

**HOUSE
COMMITTEE REPORT**

(11)

Date referred: 4/8/86

FURTHER REFERRALS:

DATE: 4-15-86

The FINANCE Committee has considered HJR 65
Relating to foreign marketing of Alaska pink salmon products.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HJR 65 (RES) same title
- new title

and recommends do pass

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note 3/26/86

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
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[Signature]
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature]
Chairman

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: HJR 65
 Title: Foreign Marketing of
Pink Salmon

Sponsor: Herrmann
 Requester: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce
 BRIJ: Commercial Fisheries Development

Components: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary.

Prepared by: Greg Baker
 Division: Commerce and Economic Development

Phone: 465-2500
 Date: _____

Approved by Commissioner: *Arund S. Hounskung*
 Agency: _____

Date: 3/26/86

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Offered: 3/26/86
Referred: Labor & Commerce
and Finance

Original sponsors: Herrmann and Grussendorf

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 65 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 Relating to foreign marketing of Alaska
6 pink salmon products.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS record-setting runs have been forecasted for the pink salmon
9 fisheries of Alaska during 1986; and
10 WHEREAS the present inventories of processed pink salmon have reached
11 such high levels that even the recent increase in efforts of marketing have
12 not resulted in sale of the product on hand; and
13 WHEREAS because of the high pink salmon product inventory, the commer-
14 cial fishermen of the state may be faced with economically insufficient
15 price settlements for their catch; and
16 WHEREAS because of the high pink salmon product inventory, the seafood
17 processors of the state may be faced with economically insufficient price
18 settlements for their sales; and
19 WHEREAS the income derived from the pink salmon fisheries is necessary
20 to supplement fishermen's income from other fisheries they rely on and is
21 also extremely necessary in situations where the pink salmon fishery is the
22 sole source of income; and
23 WHEREAS due to the abundance of pink salmon stocks, with both fore-
24 casted run and inventory supply, the fishermen may be faced with no market
25 whatsoever or catch limits imposed by the seafood processors; and
26 WHEREAS alternate pink salmon product form development has been initi-
27 ated in the state and may have great potential in foreign markets; and
28 WHEREAS in certain foreign countries there currently exist no markets
29 or pink salmon from United States domestic processors;

1 BE IT RESOLVED that the Alaska State Legislature respectfully requests
2 that the Governor aggressively pursue the establishment of markets in these
3 foreign countries for pink salmon and innovative pink salmon products; and
4 be it

5 FURTHER RESOLVED that in trade negotiations and other dealings with
6 the Chinese during the upcoming Targeted Trade Mission of the Office of
7 Pacific Rim Relations, the Governor is respectfully requested to initiate
8 this foreign marketing effort, not only with respect to reducing the pre-
9 sent inventories of processed pink salmon, but also with respect to estab-
10 lishing outlets for purchasing and processing the surplus of this year's
11 catch; and be it

12 FURTHER RESOLVED that in establishing new foreign marketing outlets,
13 the Governor is also requested to discourage the foreign countries from
14 re-exporting United States pink salmon to other foreign countries that are
15 already buying from United States domestic processors.

 **Bristol Bay
Native Corporation**

445 E. 5TH AVENUE / P.O. BOX 100220 / ANCHORAGE, ALASKA 98510 / (907) 278-3802
TELECOPY (907) 278-3824

December 30, 1985

The Honorable Bill Sheffield
Governor of Alaska
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

The fishermen of Bristol Bay need your help in securing markets for the 1986 pink salmon harvest. In 1984 most fishermen, except for those in the Nushagak, had to throw their pinks overboard. We don't want to see this happen again.

At the present time, most canneries will be shut down and maintain freezing operations only because of the low projected harvest of red salmon. This means that the major processors will not be buying pinks since they are generally canned. If they do buy them, they will offer 10 to 15¢ a pound forcing the fishermen to keep on their red salmon nets to scratch for a few reds, chums and silvers plus a few big pink salmon and letting the major run of pinks go by to the spawning grounds.

In 1982, Governor Hammond allowed the Japanese North Pacific Longline Association into Nushagak to purchase pink salmon. The Japanese bought pinks at 30¢ a pound while the U.S. processors were offering 15 to 17¢ a pound. After the Japanese were forced to leave by the threat of a lawsuit, all fishermen had to go back scratching for reds, chums and silvers with their red gear since it wasn't profitable to catch pinks at 15 to 17¢ a pound with their smaller mesh pink nets.

The past 15 years of the fish processing industry in Alaska has witnessed tremendous change. One change that has gradually occurred is that most labor in the processing industry is performed by out of state workers. Since the state repealed the income tax, wages paid to out of state workers does not benefit the state treasury.

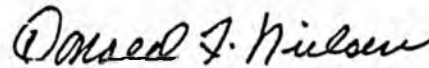
Since the Raw Fish Tax generates money for the state, it is in the best interests of the state to see that all

The Honorable Bill Sheffield
December 30, 1985
Page 2

harvestable salmon are caught and sold at the highest possible price.

Therefore we urge you to investigate the proposed plans of the U.S. processing industry in both operations in 1986 and coming to a settlement on prices paid to fishermen and come up with a plan of action which will be most beneficial to the state, the resource, and the people.

Sincerely,



Donald F. Nielsen
Senior Vice President

cc: Rep. Adelheid Herrmann
Sen. Fred Zaroff

JIM D. CLARK
BOROUGH MANAGER



TELEPHONE
(907) 246-4224

Bristol Bay Borough

BOX 189 • NAKNEK, ALASKA 99633

April 11, 1986

Dear Recipient of Resolution 86-2:

The Assembly of Bristol Bay Borough is concerned about the economic situation now facing the State of Alaska, the Bristol Bay area, but much more concerned for the borough's economic well being, therefore, Resolution 86-2 is directed to you for the three following reasons:

1. The run of pink salmon in Naknek/Kvichak River be harvested to assist the local economy.
2. Consideration of an uncontrolled run of pink salmon potential destruction to sockeye's spawning beds.
3. Processing vessels available to purchase pink salmon.

Respectfully,

A handwritten signature in cursive script that reads "Fred Pike".

