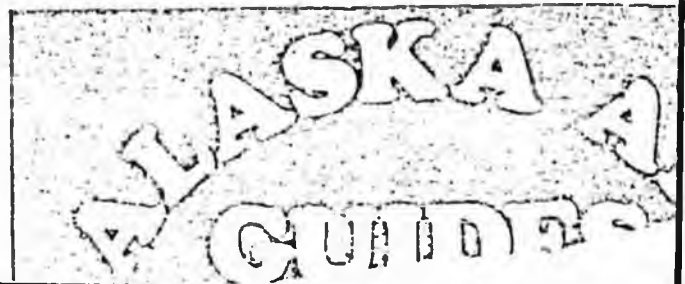
Before the season, there had been general gloom over prospective markets for Alaskan fish. But it all went and a lot more would have sold.

In fact, a Boeing 707 chartered from Vancouver, Wash., by a prospective buyer had to turn around and go home empty. He couldn't find any fish to buy.



TIDE'S OUT

Fishing vessels sit idle and dry at low tide at a Bristol Bay dock.



BRISTOL BAY '81

'It all hinges on giving fishermen and processors an offer no reasonable person can refuse.'

Bristol Bay Task Force to be chaired by Gross

by Brad Matsen

Alaska's former attorney general Avrum Gross will chair a Bristol Bay task force to come up with a plan for an orderly salmon harvest in 1981. Governor Jay Hammond announced his selection to a combined session of the Alaska Fish and Game Boards on December 4 in Anchorage.

"It all hinges on giving the processors and fishermen an offer that no reasonable person can refuse," Hammond said. "And therein lies the problem. We have to determine exactly what market conditions will prevail and what a fair price is. They've been dealing with those issues out there since the last century and have still come no closer to finding an adequate means for resolving the price dispute

before the beginning of the season."

In 1980, the price dispute between fishermen and processors lasted until July 3 when the peak of the run arrived and an estimated 20 million harvestable salmon had escaped into the rivers.

Hammond has been meeting for several months with fishermen, processors and his staff to determine the role of the State in the 1981 negotiations.

"Our primary obligation is to provide for the harvest, and we have national and international responsibilities to use that fishery to its fullest potential. We'll be hard pressed to explain why we fail to do so year in and year out. I haven't resolved precisely what we're going to do except on one or two issues," Hammond said.

"First, I am having the Department of Law draft legislation which would place in jeopardy a fisherman's limited entry permit on certain conditions if violations or violent acts are proven. Last year, just the suggestion of such action cooled things off enormously."

Hammond said he was not singling fishermen out in seeking a solution to the price dispute tangle. "I'm not going to impose sanctions that would give one side or the other the advantage. We will concern ourselves with stopping illegal criminal activity and with creating conditions which will smooth the negotiation process. But if the processors aren't willing to buy fish, then we'll find someone who will," Hammond said.

"One of the problems in the past has been the inability to know with assurance what the market conditions are, whether or not fishermen are being offered a fair price. Are they being ripped off, or are they in fact demanding a price that is unreasonable? Everybody's all over the landscape on that," Hammond said. "I think there is a need to provide better marketing data that is accepted on both sides of the aisle, and we'll try to do that."

"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'," Hammond said.

"If there is inadequate processing

capability, then we're going to open up to other processors who will provide that capability," Hammond said.

"The whole gamut of private enterprise transactions that normally tend to activities in the private sector are absent on the Bay. You have large numbers of small businessmen who are bargaining with large entities over the sale of a product. They normally wouldn't engage in strike activities or threats to their competition if they were selling groceries in a community where somebody else was selling groceries at a lesser price," Hammond said.

"The individual I think who can pull this thing together is my former attorney general Avrum Gross. He is as familiar with this situation as anyone, and has no undue biases, perceived or otherwise. I'm not looking for the lowest bidder to run this thing, either. It is such a sensitive situation that it would be like asking the lowest bidder to do brain surgery," Hammond said.

Gross' task force will consist of representatives from the several state agencies, including Fish and Game, Labor and Public Safety.

Board of Fisheries member Jim Beaton urged Hammond to put Gross to work immediately. "I'd like him to meet with the Board of Fisheries in January, because I think we're running out of time on Bristol Bay right now," Beaton said.

Gross has been teaching at Stanford University Law School since leaving the administration last summer.

"He's the best talent I know of," Hammond said. "If anyone else has a better idea, let me know." □

ICICLE...

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boat harbor and all fishing stopped on the west side.

"I'm an Icicle fisherman and an AIFMA member and my boat is not going in the water until we get a contract," Mitchell said when asked what he was going to do.

There were about five other AIFMA members with an Icicle market. Mitchell later found another company to fish for.

Garner said many other Icicle fishermen didn't go out either because they also didn't believe the price was fair or "because they were afraid."

Garner said he was appalled at the intimidation used to keep fishermen from fishing.

"I think it's outrageous, the threats and kinds of incidents that were taking place against people that were not even members of the associations (AIFMA and WACMA)," Garner said.

At Egegik, he said, a small plane flew over them virtually every day. He presumes it was to check if they were fishing. He knew of incidents in the Naknek-Kvichak area during the strike where three shots were fired at a fisherman's boat and an anchor was thrown in another fisherman's net to drag it away.

The situation got so tense that William Nix, commissioner of the Department of Public Safety, issued a strongly-worded statement June 29 saying illegal acts committed in the strike would be prosecuted and law enforcement personnel in the area substantially reinforced.

In a telephone interview, Nix said the statement was motivated by what "seemed to be an escalation in the threats of violence and the reports of violence."

"Fishermen, he added, "were telling us about it

'I think it's outrageous the threats and kinds of incidents that were taking place'

—John Garner

(violent incidents) but obviously they didn't want to sign complaints."

Nix said things considerably calmed down as state trooper patrols were increased. Also, many striking fishermen felt they had proved their point.

The harassment, though not sanctioned by AIFMA or WACMA, was a way for striking fishermen to vent their frustration at not being able to fish. They were angry at the strike-breakers, whom they called scabs, because they felt that they undercut their efforts to put pressure on the processors to settle.

Icicle and its fishermen argued that they were in a separate market and that their activities would not affect the outcome of the price dispute one way or another.

"There was no indication that any settlement would be of any benefit to us," Garner said. He said he saw no reason to participate in the boycott "unless there was a reasonable purpose for it."

His other point was, "It's not in our best interest at this time to break Icicle," which he believed was possible if they hadn't gone fishing.

Such arguments largely fell on deaf ears. Icicle became a major target of the strikers during several particularly tense days between June 27 and June 30.

As blockades were being put up in front of the Whitney-Fidalgo Seafoods dock in Naknek, the Icicle processing ships off Clarks Point were being surrounded by fishing boats intent on preventing the

ICICLE...

From page 1

neither AIFMA nor WACMA was representing their interests.

"Icicle fishermen fish for a company that puts 90 percent or more of its product on the frozen market, which is weaker than the canned market," he said.

He also noted that "the negotiating process was really stalemated in mid-June—they (the associations and the processors) were miles apart."

Scott Jacobsen, president of Icicle's floating-processor division, said, "We had a meeting with our fishermen and told them we could only pay 40 cents (per pound) regardless of what the settlement was."

Last year frozen sockeyes encountered tremendous competition in the primary market from Japan. After Bristol Bay processors made a special effort to supply large quantities, the glut was reflected in the price the Japanese were willing to offer for this season's product.

With the frozen market in such bad shape, many Icicle fishermen were prepared to accept 40 cents plus a promised share of any profits. With three floating processors in the bay and a transportation system to its plants around the state, Icicle also was offering to buy as many fish as its 65 fishermen could deliver.

"Volume was the only way to make it," Garner said.

Jake Jacobsen, Icicle's Bristol Bay operations manager, said toward the end of the season that some boats had passed the 200,000-pound mark in deliveries, which amounted to a gross more than \$80,000.

The organization of the Bristol Bay Fishermen's Association (BBFA) "occurred very spontaneously," Garner said.

"We were put in a position where we had to act as a group," he said. "The association provided a

method to get Icicle to pay us to fish for what we considered a fair price."

"We were dealing with circumstances where things were happening very rapidly."

Icicle fishermen voted to form the association at a June 22 meeting in Dillingham chaired—because no one else wanted to—by Phil Daniel, boat puller and former UFA lobbyist.

But John Mitchell, an Icicle fisherman and an AIFMA member, asked the group to hold off so he could explain their position to the AIFMA board of directors in Naknek and see if they could work out some way to keep all the fishermen united in the price dispute.

Garner said the new association's conditions were that it be allowed to get a separate price for frozen—the AIFMA board previously had voted to accept only one across-the-board price for frozen and canned—a sliding price and that the frozen price not be held hostage until the canned price was negotiated.

Mitchell was given "48 hours from noon that day," Garner said. "We promised there would be no fishing of reds during that period of time."

The afternoon of June 24, Mitchell and AIFMA president Dave Milholland, both feeling betrayed, were sitting in a Dillingham restaurant. After a harrowing ride across the bay in an oil fume-filled airplane in miserable weather, they arrived to find the association members getting ready to leave for the fishing grounds. Mitchell said he had assurances from the board that it gladly would work with the Icicle fishermen and "develop a price structure that

In a telephone interview, Nix said the statement was motivated by what "seemed to be an escalation in the threats of violence and the reports of violence."

"Fishermen, he added, "were telling us about it

'I think it's outrageous in threats and kinds of incidents that were taking place'

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(violent incidents) but obviously they didn't want to sign complaints."

Nix said things considerably calmed down as state trooper patrols were increased. Also, many striking fishermen felt they had proved their point.

The harassment, though not sanctioned by AIFMA or WACMA, was a way for striking fishermen to vent their frustration at not being able to fish. They were angry at the strike-breakers, whom they called scabs, because they felt that they undercut their efforts to put pressure on the processors to settle.

Icicle and its fishermen argued that they were in a separate market and that their activities would not affect the outcome of the price dispute one way or another.

"There was no indication that any settlement would be of any benefit to us," Garner said. He said he saw no reason to participate in the boycott "unless there was a reasonable purpose for it."

His other point was, "It's not in our best interest at this time to break Icicle," which he believed was possible if they hadn't gone fishing.

Such arguments largely fell on deaf ears. Icicle became a major target of the strikers during several particularly tense days between June 27 and June 30.

As blockades were being put up in front of the Whitney-Fidalgo Seafoods dock in Naknek, the Icicle processing ships off Clarks Point were being surrounded by fishing boats intent on preventing the Egegik tenders from making deliveries.

One boat got crunched between a tender and a processing ship with the fishermen calling it a deliberate ramming and Icicle calling it an accident.

The tenders later backed off and went back to Egegik.

On "Black Sunday," June 29, the fishermen pelted the Icicle processors with water balloons, eggs and mayonnaise.

Later, in defiance of Nix's statement, the Clarks Point fishermen said they would surround the Icicle ships again Monday afternoon.

Icicle, however, pulled its processors out overnight.

Scott Jacobsen said the majority of the company's fishermen stayed tied up during the dispute. Garner estimated that close to half went fishing, though most of them during the last day or two before the settlement.

manager, said toward the end of the season that some boats had passed the 200,000-pound mark in deliveries, which amounted to a gross more than \$80,000.

The organization of the Bristol Bay Fishermen's Association (BBFA) "occurred very spontaneously," Garner said.

"We were put in a position where we had to act as a group," he said. "The association provided a

method to get Icicle to pay us to fish for what we considered a fair price."

"We were dealing with circumstances where things were happening very rapidly."

Icicle fishermen voted to form the association at a June 22 meeting in Dillingham chaired—because no one else wanted to—by Phil Daniel, boat puller and former UFA lobbyist.

But John Mitchell, an Icicle fisherman and an AIFMA member, asked the group to hold off so he could explain their position to the AIFMA board of directors in Naknek and see if they could work out some way to keep all the fishermen united in the price dispute.

Garner said the new association's conditions were that it be allowed to get a separate price for frozen—the AIFMA board previously had voted to accept only one across-the-board price for frozen and canned—a sliding price and that the frozen price not be held hostage until the canned price was negotiated.

Mitchell was given "48 hours from noon that day," Garner said. "We promised there would be no fishing of reds during that period of time."

The afternoon of June 24, Mitchell and AIFMA president Dave Milholland, both feeling betrayed, were sitting in a Dillingham restaurant. After a harrowing ride across the bay in an oil fume-filled airplane in miserable weather, they arrived to find the association members getting ready to leave for the fishing grounds. Mitchell said he had assurances from the board that it gladly would work with the Icicle fishermen and "develop a price structure that would take into consideration the problems the Icicle fishermen face."

"I honestly can't believe I stretched my neck that far," Mitchell added.

"I know he risked his life flying back there," Garner said, but 48 hours had passed without his return. He added they tried calling Mitchell in Naknek but couldn't get hold of him so the group left.

He said 14 boats pulled out for Egegik on that afternoon's high tide. That night a boat blockade was thrown up in the channel to the Dillingham

See ICICLE page 20

Senate approves bill for Bristol Bay beefup

By The Associated Press

Enforcement of fish and wildlife protection laws at Bristol Bay would be beefed up, under a bill unanimously approved by the Senate Monday.

Originally, the legislation (CSSB323 State Affairs) called for increased law enforcement at the fishery as a hedge against a repeat of the violence which broke out at Bristol Bay last summer during a price dispute between fishermen and processors.

Rather than increasing the law enforcement effort at Bristol Bay as recommended by a task force appointed by Gov. Jay Hammond, the Senate opted to spend \$211,100 to enforce fish and wildlife protection laws in Western Alaska.

Under the bill, the Department of Public Safety would buy one boat and lease a second to patrol the Bristol Bay, Togiak and Sand Point fisheries.

Fisheries

antitrust

probe on

SEATTLE (AP)—The federal government is conducting a massive antitrust probe of the rich and competitive Alaskan seafood industry, court records indicate.

According to court records, Joel E. Leising, an antitrust lawyer, was appointed June 24, 1980, to conduct a grand jury investigation in Western Washington to discover "whether certain violation of the federal antitrust laws have occurred and are still occurring in the Alaskan seafood industry."

Evidence of the extent of the government inquiry appears in the records of a civil antitrust case set for trial August 17 in federal court here.

That case, consolidating several suits, dates back to 1974. Individual fishermen accused several fish processing firms of violating antitrust laws. The processors, in return, accused fishermen and their marketing associations of antitrust violations.

The dispute has generated more than 185,000 documents and 24,000 pages of depositions, according to memorandums filed in the case.

Federal investigators last fall maneuvered to gain access to the documents, many of which were sealed by court order.

Rangley L. Wallace, a lawyer in the Justice Department foreign commerce section, declined to discuss the probe, except to say it encompasses the entire Alaska seafood industry.

The probe could have deep effects on Western Washington business. More than 85 fish processing firms have headquarters or offices in Seattle and thousands of Puget Sound fishermen fish in Alaskan waters.

The head of one Seattle processing firm, who asked not to be identified, said it cost his company about \$50,000 for attorneys' fees and copying costs to answer a government subpoena for information.

Meanwhile, a special task force appointed by Alaska Gov. Jay Hammond concluded that commercial fishermen in Alaska's Bristol Bay operate under constant threat of violence and intimidation.

The report said the changing nature of the fishing industry was a basic cause for much of the violence. The report noted the industry has shifted from a cannery-operated fleet—in which fishermen were employed by processing companies—to a fleet of independent fishermen.

The fishermen, in turn, formed marketing associations, which bargain for the price of fish.

"There is no doubt that members of the associations apply substantial pressure to ensure that no fishing will occur in the absence of an association contract," the report said.

"In the absence of any legal power to accomplish this end, association members have adopted less sophisticated but equally effective techniques—specifically, those of intimidation," the report said.

The processing industry faces equally difficult problems, the report said. Since processors aren't dealing with unions, there can be no industry-wide bargaining.

"Any discussion or concerted activity between processors to reach a price settlement is a combination to set prices within the terms of the antitrust laws," the report said.

"Since the processors have already been sued under these acts for collusion and are presently the subject of a federal investigation, they are particularly sensitive toward avoiding even basic communication between themselves," the report said.

"The result is confusion—the marketing associations deal with one processor, then another in an attempt to set a price of the whole bay, but the processors have no real way of knowing what has been offered or the status of negotiations elsewhere," the report said.

Fishermen call for early talks

Associated Press

Juneau — The director of the state's largest fishermen's organization criticized state officials Monday for doing little to prevent another strike by fishermen this summer at Bristol Bay.

Rodger Painter, executive director of United Fishermen of Alaska, told administrators and lawmakers they are wasting time that could be used to resolve long-standing differences between fishermen and processors at Bristol Bay.

Painter outlined possible solu-

tions to the dispute at a hearing Monday before a joint House-Senate panel and a Cabinet-level task force investigating conflicts at Bristol Bay.

He urged state officials to spur negotiations between fishermen and packers so a price for salmon is set before fish runs start early this summer.

The key to price talks is adequate information, Painter said. He asked for an immediate state-funded study of salmon markets to give fishermen and processors "something to talk

about."

Sen. Arliss Sturgulewski, R-Anchorage, who heads the panel, agreed that the state "is under a time crunch" if a marketing study is to be undertaken.

Last year, fishermen and packers could not settle on a price for salmon. A strike resulted, and instead of the predicted largest salmon catches in history, millions of harvestable salmon escaped upstream. The estimated loss was \$46 million to \$65 million to fishermen alone.

Painter said this season there is "the distinct possibility of violence in the bay if there is another long strike." Sturgulewski said the Legislature's primary concern at Bristol Bay is protecting public safety.

John Garner, lobbyist for the Bristol Bay Fishermen's Association, said many fishermen stayed on the beach during the strike last summer out of fear. He said he avoided the controversial fishing grounds until after a price was set — "I was chicken."

Roy Smith, a Petersburg gillnetter who fished at Bristol Bay last season, said a fisherman who broke the strike was threatened one night while anchored next to him on the

Naknek River. Oil was poured on the man's boat, and an angry fisherman threatened to set it on fire, Smith said.