Mayor Fred Pike

JIM D. CLARK
BOROUGH MANAGER



TELEPHONE
(907) 246-4224

Bristol Bay Borough

BOX 189 • NAKNEK, ALASKA 99633

RESOLUTION NO. 86-2

A RESOLUTION RELATING TO FOREIGN MARKETING OF ALASKA PINK SALMON PRODUCTS,

BE IT RESOLVED BY THE BRISTOL BAY BOROUGH ASSEMBLY OF THE BRISTOL BAY BOROUGH ALASKA:

WHEREAS, record-setting runs have been forecasted for the pink salmon fisheries of Alaska during 1986; and

WHEREAS, the present inventories of processed pink salmon have reached such high levels that even the recent increase in efforts of marketing have not resulted in sale of the product on hand; and

WHEREAS, because of the high pink salmon product inventory, the commercial fishermen of the state may be faced with economically insufficient price settlements for their catch; and

WHEREAS, the income derived from the pink salmon fisheries is necessary to supplement fishermen's income from other fisheries they rely on and is also extremely necessary in situations where the pink salmon fishery is the sole source of income; and

WHEREAS, due to the abundance of pink salmon stocks, with both forecasted run and inventory supply, the fishermen may be faced with no market whatsoever or catch limits imposed by the seafood processors; and

WHEREAS, alternate pink salmon products form development has been initiated in the state and may have great potential in foreign markets; and

WHEREAS, in certain foreign countries there currently exist no markets of pink salmon from United States domestic processors;

BE IT RESOLVED that the Bristol Bay Borough Assembly respectfully requests that the Governor aggressively pursue the establishment of markets in these foreign countries for pink salmon and innovative pink salmon products; and

FURTHER RESOLVED that in establishing new foreign marketing outlets, the Governor is also requested to discourage the foreign countries from re-exporting United States pink salmon to other foreign countries that are already buying from United States domestic processors.


FURTHER RESOLVED that Resolution 86-2 be sent to the Resource Committee, Labor & Commerce Committee, Finance Committee of the Senate and House of Representatives, and to Alaska's Governor Sheffield.

Passed this 7th day of April, 1985.



MAYOR

ATTEST:



BOROUGH CLERK

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

DATE: January 6, 1986

TO: Standing Members
Internal Waters Processing Permit
Ad Hoc Advisory Committee

FROM: F. Gregory Baker, Deputy Commissioner
Department of Commerce and Economic
Development

SUBJECT: 1986 Pink Salmon Processing Capacity and Intent

Please find attached a series of correspondence from Senator Fred Zharoff, Commissioner Loren Lounsbury, Department of Commerce and Economic Development and Jeff Stephan, Manager, United Fishermen's Marketing Association, regarding a potential shortfall in pink salmon processing capacity in Senate District N. Also attached are the preliminary 1986 salmon run forecasts from the Department of Fish and Game.

The Department of Commerce and Economic Development will be conducting a detailed processing capacity and intent analysis for Senate District N and possibly other regions of the State. We will make every attempt to keep you informed of our progress and, at some point will, no doubt, request your active participation as Ad Hoc advisors to the Fisheries Mini-Cabinet.


Please call if you have questions or comments. Thank you in advance for your valuable assistance.

Distribution:


Rick Lauber, Pacific Seafood Processors Assn.
Jack Cadigan, United Fishermen of Alaska
Henry Mitchell, Bering Sea Fishermen's Assn.
Larry Cotter, ILWU

FGB/0295g
010386a
Attachments

cc: Fisheries Mini-Cabinet
Senator Fred Zharoff
Molly McCammon, Office of the Governor
Pete Spivey, Office of the Governor
Jeff Stephan, UFMA



United Fishermen's Marketing Association, Inc.



P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

December 23, 1985

Paul Peyton
Director
Office of Commercial Fisheries
Development
Alaska Dept. of Commerce and
Economic Development
Pouch D
Juneau, Alaska 99811

DEC 27 1985

Dear Paul,

I understand from Senator Zharoff that he requested that your office conduct a survey of the salmon processing capacity likely to be available for Kodiak during the 1986 salmon season. I also understand from Greg Baker that you will be in charge of such a survey. I would like to make some observations and requests regarding this capacity survey.

I. As you know, UFMA represents salmon fishermen in the Kodiak area. We have had numerous requests from our fishermen to begin the process whereby foreign processing vessels would be permitted to enter the Kodiak area and process salmon during the 1986 salmon season. We have had discussions regarding the possibility with representatives of various fishing companies from two countries so far. UFMA has made a preliminary proposal to potential foreign processing entities. A number of observations have been surfaced by these foreign entities, and I'm sure you are aware of them. I want to reiterate them here for your consideration in the conduct of your survey, and for your consideration in any recommendations your office may desire to make regarding the subject.

A. Every foreign entity with whom I have discussed this matter has said that they need a guarantee of a minimum number of fish before they can commit vessels, people and capital to come to Alaska. I can understand their concern and need, and I'm sure you can too. I offer no opinion on this matter at this time however. It is a very important matter central to the issue of foreign processing for salmon in 1986. I am sure that you are aware of its importance. I wanted to bring it to your attention as an issue which UFMA must deal with as we go ahead with discussions with potential partners for the summer of 1986. Please keep us informed of any developments in this area in as timely a manner as is possible for you.

B. Potential foreign processing entities have also made known to UFMA their desire to have access to processing species other than pink salmon. They have told us that they need access to these other species so as to make it economically feasible for them to commit the vessels, people, and capital to come to Alaska.

Mr. Paul Payton, page 2
December 23, 1985

Regarding this subject, I have been approached by a number of fishermen who feel that they will not have a market for their pink salmon, although they have a market for other species. I also have been approached by a number of fishermen who have no market at all, neither for pink salmon, nor for any other species. Fishermen with no market at all, and those with no pink market, both feel that if foreign processors are permitted to enter the Internal Waters of the state to buy their salmon in the Kodiak area, then they should have the opportunity to sell species other than pink salmon to these foreign processors.

Whether a fisherman has or has not a market for pink salmon, or for any species at all, the question of whether or not to allow the sale of species other than pink salmon to foreign processors becomes more acute when one considers that a seiner or setnetter in Kodiak frequently will harvest a mix of species in many areas during certain time periods. This problem will certainly be serious in Kodiak during the time period when we may most be in need of foreign processing capacity for pink salmon. During this time, one can expect to also harvest large numbers of red and chum salmon even though the fishing effort may be primarily directed at harvesting pink salmon. This is especially true in Kodiak in an even year.

I have briefly discussed this issue with a representative of the U.S. processing industry, and was told that the possibility of U.S. processors agreeing to foreign processing of species other than pink salmon is worse than remote. This is an understandable position from the U.S. processors' point of view. Again, I am sure that you are very aware of this problem; I raise it as a matter which UFMA must deal with, and as a matter which also is central to the issue of foreign processing for salmon in Alaska in 1986. I also request that you address this issue, and that you keep us informed of developments in this area in as timely a manner as is possible for you.