Others argued that there is a gray area between violence and scare tactics. Rep. Joseph Chuckwuk, D-Dillingham, who is a member of the panel, said he has not seen any documented evidence of violence at Bristol Bay.

Jim Beaton, a fisherman for 23 years and member of the state Board of Fisheries, said in addition to undertaking a marketing study, the state should help fishermen develop alternative markets, including their own cooperatives.

Alternative markets could be developed through investments and loans by the Alaska Renewable Resources Corp. and the Commercial Fishing and Agriculture Bank, Sturgulewski said. Both are state-funded agencies.

Mitch Kink, general manager of the Alaska Independent Fishermen's Marketing Association, said the state should require binding arbitration between fishermen and processors. Currently, the state can enter price disputes only if asked, and even then the state is simply a referee.

Senate panel calls for Bristol marketing study

By The Associated Press

To avoid another strike by salmon fishermen at Bristol Bay, the state should undertake a marketing study of the troubled fishery, and beef-up the police patrol in the bay, a special Senate panel recommended today.

Rodger Painter, executive director of the United Fishermen of Alaska, said the report offers some good long-term solutions, but added that the state should apply more political pressure on processors immediately to negotiate in good faith.

"We can't do it alone. We've got to have processors sitting down with us" to reach agreements, he said.

But Sen. Arliss Sturgulewski, R-Republican, who is on the special panel, said a marketing study public safety provisions are the best efforts the state can make to smooth negotiations without interfering with the private market.

The report by the special Senate Judiciary Hearing Committee appointed by Senate President Jalmar Kerttula, D-Palmer, said that "much of the stress occurring in Bristol Bay is

due to the changing nature of the fishery and the marketing structure. Because the end result of the evolution in the fishing industry is not unknown, state policy toward the Bristol Bay fishery should neither artificially restrict that change, nor force the adoption of any new system."

Fishermen lobbied heavily for a marketing survey, which is scheduled to be completed by the Department of Commerce and Economic Development by May 15. The report said the study would "allow fishermen to negotiate on a more equal footing with the processors."

A report issued last week by a Bristol Bay task force appointed by the governor also recommended that a marketing study be done, and that the public safety effort at the bay be strengthened.

The committee said the study should at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors in producing their products.

Sales of fish to foreign processors OKed by judge

By JULIE ANNE GOLD and DON HUNTER
Daily News reporters

A federal judge Friday issued a preliminary injunction against the Alaska Department of Fish and Game that will clear the way for Bristol Bay fishermen to sell at least part of their catch this season directly to foreign processors.

State law and Fish and Game regulations require primary processing of salmon and herring taken in Alaska waters to occur here, before the catch leaves the state.

It is that requirement that U.S. District Court Judge James Fitzgerald apparently has barred the state from enforcing — at least temporarily.

Fitzgerald scheduled a conference with attorneys Monday morning to discuss the "terms and form" of the injunction. An attorney for one of the fishermen's associations Friday night said the extent of the order won't be known until then.

The suit was filed Feb. 17 by the Bristol Bay Herring Marketing Cooperative and the Western Alaska Cooperative Marketing Association, rep-

resenting salmon fishermen, and four individuals.

The fishermen claim they were "forced to waste and destroy" 15,000 metric tons of salmon and herring during the 1980 fishing season because local processors couldn't handle the entire catch.

As a result, the fishermen's associations negotiated a contract with the North Pacific Longline-Gillnet Association, a Japanese group, to sell their herring and salmon directly to the Japanese. The longliners would freeze the fish aboard 10 vessels and ship it to Japan for processing.

Adhering to the state rules and heeding the objections of Bristol Bay processors who claimed they would be able to process the entire 1981 season catch, the Alaska Board of Fisheries rejected the Bristol Bay fishermen's request to enter the direct sale agreement with the Japanese.

The fishermen claim the state's refusal to allow them to sell raw fish to foreign processors violates the federal constitution.

Panel offers fish strike precautions

Associated Press

Juneau — To avoid another strike by salmon fishermen at Bristol Bay, the state should undertake a marketing study of the troubled fishery, and beef-up the police patrol in the bay, a Senate committee recommended Monday.

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The committee said the study should at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors in producing their products. The report said a range of prices for salmon — fresh, frozen or canned — should be recommended.

However, Rick Lauber, lobbyist for the Pacific Seafood Processors Association, said much of the information the study will provide is already available from other sources.

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Alaska Dept of Commerce

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Saying that Bristol reds will run early may cause havoc

By ANN CONY
Daily News reporter

The prediction of an early run of red salmon in Bristol Bay this year is expected to send commercial fishermen and processors scrambling to get ready for the fish.

Robert Burgner, a biologist with the Fisheries Research Institute at the University of Washington, said Friday that data he received Thursday indicate the salmon season will peak about June 30 or July 1 — four or five days earlier than usual.

"That makes quite a bit of

difference in the way they gear up for operations out there," he said.

Burgner, who studied Bristol Bay salmon runs for his doctorate degree, said his forecast is based on a correlation between salmon runs and air and water temperatures.

In addition to creating technical havoc in industry preparations for the harvest, the early-run prediction is expected to put more intense pressure on price negotiations between processors and fishermen. It also should put more pressure on lawmakers in Juneau to move



on a pack loan appropriation needed to help processors meet operating costs this season.

Rodger Painter, executive director of United Fishermen of Alaska, said Friday that if the run peaks early, fishermen will want to be in the bay by next week.

"That means people are going to have to start scrambling to get there sooner. It may cause some logistical problems," he said. Some fishermen do not have their boats ready yet and processors will have to try to push forward scheduled deliveries of equipment and the like, he said.

The anticipation of an early run will almost certainly have an effect on price negotiations between fishermen and processors, Painter said. "It probably means that efforts to hold out are going to have a much harder time this year," he said.

The Western Alaska Cooper-

ative Marketing Association, which represents some 330 fishermen, has settled with numerous processors on the price to be paid fishermen. The Alaska Independent Fishermen's Marketing Association, representing some 700 fishermen, has rejected offers to fish for the prices accepted by the cooperative.

Fishermen in the area of False Pass, Unimak Island, have settled salmon prices with Peter Pan Seafoods and were on the water Friday. Fishermen in the Chignik area have also settled.

The state Department of

Fish and Game had predicted the red salmon catch in the Chignik area would be roughly 1 million fish, but biologists have reported a stronger run than was anticipated. One biologist said the Chignik run was "going bananas."

Fish and Game has predicted a total run of about 26.7 million reds through Bristol Bay this year.

Last year, some 40 million red salmon slipped through the Bristol Bay fishing grounds during a costly, tension-filled strike by fishermen.

More Bristol patrols asked to avoid rerun of '80

By The Associated Press

Hoping to avoid a repeat of last summer's tense strike by Bristol Bay salmon fisherman, a special task force has proposed the state spend \$320,000 to beef-up police patrols in the bay this year to thwart violence if another strike occurs.

The task force also has recommended the state fund a \$50,000 marketing survey for Bristol Bay salmon.

Fishermen's marketing associations in the bay have lobbied for the survey, which they say would provide needed information during price negotiations between fishermen and processors.

The task force appointed by Gov. Jay Hammond issued its report Monday, and Hammond endorsed the group's recommendations.

Hammond said he will seek funding from lawmakers for increased police patrols, to include five additional surveillance boats and added helicopter patrol time. He also pledged \$50,000 from his contingency fund for a marketing survey to be completed by May 15.

"Coming on the heels of strikes in 1979 and 1980 this year's fishing season is important," Hammond said. "Given our inter-

national commitments, there is a serious question as to how long other nations which are currently forbidden to take Bristol Bay salmon will remain quiet while millions of fish are wasted during domestic price disputes."

Last summer, an estimated 21 million red salmon swam upstream while striking fishermen were locked in a price dispute with processors.

"The two major concerns we have are a desire to safeguard an adequate harvest of Bristol Bay reds as required under terms of international law and a curtailment of possible violence and other illegal activities in the bay," Hammond said.

The task force named by Hammond to investigate the Bristol Bay fishery includes Gross and six top state officials, including the commissioners of Public Safety, Fish and Game, and Labor.

In its report, the task force said fishermen historically have relied on violence and intimidation during price negotiations. Over the years, a wedge of animosity has separated fishermen and processors, dating from the time when fishermen were employees of the canneries.

"Whatever the cause, the bargaining process by which prices are set in Bristol Bay is primitive in nature," the report states. "Communications are poor, the element of threat is constantly present, distrust is high."

"...the state must make a clear statement to the effect that intimidation cannot be a regular part of settling prices..."

The task force said the "whole thrust of the state's effort should be to create a climate within which the parties can work out their own dispute."

While the state has a "clear interest" in helping find a better way to negotiate price settlements, the task force warned that every opportunity should be given to fishermen and processors to develop a system of settling salmon prices without risking strikes.

Members of the task force said more drastic government action, such as opening the bay to foreign processors and fishermen without limited entry permits, was considered, but rejected.

However, the task force plans to monitor what happens in the bay this year and make a second report to the governor after the

season.

In addition to economic losses to fishermen and processors and the threat of violence created by a strike, the task force said the situation is complicated because the salmon are a resource that belongs to the people of Alaska — not the fishermen or processors.

That means a strike can result in waste of the public's resource, the task force said.

An attachment to the report details the Department of Public Safety's "contingency plan" for guarding the bay in the event of a strike this summer. In addition to increased boat and helicopter patrols, the plan outlines procedures for handling prisoners in the event of arrests.

The plan is outlined by Col. T.R. Anderson, director of State Troopers. Anderson states that last summer's strike "resulted in numerous threats of violence, some alleged assaul'ts, and some instances of boat ramming, including one incident in which the Department of Public Safety vessel, Vigilant, was rammed by a fishing boat."

Bristol fishing problems remain

By The Associated Press

The director of the state's largest fishermen's organization criticized state officials Monday for doing little to prevent another strike by fishermen this summer at Bristol Bay.

United Fishermen of Alaska Executive Director Rodger Painter told administrators and lawmakers they are wasting time which could be used to resolve long-standing differences between fishermen and processors at Bristol Bay.

Painter outlined possible solutions to the dispute at a hearing Monday before a joint House-Senate panel and a cabinet-level task force investigating conflicts at Bristol Bay.

He urged state officials to spur negotiations between fishermen and packers so a price for salmon is set before fish runs start early this summer.

Key to price talks is adequate information, Painter said. He asked for an immediate state-funded study of salmon markets to give fishermen and processors "something to talk about."

Sen. Arliss Sturgulewski, R-Anchorage, who heads the panel, agreed that the state "is under a time crunch" if a marketing study is to be undertaken.

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Roy Smith, a Petersburg gillnetter who fished at Bristol Bay last season, said a fisherman who broke the strike was threatened one night while anchored next to him on the Naknek River. Oil was poured on the man's boat, and an angry fisherman threatened to set it on fire, Smith said.

Others argued that there is a gray area between violence and scare tactics. Rep. Joseph Chuekwuk, D-Dillingham, who is a member of the panel, said he has not seen any documented evidence of violence at Bristol Bay.

Jim Beaton, a fisherman for 23 years and member of the state Board of Fisheries, said in addition to undertaking a marketing study, the state should help fishermen develop alternative markets, including their own cooperatives.

Alternative markets could be developed through investments and loans by the Alaska Renewable Resources Corp. and the Commercial Fishing and Agriculture Bank, Mrs. Sturgulewski said. Both are state-funded agencies.

Salmon ranch bill may pass

BELLINGHAM, Wash. (AP) — A salmon ranching bill that commercial fishermen fear could ruin their industry probably will pass the state Senate within days, says state Fisheries Director Rolland Schmitt.

Schmitt visited Bellingham Thursday and spent much of his time inspecting salmonrearing programs run by local fishermen who volunteer their time. He said the salmon ranch bill could doom such programs.

Big corporations such as Weyerhaeuser, Charter Oil and Campbell Soup Co. want to bring the ranching method of salmon production to Washington.

Salmon ranches already operating in Oregon lease young fish into the sea. When the fish are grown, their homing instinct brings them back to the ranch to spawn and they can be easily captured for market.

Old Washington state laws against fish trapping make

salmon ranching illegal.

Many fishermen believe the salmon ranch movement will make them obsolete. They worry that salmon ranching corporations will use political muscle to force fishermen from the sea to allow more salmon to return to the ranches.

If the fears are founded, the trend could have a sharp impact on coastal communities such as Bellingham, where an estimated 3,000 people earn their livings.

ALASKA DEPARTMENT OF FISH AND GAME
DIVISION OF COMMERCIAL FISHERIES
BRISTOL BAY AREA

Preliminary Review of the
Bristol Bay Salmon Fishery
-1980-

Annual Salmon Management Report
to the Board of Fisheries

Anchorage, Alaska
December, 1980

Senior Area Management BiologistMichael L. Nelson
Naknek-Kvichak Area Management Biologist(Vacant)
Egegik-Ugashik Area Management BiologistDonald L. Bill, Jr.
Togiak Area Management BiologistJeffrey R. Skrade
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The exceptional inshore returns in 1980 (as well as 1978 and '79) are a function of (1) insuring adequate parental escapements through strict harvest management control during the middle 1970's, (2) improved freshwater and marine survival conditions, and (3) significantly reduced interception by the Japanese high seas gill net mothership fishery.

Average or above average harvests were also realized for the other species of salmon, and were highlighted by record or near record catches of chum and coho salmon (Table 2).

SALMON FISHERY

The pre-season outlook indicated a potential total species harvest of over 53 million fish, with sockeye and pink salmon expected to contribute over 96% of the total:

<u>Species</u>	<u>Potential Harvest</u>
Sockeye	37,126,000
King	200,000
Chum	1,500,000
Pink	14,700,000
Coho	175,000
Total	53,701,000

The actual total species harvest amounted to only 28.2 million fish. The potential harvest was not reached due to a price dispute which delayed fishing activities well into the sockeye run, and the failure of the pink salmon run to return in the numbers anticipated. Other species returned in strength close to that expected.

Sockeye Salmon

The large expected sockeye run destined for Bristol Bay in 1980 was forecast at 54.5 million fish, with a probable harvest of 37.1 million after escapement requirements. This potentially large harvest required special management considerations to provide for an orderly and maximum harvest. The following management options were implemented on June 9 by emergency order:

(1) a General district was established seaward of existing fishing boundaries

INTRODUCTION

The Bristol Bay area, which includes all coastal waters and inland drainages east of a line from Cape Newenham to Cape Menshikof, is the largest sockeye salmon producing region in the world (Figure 1). In addition to substantial returns of other salmon species, a new and developing herring and herring spawn-on-kelp fishery has evolved in recent years.

Prospects of a record return of sockeye and pink salmon to Bristol Bay in 1980 prompted a liberal approach to the management of the fishery. Both fishing boundary restrictions and district re-registration requirements were relaxed, and in addition, unlimited fishing time was allowed to promote an orderly and maximum harvest (Figure 2).

Salmon returns to Bristol Bay in 1980 broke all existing records. The return of all species exceeded 72 million fish, with the commercial catch totaling over 28 million, and accounting for 26% of the entire state-wide catch. The total catch of all species was the largest in the history of recorded catches dating back to 1884.

The highlight of the 1980 salmon run was the return of 62.4 million sockeye salmon, the largest in the history of the fishery (Table 1). Due to a fishermen-industry price dispute the sockeye commercial fishery was delayed and did not get underway until July 3, mid-way into the run. The sockeye harvest of 23.7 million was the fifth largest ever achieved and was worth nearly \$76 million to the fishermen. The entire all species salmon harvest in 1980 was valued at \$84 million to participating fishermen, while the herring fishery contributed an additional \$3 million.

Sockeye salmon escapement goals were achieved for the seventh consecutive year, and the total escapement of 38.7 million was the largest ever recorded, and over 21 million fish above the desired escapement level. Historic record escapements were achieved in 5 of the 10 major component river systems.

Estimated peak fishing effort in all five districts combined took place on July 4, after settlement of the price dispute, and involved over 1,600 units of drift gill net and approximately 660 set gill net units.

The record sockeye run was highlighted by a number of significant developments:

- (1) Despite the early-season uncertainty as how to interpret the Port Moller test fish data, the actual run fell within 15% of the pre-season forecast.
- (2) A major price dispute between fishermen and processors delayed fishing activities until July 3, by which time the run was into its peak, and escapements were already assured in most major river systems. Establishment of the General district to crop off fish early was not effective due to the lack of early fishing activities.
- (3) As a result of the late season start-up of fishing activities and the strong return, processing capacity was quickly exceeded once the price dispute was resolved. Frequent suspensions and limitations of buying by processors was the rule between July 3-13.
- (4) Six (6) foreign tendering permits were issued under amended foreign processing regulations adopted by the Board of Fisheries. Although 12 foreign tenders transported over 760,000 fish (4.1 million lbs.) out of Bristol Bay for processing, the actual number of permits/tenders was much less than anticipated.
- (5) Although numerous all-time catch and escapement records were set in 1980, none was more remarkable than the return of 12.7 million sockeye to Nushagak district. This district has a long history of total fish production which has averaged about 2½ million fish. The return of 12.7 million was the second largest ever recorded.

in the Naknek-Kvichak, Egegik and Ugashik districts; and the Nushagak district outer boundary was extended out to the "king salmon boundary line" effective June 25 (Figure 2); (2) unrestricted fishing time was allowed beginning on June 9 in the Naknek-Kvichak, Egegik, Ugashik and General districts, and from June 25 in the Nushagak district; and (3) all re-registration processes were waived to allow unrestricted movement between all districts of Bristol Bay without the usual 48-hour waiting period.

The total sockeye salmon return in 1980 of 62.4 million was the largest ever recorded. The eventual season harvest of 23.7 million was many million less than what potentially could have been caught. The fishermen-industry price dispute effectively eliminated any significant harvest prior to July 3. As sockeye escapements began to build in late June, it was quickly evident that escapement trends were developing well above the normal rate.