II. In recent meetings with salmon fishermen, the question of the scope of the capacity survey was raised. As a result of discussions with Kodiak salmon fishermen, I would like to strongly encourage that the capacity survey of the Kodiak area incorporate an in-depth investigation of the number of salmon fishermen from the Kodiak area who do not have a pink salmon market, and who do not have a salmon market at all.

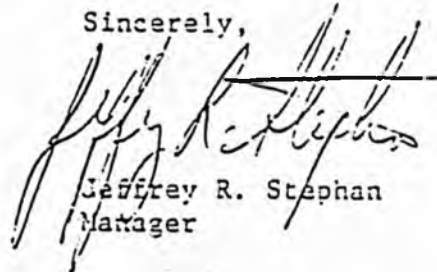
III. We are unsure as to all of the areas in Kodiak which are considered Internal Waters. Do you have a clear understanding of what Internal Waters are available in the Kodiak Salmon Management Area?

Thank you for your consideration of the items addressed in this letter. UFMA has many decisions to make in regard to the possibility of foreign processing of salmon in Kodiak in 1986. We are in the process of planning for fishing vessels, setnetters, tenders, contracts, etc. We plan to discuss this issue soon with potential foreign processors. As you know, time is of the essence.

Mr. Paul Peyron, page
December 23, 1985

We hope that you recognize our need for a timely and accurate communication of the developments in regard to this issue. Your suggestions for achieving this communication are most welcome. Thank you for your assistance.

Sincerely,



Jeffrey R. Stephan
Manager

cc: Senator Fred Zharoff
Karl Ohls
UFMA Directors

JRS/bb



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

POUCH V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3844 (Labor and Commerce Commi

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLAND

December 24, 1985

Mr. Loren Lounsbury
Commissioner
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Dear Commissioner Lounsbury:

It has been brought to my attention there are several other areas in Senate District N that may experience the same problems -- abundant pink salmon runs and reduced processing capacity -- as Kodiak Island during the 1986 salmon season.

I respectfully request your department to conduct a processing capacity survey for Sand Point, King Cove, and the Nushagak River in Bristol Bay, with the intention of determining whether foreign processors should be invited in to purchase excess pink salmon.

Thank you for your prompt attention to this matter.

Sincerely,

Fred F. Zharoff
Alaska State Senate

cc: Representative Adelheid Herrmann

RECEIVED
DEC 27 1985

OFFICE OF THE
COMMISSIONER

December 16, 1985

Honorable Fred F. Zharoff
Alaska State Senate
P.O. Box 405
Kodiak, AK 99615

Dear Senator Zharoff:

Thank you for your letter of December 9. I hope your meetings with Mr. Baker and Mr. Peyton in Anchorage answered your questions. We share your concerns about the upcoming salmon season in Kodiak. The Office of Commercial Fisheries Development (OCFD) is already working to evaluate the capacity and intent of U.S. processors. Generally, we are aware of those plants on Kodiak Island which have announced that they will not operate next season and will soon be contacting local processors. The more difficult job is to tie down the capacities and purchasing plans of plants in adjacent areas and the large fleet of U.S. floating processors.

As you know, this is a sensitive political issue and we have legal as well as practical obligations to do a comprehensive and fair analysis of the situation. Last year, the Bristol Bay herring joint venture permit was challenged in court by the processors. We prevailed because we had done a thorough job. We can expect opposition from the domestic processors on virtually any salmon permit, and it would serve no one if we had not done our homework.

The OCFD has requested specific harvest forecasts by district for Kodiak, Chignik, Cook Inlet, and Prince William Sound from the Department of Fish and Game. Expected run timing, past experience with tendering operations, and a contact list of U.S. floating processors with salmon freezing capacity is being developed.

If a serious discrepancy between expected harvest volumes and the intent of U.S. processors to purchase salmon continues to be evident, Governor Sheffield is likely to appoint an advisory committee. That group will review available information, seek further testimony from fishermen, processors and fisheries managers, and recommend a course of action to best remedy the situation. Obviously, the deliberations on foreign processors must be done in a timely manner if they are to be of any benefit.

Honorable Fred F. Ziaroff

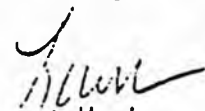
-2-

December 15, 1935

Conversely, introduction of foreign processors would be a serious step and one which could influence purchase decisions by U.S. processors, price and labor negotiations, and sales of existing inventories. In any case, it will not be a panacea for the severe oversupply situation now facing both fishermen and processors.

This is indeed a priority issue with the department, and I will keep you informed about our progress.

Sincerely,


Loren H. Lounsbury
Commissioner

LHL/1t0231g
121685a

Bcc: FISH. MIN. CAB w/ EARLIER CORRESPONDENCE
STAFF " "

MEMORANDUM

State of Alaska

TO: Don Collinsworth, Commissioner
Department of Fish and Game

DATE: December 12, 1985

FILE NO:

TELEPHONE NO:

FROM: Paul Peyton, Acting Director
Office of Commercial Fisheries Development
Department of Commerce and Economic
Development

(PP)
SUBJECT: Kodiak Salmon Processing
Capacity

There is concern in Kodiak about the existence of adequate processing capacity to handle the large volume of pink salmon expected next season. The attached letter from Senator Zharoff will help explain our situation.

As you are aware, there are any number of implications related to this issue and a good evaluation of capacity and intent to purchase will take considerable time and effort.

This is to enlist the support of Fish and Game and ask that an individual be assigned to the project who can act as a coordinator for the department and participate in any advisory committee meetings that might be held.

The following information would be useful to start with:

- * Preliminary forecasts for the Kodiak and Chignik areas that are specific by major districts.
- * Estimates of run timing by day for sockeyes and pinks by major district (number of fish available for harvest by day).
- * Any data or observations about fish that have in the past been tendered in or out of the Kodiak area for processing. Origin, destination?
- * Names and addresses of all floaters that operated on salmon in the Kodiak/Chignik area in the past two years and those that operated anywhere in Alaska on salmon.
- * We generally know about Kodiak and Chignik shore-based processors, but, if a list of names and plant capacities have been put together, it would be useful.
- * Best guess of average pink salmon weight.

Dick Reynolds will be dealing with this issue for office of Commercial Fisheries Development.

REK/PP/mel315M
121285a
Attachment



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

POUCH V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 465-3474 • 465-3844 (Labor and Commerce Comm

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PEBBLE ISLANDS • SHUMAGIN ISLAND

December 9, 1985

Loren H. Lounsbury
Commissioner
Alaska Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

RECEIVED
DEC 10 1985
OFFICE OF THE
COMMISSIONER

Dear Commissioner Lounsbury:

Thank you for your letter of December 3 regarding the 1986 Kodiak Island salmon processing capacity. I am concerned, from the tone of your letter, that my request for an investigation into the processing capacity is something that is going to drag out through the winter, with no final determination made until the last minute in the spring. If we are to avoid chaos on the Kodiak fishing grounds, I need information compiled now on this subject.

Much information can be readily obtained. Columbia Wards has pulled its processing vessel, the Icy Cape, out of Kodiak city. I understand Columbia Wards also has put its Port Saily facility up for sale. The Uganik cannery, owned by financially-troubled Kodiak Alaskan Seafoods, Inc., is unlikely to operate in 1986. The Larsen Bay plant also will not operate. A preliminary determination can easily be made that Kodiak Island will, in fact, have a reduced processing capacity. A final determination can be made as more information becomes available during the winter.

If this proves to be the case, we need to get moving now on the process for inviting foreign processors to buy excess pink salmon. Domestic processors will complain, but our fishermen must have markets. Delaying the work on this could result in panic and economic disruption. The salmon fishermen already are worried about what will happen to them this summer.

I respectfully request you to urge the Office of Commercial Fisheries Development to make this matter an immediate high priority, and to get started on its survey without delay.

Sincerely,

Fred F. Zharoff
Alaska State Senate

WEATHER

Rain tonight with a low near 35 and southeast winds to 20 mph. Rain showers tomorrow, high in the upper 30s. Record high for this date was set in 1935 at 53. Record low is 7, set in 1975. Sunset tonight at 5:17 p.m. Sunrise tomorrow at 8:32 a.m.

the
Kodiak
daily mirror

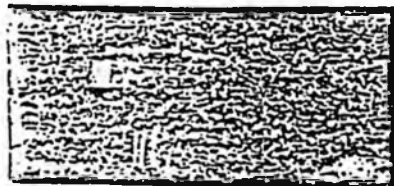


V JI. 45 NO. 216

MONDAY, NOVEMBER 4, 1985

KODIAK, ALASKA

12 PAGES 35 CENTS



15.68 million catch of pinks forecast for '86

By CHRIS SLACKBURN
Special Correspondent

Fish and Game anticipates a near-record Kodiak pink salmon harvest in 1986. According to the preliminary forecast, the 1986 pink salmon catch will be 15.68 million fish, the second highest catch on record, exceeded only by the 17.3 million pink catch in 1980.

The key to the expected 1986 pink salmon return is the mild winter of '84-85 which allowed record numbers of pink salmon fry

to survive. The mild winter, however, was followed by a cold, late spring which is believed to have reduced the number of fry surviving their outmigration.

In 1986 Kitoi Bay hatchery is expected to contribute about a million pink salmon to the fishery — because Kitoi has limited rearing facilities, its production is affected by cold springs as are the wild runs.

In 1985 the Westside District is
(Please turn to Page 2)

salmon

(Continued from Page 1)

expected to produce a harvest of 123 million pinks.

The Aleik District is expected to produce a harvest of 800,000 pinks. The eggs laid early in the upper portion of Deadman River appeared to have been scouted out by flooding in August 1984.

The Atognak District harvest is expected to be 494,000 pink salmon. Freezing weather killed

salmon fry in Perenosa Creek and prevented Fish and Game from sampling Malina and Marka Creeks.

The General District is expected to produce a 990,000 pink salmon harvest. Fry survival was the highest on record, diminished only by the cold spring.

No streams were sampled in the Mainland District due to freezing spring weather. Fish and Game estimates the Mainland pink

salmon harvest will be around 158,000 fish.

The 1986 red salmon harvest in the Kodiak area is expected to be around 1.5 million fish, according to the preliminary Fish and Game forecast. The projected harvest would be second or third highest on record.

The chum salmon catch is projected to around a million fish in 1986, similar to recent catches in the Kodiak area.

The coho salmon catch is projected to be about 200,000 fish in 1986, similar to the catches in

recent years.

The king salmon catch is expected to be around 4,000 fish, similar to the 1984 and 1985 catches.

Whether 1986 will be a profitable salmon year for Kodiak fishermen depends on price and processing capacity. There is some concern among local fishermen that the recent loss of several salmon canneries in the Kodiak area has reduced processing capacity below that needed for the expected 1986 pink salmon run.

1986

December 3, 1985

file
RECEIVED
OFFICE OF ECONOMIC DEVELOPMENT

DEC 6 1985

DEPARTMENT OF COMMERCE
& ECONOMIC DEVELOPMENT

Honorable Fred F. Zharoff
Alaska State Senate
P.O. Box 405
Kodiak, AK 99615

Dear Senator Zharoff:

Thank you for your memorandum concerning the apparent lack of processing capacity to handle salmon harvested in the Kodiak area next season.

On the surface, there does appear to be a real problem. The Office of Commercial Fisheries Development will be contacting processors this winter to determine their intent to process. However, experience has shown that many operators do not make final decisions regarding their degree of aggressiveness in purchasing until shortly before the season when more is known about inventory levels and market conditions.

I will certainly keep you informed as this work progresses.

Sincerely,

Loren H. Lounsbury
Commissioner

LHL/mst3002in
120288a



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P O BOX 405, KODIAK, ALASKA 99815 (907) 486-5259

CURING SESSION:

POUCH V. JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3844 (Labor and Commerce Comm

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PPRIBILOF ISLANDS • SHUMAGIN IS.

M E M O R A N D U M

TO: Loren Lounsbury
Commissioner of Commerce and Economic Development

Don Collinsworth
Commissioner of Fish and Game

FROM: Senator Fred F. Zharoff *by Karl Ohls*

DATE: November 12, 1965

RE: Kodiak Island processing capacity

RECEIVED
NOV 13 1965

OFFICE OF THE
COMMISSIONER

According to recent news reports (see attachment), Kodiak Island will experience a near record pink salmon harvest next summer. With this forecast, concerns have been raised that Kodiak Island will not have the processing capacity to handle all these salmon. This is particularly true for the west side of Kodiak Island, bordering Shelikof Strait, where all the existing processing plants are expected to be shut down through next season.

I would like to find out from you how many processors actually will operate on Kodiak Island next summer, and how many fish can they handle? If you do not have this information, then please consider this memorandum a formal request for your departments to investigate the 1966 processing capacity situation on Kodiak Island, and to determine if additional processing capacity will be needed.

Thank you for your prompt attention to this matter. Please keep Mr. Karl Ohls in my Juneau office informed of your progress.