The Department's Port Moller test boat fishery, which provides information on timing, magnitude and age composition of the run one week in advance of the inshore fishery, was inconclusive in terms of magnitude, but time and age composition were exactly as expected. However, the price dispute extended so far into the season, that by the time a price settlement was reached, there was little doubt as to the strength and magnitude of the run.

Daily catches immediately exceeded 2 million fish per day once the price dispute was settled on July 3, and for the next nine (9) days exceeded 1.4 million fish per day, peaking on July 5-6 with 2.5 and 2.4 million fish, respectively (Table 5). Approximately 21 million sockeye passed through the fishing grounds prior to the commencement of commercial activities, and escapement requirements were assured in most major river systems. Continuous fishing was permitted throughout the entire sockeye season, as run magnitude evaluation procedures indicated exceptional strength to all districts.

King Salmon

The expected strong return of king salmon did not materialize, although the commercial harvest of 96,000 was nearly equal to the long-term average catch of 104,000 (Table 2). The Nushagak district, which has produced over 75% of the area harvest in the past, saw 64,000 taken commercially. The escapement into this district's extensive freshwater drainage amounted to 141,000 fish, the highest ever recorded.

A significant increase in early season fishing effort took place in Nushagak district in 1980. Closure of the herring fishery, the likelihood of a late start on the sockeye run due to unresolved prices, and the prospects of a good run were all important in persuading many fishermen to engage in the early king fishery.

After a nine-day early season closure, the Nushagak king escapement indices had improved enough to allow additional fishing time. However, due to the unresolved price situation and the likelihood of high incidental catches of other species, virtually the entire fishing fleet elected not to participate in the open fishing period scheduled to begin on June 25.

The Togiak district king run was average in every respect. The commercial harvest of 12,000 and escapement of 12,000 was nearly equal to the long-term average catch (13,000) and escapement (16,000).

Chum Salmon

The area chum salmon harvest of 1.4 million fish was nearly triple the long-term average and the third largest catch ever made (Table 2). The Nushagak district accounted for over 55% of the total harvest. The chum harvest in the Togiak district of 307,000 was the largest ever made and just slightly above the previous record set during the 1978 season, while the Nushagak chum harvest of 782,000 fish was the fourth largest for this district.

Chum escapements in both major districts were record or near record highs. The Nushagak district escapement of 1.1 million was almost twice the

previous recorded high, while the 415,000 chum escapement at Togiak was the second largest.

Pink Salmon

Failure of pink salmon to return as expected was one of the major disappointments during the 1980 season. Bristol Bay produces significant runs of this species only during even years, and the total run this season of 6.1 million fish was well below that expected (Table 4).

The pre-season forecast for pink salmon returning to Nushagak district was set at 15.7 million, but the forecast was judged "particularly untrustworthy" because the parent escapement of 9.4 million was more than twice as large as any previous observed. The actual return to Nushagak amounted to 5.2 million fish, or about 33% of that expected. Escapement requirements were achieved or exceeded in all river systems.

Coho Salmon

The commercial coho harvest for all districts of 335,000 fish combined was the largest in the history of the fishery (Table 2). The previous record catch of 300,000 occurred in 1979. The Nushagak and Togiak districts accounted for 89% of the area-wide harvest and was highlighted by a catch of 148,000 fish in the Togiak district which broke the previous record of 124,000 reported last year. A sharp increase in coho harvests in recent years has been attributed to higher late season fishing effort and processing capacity; however, the run of this species was strong in all systems this season and escapements throughout the area appeared to also be large.

Aerial escapement surveys were initiated for the first time at Togiak this season in recognition of the increased late season fishing pressure. Aerial survey indices indicate that the coho escapement approximated 50 to 80,000 fish. At Nushagak, where sonar gear was used to enumerate salmon into the Nushagak River, over 130,000 coho's had escaped the fishery by August 5

when the sonar program was terminated. Only 34% of the commercial harvest had occurred by this date and the peak of the fishery took place almost two (2) weeks later. The actual coho escapement into Nushagak was probably well over 200,000 fish compared with a commercial catch of 150,000 (Table 2).

The orderly conduct of the coho fishery in the Togiak district has been a matter of numerous public complaints in the past due to illegally fishing in closed waters. This has been a recurring problem here for over 10 years and culminated in 1979 with an apparent wholesale disregard of the upriver closure by a large number of fishermen. Law enforcement coverage was intensified in 1980, and was successful in keeping the situation well in hand. There still remains several considerations in terms of the length of time and area of coverage that the enforcement program is to cover, but the experiences in 1980 proved that on-the-grounds enforcement was successful in curbing the problem.

SALMON PRODUCTION AND PROCESSING SUMMARY

In recognition of a potential harvest problem in Bristol Bay in 1980, brought on by both an increase in stock size and a change or shift in market emphasis, a "Fishery Harvest Planning Group" was established under the direction of the Governor's office of International Fisheries and External Affairs. This group, working throughout the winter, examined all pertinent and related data in regards to the pre-season forecast, domestic processing capacity, changes in the salmon market conditions and other factors which were associated with a potential record salmon harvest.

The concensus of this group was that the domestic industry would fall short in daily processing capacity to handle the large expected run. In recognition of this problem, the Board of Fisheries concurred and amended the foreign processor regulations in March of 1980 to allow foreign vessels to tender fish outside of State waters for processing.

In total, six (6) foreign tendering permits were issued and twelve (12) foreign tenders transported 760,000 fish to processing facilities outside of State waters.

The pre-season estimated and post-season actual domestic processing capacity directed at the 1980 sockeye/chum salmon returns is shown below:

<u>Processing Category</u>	<u>Bristol Bay Season Capacity (in millions of fish)</u>	
	<u>Estimated (%)</u>	<u>Actual (%)</u>
Canning capacity in Bristol Bay	14.5 (41)	7.9 (32)
Freezing capacity in Bristol Bay	9.6 (27)	7.2 (29)
Transport outside Bristol Bay:		
Flying	7.2 (20)	4.3 (17)
Tendering	4.1 (12)	5.7 (23)
	<u>TOTAL: 35.4</u>	<u>25.1</u>

The actual season capacity fell some 10 million fish short of the pre-season summary analysis. It was estimated that 9.6 million fish were lost to the harvest as a result of the price dispute which delayed fishing until July 3. Further post-season analysis indicates that about 3.5 million fish were lost to the harvest between July 3-13 due to down fishing time brought on by daily processing capacity limitations.

All post-season analysis shows that the "daily" estimated processing capacity of 1,630,000 fish made before the season closely approximates the actual daily capacity of 1,510,000 fish during the 1980 season.

All pre-season capacities and conversions were based on an average sockeye weight of 5.50 lbs., while the actual average weight was estimated at 5.62 lbs.

In summary then, the pre-season survey indicated that the domestic industry could handle 1.6 million per day or a season total of 35.4 million. The actual daily capacity amounted to 1.5 million, while the season total was 25.1 million, some 10 million short of the "estimated" season total.

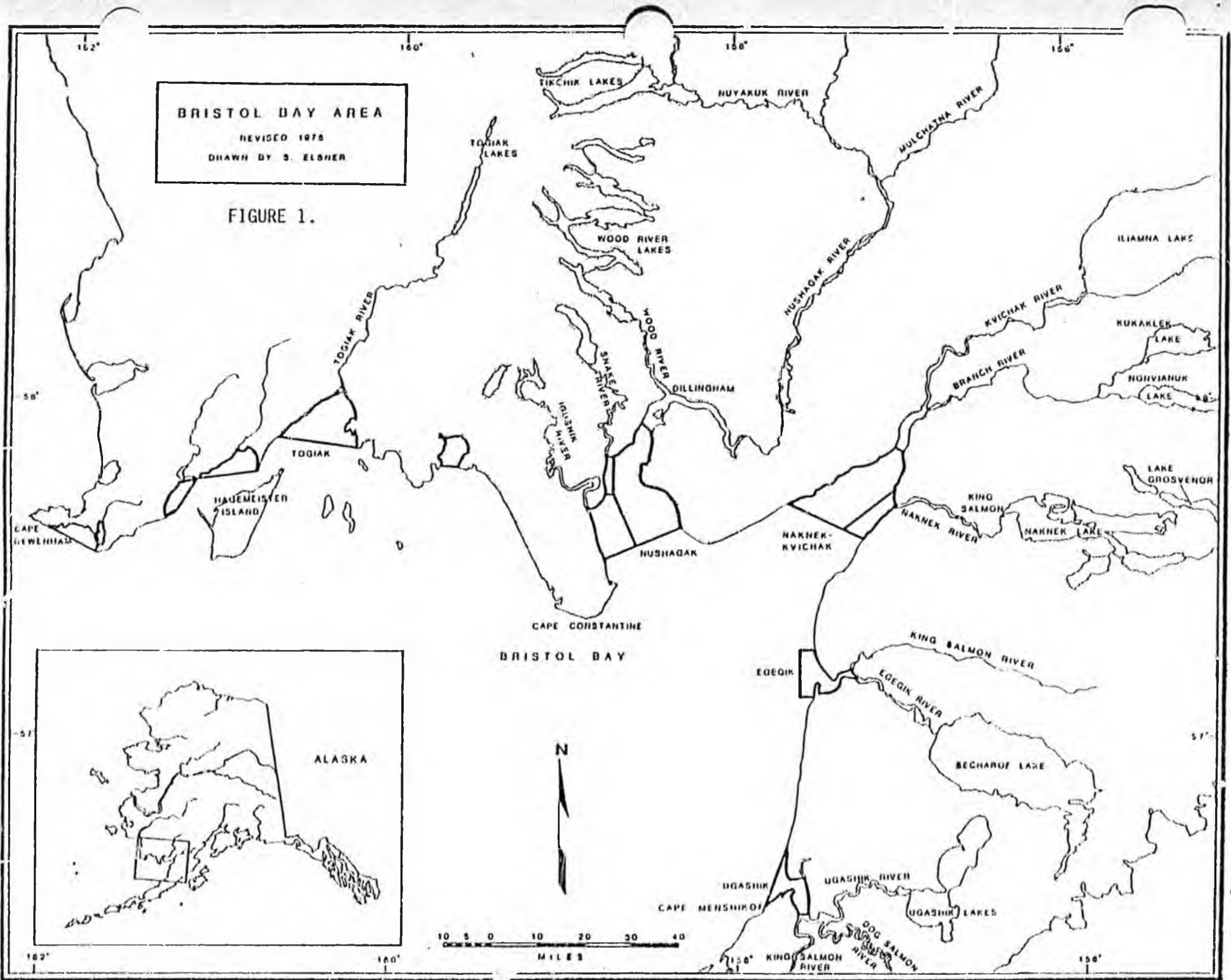
SALMON MANAGEMENT OUTLOOK FOR 1981

The inshore sockeye salmon forecast for 1981 of 26.7 million will allow a commercial harvest of 21.2 million after escapement requirements are met. The combined sockeye escapement goals for all eleven (11) of the major river systems in Bristol Bay total 5.5 million, which is the standard post-peak escapement requirements in the year following the peak cycle year (1980).

The projected sockeye harvest of 21.2 million fish will surpass the average post-peak catch of 8.5 million by over 12 million fish. Large numbers of sockeye will be in excess of escapement requirements in all districts. Ultimate fishing time allowed in the various districts will depend upon actual run strength; however, consistent early season fishing periods will be necessary to gauge district run strength and allow the processors and fishermen adequate break-in time for an efficient operation.

Provided the run develops as anticipated, it will be imperative that early season fishing is not interrupted or delayed, or significant harvest could be lost as in 1980.

King and chum salmon returns are expected to be strong as well, producing a total harvest of 150,000 and 1.5 million, respectively. The 1981 chum return will be produced by the 1977 brood year escapements, which were the largest on record. Pink salmon returns are negligible in odd years, while coho production is expected to continue at the high levels of recent years.



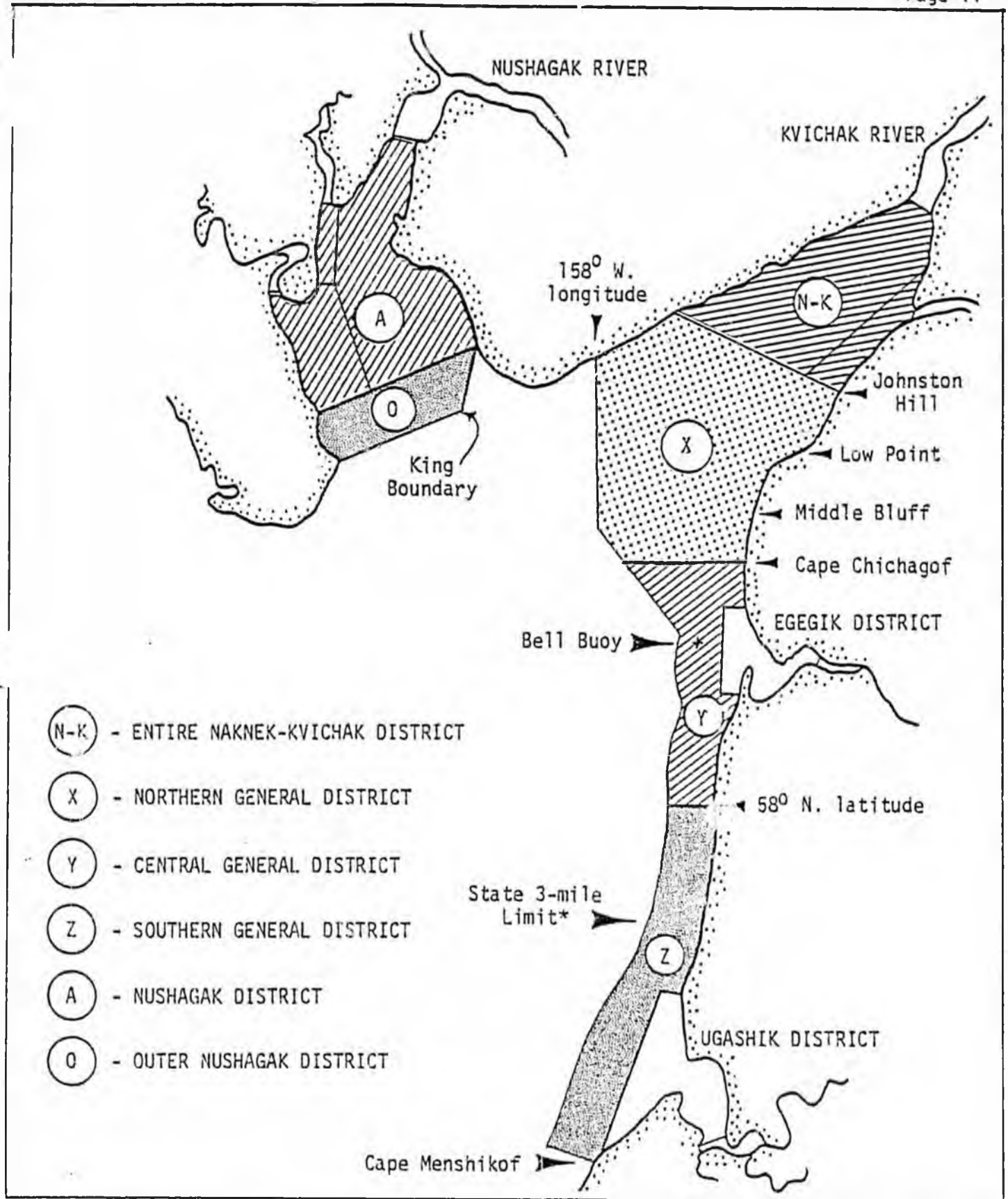


FIGURE 2. SALMON CATCH REPORTING ZONES, BRISTOL BAY

*Western boundary of General District is limited by the State three-mile territorial zone.

Table 1. Sockeye salmon inshore catch and escapement, Bristol Bay, 1980.^{1/}

District and River System	Sockeye Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
<u>NAKNEK-KVICHAK DISTRICT</u>			
Kvichak River	12,729	22,505	35,234
Branch River	249	298	547
Naknek River	2,146	2,645	4,791
Total	15,123	25,448	40,571
<u>EGEGIK DISTRICT</u>	2,613	1,061	3,674
<u>UGASHIK DISTRICT</u>	926	3,321	4,247
<u>NUSHAGAK DISTRICT</u>			
Wood River	1,469	2,969	4,438
Igushik River	1,068	1,988	3,056
Nuyakuk River	1,668	3,027	4,695
Nushagak-Mulchatna River	180	291	471
Snake River	18	37	54
Total	4,404	8,310	12,714
<u>TOGIAK DISTRICT</u>	608	572	1,180
<u>TOTAL BRISTOL BAY</u>	23,674	38,713	62,387

^{1/} Catches are preliminary while escapements are final; all figures rounded to nearest thousand; General district catch pro-rated to individual river systems.

Comparison of historical sockeye salmon catch and escapement, Bristol Bay, (in thousands):

Period	Sockeye Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
1960-69 (10-Yr. Average)	8,612	10,476	19,088
1970-79 (10-Yr. Average)	8,182	9,770	17,952
1960-79 (20-Yr. Average)	8,397	10,123	18,520
1975	4,899	19,333	24,232
1976	5,619	5,920	11,539
1977	4,878	4,814	9,692
1978	9,896	9,983	19,879
1979	21,958	18,465	40,423
1980	23,674	38,713	62,387

Table 2. Commercial inshore catch by district and species, Bristol Bay, 1980.^{1/}

District	Catch by Species (1,000's of Fish)					Total
	Sockeye	King	Chum	Pink	Coho	
Naknek-Kvichak	15,123	7	184	267	8	15,589
Egegik	2,613	5	71	3	20	2,712
Ugashik	926	5	34	+	9	974
Nushagak	4,404	64	782	2,311	150	7,711
Togiak	608	12	307	70	148	1,145
Total ^{2/}	23,674	96	1,405	2,650	335	28,160

^{1/} Preliminary.^{2/} Due to rounding, the totals may not equal the sum of the district catches.

Comparison of historical commercial catch by species, Bristol Bay:

Period	Catch by Species (1,000's of Fish)					Total
	Sockeye	King	Chum	Pink ^{1/}	Coho	
1960-69 (10-Yr. Av.)	8,612	102	577	1,439	42	10,772
1970-79 (10-Yr. Av.)	8,182	106	844	1,550	70	10,750
1960-79 (20-Yr. Av.)	8,397	104	711	1,494	56	10,761
75	4,899	30	325	+	46	5,301
76	5,619	96	1,329	1,037	27	8,108
77	4,878	131	1,598	5	107	6,718
78	9,896	175	1,166	5,187	82	16,505
79	21,958	202	930	2	300	23,393
1980	23,674	96	1,405	2,650	335	28,160

^{1/} Includes only even-numbered years.

Table 3. Bristol Bay sockeye salmon escapements by river system compared with escapement ranges and goals, 1980.

River System	Escapement (in 1,000's of Fish)			
	Actual	Goal	Management Range	Actual/Goal
Kvichak	22,505	14,000	12,000-16,000	1.61
Branch	298	185	170- 200	1.61
Naknek	2,645	800	700- 900	3.31
Egegik	1,061	600	500- 700	1.77
Ugashik	3,321	500	400- 600	6.64
Wood	2,969	800	600- 1,000	3.71
Igushik	1,988	150	100- 200	13.25
Nuyakuk	3,027	250	200- 300	12.11
Nushagak-Mulchatna	291	40	30- 50	7.28
Snake	37	30	20- 40	1.23
Togiak	462	100	80- 120	4.62
Total	38,713 ^{1/}	17,455	14,800-20,110	2.22

^{1/} Total Bristol Bay escapement includes aerial survey estimates in several minor sockeye systems.

Table 4. Pink salmon inshore catch and escapement, Bristol Bay, 1980.^{1/} Page 15

District and River System	Pink Salmon (1,000's of Fish)		
	Catch	Escapement	Total Run
<u>NAKNEK-KVICHAK DISTRICT</u>			
Kvichak River		25	
Branch River		242	
Naknek River		160	
Total	267	427	694
<u>EGEGIK DISTRICT</u>	3	-	3
<u>UGASHIK DISTRICT</u>	+	-	+
<u>NUSHAGAK DISTRICT</u>			
Wood River		28	
Igushik River		4	
Nuyakuk River ^{2/}		2,627	
Nuyakuk River ^{3/}		90	
Nushagak River		123	
Mulchatna River		-	
Snake River		1	
Total	2,311	2,872	5,184
<u>TOGIK DISTRICT</u>	70	103	173
<u>TOTAL BRISTOL BAY</u>	2,650	3,402	6,052

1/ All figures are preliminary.

2/ Up-river from the counting station.

3/ Down-river from the counting station.

Comparison of Bristol Bay pink salmon inshore catch and escapement in recent years (in 1,000's of fish).^{4/}

Period	Catch	Pink Salmon	
		Escapement ^{2/}	Total Run
1960-68 (5-Yr. Average)	1,439	1,041	2,480
1970-78 (5-Yr. Average)	1,549	2,746	4,295
1960-80 (10-Yr. Average)	1,599	2,030	3,629
1958	1,136	4,000	5,136
60	302	146	448
62	914	543	1,457
64	1,550	911	2,461
66	2,493	1,442	3,935
68	1,936	2,161	4,097
1970	457	153	610
72	127	59	186
74	940	986	1,926
76	1,037	1,040	2,077
78	5,187	11,492	16,679
1980	2,650	3,402	6,052

4/ Even years only.

5/ Nushagak only through 1972, Naknek-Kvichak included in 1974-80, and Togiak included in 1976-80.

Table 5. Total salmon catch by date and district, Bristol Bay, 1980.

Date	Salmon Catch by Day (in 1,000's of Fish)						Total Daily
	Naknek-Kvichak	Egegik	Uqashik	General	Nushagak	Togiak	
June 29	71	29	14	16	0	0	130
30	81	80	7	36	0	0	204
July 1	180	99	5	68	0	0	352
2	182	103	8	50	0	0	343
3	1,152	248	16	93	549	13	2,071
4	1,367	228	6	99	255	62	2,017
5	1,758	101	8	92	536	31	2,526
6	1,648	151	17	130	474	7	2,427
7	1,569	176	37	134	429	23	2,368
8	824	127	39	127	433	32	1,582
9	876	175	59	161	550	30	1,851
10	860	181	71	124	278	52	1,566
11	1,053	149	22	113	564	25	1,906
12	992	140	76	70	51	58	1,387
13	260	160	88	37	260	15	820
14	299	51	130	28	194	39	741
15	206	27	108	13	122	54	530
Season Total	14,390	2,505	907	1,508	7,711	1,145	28,160



UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE

197 SOUTH FRANKLIN ST
JUNEAU ALASKA 99801
907 586-2820

RECEIVED

MAY 11 1981

Rodger Painter
Executive Director

May 8, 1981

Honorable Ed Dankworth
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Dankworth:

The United Fishermen of Alaska, which represents 17 fishing organizations and another 1,200 individual commercial fishermen, is very concerned about the potential loss of the fisheries development programs of the State of Alaska. We respectfully request the Senate Finance Committee to consider inclusion in the FY 1982 capital budget of the \$669,000 in projects proposed by the Office of Commercial Fisheries Development (Department of Commerce and Economic Development).

Although many commercial fishermen agree with some of the criticism that has been leveled at the state's past bottomfish development program, we think it would be a major mistake to allow the program to die at this point in time. The long-awaited development of a domestic offshore fishery in Alaska is finally beginning to happen in a very big way, but resident, small boat fishermen and other Alaskans aren't the ones reaping the lion's share of the benefits. Consider these statistics supplied by the Alaska Department of Fish and Game:

The domestic catch of groundfish in Alaska has gone from 5.1 million pounds in 1977 to 105.2 million pounds in 1980. But, 83.2 million pounds of the 1980 total was accounted for by joint ventures between large fishing vessels based in the lower-48 and foreign factory ships.

The resident-oriented, shore based Gulf of Alaska groundfish fishery has gone from 5.1 million pounds in 1977 to 13.5 million pounds in 1980.

The programs requested by the Office of Commercial Fisheries Development (see attachment #1) are aimed at helping Alaska capture a bigger piece of the bottomfish development action. Of particular concern to fishermen's groups are the marketing and "hands-on" technical assistance projects.

The dilemma faced by the small boat fishermen in Alaska's most developed offshore fishery--sablefish--is a good illustration of the need for these programs. The Gulf of Alaska domestic sablefish catch was only 1.8 million pounds in 1977, but it climbed to 5.1 million pounds within two years

with high prices and large demands from Japanese buyers. This allowed the Sitka-based resident dominated longline fleet to make an excellent case for cutting back foreign sablefish catches in the Gulf of Alaska.

The crash of the Japanese markets in 1979 sent prices tumbling from about 90 cents per pound to 35-40 cents. When combined with high fuel costs, these low prices forced many of the longliners to quit fishing in 1980 after losing thousands of dollars a trip. The result was a drop in the domestic harvest of sablefish in the Gulf of Alaska in 1980 to 3.4 million pounds.

As you know, the 200-mile limit legislation allocates fish unharvested by domestic fishermen to foreign fleets. This slide backwards by the sablefish fleet puts the Japanese in the position of regaining lost allocations, which would have the effect of increasing competition for Alaska processed sablefish in the only existing market --Japan.

The upshot of this situation is that the Sitka-based Alaska Longline Fishermen's Association has initiated a marketing project aimed at creating West Coast markets for extremely high quality fresh and frozen sablefish products. This well-crafted proposal (attachment #2) has received tentative funding approval from the federal government; the missing component is state support. The budget proposed by the Office of Commercial Fisheries Development would provide funds that could be applied to this project and other similar efforts by enterprising fishermen to do something about the disastrous marketing problems plaguing Alaska's seafood industry.

When it became apparent that the fisheries development budget was in trouble, the UFA arranged a meeting between program director Kay Poland and interested legislators. As a result of those meetings, the attached explanation of the proposed budget was developed. It was clear consensus of the group of legislators and the UFA that the original proposed budget should be modified to shift emphasis from strictly bottomfish development to support of other fisheries--such as salmon--facing tough marketing problems.

The enclosed report of the special Senate Judiciary hearing Committee on Bristol Bay underscores the need (see attachment # recommendation #2) for developing plans for ongoing reporting by the State of Alaska on markets for all seafood products. As indicated in the final page of the budget explanation from the Office of Commercial Fisheries Development, this suggestion has the support of the Hammond Administration.

The UFA strongly endorses the suggested shifting of funding to craft model market reporting systems for all seafood products. If the Senate Finance Committee sees fit to support this vital project, the UFA respectfully requests inclusion of language directing the Office of Commercial Fisheries Development to study a model for an ongoing wholesale price index for canned salmon now handled by the Department of Revenue.

I would like to extend the UFA's apologies for the lateness of this request, but we did not recognize the extent of the dissatisfaction by legislators

Senator Dankworth
May 8, 1981
Page 3

with the Department of Commerce's fisheries development until it was almost too late. Thanks for considering this request. I am available at your convenience to discuss these matters.

Sincerely,



Rodger Painter

Rodger Painter

c.c. Senate Finance Committee members
Senator Jay Kerttula
Senator Pat Rodey

Enc. (3)

RP/1a

STATE OF ALASKA

Attachment #1

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF ECONOMIC ENTERPRISE
OFFICE OF COMMERCIAL FISHERIES DEVELOPMENT

POUCH EE
JUNEAU, ALASKA 99811
PHONE: 465-2018

May 6, 1981

Mr. Roger Painter
United Fishermen of Alaska
P. O. Box 1352
Juneau, Alaska 99801

Dear Roger:

For your information, I have outlined below those projects contained in the bottom fish budget which are to be administered by the Department of Commerce & Economic Development.

Fresh Fish Marketing - \$150,000

Fresh fish is generally better and more valuable than frozen. Initial sales of fresh Alaska fish have met good consumer acceptance. In some cases, market response has been highly enthusiastic. Fresh sales offer several special advantages which are suited to small processors and fishermen selling direct: quick turnover of capital, reduced requirement for production facilities, higher prices, independence from established distribution system, ability to handle small volumes and so on. However, there are also special problems: high cost and unreliability of transportation, short storage and shelf life, outlets that are unfamiliar with Alaska products and tight scheduling requirements.

This project is designed to support the production, distribution and sales of fresh Alaska bottom fish in the U.S. (however, the same patterns of operation are applicable to salmon and other species). The idea is to work with an Alaska fishermen's group and/or local processor to develop market outlets, production schedules, packaging and chilling techniques, transportation connections, accounting procedures and undertake effective sales promotion (the funds budgeted might be adequate to undertake two independent operations). We would begin with a small amount of product and, with experience, build to increasingly higher volumes. The objectives of the project are to provide, through good record keeping and reporting, a model that other producers can use, identify and attempt to control specific elements of risk and stimulate the market generally through actual sales.

Outlets capable of handling fresh seafood and doing a good sales job are often not those that have used Alaska fish in the past. Much of the time

and effort involved here will be devoted to identification of new markets and working with people to arrange details of shipment, handling and promotion.

While this project was developed independently, it has most of the same goals as a black cod marketing project submitted recently to the National Marine Fisheries Service by the Alaska Fisheries Development Foundation. If that federal project is approved, some State participation will be necessary to finance a program of sufficient magnitude to achieve the best result. Funds provided through this project might logically be used to supplement the federal and industry contribution.

By-product Utilization - \$115,000

Complete utilization is a key to successful bottom fish development in Alaska. Domestic processors are trying to compete with foreign imports of fillets and fillet blocks in the marketplace. Currently, our processors amortize production costs using only the income generated from a typical 25 percent yield of fillets. On the other hand, a Japanese producer will sell the fillet, reclaim another 25 percent as minced fish for surimi and reduce the remainder to fish meal for animal feed.

This project addresses the utilization of minced fish for human consumption. Essentially, all edible portions of a fish can be recovered through the use of available bone separating equipment. Not only can these procedures be used to salvage edible portions normally wasted (by domestic processors), but the system is also capable of handling whole fish too small or large for automatic filleting machinery and those fish received in volumes which exceed filleting capacity. A useful result is that, since less material is wasted, disposal problems are correspondingly reduced.

The bulk of Bering Sea pollock (an important example) are very small and yield a marginal fillet. These small fish can be economically minced. The quality of surimi produced from minced Bering Sea pollock is high and is valued in Japan about the same as fillet block (yet yield is double). Japanese technology, consumer demand and market discrimination for surimi based products are well developed.

Much of the technology is available for producing lines of fabricated, smoked and breaded processed products from a minced fish base suitable for the U.S. market. The National Marine Fisheries Service has for several years promoted the use of minced fish in processed meat products (hotdogs, bologna) to increase protein and reduce fat. By now, most people are aware of imitation crab legs made in Japan from Alaska pollock currently selling at Safeway in Seattle at \$5.99 per pound. The potential is obvious; however, a great deal of production work and sales promotion is still necessary to introduce minced products in the U.S. in any significant way.

This project is designed to identify the kinds of minced products that would be most adaptable to major Alaska bottom fish species, the specific methods and equipment necessary for production, and to begin or continue test marketing of one or two products (however, the same patterns of operation are applicable to salmon and other species).

1. Identify and characterize as many products as possible actually being manufactured or developed in the laboratory which might use the minced flesh of major Alaska bottom fish species as a base and hold promise for further commercial development by Alaska processors (including surimi).
2. For those minced products which seem to offer particularly good potential, describe in detail the methods and equipment necessary for commercial production (including surimi).
3. Describe in detail the production and marketing of surimi in Japan and other Asiatic countries. Explain current Japanese import restrictions on surimi and other minced products.
4. For those one or two products which seem to offer the most promise for commercial development, establish or help to expand an existing test marketing program. Use minced flesh from one or two major bottom fish species, prepare an adequate sample and in a controlled program, gauge typical consumer reaction to the product. Record production costs and procedures.
5. Prepare a public report describing the results of the investigations and test marketing programs.

Whitefish Market Support - \$100,000

This project was originally planned to provide market support for conventional whitefish products produced as a part of a model whitefish demonstration project undertaken by the Alaska Fisheries Development Foundation and Alaska Food Company. That project has been withdrawn (at least temporarily).

The objective is to insure that the first conventional Alaska whitefish products (IQF fillets, fillet blocks, fillet shatterpacks) going to market receive considerable trade attention. Alaska cod, pollock and other species do not have an established reputation in the U.S. The quality of imported pollock blocks has been reported as inconsistent. In cooperation with Alaska producers, the Department of Commerce and Economic Development will contract with a marketing firm to conduct taste panels, prepare material for trade publications, inform food page

editors and perform other promotional work to demonstrate that domestic Alaska products are available and are of high quality and competitive with existing imports.

The Alaska Seafood Marketing Institute budget is mainly allocated to the promotion of salmon and shellfish. A relatively small portion of the budget is available for new product promotion. Funds requested here will supplement those of ASMI. The department will either contract with or coordinate closely with ASMI.

Public Information - \$104,000

This project has three parts:

1. Distribution of information of interest to the fishing industry, support and service businesses and purchasers of Alaska seafood products.
2. Maintenance and revision of planning documents.
3. Japanese seafood market news reporting and analysis.

Information Distribution: A main objective of the Office of Fisheries Development is to establish a more efficient system of responding to requests for information. Generally, this means maintaining a good library, current mailing lists and commercial contacts. The volume of inquiries being received is increasing at a rapid rate. This project allows the office to acquire, print and distribute reports of meetings and workshops, government studies and research and other useful information. Additionally, the office will contribute to the cost of educational meetings and prepare articles of current interest for newspapers and periodicals. A few examples include:

Permits, licenses and requirements to do business in Alaska - foreign import requirements.

Sources of financing, development of financial packages and business strategies.

Alaska firms able to supply seafood products and firms looking for sources of supply.

Suppliers of plant equipment and fishing gear.

Processing techniques, new developments in packaging, product storage and handling.

Data concerning operating costs, conversion rates, industry employment, production figures and so on.

Planning Documents: As part of the public information process the government must define and explain its policies, goals and activities. By maintaining a good development planning process, Alaskans can have a way to influence the direction of fisheries development before action is taken. Businesses benefit by knowing what to expect from government.

This part of the project is intended to update and improve the quality of the State plan and seek broader industry and public involvement in the planning process. Also, related federal and local plans will be printed and distributed.

Market News Reporting and Analysis: About half of Alaska's fisheries production is exported to Japan (on the order of \$600 million annually). Yet few Alaskans, especially fishermen, fishermen's associations and smaller locally owned processors, have a good working knowledge of the Japanese market. This part of the public information project is designed to encourage and assist the Alaska State office in Tokyo, the American Embassy in Tokyo, Japanese industry organizations and the National Marine Fisheries Service to cooperate in the establishment of a daily or weekly routine system of market news reporting and periodic analysis of trends and events that affect North Pacific seafood products.

The Federal Government presently reports some market information from Japan, the U.S. Commercial Office has a statutory responsibility to increase marketing services and Japanese industry associations are increasingly willing to cooperate. These factors can be coordinated to structure a useful, consistent reporting service, hopefully without a need for continuing State financial support. The Alaska State office will be asked to provide or arrange for industry and market analysis at specific times of the year, such as prior to the salmon season and prior to the crab season. At this point in time, special work in the area of surimi, fabricated products, joint venture plans and other intelligence has particular application to bottom fish producers.

In order to justify a system that will be useful to bottom fish producers, it will be necessary to encompass all Alaska species. The universe of subscribers to the service must be as large as possible.

Contingency Plan - \$200,000

The bottom fish program encompasses many projects and the Fisheries Development Office cooperates with a number of organizations external to line agencies (AFDF, NMFS, ASMI, U of A). These funds allow the State to contribute to projects developed by other organizations and in many instances leverage federal dollars.