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ALASKA DEPARTMENT OF FISH AND GAME
DIVISION OF COMMERCIAL FISHERIES

PRELIMINARY FORECASTS AND PROJECTIONS FOR 1986
ALASKA SALMON FISHERIES

PRELIMINARY TABLES AND FIGURES TO THE
ALASKA BOARD OF FISHERIES

November, 1985
ANCHORAGE, ALASKA

Table 1. Forecasted return, harvest, escapement goal, preliminary return, escapement, harvest, management error (ie difference between realized escapement and escapement goal), and return forecast error for major salmon fisheries where formal forecasts were made, 1970-1985. Projected and realized Alaska commercial salmon harvests with absolute and relative error, 1970-1984. Figures are in thousands of salmon.

Year	Only Major Fisheries Where Formal Forecasts Were Made										Projected Collective Harvest of all Alaska Salmon Fisheries					
	Forecasted		(2) Escapement Goal	Actual (Note that figures based on Preliminary Returns)			(4)-(2) Management Error (thousands)	(5)/(2) %	(6)-(3) Forecast Error (thousands)		(6)/(3) %	(7) Projected Harvest	(8) Actual Harvest	(7)-(8) Error	(7)/(8) Relative Error	(7)/(7) Relative to Statewide Harvest
	(1) Return	Harvest		(3) Return	(4) Escapement	Harvest			(11)-(3) Forecast Error	(12)-(8) Error						
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
1970	114347	77000	37267	61653	17271	47392	19376	51%	47694	77%	93500	60500	27000	37%	81%	
1971	41140	28110	13930	50700	10643	32137	-5613	-4%	-7640	-19%	41500	47500	-6000	-13%	60%	
1972	52730	30470	22320	30935	13616	17379	8704	37%	21795	70%	46700	32000	14700	46%	65%	
1973	30650	18820	19830	21650	10536	11014	9174	46%	17000	79%	30000	22300	7700	35%	63%	
1974	27830	7500	20330	29150	19334	9816	976	5%	-1320	-5%	15600	21900	-6300	-27%	40%	
1975	20740	8435	20395	45937	28426	17441	-8191	-40%	-17197	-37%	19300	26200	-6900	-24%	42%	
1976	45202	25702	19500	48910	10060	30000	640	3%	-3730	-8%	37100	44400	-7300	-16%	63%	
1977	43659	23740	19910	56473	21695	34000	-1785	-7%	-12845	-23%	34700	50000	-16300	-32%	60%	
1978	70323	40737	21506	97910	36020	61920	-14434	-67%	-27617	-20%	62300	82300	-19400	-24%	77%	
1979	84960	57210	27750	100323	37305	70330	-10235	-37%	-23163	-22%	72000	86000	-14000	-17%	79%	
1980	124930	86360	30570	144096	62470	81606	-23920	-62%	-19166	-13%	102600	110000	-7400	-7%	84%	
1981	78500	55420	23080	116073	28095	87200	-5815	-25%	-37595	-32%	74500	113300	-38800	-34%	74%	
1982	136060	107740	26120	105503	27913	77520	-1063	-7%	30557	29%	135000	109100	25900	24%	81%	
1983	97210	74330	22080	129363	28572	100691	-3792	-25%	-32153	-25%	94000	127200	-33200	-26%	79%	
1984	119068	81671	37397	150034	47410	102624	-10013	-27%	-30766	-21%	103560	132595	-28745	-27%	77%	
1985	122629	66091	35934	163952	43716	120036	-7902	-22%	-41323	-25%	108241	144610	-36369	-25%	80%	
1970-19 Averages	76627	51276	25363	85244	20070	56374	-3507	-14%	-8617	-0.10%	67113	76338	-9226	-8%	71%	
Averages without regard to sign							8440	32%	23490	32%			18638	26%		