The bottom fish industry is beginning to develop rapidly. A substantial contingency fund allows the program to remain responsive to needs not now evident. For example, salt cod production was not considered viable a year ago, now there is considerable interest and contingency funds have been used to sponsor educational workshops in Anchorage and Sand Point. An extremely swift movement of fishermen toward direct sales of fresh products has strained the State's ability to provide critical support (travel assistance, point of sales brochures, sales contacts, organizational advice). Black cod prices have fallen to about one half of last year's level. Fishing now is only marginally profitable, if at all. Contingency funds could be used to support quality improvement or direct sales activities to influence price or at least provide fishermen with a clear explanation of the problem.

Fishermen and processors in all parts of the State are engaged in developing new fisheries, innovative handling and storage techniques, plant and vessel improvements and so on. These projects are continually evolving and some have far reaching implications. In some situations, practical expert assistance or other support can help reach a successful result. Such assistance would be financed by the contingency fund.

Recommended Modifications

In discussions with legislators and industry representatives, it has become apparent that there is a strong interest in the development of a better Japanese market news reporting service, especially one that encompasses species other than bottom fish. The project outlined above is oriented in that way, but the budget emphasis is quite low. At the same time, the AFDF model whitefish demonstration project has been recently withdrawn and enabling legislation for ASMI is receiving good support. The whitefish marketing project has become less critical, especially if ASMI can assume a greater role. We feel that funds would be better applied by shifting \$75,000 from whitefish market support to public information for the purpose of putting more effort into Japanese market reporting and analysis.

I hope this will help to better explain our program. If we can provide any further material, please advise.

Regards,

Kay Poland by Jani Dalton

Kay Poland, Director
Office of Commercial Fisheries
Development

KP/vlj2-7

TEST MARKETING PROJECT

FOR

SABLEFISH

AND

OTHER BOTTOMFISH

A Proposal
to

Alaska Fisheries Development Foundation, Inc.

by

THE ALASKA LONGLINE FISHERMEN'S ASSOCIATION
(ALFA)

February 1981

A PROPOSAL: TEST MARKETING PROJECT FOR SABLEFISH AND OTHER BOTTOMFISH

1.0 PROJECT SUMMARY

The Alaska Longline Fishermen's Association (ALFA) proposes to undertake a test marketing project for sablefish and other bottomfish by supplying fresh and fresh/frozen samples of smoked black cod (sablefish) and other species to select prospective domestic buyers. This project will involve the participation by the State of Alaska, Alaska Seafood Marketing Institute, and a consulting firm experienced in the handling and marketing of fish. ALFA will oversee the project and provide the direct interface with the longline fishermen and other project participants. Harvesting of the fish will occur in southeastern Alaska waters.

2.0 PROJECT OBJECTIVES

- a. To promote the sale of sablefish and other whitefish for human consumption in the U.S. market through select national retail chain stores, restaurants, hotels, and airlines. This will be accomplished through a well-planned program of market research, product development, quality improvement and sales promotion.
- b. To test and evaluate fish quality control methods to ensure a high quality product from the harvest point to the consumer.
- c. To develop nutritional and educational materials pertaining to high quality longline-caught sablefish and other species, such as red snapper, Pacific cod, and other rockfishes.
- d. To provide samples of product, smoked and in other forms, to potential buyers.
- e. To develop recipes utilizing the various longline species mentioned above.
- f. To conduct a limited public relations and advertising campaign emphasizing point-of-sale materials.

3.0 NEED FOR THE PROJECT

Alaska sablefish and other bottomfisheries offer potential economic and human nutritional benefits if markets are developed to utilize the catch. There are many unknown and known barriers in the marketplace that inhibit the development of a healthy bottomfish industry. The lack of appropriate information available to retailers and consumers about the packaging, display, care and cooking of sablefish and other bottomfish requires promotional attention in order to develop a secure market. Fish handlers and transporters must be familiar with the special needs

of these species in order to deliver a high quality product to the consumer. The fishermen and dockside packers must adhere to quality control techniques to ensure high quality fish. The critical steps in the catching, freezing, packing, delivery, and sales of the fish must be identified and controlled to realize a successful marketing strategy.

4.0 APPROPRIATENESS AND NEED FOR STATE FINANCIAL ASSISTANCE

The potential for the Alaska longline fishermen to contribute to the state's economy by marketing underutilized fish is substantial and, when developed, the industry will in large measure help to strengthen the overall fishing economy in the state. The southeast Alaska longline fishery for sablefish is one of the principle efforts in the U.S. domestic fishery for bottomfish. The domestic sablefish industry was unimportant until 1935, when the catch began to increase. The peak domestic year was 1946, when slightly more than 2,800 metric tons were landed. By the 1960's and early 1970's, catch had fallen to less than 1,000 metric tons, recovering to about 1,400 metric tons in 1978, with nearly all of the catch occurring in southeast Alaska. Virtually all of the domestic catch goes into the fresh and frozen trade, and the majority of this product is marketed in Japan. State assistance in financing this project will help to strengthen the U.S. market and provide ALFA with much needed assistance in promoting the sale of all longline products.

The Alaska Department of Commerce and Economic Development has demonstrated an interest in this project, as it would contribute substantially to the development of a nearshore fishery in local southeast Alaska communities. In addition, the project would augment various other state efforts to develop the bottomfish industry, such as the Mustad autoline demonstration project and other planned gear demonstrations. Without sufficient markets for Alaska whitefish, projects aimed at improving harvesting and processing capability are of little value.

5.0 PARTICIPATION BY NONGOVERNMENT ENTITIES

A number of public and private entities will be affected by the results of this project, and many will be able to contribute in productive ways. The Alaska Seafood Marketing Institute (ASMI) can assist with market research and product development and in planning a promotion program. The Halibut Producers Cooperative (HPC) can also assist with the quality control and product handling techniques. These interests will be invited to participate in the project as appropriate by direct contact by the ALFA project manager.

The services of an advertising agency will be solicited to assist ALFA with the targeting of markets and marketing strategies. The consultant will also assist with the shipment of the fish to markets and in the preparation of project reports.

6.0 PROJECT WORK TASKS

The following tasks constitute the basic work elements for the project.

6.1 TASK I - PROJECT SUPPORT COORDINATION AND CONSULTANT SELECTION

This task will require contacting all participating entities and soliciting commitments for support of the project. Support needs will be outlined by ALFA and written commitments will be obtained from participating entities.

A list of qualified advertising agencies will be compiled and bids will be solicited for consulting services.

A list of qualified accounting firms will be compiled and bids will be solicited for accounting services.

6.2 TASK II - MARKET RESEARCH AND DEVELOPMENT OF TEST MARKET STRATEGY

The first step will be to conduct a limited market research program to locate appropriate target markets for the test marketing project and to determine what specific product forms should be tested. This research will be conducted by the advertising agency in coordination with the ALFA project manager. All project participants will be contacted for their input in the development of the marketing program. Wholesalers, retailers and restaurant suppliers will be contacted in the market research effort, and processors and seafood product development specialists will be utilized to develop appropriate product forms for the test program. ALFA and the consultant will work with the participating agencies to locate the test markets and develop pricing and supply schedules.

6.3 TASK III - PRODUCT AND RECIPE DEVELOPMENT

A qualified test kitchen will be contracted with to develop recipes for both institutional and consumer use from sablefish and other bottomfish species. These recipes will be distributed later in the project through point-of-sale materials and to restaurants and hotels.

6.4 TASK IV - CONDUCT TEST MARKETING PROGRAM

Prospective buyers will be offered supplies of fresh, frozen and smoked sablefish and other bottomfish species. Test markets will include retail food stores, restaurants, hotels, and airlines. Product samples will be offered at cost. Charges will include fish purchases, processing, handling fees, and shipping.

6.5 TASK V - QUALITY CONTROL METHODS

ALFA will develop and recommend quality control methods for all stages of harvesting, processing, and distribution to ensure the production of high quality fish for the test project. ALFA or their designated agent will inspect the quality of the fish as it is delivered by the vessels, select and purchase the fish needed for the test marketing program, prepare the fish for shipment, and ship it to the markets.

6.6 TASK VI - DELIVERY METHODS

The project manager will arrange for inspection of the fish at transshipment points to check for proper icing and condition of the fish and to further prepare the shipment for delivery to test markets.

6.7 TASK VII - CONDUCT LIMITED PUBLIC RELATIONS AND ADVERTISING CAMPAIGN

A qualified national public relations and advertising firm will be contracted to produce point-of-sale promotional materials and fact sheets for distributors. The materials will emphasize the quality nutritional and price value of Alaska longline caught products.

6.8 TASK VIII - TEST MARKET EVALUATION

ALFA and the advertising agency will evaluate the results of the test marketing program and document their findings in a report to the state.

6.9 TASK IX - REPORTS

ALFA will provide monthly billings and progress reports to the state, with a brief description of any problems encountered and solutions negotiated to ensure the success of the project.

ALFA will deliver a final report to the state on the results of the project, which will include findings of the study, as well as recommendations and strategies for promoting the sale of sablefish and other bottomfish species.

7.0 PROJECT MANAGEMENT

ALFA will be responsible for overseeing the project and coordinating the efforts of all participants. An accounting firm will be contracted by ALFA to maintain accounts of all expenditures, which will be reported to the state on a monthly basis. The Bottomfish Coordinator's office will act as the sponsor for the state and will be the recipient of reports. As such, the office will:

- approve all contracts or agreements associated with the project
- distribute all funds for the proposed project, and
- approve the final report.

The ALFA project manager will provide:

- liaison with the Bottomfish Coordinator's Office
- dissemination of results to UFA and its member organizations.

8.0 PROJECT SCHEDULE

The project schedule is shown in Figure 1.

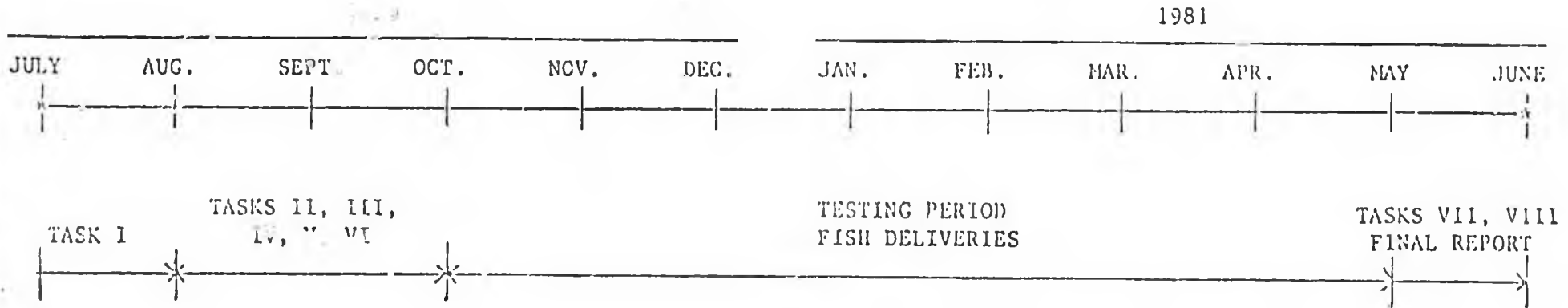
9.0 PROJECT COSTS

Estimated project costs are shown in Figure 2.

Figure 1

SCHEDULE

Test Marketing Project for Sablefish and Other Bottomfish
Alaska Longline Fisherman's Association



2/18/81... At a recent ALFA committee meeting to review this time schedule, we (ALFA) decided that until we knew what month of the year monies were to be granted, that designated times could not be tabulated. Availability of fresh black cod at certain times of the year would be one variable affecting this time schedule. Also, we felt preparation times (TASKS I-V) might vary somewhat from those listed above.

Figure 2

PROJECT COST ESTIMATE

Test Marketing Project For Sablefish and Other Bottomfish
Alaska Longline Fishermen's Association

<u>WORK ELEMENT</u>	<u>COST ESTIMATE</u>
Salaries (Project Manager).....	\$ 18,000
Accounting Services.....	10,000
Project office.....	3,500
Fish Purchases (Approximately 35,000 @ 53....	18,550
Smoking and Other Processing.....	20,000
Freight.....	20,000
Travel for Project Manager and Fishermen.....	10,000
Product Development (Test Kitchen, Quality Control Technician).....	10,000
Public Relations and Advertising.....	150,000
Phone, Postage.....	3,000
Miscellaneous.....	2,000
	<hr/>
TOTAL ESTIMATED PROJECT BUDGET..	\$ 265,050

A special Senate Judiciary Hearing Committee was formed in late February to conduct a series of hearings on the Bristol Bay salmon fisheries and to report to the Senate its recommendations for both legislative and executive action.

Initially these hearings were to focus on two aspects of the Bristol Bay fishery: the State's role in the negotiating process and the public safety concerns related to the settlement of fish price negotiations. Hearings were conducted in Dillingham, and Naknek, with additional hearings in Juneau. The Governor's Bristol Bay Task Force was present at the Dillingham and Naknek hearings. Task Force Chairman Av Gross and Department of Public Safety Commissioner William Nix attended one of the Juneau hearings. (A copy of the Task Force Report is attached to this report.)

The following recommendations are drawn from the testimony of nearly 50 individuals at the three hearings. 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. As the Governor's Task Force report states, much of the stress occurring in Bristol Bay is due to the changing nature of the fishery and the marketing structure. Because the end result of this evolution in the fishing industry is not known, State policies toward the Bristol Bay fishery should neither artificially restrict that change, nor force the adoption of any "new" system.

The recommendations of this report are organized under four topics: Market Study, the Changing Nature of the Bristol Bay Fishery, Capital Improvements and Public Safety. These recommendations provide a coordinated policy approach to Bristol Bay and, ultimately, to the changing nature of the domestic fishing industry Statewide, while maintaining a general concern for public safety and individual rights.

Market Study

Most of those testifying before the Committee recommended that the State fund an objective marketing study. People thought that such a study would allow fishermen to negotiate on a more equal footing with the processors, and would be of most benefit to the majority of Bristol Bay fishermen who regularly fish for the large, established processors. This market study would at a minimum analyze the market for salmon, wholesale prices and trends, effect of pack sizes on prices, and changes in the costs to fishermen and processors

in producing their products. The result would be a recommended range of ex-vessel prices that could be paid for salmon, by type of product (fresh, frozen, canned). Alternative types of price settlements mentioned during the hearings, such as price indexing, percentage of wholesale price and sliding scale agreements should also be considered.

This market price study, as brought out in public testimony, is actually needed in all Alaskan fisheries. The Bristol Bay study could be the first step in the development of an understanding of market conditions related to each of the fisheries in Alaska. In the long run, it is necessary for both the State and the domestic industry to understand the nature of markets for bottomfish, general fish products (fish meal, fish sticks, etc.), crab and herring as well as salmon. With this knowledge, the State is in a better position to create programs to effectively involve Alaska, and Alaskans, in the utilization of the State's fishery resources.

The Governor's Bristol Bay Task Force has announced that the Department of Commerce and Economic Development will have a Bristol Bay market study done by May 15, 1981. The study is to describe the actual inventories, sales, processes and final destination of Bristol Bay red salmon; identify firms and describe the structure used in marketing and distributing these products; describe processing done after the salmon leave Alaska; describe existing demand for Bristol Bay salmon, including sales promotion efforts; relate demand to alternate sources of salmon; explain how prices are set for Bristol Bay salmon, including the effect of financing mechanisms and production costs; and present an analysis of market demand, identifying a range of wholesale prices related to different levels of salmon catch.

Recommendation No. 1

Legislative support for the Department of Commerce and Economic Development's market study needs to be shown. Although the time frame for the current study is extremely short, the approach taken by DCED should provide a comprehensive picture of the existing Bristol Bay marketing structure and alternative types of price settlement.

Recommendation No. 2

Direct the Governor to prepare a plan for developing line agency capability to develop a similar understanding of the market system and market potential for all Alaskan fisheries. The plan for achieving this ongoing market analysis should be presented to the Legislature in January of 1982.

Changing Structure of the Bristol Bay Fishery

Several individuals testified as to the changing nature of the fishing industry in Bristol Bay. 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. At the same time, most fishermen in Bristol Bay are linked closely to those large processors; cannery fishermen enjoy the benefits of credit, boat storage, ready access to supplies and other benefits in exchange for fishing only for a single processor. Fishermen who violate this unwritten agreement by selling their fish for a higher price to a different processor often find themselves both without a regular buyer and without the benefits of a canner/ fisherman.

Fishermen may be unable to actually find markets or make connections with representatives of markets that might otherwise purchase their fish. It was reported to the Committee that there are currently an estimated 125 fishermen who have no markets for their fish. Other fishermen who do manage to organize and find potential markets for their fish outside of the established system report an inability to get their operations "off the ground," due to a lack of front end financing.

In addition, a number of those that testified thought that present State programs involved in fisheries, such as the Alaska Renewable Resources Corporation (ARRC), the Commercial Fishing and Agriculture Bank (CFAB) and the pack loan program, did not provide support for new marketing/processing operations. While some people thought that these State programs were purposefully oriented toward the existing processors, others felt that the inability to use State programs to develop new or expanded processing activities by domestic organizations was a result of unclear policy directions to those programs.

A number of very specific changes in existing State programs were suggested during the hearings. These suggestions ranged from requiring ARRC loans to be made only to wholly-owned Alaskan firms on one hand, to requiring processors to sign a price settlement with fishermen in order to be eligible for ARRC, CFAB or pack loans.

On the whole, people identified the State's role in this changing industrial setting as providing the catalyst for new developments in the industry. This would be accomplished through ensuring easier access to ARRC, CFAB, pack loans and

other funds to be used by new processing operations for organizational, front-end or operating costs prior to the sale of their products.

Recommendation No. 3

An analysis is needed of how other U.S. and foreign fisheries are organized, from the fishermen, processors, brokers through to the final markets. The purpose of this analysis is to develop an understanding of the various types of existing industry organization and what particular structures could be possible in Bristol Bay. Information developed through this study would be made available to fishermen, marketing associations, cooperatives and processors as well as the general public.

Recommendation No. 4

While efforts of the Alaska Seafood Marketing Institute are directed primarily at increasing the consumer's demand for salmon products, broader research on potential markets for Alaskan salmon and other seafood product needs to be done. Because of the industry's present focus on the Japanese market, there is little knowledge of alternative markets, locations and possible level of demand, both in the U.S. and abroad.

Recommendation No. 5

A program is required that provides assistance to local fishermen and fishermen's groups in actually contacting potential markets. The purpose of this program, whether done through an agency, through contract or through direct financial assistance to fishermen's groups, would be to facilitate contact between fishermen and potential buyers without regard to the type of marketing structure used. While initially focusing on Bristol Bay, the marketing assistance should be available for all Alaskan fisheries.

Recommendation No. 6

A review of the policy guidelines and performance of ARRC, CFAB, AIDA and the pack financing program should be undertaken to identify changes in their statutory direction that would make new domestic processing and marketing operations clearly eligible for these programs. This task might be best carried out by one or a combination of legislative committees.

Capital Improvements

As stated by the Governor's Task Force, the full utilization of the Bristol Bay Fisheries resource is a major State concern. The development of new and expanded markets and marketing structures is one aspect of increasing the utilization of Bristol Bay salmon.

However, access by fishermen and new industry operations to this resource requires a range of facilities to support their activities. These facilities include boat harbors, ocean and industrial docks, water supplies, airports, airport industrial areas and roads.

At present, public and private facilities in the Bristol Bay region lack the capacity to handle new developments in the local fishing industry. This, in effect, creates a barrier to the establishment of new marketing operations, new processors, and to the ability of local fishermen to find alternatives to the storage, repair and support services offered by the existing processors. Simply locating land upon which to build private industrial facilities is difficult, although this situation may change with the shift in ownership of large tracts of land to the local Native corporations.

In short, the natural evolution of the fishing industry in Bristol Bay will require basic investment in public infrastructure. A number of individuals testified that fishermen had no place to keep their boats during the summer and no place to unload fish or store equipment. New processors also have no dock space for their operations, are faced with community water systems unable to supply their needs, and under-developed airport facilities that create delays in the transport of fish to markets. The physical difficulty local fishermen and organizations have in getting their products to market undoubtedly affects the ability of those interests to make commitments to potential markets.

Because of the level of industry activity in Bristol Bay, local residents cannot understand the State's apparent disinterest in developing basic facilities in their region. As one individual stated before the Committee, it seems common sense to provide for the infrastructure needs of Bristol Bay's proven natural resource industry on at least an equal basis to the State's assistance in providing infrastructure for unproven renewable and nonrenewable resource developments.

The Department of Transportation and Public Facilities is currently funding a study of the transportation facility needs of Southwest Alaska, including the Bristol Bay region. Transportation facility needs related to both industry activities and community growth will be identified in this study. The estimated completion date for this regional transportation study is June, 1981.

Recommendation No. 7

The Legislature should direct the Governor to develop a list of public capital facilities required to support the expansion of the fishing industry and community needs in the Bristol Bay region. This list should be based on analysis of infrastructure needs in the region and should present a plan and coordinated approach among executive agencies to provide those facilities. The Governor's recommendations should be presented to the Legislature in January of 1982.

Public Safety

One of the Committee's initial charges was to listen to the Bristol Bay residents on the relationship of public safety to the settlement of price disputes. A significant volume of testimony was received on the use of threats and "scare tactics" in the negotiating process. In addition, a number of people testified that the fishermen feel under extreme pressure to ensure a unified approach to price settlement, because the majority of fishermen have no alternative market to the existing processing operations. Fishermen feel that they have to speak with a single unified voice to be effective within the present system.

As market alternatives develop, the emphasis on maintaining the appearance that fishermen are of a single, unified mind will decrease. Different groups of fishermen will be able to develop their own markets and marketing systems. Witnesses testified that changes in the nature of the Bristol Bay fishery will result in more ex-vessel price competition by processors and in a reduction in the use of threats and intimidation in the settlement of price disputes. Individuals or small groups of fishermen will be able to settle for a price they feel acceptable, without appearing to undercut other fishermen's organizations or markets.

However, until the majority of fishermen feel that they have some market flexibility and have the opportunity to control their own position in a more differentiated marketing system, the use of pressure tactics to encourage conformance to marketing association negotiations is likely to continue.

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There will be a continuing need for public safety presence in Bristol Bay. The State's public safety effort must be related to the enforcement of existing laws, without purposefully intervening in the negotiating process itself. In general, a low profile coupled with a workable contingency plan will meet public safety needs while minimizing public reaction simply to the visible presence of public safety personnel.

In order to remain as objective as possible in appearance in its public safety mission, the Department of Public Safety should provide its own support services and remain independent of all parties in the negotiating process. The lack of departmental boats and equipment during the 1980 season resulted in State Troopers being placed on barges and facilities operated by the processors. This lack of support capability decreased the ability of the Troopers to carry out their duties, in that they lacked the mobility to respond. In addition, placing individual Troopers on private property was interpreted by some fishermen as a demonstration that the State was more interested in protecting the processors than in protecting the general public safety. This situation should be avoided in the future, if at all possible.

The Governor's Bristol Bay Task Force has recommended that the Department of Public Safety develop a contingency plan for the 1981 Bristol Bay fishing season. The Governor will submit a special appropriation request to the Legislature to fund additional manpower and support services for this coming season. Both Public Safety's contingency plan and the supplemental appropriation request are included in the Task Force Report.

Above all, the State should emphasize that public safety must be maintained in Bristol Bay, as in other parts of the State. The present legal system defines the unacceptable use of force and pressure tactics. It is important that these laws be enforced equally in all parts of the State and on behalf of all the citizens of the State.

Recommendation No. 8

The Governor's supplemental appropriation request for the Department of Public Safety should be reviewed to determine if that request will provide support capabilities that will allow independence from private facilities and vessels. A supplemental appropriation to fund support services for the State Troopers should be considered on a priority basis for this fiscal year.

Recommendation No. 9 - Follow Up

As a final recommendation on legislative oversight, the Governor should be provide the 1982 Legislature with a report on the use of the marketing study (Recommendation No. 1) during the 1981 fishing season and the activities of the Department of Public Safety in Bristol Bay this summer.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

May 2, 1981

MEMORANDUM

TO: Representative Russ Meekins
Attn: John Crandall

FROM: Jack Kreinheder *JK*
Research Staff

RE: Collective Bargaining in Bristol Bay
Research Request No. 81-110

You asked that we identify and explain the legal constraints on the negotiating process which is used by Bristol Bay fishermen and processors to reach an annual salmon price settlement. Specifically, we were to address the effect on the Bristol Bay bargaining structure of federal antitrust statutes, the Fishermen's Collective Marketing Act of 1934, and the Webb-Pomerene Export Trade Act.

Background

The Bristol Bay salmon fishery has undergone a major transition in the relationship of fishermen to processors during the past two decades. The commercial fishery first developed as a cannery operated fishing fleet, in which fishermen were employed directly by the processors, who owned the boats and gear used by the fishermen. For many years, almost all Bristol Bay fishermen were hired by the canneries from Seattle, San Francisco, and other West Coast cities. Fish prices for the coming season were simply posted at the cannery offices, with no price negotiations between fishermen and processors.

In the late 1960's and early 1970's increasing numbers of fishermen began to purchase their own boats and gear and to operate on a more independent basis. The availability of State loans for fishing vessels and the enactment of the limited entry legislation in 1973 were both major factors in the shift in the status of Bristol Bay fishermen from cannery employees to independent business operators.

Although almost all Bristol Bay fishermen now own the boats and/or gear which they use in the fishery, there are still strong ties between processors and fishermen. Processors often provide food and fuel

Representative Russ Meekins

May 2, 1981

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supplies and winter boat storage, and will agree to purchase fish at a given price in exchange for a commitment from a fisherman to sell fish only to the particular processor which provides these benefits. These arrangements are common in other Alaska fisheries, as well, but they indicate that Bristol Bay fishermen are still dependent to some extent on the processors in the Bay.

The increasing independence of Bristol Bay fishermen led to the establishment of two major marketing associations to represent Bay fishermen in price negotiations. These two groups are the Alaska Independent Fishermen's Marketing Association (AIFMA), with about 800 members at present, and the 350 member Western Alaska Cooperative Marketing Association (WACMA). Although these marketing associations represent less than half of the 2,600 limited entry permit holders in Bristol Bay, they have been the major force in price negotiations between fishermen and processors. Although the marketing associations have no legal power to impose price settlements on non-member fishermen, as discussed below, the price agreements which the associations negotiate have usually been accepted by processors and fishermen throughout the Bay.

A third marketing association, Bristol Bay Fishermen's Association (BBFA), was formed in 1980 by a group of 40 fishermen for the purpose of negotiating a frozen salmon price with Icicle Seafoods. This group reached an earlier price settlement than did AIFMA, but the profit share promised as part of the BBFA settlement has yet to be paid, thus clouding the future of this association.

More detailed information on the past and present structure of the Bristol Bay fishery can be found in the attached report, "Bristol Bay, 1980," prepared by Rodger Painter for the Legislative Council.

The Effect of Antitrust Laws

There are a number of federal antitrust laws which prohibit monopolies, t.e restraint of trade, price-fixing, and other actions which restrict competition between firms. The most important of these laws with respect to the fishing industry are the Sherman Act, enacted in 1890, and the Clayton Act, which was passed in 1914. The primary effect of these statutes on the Bristol Bay fishery is that processors, like most businesses, are prohibited from reaching joint price settlements or even discussing pricing actions among themselves.

On July 3, 1980, the same day that AIFMA reached a price settlement in Bristol Bay, AIFMA filed suit against Peter Pan Seafoods and other processors charging that a number of federal antitrust laws had been

violated. As a result of this suit and others, processor executives have been very cautious about even being in the same room with each other, which has hampered attempts at improving the Bristol Bay bargaining process.

Fishermen's Collective Marketing Act

When the federal antitrust laws began to be strictly enforced, it became evident that some industries, because of their unusual nature, were suffering more harm than good from the antitrust laws. As a result, a number of exceptions to the antitrust laws were enacted, including the Fishermen's Collective Marketing Act of 1934 (copy attached). This act reads in part: "Persons engaged in the fishing industry, as fishermen, ..., may act together in associations, ..., in collectively catching, producing, preparing for market, processing, handling, and marketing ..., such products of said persons so engaged."

In enacting this legislation, Congress recognized that there are benefits in such joint efforts among fishermen, and so provided a limited exemption for fishermen's associations from some of the antitrust laws. This exemption includes collective marketing of their products, which would otherwise be in violation of the Sherman Act under the prohibition of price-fixing. The exemption extends only to fishermen who belong to established associations or cooperatives. Individual fishermen who act together in setting prices or other joint activities are still subject to antitrust laws.

An important limitation of this antitrust exemption, particularly considering the recent discussions of violence and coercion in Bristol Bay, is that fishermen's marketing associations cannot exclude from the market fishermen not complying with prices established by the associations. Courts have ruled illegal such tactics as fines against non-conforming association members and forceful prevention of non-member fishermen from fishing or delivering fish to buyers. Apart from the criminal aspects of any violence or threat of violence, such actions are beyond the scope of the antitrust exemption granted by the Collective Marketing Act and can result in antitrust charges against fishermen's associations.

The enclosed "Ocean Law Memo" prepared by the University of Oregon School of Law provides additional information on the development and rationale of antitrust laws in relation to the fishing industry.

Webb-Pomerene Export Trade Act

This act, passed in 1918, exempts associations formed for the purpose of furthering export trade from certain antitrust provisions. However,

unlike the Fishermen's Collective Marketing Act, the Export Trade Act does not appear to allow associations to set prices. The Export Trade Act states in part that a trade association may not "enter into any agreement ... or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association." The act also prohibits the use of unfair methods of competition in export trade, even if the acts constituting such unfair methods take place outside the U.S.

To my knowledge, the Export Trade Act does not have any effect on the Bristol Bay price negotiations. The act would appear to authorize processors in the Bay to form an export association for the foreign marketing of salmon, but such an association could not legally have any role in determining prices paid to fishermen for their catch. A copy of the act is enclosed.

The Negotiating Process

Ed Orbeck, the Commissioner of the Alaska Department of Labor, aptly described the negotiating process in Bristol Bay from his perspective as mediator for the negotiations: "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."¹

Although the legal constraints of the negotiating process are defined to some extent by the antitrust laws and the Fishermen's Collective Marketing Act, there are no laws which govern the actual process by which price settlements are reached. In many industries, collective bargaining agreements between unions and management specify in detail the procedures which such bargaining is to follow. Because the price negotiations in Bristol Bay are essentially between two groups of independent businesses, no such bargaining agreements exist.

There has been much discussion of possible ways of "streamlining" the negotiations process, such as the use of profit sharing plans or a sliding price scale which is tied to wholesale fish prices. In theory, such techniques could eliminate the need for negotiating prices from scratch each year, but the prospects for such changes appear doubtful in the near future. Other possible means of improving the overall Bristol Bay situation, such as marketing studies, infrastructure improvements, and so on are discussed in the Painter report and in the

¹ Bristol Bay, 1980, by Rodger Painter. Page 11.

Representative Russ Meekins
May 2, 1981
Page 5

report of the Senate Special Judiciary Committee on Bristol Bay.

I hope this information is helpful. If you have any questions or would like additional information, please let us know.

Enclosures

DILLINGHAM

001 OPEN ~~BY~~ MEETING - REP. CRUCKWICK

ALTHE - STURGOLEWSKI - INTRODUCTION OF HEARING
AND TASK FORCE

KEOVICA MANDATES

40 ROLE OF STATE IN NEGOTIATIONS
PUBLIC SAFETY CONCERNS

55 RECOMMENDATIONS TO LEGISLATURE

90 ~~BY~~ JOE McBILL

"WORST ENEMY WAS STATE - PACK LOADS"

119 "DON'T LIKE TO SEE ALL THE ARMED POLICE"

128 SKOOG - WHAT EXTENT SHOULD STATE MAINTAIN
ORDER?

150 ANDREW GOLIA - WRITTEN TESTIMONY

220 - ANDREW GROSS - QUESTIONS

250 - WEBBETZ - QUESTIONS

305 - JOE CLARK

"FEEL THREATENED BY STATE TROOPERS"

PLAN OF ACTION - 1) ANCHORING BOATS

2) NIX UNJUST IN DECREE

3) HARASSMENT BY PROCESSORS TOWARD
FISTERMAN.

364 QUESTIONS NIX - SAME THEMES IN 1981

- 390 REP. CAUCKWUK - QUESTIONS CLARK IN UPIK
ANNOUNCES PROCEEDINGS FOR RADIO AUDIENCE
- 450 FRED ANGESEN - WRITTEN TESTIMONY
- 546 - CROSS QUESTIONS ANGESEN ON PROCESS - IS IT WORKING?
- 575 - SKOOG QUESTIONS
- 628 - MITCH KINK - AIFMA

PROSPECTS FOR NEXT YEAR
WHAT PARTICIPATED IN VIOLENCE?

SIDE
2 | 001

- 30 EMERGENCY PERIOD - MOVED UP TO JUNE 9 - WHY?
- 42 WANTS HELP GETTING TO TABLE TO NEGOTIATE.
- 50 WANTS STUDY FROM STATE.
- 80 - ^{MELAN} NELSON - GAME BIOLOGIST FT6

100 - CROSS QUESTIONS

167 - WEBBER - WHAT ARE BENEFITS OF STUDY?

230 - WANTS 40% OF FINAL WHOLESALE PRICE.

339 NIX - WHAT ARE PARAMETERS OF CONTROL

400 - WHAT ARE STUDY BENEFITS TO PROCESSORS?

450 - KAY LARSON - BRISTOL BAY NATIVE ASSOCIATION
WRITTEN TESTIMONY

7
635 ROBIN SAMUELSON - INDEPENDENT

REVIEW OF 1979 SEASON

Tape 2
Side 1 [001

009 "CONTROL OF BRISTOL BAY WITH JAPANESE"

40 BASE PRICE ON 1981 SEASON - BY LAW
75 WANTS LAW - SHOULDNT BORROW PACE MONEY
FROM STATE WITHOUT KEEPING TO BASE
PRICE.

115 REP. HULBERT - WHAT IF BASE PRICE IS RISING?

161 RECESS

165 - RESUME MEETING

170 JACK MCBRIDE - INCREASE AGRICULTURE

WRITTEN TESTIMONY

233 CHAIR STROBELEWSKI - QUESTIONS ON COMMUNITY
DEVELOPMENT / INFRASTRUCTURE

252. MCBRIDE - WE NEED DEVELOPMENT - NOT REPRESSION OF
FISHERMAN + PROCESSORS

285 - GROSS - WHY CANT INVOLVED PARTIES FUND STUDY?

338 - VAL ANGESEN - INDIVIDUAL
QUESTIONS STUDY

430 MISLEADING STATEMENTS IN VIDEO TAPE
PREPARED BY LEGISLATIVE COUNCIL

450 - WANTS TO SET PARAMETERS OF STATE
INVOLVEMENT

490 "STUDY COULD HELP FOR AN EARLY SETTLEMENT."

545 - REP. HURBERT - IS LIMITED ENTRY CAUSING
UNEMPLOYMENT?

580 - ANAC INVOLVEMENT WITH PROCESSERS - THE LEADS
WITH PRICE SETTLEMENTS

635 -- DILLINGHAM. AIRPORT NEEDS TO BE LENGTHENED.
FOR FRESH FROZEN FISH

685 - LYMAN SMITH - INDIVIDUAL

TAPE 2
SIDE 2

001 -

24 - WANTS STATE TO PICK UP PORTION OF RISK FINANCING

40 - PRODUCT PROMOTION IS GOOD POLICY (SEAFOOD MARKETING)

54 - NEEDS RUNWAY EXPANSION AND TAXIWAY EXPANSION

110 - WEBBER - WHAT DO YOU SEE AS 1985 SCENARIO?