Obs. Return versus Fcst. Return

Major Fisheries with Formal Forecasts

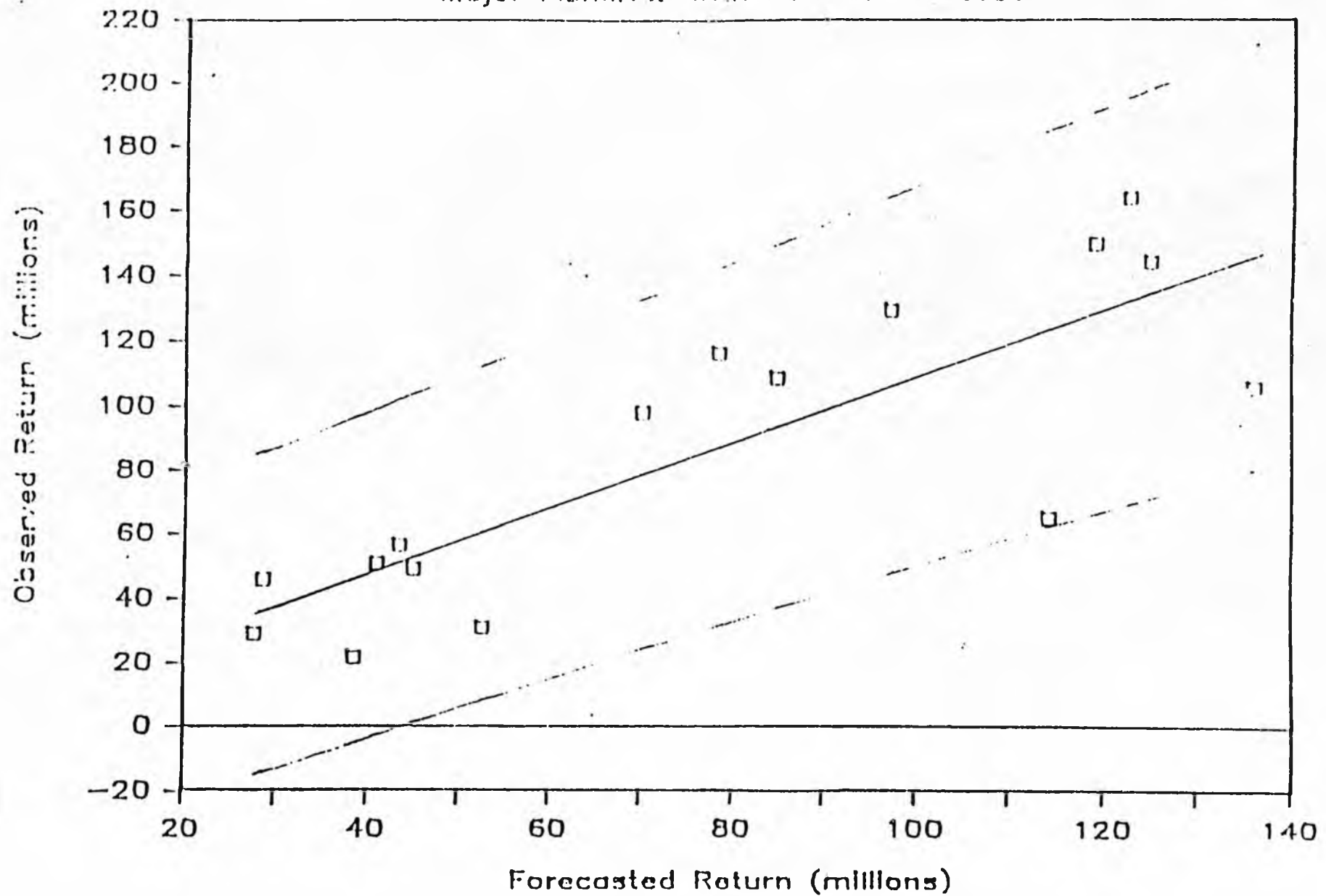


Figure 1. Relationship between observed return (millions) and forecasted return (millions) for major salmon fisheries with formal forecasts, 1970-1985. Also shown are the regression line, $Y = 6.54 + 1.027 X$, $R^2 = 0.690$, together with 80 percent confidence intervals; where, $Y =$ Observed Return and $X =$ Forecasted Return.

Projected Statewide Harvest

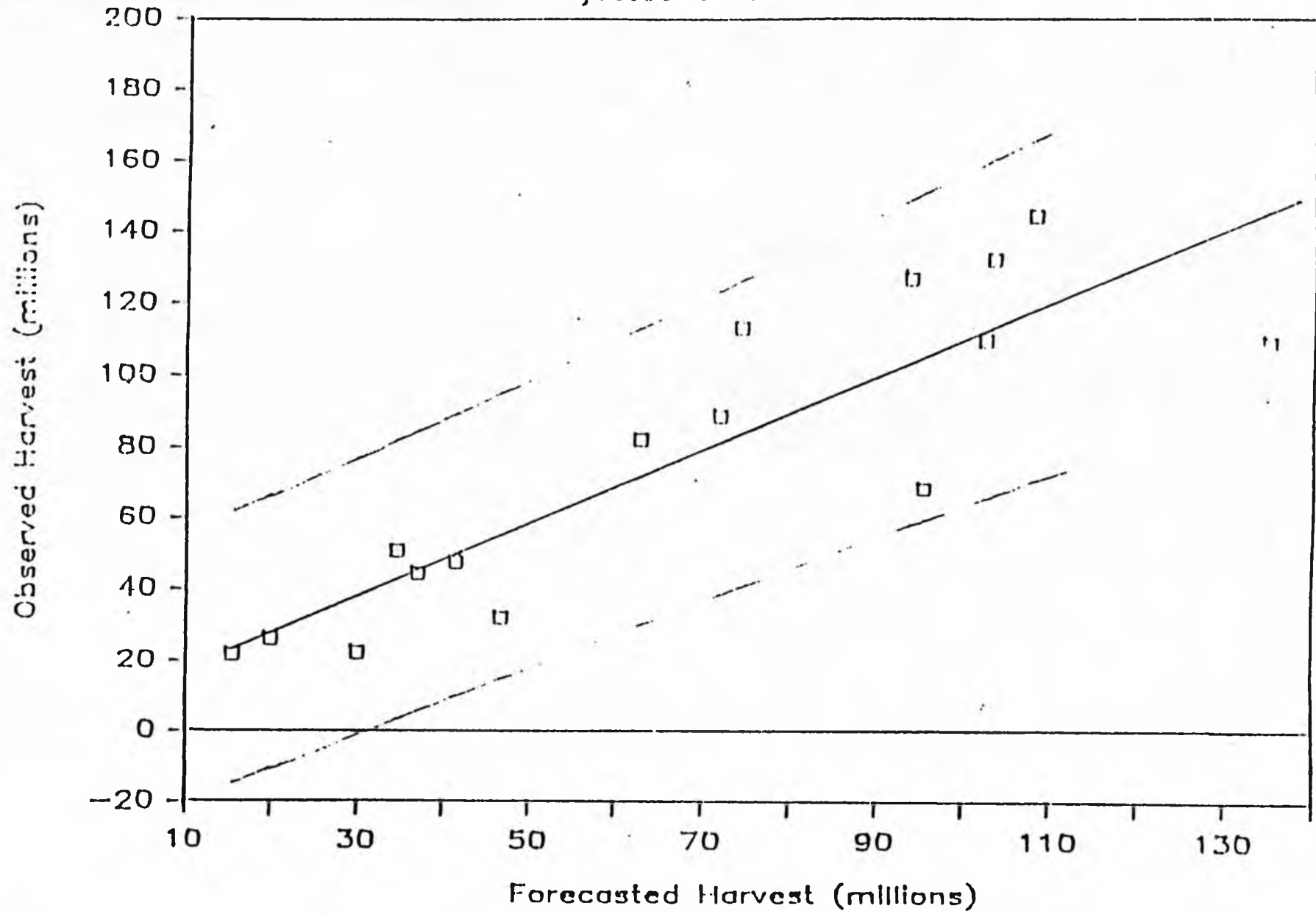


Figure 2. Relationship between observed harvest (millions) and projected harvest (millions) for Alaska commercial salmon fisheries, 1970-1985. Also shown are the fitted regression line, $Y = 7.40 + 1.027 X$, $R^2 = 0.771$, together with 80 percent confidence intervals; where, $Y =$ Observed Harvest and $X =$ Forecasted Harvest.

Alaska Commercial Salmon Harvest

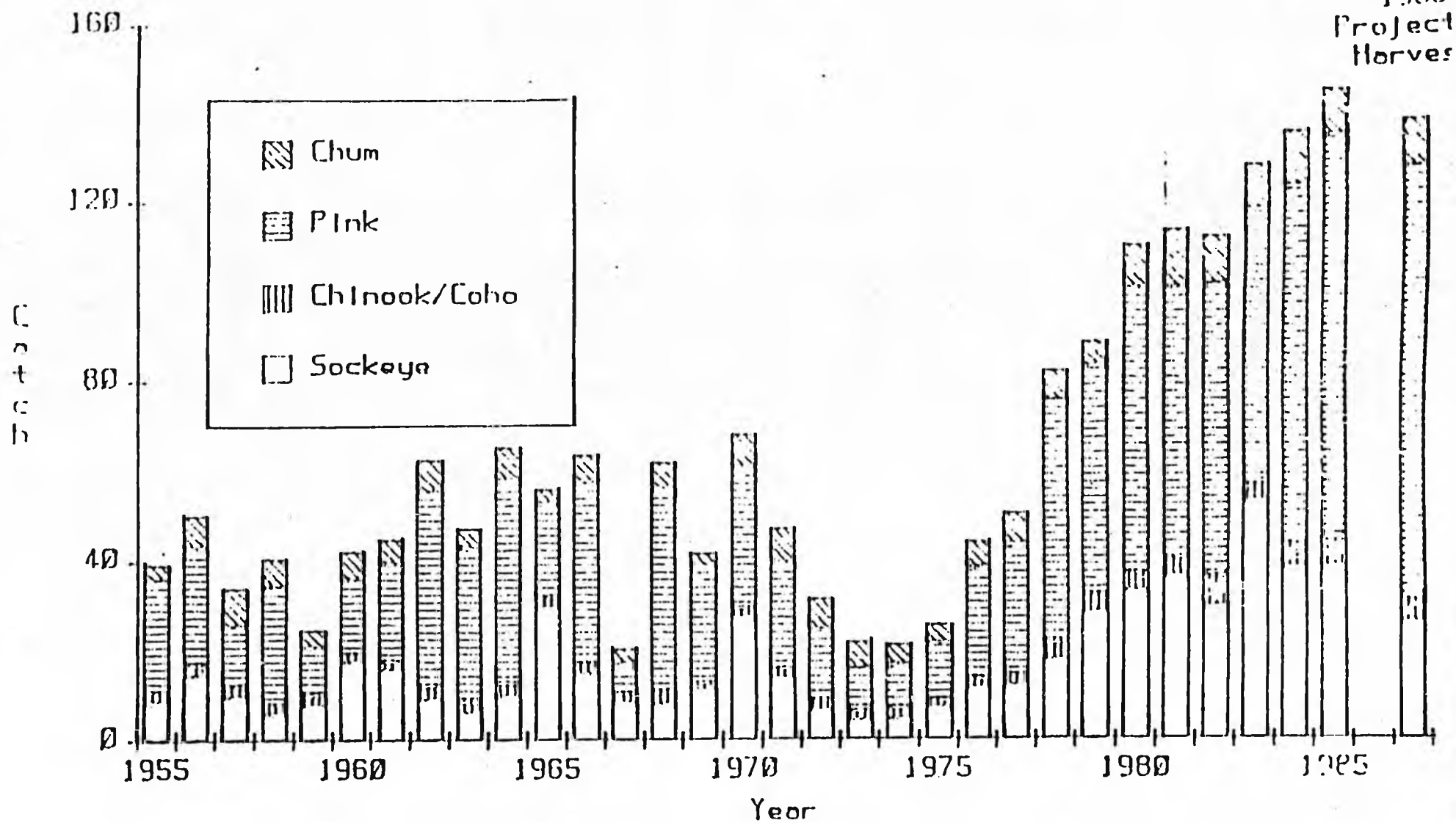


Figure 4. Alaska commercial salmon harvests by species, 1955 - 1985, and the 1986 projected harvest.

Table 2. Comparison of actual and forecast 1985 salmon returns, with errors and relative errors, for some major Alaska salmon fisheries.

Thousands of Fish							
Area	Species	(1) Harvest	(2) Escapement	(3) Return (1) + (2)	(4) Forecasted Return	(5) Error (4) - (3)	(6) Relative Error (5)/(3) x 100%
Southern Southeastern Northern Southeastern	pink	30473	12000	42473	30000	-11673	-27%
	pink	20516	8000	28516	11900	-16616	-58%
Southeastern total	pink	50989	20000	70989	42700	-28289	-40%
Prince William Sound	pink	25057	2715	27771	21500	-6271	-21%
	chum	1200	191	1471	2109	638	43%
PWS Coghill District	sockeye	350	147	497	220	-277	-56%
Copper River	sockeye	920	631	1559	1700	221	14%
	chinook	46	4	50	45	-6	-11%
Lower Cook Inlet- Southern and Outer Districts	pink	1137	316	1453	1217	-236	-16%
Upper Cook Inlet	sockeye	3609	1362	5051	3400	-1651	-33%
Kodiak	pink	7340	2600	9940	6700	-3160	-32%
Chignik	sockeye	1110	717	1826	2490	664	36%
	pink	175	355	530	500	-30	-6%
South Peninsula	pink	4396	1600	5996	5000	-996	-17%
Bristol Bay	sockeye	23474	13154	36628	34700	-1928	-5%
Bristol Bay, Nunagak District	chinook	67	125	192	100	-4	-2%
TOTAL		120037	43916	163952	122629	-41324	-25%

Table 3. Preliminary 1985 Alaska commercial salmon harvest by species and fishing area.

Fishing Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Southern Southeastern	76.7	1111.7	1198.4	30472.7	1300.6	34160.2
Northern Southeastern	170.6	737.4	1341.1	20515.5	1966.2	24730.8
Southeastern Statistical Region Total	255.3	1849.2	2539.4	50988.2	3266.8	58899.0
Cordova Area	41.5	1441.6	1033.5	25074.6	1294.2	28087.4
Cook Inlet Area	24.3	4130.0	629.4	1313.2	744.0	6842.6
Kodiak Area	5.0	1830.0	280.0	7335.0	431.0	9881.0
Chignik	1.9	943.8	203.7	175.0	26.1	1350.6
South Peninsula	6.0	2062.0	161.0	4396.0	1341.0	7966.0
Central Statistical Region Total	80.7	10408.2	2307.6	38293.8	3837.1	54927.5
Alutian Islands	0.0	1.0	0.0	0.0	14.0	15.0
North Peninsula	22.0	2518.0	170.0	4.0	698.0	3412.0
Bristol Bay Area	122.0	23472.0	161.0	0.0	864.0	24619.0
Kunukwim Area	74.1	121.2	382.1	0.0	224.7	802.1
Yukon Area	146.2	0.0	57.4	0.0	1030.8	1234.4
Norton Sound	19.5	0.2	22.1	3.6	134.7	180.1
Kotzebue Area	0.0	0.0	0.0	0.0	521.4	521.4
Western Statistical Region Total	383.8	26112.4	792.6	7.6	3487.6	30704.0
ALASKA TOTAL	719.8	30369.8	5639.7	89209.7	10591.5	144610.4

Table 4. Preliminary 1985 Southeastern Alaska commercial salmon harvest by species and management area.