130 - WHITEHEAD - QUALITY OF SALMON IS PROBLEM.

155 - GROSS - ANY ATTEMPT AT LARGE SCALE COOPERATIVE IN
MARKETING

170 DAVE MINOZZO QUESTION - RADIO AUDIENCE

IMPACT OF OTHER INDUSTRIES IN BRISTOL BAY - WHAT IS ROLE OF LEGISLATURE OR TAX FORCE MEMBERS

180 Rep. CHUCKWOK - RESPONSE

220 MIKE WHITEHEAD - RESPONSE OF GOV'S OFFICE

263 COMMISSIONER SKOOG - RESPONSE

277 Jim ~~BEATTEN~~ BINGMAN - INDIVIDUAL

287 PRICE OF SALMON DISCUSSION

321 WANTS SHARE OF FURTHER PRICE?

340 BASE PRICE - HOW CAN PROCESSOR TAKE ALL OF RISK - LIKE BASE PRICE CONCERN

400 - CHUCKWOK - SHOULD WE ENCOURAGE FOREIGN PROCESSORS - WOULD THIS ASSIST FISHERMAN? FOREIGN INDUSTRIES ARE ALREADY OWN MOST DOMESTIC INDUSTRIES.

QUESTION - CARL EYANNO - NUSNAK COOPERATIVE

MITCH KINK - AT WHAT POINT DO YOU VISUALIZE RESPONSIBILITIES FOR NEGOTIATING PROCESS?

JACK McBRIDE - WHAT IS ROLE OF STATE IN QUALITY STANDARDS?

HEWLETT STROBE - (INDIVIDUAL FISHERMAN) ENTHUSIASM OF ROW HAS DROPPED OFF SINCE ROW SIZE HAS INCREASED.

MARK SEEGARS - (NON-FISHERMAN) WHAT IS STATE DOING WITH RELATIONSHIP WITH FEDERAL GOVERNMENT AND TREATIES WITH FOREIGN NATIONS?

THOMAS CRANSWELL - HOW DO YOU PROMOTE DOMESTIC
SALMON MARKET WITHIN JAPANESE CONTROL
MARKETING STRUCTURE.

TAPE 3
SIDE 1

DORRAN HUMMER - I GET 40¢ - SALMON SELLS FOR
\$8.00 - COSTS TOO MUCH.

JERRY ^{LEBOF} ~~LEBOF~~ - WHAT IS TASK FORCE FUNCTION
WHAT HAVE ~~THE~~ ^{YOU} BEING DOING?

LEON BRANSWELL -

055 Commissioner NIX - ROLE OF PUBLIC SAFETY

114 - LYNN SMITH - PRICE BASED ON MARKETING BASE
LINE PRICE

131 CARL NELSON - PERMIT REVOCATION FOR VIOLENCE?

153 ROBIN SIMULSON - ~~LACK OF A~~

177 HARVEY SIMULSON - HOW IS DISTRIBUTION OF PACE MONEY
GOING TO TAKE PLACE.

210 LUCIA SCHROEDER - CITY MANAGER - INFRASTRUCTURE NEEDS

345 FRED ANDERSON - BRISTOL BAY PROGRAM (SEE CHECKBOOK) BBNA

MIKE WHITEHEAD - QUESTIONS ON PROGRAM

454 LARRY LARSON - INFRASTRUCTURE COMMENTS

480 STAN SMALL -

IF YOU WISH TO OFFER TESTIFU
PLEASE SIGN THIS SHEET

- NAME
- ✓ Joe Mc Gill
 - ✓ Andy Golia
 - ✓ Joe Clark
 - ✓ Gen Hoff (?) Juyheof? ✓
 - ✓ Fred J. Gungason
 - ~~XXXXXXXXXXXXXXXXXXXX~~
 - ✓ MISC RYMIC Ad 7ma.
 - ✓ Gary E. Larson Bristol Bay Natl Assoc.
 - ✓ John Samuelson (Robert Samuelson) Independent.
 - ✓ Jack Mc Bride - Dnepro Reg. Assoc. Conf
 - ✓ VAL NICK ANGLASW - Vol 77. Angon
 - ✓ Lyman Smith Fisherman
 - ✓ JIM BIRGMAA Fisherman & Presser

NARROWER HEARINGS

- 001 REP. CHUCKWOK - INTRODUCTION OF MEETING
- 011 SEN. STURGOLEWSKI - INTRO OF TASK FORCE AND STAFF
- 032 BASIS FOR HEARINGS - CHAIR STURGOLEWSKI
- 062 REMARKS FROM GROSS
- 093 JOHN ~~HECKARD~~ - INDIVIDUAL FISHERMAN
PROBLEM IS PROCESSING SHORTFALL
- 114 COMM. SIKOOG - IS ALLOWED TO BRING IN PROCESSERS
- 165 CHUCKWOK - SHORDBASE PROCESSERS ~~NEED~~ RESTRICT AMOUNTS
- 179 JOHN HECKARD - DOESN'T WANT OBLIGATION OF CONTROL ON STATE
- 218 MITCH KINK - AIFMA

RECOMMENDATIONS

- 1) STATE SHOULD DO NOTHING WHILE PRICE NEGOTIATIONS GO ON - BUT HAVE CONTINGENCY PLAN FOR IMPLEMENTATION.
- 2) SET PROVISIONS FOR NEGOTIATIONS (GUIDELINES)
- 3) ~~DATE~~ DO AWAY WITH ONE BOAT - ONE COMPANY ORGANIZATION!
- 4) STATE SHOULD NOT ISSUE ANY LICENSE UNTIL THE COMPLETE CYCLE OF BRISTOL BAY IS COMPLETED.
- 5) CREATE CLIMATE FOR NEGOTIATIONS
STUDY IDEA -
- 6) COMPREHENSIVE STUDY OF SALMON MARKET
CONSUMER PRICE/WHOLESALE PRICE + % OF BOTH TO FISHERS
* INDEPENDENT STUDY!

400 QUESTIONS OF KINK FROM CHAIR STURGOLEWSKI

480 QUESTIONS BY GROSS ON STUDY

570 QUESTIONS BY WEBBER

TAPE SIDE 1

001 MIRENKIWK CONTINUED.

20 ANTHONY BARRON - COMMENTS OF STUDY

25 QUESTIONS BY SIKOOS - BARRON

BASE PRICE SET BY MARKET - THEN SLIDING SCALE ON DIFFERENCE
BETWEEN BASE & FINAL PRICE

130 REITERATES THAT FISHERMEN MUST BE WORTH
A % OF THE THE WHOLESOME MARKET PRICE

150 - GROSS - HOW ABOUT A SLIDING SCALE % BUT WITH A
MULTI-YEAR CONTRACT

195 - GEORGE GOTCHACK - INDIVIDUAL

REMARKS ON FOREIGN OFFICES OPERATED BY STATE

WHAT CONNECTION DOES THIS COMMITTEE HAVE TO SARA-MONITOR

211 COVERED

230 "TROOPERS HAVE INTIMIDATED US DURING STRIKE"

251 "WANTS STATE NOT TO BACK PROCESSORS - WITH THEIR
LOANS AND ARRC." NO PACK LOANS TO FOREIGN
OWNED PROCESSORS.

300 TROOPERS DIDN'T OFFER ME ANY PROTECTION WHEN
I NEEDED IT.

350 BUSK IS GETTING STARTED - ALWAYS SHORT CHANGED

400 - KEEP STATE OFF OUR BACKS DURING NEGOTIATIONS

465 MONTY HANCOY - AIR TAXI OPERATOR

FOREIGN PROCESSORS CONTROL PERU MARKET -

488 "I WAS ONLY FULLTIME RESIDENT BUYING FISH - STATE
REVOCAED MY LEASE ON RAMP - WENT TO STATEMAN OF
INSTEAD.

445 WE NEED MORE INFRASTRUCTURE FOR NEW PROCESSORS
BIG COMPANIES HAVE THE BEST SHOT AT STATE

475 FACILITIES. "WE ARE FINANCING OUR OWN DEATH"

TAPE 5
SIDE 1

001- CHAIR STURGOLEWICKI QUESTIONS MR. HAWLEY.

20- RECESS

21 JOHN ASPLUND - COMMENTS OF PERMITS / SET NET
VS. DRIFT NET

50 "TOTALLY UNFAIR - I'M ONLY ALLOWED 50 PATTERNS OF NET"

80 PROCESSORS SHOULD BE HEARD TO ANSWER QUESTIONS AND MAKE
TESTIMONY AT THE SAME TIME.

100 PROCESSORS GET PREFERENTIAL TREATMENT IN INPUT PROCESS.
DON'T LIKE AK FISHERY BOARD PROCESS

120 Prop. Chocowoc - COMMENTS

140 Prop. Havelbert - COMMENTS

187 "WANTS STATE TO ADOPT MARKET INFORMATION AND
WHAT PRICE SHOULD BE."

207 "WANTS BASE PRICE AND AGREEMENT ON SLIDING
PERCENTAGE SCALE"

215 STATE ~~WANTS~~ SHOULD BE A TYPE OF REFEREE

250 HARVEY SAMUELSON - RECOMMENDATIONS

1) SET MINIMUM PRICE ON BEISTOL BAY SKUMM
GOODNEWS ONLY PAID 15¢ LB FOR KING

280 Corross - TWO PROBLEMS WITH MINIMUM PRICE

- 1.) STATE SELLS TIMBER AND OIL - OWN RESOURCES
- 2.) CAN'T DO SAME WITH PRIVATE PRODUCTION

327 JOHN LUNDGREN - AIFMA

"NOT MUCH TRUST WITH STATE REPRESENTATIVES IN NEGOTIATION PROCESS - PASSES INFO TO PROCESSOR"

CAN'T SEE ROLE OF STATE IN PROCESS UNLESS THEY BRING PRESSURE ON PROCESSORS.

370 CHUCK WOK - QUESTIONS TO LUNDGREN ABOUT BRINGING IN FOREIGN PROCESSORS?

400 - "MAYBE"

410 "DIDN'T WANT TO PROCESS THE AMOUNT THEY TOLD THE GOVERNMENT THAT THEY WOULD."

434 - SKOOG - BRINGING IN FOREIGN PROCESSORS ALLOWS FOREIGN CONTROL BY JAPANESE.

480 MIKE HAKALA - INDIVIDUAL

PRICE IN CAN HERE IS OVER 4.00 HERE, HOW CAN PRICE HERE BE 57¢. ONLY FLY BY NIGHT PROCESSORS GO BROKE - NOT ESTABLISHED ONES.

"WANTS SLIDING SCALE AND BASE PRICE"

"ALSO WANTS BINDING ARBITRATION BUT PROCESSORS DON'T."

550 HOW PRICE - HIGH VOLUME THEORY DOES NOT WORK. LIMIT EVERY DAY - ALSO SHUT DOWN FOR 4 DAYS. DON'T BELIEVE PROCESSOR'S HANDLING CAPABILITIES.

TAPE 5 - SIDE 2

DO NOT BELIEVE TOTAL ESCAPEMENT FIGURES VIOLENCE ISSUE IS BLOWN OUT WAY OUT OF PROPORTION. SHOULDN'T REVOKE PERMITS FOR VIOLENCE

015 STATE SHOULD GET MORE INTO SALMON ADVERTISING.
THE JAPANESE REMUN. PUT US IN A BIND AROUND HERE

027 STATE CAN'T GET INTO PRICE LEVELS

030 GEORGE BOTCHACK JR.

- NO CONTROL OVER FISHERIES AND PRODUCTS
- STATE SHOULD LIMIT FOREIGN OWNERSHIP
- NO COMPETITION IN FISHING - PERM FUND SHOULD BE USED TO HELP LOCAL COMP. & .
- FOREIGN PROCESSORS SHOULD BE BROUGHT IN

90 INPTRETTAS

110 WEBBER - WHAT IS STATE'S ROLE IN PRICE STABILIZATION

"WOULD LIKE TO SEE FEDERAL GOV. BE INVOLVED IN NEGOTIATIONS"

120 FISHERMEN ARE ONLY ONES NOW TAKING RISK IN INDUSTRY

150 DIDN'T LIKE QUALITY OF STATE ARBITRATOR (ORBECK)

160 RICHARD JOHNSON - INDIVIDUAL

WOULDN'T TAKE GILL NET FISH - ONLY SEINERS

I COULDN'T MAKE IT LAST YEAR -

188 JAPANESE HAVE BOUGHT US OUT - STATE SHOULD GET INVOLVED - BASE PRICE SHOULD BE SET.

SHOULD LOOK INTO OTHER MARKETS FOR SALMON

215 WEBBER - 2 MARKET INCREASERS

DOMESTIC + EUROPEAN

245 JOHNSON - AGENT BEING REPRESENTED

274 CHUCKWICK - WOULD YOU LIKE TO SEE COOP

280 WOULD BE INVOLVED IN MARKETING IF IT WOULD HELP GUARANTEE PRICE

310- MITCH LINK - Policy Comment

325 JOHN EKERT - NOT ENOUGH COOPERATION IN STATE LEASING
"WANTS" PLANNING AND ZONING (LOCAL) TO BE INVOLVED
IN LEASING STATE FACILITIES (RAMPS, DOCKS ETC.) =

LIMITED PERMIT DISCUSSION

557 GEORGE GOTTLIHALK SR. - WHAT DOCUMENTATION OF
VIOLENCE DO YOU HAVE.

TAPE 6 SIDE 1

001 NIX RESPONSES

025 RALPH ANGELO - WHY DID TROOPERS HELP A SCOW
MOVE THROUGH PICKET LINES?

NIX RESPONSE

060 CHRIS STUBOLEWSKI WRAPS IT UP.

176 ANGELO

Sign up Sheet for People
Wishing to Testify

Name

Organization

x	Edward J. ...	Myself
x	Allen Aspelund SA,	myself,
x	John Lundgren Sr.	OSMA + myself
x	Mike Hakala Hakala ?	Myself
	Hakala	

SIGN UP SHEET

John E Eckert Box 95 Nakhmale 99633 246-4206
MIRCH KINIC - A.I.F.M.H.
Geo. F. Gottschalk Sr
NAKNET Box 131

- ✓ MANAGEMENT OF RESOURCE
- ✓ OPTIMUM UTILIZATION OF RESOURCE
- CREATE A STABLE INDUSTRY
- ENHANCE THE MARKETING OF STEEL
- CREATION OF JOBS FOR ALASKANS
- ENHANCE THE ALASKAN OWNED PROCESSORS

INTRODUCTION

TO CONFORM WITH THE INITIAL BRISTOL Bay HEARING REPORT, THE SUPPLEMENT REPORT IS ORGANIZED IN THE SAME FASHION.

SUBJECTS EXAMINED HAVE BEEN CONSOLIDATED AND SELECTED QUOTATIONS USED TO ILLUSTRATE THE CONCERNS OF PERSONS TESTIFYING BEFORE THE COMMITTEE. RECOMMENDATIONS FROM THE COMMITTEE ARE NOT CONTAINED WITHIN THIS DOCUMENT, BUT

THE HEARING BOARD IN JUNEAU CONSISTED OF:
SENATOR STURGOLEWSKI
SENATOR RODEY
REPRESENTATIVE CHUCKWOK
REPRESENTATIVE HURLBERT

THE GOVERNOR'S TASK FORCE WAS REPRESENTED AT THE MARCH 16TH HEARING BY ANRUMBROSS AND COMMISSIONER NIX.

HEARINGS

TWO HEARINGS WERE HELD IN JUNEAU TO CONCLUDE THE COMMITTEE'S INQUIRY.

THE FIRST WAS CONDUCTED ON MARCH 16 FROM 1:30 PM TO ~~4:00~~^{4:35} PM. THE HEARING WAS ATTENDED BY APPROXIMATELY FORTY INDIVIDUALS. THE COMMITTEE HEARD TESTIMONY FROM:

RODGER BRANTNER

SIDNEY SMITH

JOHN GARNER

HANK OSTROSKY

ERIC ECKHOLM

JIM BEATON

MITCH KINK

ARCHIE GOTTSCHALK

RAY SMITH

WILL BE MADE IN THE TRANSMITTAL LETTER OF BOTH REPORTS TO SENATE PRESIDENT JALMME KETOLA.

THE SECOND HEARING WAS HELD ON THE
FOLLOWING THURSDAY, MARCH 19, FROM
3:40 PM TO 5:45 PM. THE COMMITTEE
HEARD COMMENTS FROM:

VIR ANGELO
PAUL DANIELS
DEAN PADDOCK

JACK McBRIDE
SIDNEY SMITH
CHIP TOMA

SUBJECTS

PUBLIC SAFETY CONCERNS

THE PRESENCE OF VIOLENCE ~~ON THE~~ ON THE FISHING GROUNDS

~~THIS PARTICULAR ASPECT OF THE HEARINGS~~

WAS WITHOUT A DOUBT THE MOST HOTLY CONTESTED ISSUE BY ALL PARTIES, AND CONSUMED

A SUBSTANTIAL PORTION OF THE HEARINGS.

AS INDICATED ~~BY~~ IN THE ORIGINAL HEARING REPORT, ^(SEE ATTACHMENT) RESIDENTS OF BRISTOL BAY GENERALLY DOWNPLAYED THE ISSUE DURING THE HEARINGS IN DILLINGHAM AND NAKNEK. OTHER BAY FISHERMEN, NOTABLY THOSE MEMBERS OF THE BRISTOL BAY FISHERMEN'S MARKETING ASSOCIATION, PRESENTED A CONFLICTING VIEW OF THE SITUATION. THEIR TESTIMONY INDICATED THAT VIOLENCE ~~WAS~~ ^{TOWARDS} ~~THE~~ ~~TOWARDS~~ AND ~~HAD~~ INTIMIDATION OF ~~WAS~~ FISHERMEN HARVESTING SALMON BEFORE THE GENERAL PRICE SETTLEMENT WAS A DOMINANT ASPECT THE SEASON.

BOTH SIDES ^{TESTIFIED EXTENSIVELY} ~~COMMENTED~~ ON THE VIOLENCE ISSUE IN QUNEAN:

JIM BEATON

... "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. . . .

DEAN PADDOK

... 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.

JOHN GARDNER

//

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 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.

(REFERENCE TO A TAPE SUBMITTED BY GARDNER, TRANSCRIPT ATTACHED)

CHIP TOMA:

I FIND IT HIGHLY IRONIC THAT THE VERY SAME FISHERMEN WHO MADE LIMITED ENTRY SUCH AN EMOTIONAL ISSUE IN 1973 ARE DOING THE SAME TO THE LEGISLATURE OF 1981 REGARDING VIOLENCE. THEY ARE THE ONLY FISHERMEN WHO ARE DRAGGING THIS LINE THROUGH THE WATER.

JACK McBRIDE:

The violence issue began here in Juneau and, has been--and still is being--perpetuated right here in Juneau. Here in Juneau, is where you hear about the violence--not in Bristol Bay.

ROY SMITH:

"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."

(SPEAKING ABOUT AN INCIDENT AT THE DILLINGHAM BOAT HARBOR)

...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."

MARKETING STUDY

Remains, As in the initial hearings in the Bay Area, considerable support was given to a ~~market~~ state funded marketing study to provide information to fishermen and processors ^{price} ~~information~~ ^{processors}

PHIL
DANIELS

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."

KODGER YANTER

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."

JIM BEATON

"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."

JACK McBRIDE

"The state should also fund a study which would supply information which would be credible to both processors and fishermen. This study should include such things as, "how interest rates relate to the price fishermen get for their fish, what does the fresh frozen market do in relation to the canned market, how does the yen/dollar relationship effect the price of salmon, what does it cost to hold an inventory of salmon in anticipation of a higher price and how are other markets other than the Japanese effecting the price of salmon, and where can we find other markets."

MITCH KINK

A comprehensive study of World Markets for Bristol Bay sockeye salmon should be conducted by an independent economic consultant who does not work and has not worked for fishermen or processors to have a positive effect on an early settlement of fish price in Bristol Bay the study should be completed by mid April. This means the process for implementation should be initiated as soon as possible."

FOREIGN CONTROL

Resentment ~~of~~ ^{of} THE DOMINANCE ~~of~~ ^{of} PROCESSING AND MARKETING ~~of~~ ^{of} FOREIGN-OWNED PROCESSORS SURFACED IN JUNEAU, ALTHOUGH NOT TO THE EXTENT THAT IT WAS ~~FEEL~~ ^{EXPRESSED} IN BOSTON BAY. SOME INDIVIDUALS

DESCRIBED IT THIS WAY:

ARCHIE GOTTSCHALK

"The marketing, financing, and processing aspects of the fisheries are predominantly controlled by foreign corporations, especially Japanese corporations: they determine the volume of salmon they want to pack, and as we have seen over the years, the price that they want to pay."

HANK OSTROSKY

"... THE DIRECT INTERFERENCE BY THE ^{IN} ~~THE~~ ^{WAT} INTO THE ^{DIRECTING} ~~MARKETING~~ ^{75 MILLION TO} ~~MARKETING~~ ^{100 MILLION} JAPANESE CORPORATIONS INSTRUMENTS ~~THAT~~ UNDERMINE THE PRICE STRUCTURE IN BOSTON BAY AND CREATED THE TENSION."

PROCESSING SHORTFALL

REGARDLESS OF WHERE INDIVIDUALS STOOD ON OTHER ISSUES, A UNIVERSAL ATTITUDE IN ALL HEARINGS WAS THAT PROCESSORS HAD A VESTED INTEREST IN NOT PROCESSING ALL AVAILABLE FISH. TYPICAL COMMENTS ON THE SUBJECT INCLUDED:

MURK KINK

...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.

SYDNEY SMITH

... 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."

ALAN BEATON

...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."

PHIL DANIELS

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.

INFRASTRUCTURE

CMP 10MA

IMPLEMENT SOME OF THE TRANSPORTATION IMPROVEMENTS IN BRISTOL BAY THAT WILL ASSIST FISH MOVEMENT; AIRPORT LENGTHENING AND REPAIR, DOCKS AND ROADS. THIS WILL INCREASE HEALTHY COMPETITION IN ADDITION TO THE ABILITY TO PROCESS MORE FISH.

JACK McBRIDE

Finally there are many shortcomings in the local infrastructure of Bristol Bay. These would include lack of docks, lack of adequate runways, lack of decent roads, lack of land, lack of harbors, even lack of access to adequate land.

AS WOULD BE EXPECTED, INFRASTRUCTURE NEEDS OF DILLINGHAM WERE NOT DISCUSSED EXTENSIVELY IN QUNEAD, HOWEVER TWO INDIVIDUALS STRESSED THOSE CONCERNS LIKE THIS:

STATE ROLE IN NEGOTIATIONS

* SEE NEXT PAGE

ROGER LINTON

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.

VAN ANGLISAN

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

JIM BEATON

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 police force 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.

MITCH LINK

Set provisions for successful negotiation from free negotiations with deadlines, to mediation, to binding arbitration. The party that does not follow these provisions and deadlines as set down by the State of Alaska should be penalized.

PHIL DANIELS

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.

★ SEVERAL PERSONS FELT THAT THE STATE WAS NOT GOING FAR ENOUGH IN ITS PERCEIVED ROLE IN BRISTOL BAY ^{NEGOTIATIONS}. COMMENTS VARIOUS IN SCOPE, BUT ~~A GENERAL DISSATISFACTION~~ ~~WAS EXPRESSED~~ MANY INDIVIDUALS ~~EX~~ EXPRESSED A BELIEF THAT, WITHOUT ^{ACTIVE} STATE INVOLVEMENT, THE INDUSTRY WOULD ~~CONTINUE~~ ~~TO~~ LACK THE MEANS TO ~~RESOLVE~~ ^{OVERCOME} ~~THE~~ PROCEDURAL PROBLEMS OF NEGOTIATIONS.

PREPARED BY:

KEVIN K. BRUCE
COMMITTEE AID
SENATE SUBCOMMITTEE
MARCH 25, 1981

WRITTEN TESTIMONY PRESENTED TO THE COMMITTEE IS ATTACHED.

PUBLIC SAFETY

AS INDICATED IN THE ORIGINAL HEARING REPORT, RESIDENTS OF BRISTOL BAY GENERALLY DOWNPLAYED THE PUBLIC SAFETY PROBLEMS ENCOUNTERED IN THE BAY DURING THE 1980 SALMON SEASON. OTHER FISHERMEN, NOTABLY THOSE FISHING FOR HILL SEAFOODS ~~AND~~ MEMBERS OF THE BRISTOL BAY FISHERMEN'S MARKETING ASSOCIATION, ~~STATED~~ PRESENTED A CONTRASTING VIEW OF THE SITUATION. THEY CLAIMED THAT VIOLENCE ^{DIRECTED TOWARDS} AND INTIMIDATION[^] OF FISHERMEN ^{WAS} ~~WAS~~ A DOMINANT ASPECT OF HARVESTING FISH BEFORE THE GENERAL PRICE SETTLEMENT

SEASON.

THIS PARTICULAR ELEMENT OF THE HEARINGS WAS WITHOUT A DOUBT THE MOST HOTLY CONTESTED BY ALL PARTIES.

REGARDLESS OF TRUE NATURE OF THE VIOLENCE IN 1980,

THE STATE'S RESPONSIBILITY TO PROVIDE FOR THE PROTECTION OF ITS CITIZENS IS CLEAR,

THE GEOGRAPHIC ~~AND~~ ~~ADDITIONAL~~ ~~ASPECTS~~ ^{ASPECTS OF BB FORCE} ~~PROVIDE~~ THIS PROTECTION AND ORDER MAINTENANCE IS ENORMOUS.

AND NO ~~ONE~~ INDIVIDUAL TESTIFIED TO THE CONTRARY.

IT WAS RECOGNIZED THAT THE DEPT. OF PUBLIC SAFETY IS IN A PRECARIOUS POSITION IN THE BAY, TO PROVIDE ^{FOR} THE PROTECTION OF THE PUBLIC WITHOUT APPEARING TO SIDE WITH ONE GROUP OVER ANOTHER, BE THEY PROCESSORS OR FISHERMEN. AT THE SAME TIME, PUBLIC SAFETY OFFICERS ~~ARE~~ ARE ADMONISHED

CONSTITUTIONAL
AND
STATUTORY

NOT TO EXCEED THE LIMITATIONS PLACED
UPON THEM IN PROVIDING THAT PROTECTION.
THE STATES POSITION HERE MUST BE
NEUTRAL, PROVIDING FOR EQUAL PROTECTION OF
ALL PERSONS IN THE STATE.

ALASKA'S SALMON FISHERMEN LANDED MORE THAN 110 MILLION FISH IN 1980, 28.2 MILLION ^{WERE CAUGHT} ~~WERE CAUGHT~~ IN BRISTOL BAY. THIS REPRESENTS OVER 25% OF ALASKA'S TOTAL ~~HARVEST~~ ^{HARVEST}, MAKING IT THE RICHEST ~~FISHING~~ ^{SALMON} FISHING GROUNDS IN THE STATE.

UNFORTUNATELY, BRISTOL BAY IS ALSO ONE OF THE MOST TROUBLESOME FISHING AREAS IN THE STATE, PERHAPS A REFLECTION OF THE ENORMOUS ECONOMIC POTENTIAL ~~AT STAKE~~ ^{AT STAKE} THERE.

1980 SAW AN EXTENDED PRICE DISPUTE WHICH WAS NOT SETTLED UNTIL JULY 3, MIDWAY INTO THE RUN, AND RESULTED IN AN OVER ESCAPEMENT OF 24.8 MILLION FISH.

CREATING THIS IS AN UNACCEPTABLE SITUATION TO THE STATE AND ITS PEOPLE. THERE ARE NO SIMPLE SOLUTIONS, AND BAND-AID MEASURES ARE LIKELY TO EXAGGERATE THE PROBLEMS AS MUCH AS THEY ARE LIKELY TO HELP.

THE PROBLEMS IN ^{THE} BRISTOL BAY SALMON INDUSTRY
ARE ESSENTIALLY ECONOMIC ~~ONE~~, NOT SOCIAL.
~~ALTHOUGH~~ ^{THEREFORE} CERTAIN SHORT TERM SOLUTIONS MAY
BE APPLIED THAT WILL ALLEVIATE THE VOLATILE
SITUATIONS ~~THAT OCCUR~~ ^{THAT OCCUR} DURING ~~THE SEASON~~ ^{PRICE DISPUTES}, ~~AND~~
~~BE~~ EXTENDED USE ~~OF~~ OF THESE MEASURES
WILL EVENTUALLY BE COUNTER PRODUCTIVE
TO A ~~STABLE~~ ^{THE} INDUSTRY.

IN ORDER TO BEST IDENTIFY SOLUTIONS
~~WE~~ SHOULD PRIORITIZE THE STATE'S GOALS
FOR THE BRISTOL BAY SALMON ~~RESOURCE~~ ^{INDUSTRY}.
~~COMPLETELY~~ ^{CERTAINLY}, THE STATE ~~SHOULD~~ HAS A
^{COMPILING} INTEREST IN WISELY MANAGING THE
RESOURCE. ~~RESOURCE~~ ^{AND} TO PROVIDE FOR ^{THE} OPTIMUM
UTILIZATION OF THE AVAILABLE FISH.
• A STABLE INDUSTRY, ^{IN THE RESPECT OF} ~~YIELD~~ YIELDS, PROCESSING
AND MARKETING IS ESSENTIAL TO ACCOMPLISH
THIS GOAL.

THE STATE HAS ASSUMED CERTAIN RESPONSIBILITIES IN ENSURING THE NECESSARY CAPITAL IS AVAILABLE FOR PROCESSING THE RESOURCE. INSTITUTIONS SUCH AS AARC ~~AND~~ ^{AND} CFAB HAVE CONTRIBUTED ~~TO~~ TO THIS SOLUTION, ALTHOUGH THEY HAVE GENERATED CERTAIN PROBLEMS ALSO.

~~THE~~ ~~BACK~~, INVENTORY LOANS FUND CREATED BY THE STATE IS ~~ALSO IN A POSITION~~ ^{IN A SIMILAR} ~~TO~~ ~~PROVIDE~~ ~~NEEDED~~ ~~FUNDS~~ ~~TO~~ ~~PROCESSORS~~ ~~AND~~ ~~NOT~~ ~~WITHOUT~~ ~~PROBLEMS~~.
RESULTING

~~THE~~ FISHERMAN VIEW THE STATE'S ^{FISHMANS} INVOLVEMENT IN SOME PROCESSING COMPANIES, ~~COMPANIES AS~~ ~~EXAMPLE~~ SUCH AS SAKAMANOOF AND ICEE, AS DIRECTLY OPPOSED TO FISHERMENS INTERESTS.

THE STATE HAS ALSO ENTERED THE MARKETING SCENE THROUGH ^{EFFORTS} THE ALASKA SEAFOOD MARKETING INSTITUTE. ~~THE~~ THE CONCEPT OF ENHANCING THE ~~THE~~ DOMESTIC MARKET THROUGH THE GENERIC PROMOTION OF SEAFOOD IS OVERWHELMINGLY SEEN AS A POSITIVE ASPECT OF THE STATES INVOLVEMENT IN THE INDUSTRY.

SEN. STURGEONSKY —
REP. CHICKLUK —
SEN. HORTMAN —

~~BOB~~
GODGER TANKER —

- 1.) 1ST CLASS STUDY
- 2.) STATE HAS RESPONSIBILITY TO MANAGE
- 3.) MUST MOVE NOW!

~~BOB~~
THREE POINT PLAN

- 1.) PARTIES TO NEGOTIATING TABLE
 - 2.) GIVE THEM SOMETHING TO DISCUSS (market study)
 - 3.) RESOLUTIONS IMPOSED BY STATE.
FOREIGN PROCESSES — LIMITED ENTRY ADJUSTMENTS
- 5.) DON'T SET PRICE
- 4.) DISTINGUISH POSSIBILITY OF STRIKE — IF PROLONGED STRIKE
STATE HAS TAKEN WRONG APPROACH

~~BOB~~
SIDNEY SMITH — A.A. TANKER COOK

- 1.) ~~BUY~~ PEN. PROCT IN FEBRUARY
- 2.) DON'T LET TROOPER PRESENCE!
- 3.) STATE SHOULD HELP ESTABLISH MARKETS

~~BOB~~
JOAN CARWELL

- 1.) INTRODUCTION OF TAPE

REP. CHICKLUK OBJECTS TO INTRODUCTION OF TAPE

TAPE IS PLANNED

CHUCKWUK TO CARVER

CAN YOU SUBSTANTIATE BY OFFICIAL FIGURES (ACREST'S)

- HANK OSTROSKY -

STATES ROLE → WANTS HONEST MARKETING STUDY
MASSIVE INTERFERENCE BY JAPANESE
- DIATRIBE -
STATE TO FUND STUDY

- PRODUCTION CREDIT FINANCING -
- BANK FOR COOPERATIVES -

ERIC ECKHOLM AN SEAFOOD MARKETING INST.

TROUBLE DUE TO MARKET COLLAPSE IN 1977
MARKETING IS KEY TO SOLUTION

Jim Benton

A COUPLE OF INSTANCES - NO SHOTS FIRED
INTIMIDATION IS KEY TO SILENCE ON VIOLENCE

MARKETING STUDY - I DON'T HAVE ANY PROBLEM - GOOD STATE
VERTICAL INTEGRATION -

~~A~~ FISHERMAN MUST SHARE LOSS AS WELL AS PROFITS

LETTING THEM SOLVE THEIR OWN PROBLEMS
WON'T GET IT THIS YEAR.

SUPPORTS SEEKING LIMITED ENTRY PERMITS

(CHECKWUK QUESTIONS) 1) VIOLENCE INCIDENTS
2) SETTLEMENTS OF LESSOR PRICES HURTS LOCAL
RESIDENTS

MITCH LINK - AIFMA (GENERAL MANAGER)

DON'T SEE PROCESSORS -

~~THE~~

PRICE LOOKS GOOD THIS YEAR

MORE VIOLENCE ON A SMALL YIELD YEAR

I DON'T THINK VIOLENCE WAS OUT OF PROPORTION

FAIR PRICE WOULD REDUCE LEVEL OF VIOLENCE

TALKS ABOUT BASE PRICE CONCEPT

MITCH OUTLINES PROPOSALS (WRITTEN + SUBMITTED)

ARLIME COTTENAK

- 1.) GET ARLIME'S NOTES
- 2.) ACQUIRE INFORMATION FOR NEGOTIATIONS
SUBMITS AIFMA STUDY
- 3.) REFERENCE PAINTER'S REPORT
- 4.) INFO ISN'T ONLY NEEDED THRU'S
- 5.) WHAT ABOUT FISHERMEN WHO LACK MARKETS

~~THE~~ DOMINATION BY JAPANESE INDUSTRY
RARE OWNERSHIP OF SAKAMOTO

6.) FUND FISHERMAN COOPERATIVES

MITCH LINK 35% AK.

28% WASH

28% ORCA

10% ORCA

} 65% OUTSIDE

Joy Smith

MORNING OF 28TH - HAROLD
WAS INTIMIDATED BY STRIKING FISHERMEN;
"I QUIT - FIGURE I LOST 50K LBS OF PRODUCTION"
"I HEARD EVERYTHING ON THE RADIO -

WANTS TO JECK LIMITED ENTRY PERMITS FOR VIOLENT ACTS
AT LEAST THINKS IT HELPED CALM THE TENSION

2ND) INCIDENT - VERY PISTOL INCIDENT
WITNESSED IT

CLIQUE FISHERMAN - FISHERS FOR 40¢ LB WITH
SHARE OF PROFITS (FINAL WAS 56¢)

~~FRANK~~ SIDNEY SMITH / FRANK COOK