Management Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Southern Southeastern						
Portland Canal gill net	2.8	167.0	46.9	649.7	210.2	1084.7
Annette Inland gill net	0.3	49.8	14.0	394.3	34.0	493.2
Annette Inland trap	0.4	10.9	3.5	497.0	1.5	514.0
Prince of Wales Is. gill net	1.7	265.3	91.1	504.9	69.6	1012.7
Stikine River gill net	.0	1.1	1.9	5.3	1.9	10.2
Southern hatcheries	2.0	0.1	45.8	9.7	200.0	345.6
Southern districts seine	15.0	616.3	326.3	20232.9	600.4	29070.9
Southern districts troll	54.6	1.3	660.9	90.0	6.2	829.0
Southern Southeastern total	76.7	1111.7	1190.4	30472.7	1300.6	34160.2
Northern Southeastern						
Taku-Snettisham gill net	3.0	87.1	52.3	312.0	107.9	563.0
Lynn Canal gill net	3.4	337.2	109.1	260.3	803.6	1513.5
Yakutat gill net	1.0	233.4	193.5	16.1	12.3	456.3
Northern hatcheries	0.0	.0	6.2	462.1	342.8	811.1
Northern districts seine	7.5	73.3	60.3	10594.0	653.6	19388.7
Northern districts troll	163.7	6.4	919.7	870.2	46.0	2006.1
Northern Southeastern total	170.6	737.4	1341.1	20515.5	1966.2	24730.0
SOUTHEASTERN REGION TOTAL	255.3	1049.2	2539.4	50988.2	3266.8	58899.0

Table 5. Preliminary 1985 Central Region Alaska commercial salmon harvest by species and management area.

Management Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Cordova Area						
Bering River	0.2	20.5	415.0	0.1	0.3	444.9
Copper River	42.2	927.0	590.0	17.0	5.0	1591.5
Prince William Sound						
Hatcherien				1274.0	3.0	1277.0
Coghill District	0.5	150.0	1.2	521.0	266.0	1130.7
Unakwik District	.0	26.9	.0	37.4	0.0	72.4
Echomy District	.0	2.2	0.1	100.9	1.4	104.6
General purse seine	0.6	114.1	10.4	23123.5	1000.9	24257.5
Prince William Sound total	1.1	493.3	19.7	25056.7	1280.1	26051.0
Cordova Area total	43.5	1441.6	1033.5	25074.6	1294.2	28007.4
Cook Inlet Area						
Lower Cook Inlet						
Outer District	.0	92.0	3.2	610.2	11.0	725.3
Southern District	1.0	04.1	4.3	510.9	5.5	613.0
Kaminhak District	.0	70.3	2.0	0.2	0.1	00.6
Eastern District	.0	24.3	.0	92.4	5.1	121.9
Lower Cook Inlet total	1.0	270.7	9.5	1229.7	30.6	1549.5
Upper Cook Inlet						
Central District	21.4	3609.1	540.7	57.0	602.9	4991.2
Northern District	1.9	163.0	79.2	26.5	31.2	301.0
Upper Cook Inlet total	23.3	3852.1	619.9	83.5	714.1	5293.0
Cook Inlet Area total	24.3	4130.8	629.4	1313.2	744.0	6042.6
Bristol Bay						
Egegik District	4.0	7457.0	33.0	0.0	110.0	7604.0
Uganvik District	7.0	6346.0	61.0	0.0	119.0	6513.0
Naknek-Kvichak District	6.0	0116.0	0.0	0.0	176.0	0326.0
Nunagak District	60.0	1323.0	20.0	0.0	253.0	1664.0
Togiak District	37.0	210.0	39.0	0.0	206.0	492.0
Bristol Bay total	122.0	23472.0	161.0	0.0	864.0	24619.0
CENTRAL REGION TOTAL	109.8	29044.4	1023.9	26307.0	2903.0	60349.0

Table 6. Preliminary 1985 Westward Region Alaska commercial salmon harvest by species and management area.

Management Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Kodiak Area	5.0	1830.0	280.0	7335.0	431.0	9881.0
Chignik Area	1.9	941.0	203.7	175.0	26.1	1350.6
Alaska Peninsula and Aleutians						
South Peninsula	.6.0	2062.0	161.0	4396.0	1341.0	7966.0
North Peninsula	22.0	2518.0	170.0	4.0	698.0	3412.0
Aleutian Islands	0.0	1.0	0.0	0.0	14.0	15.0
Alaska Penin. Aleut. total	28.0	4581.0	331.0	4400.0	2053.0	11393.0
WESTWARD REGION TOTAL	34.9	7354.8	614.7	11910.0	2510.1	22624.5

Table 7. Preliminary 1985 Arctic-Yukon-Kuskokwim Region Alaska commercial salmon harvest by species and management area.

Management Area	SPECIES					
	Chinook	Sockeye	Coho	Pink	Chum	Total
Kuskokwim Area						
Kuskokwim River	37.9	106.6	335.6	0.0	199.5	679.6
Kuskokwim Bay	36.2	14.6	46.5	0.0	25.2	122.5
Kuskokwim Area total	74.1	121.2	382.1	0.0	224.7	802.1
Yukon River						
Lower Yukon River	141.0	0.0	45.0	0.0	613.0	799.0
Upper Yukon River	5.2	0.0	12.4	0.0	417.8	435.4
Yukon River total	146.2	0.0	57.4	0.0	1030.8	1234.4
Norton Sound Kotzebue Area	19.5	0.2	22.1	3.6	134.7	180.1
	0.0	0.0	0.0	0.0	521.4	521.4
ARCTIC-YUKON-KUSKOKWIM REGION TOTAL	239.8	121.4	461.6	3.6	1911.6	2738.0

Table B. Preliminary forecasts of salmon returns and commercial harvests for some major Alaska fisheries in 1966.

Thousands of Fish								
Area	Species	Forecast Return	Engagement Goal	Estimated Harvest	Forecasted Return Range		Estimated Harvest Range	
Southern Southeastern	pink	37900	6000	31900	10600 -	45100	24600 -	39100
Northern Southeastern	pink	11100	4600	6500	6900 -	15100	2100 -	10700
Southeastern total	pink	49000	10600	38400	40600 -	57500	10000 -	46900
Prince William Sound	pink	27600	4200	23400	22070 -	31130	17020 -	28930
	chum	1266	101	882	971 -	1562	502 -	1170
IWS Coquille District	sockeye	552	40	512	306 -	710	146 -	670
Copper River	sockeye	1559	704	854	1247 -	1070	605 -	1024
	chinook	45	15	30	36 -	54	25 -	15
Lower Cook Inlet- Southern and Outer Districts	pink	2269	270	1999	1123 -	1414	853 -	1144
Upper Cook Inlet	sockeye	5200	1000	4200	4200 -	6200	1200 -	5200
Kodiak	pink	19730	4050	15680	17640 -	21930	11590 -	17000
Chignik	sockeye	2011	650	2161	2569 -	3053	1919 -	2403
	pink	2600	700	1900	1300 -	3960	600 -	1260
South Peninsula	pink	8400	2000	6400	5000 -	11000	3500 -	9100
Bristol Bay	sockeye	22000	10700	12100	8600 -	35400	2200 -	24700
Bristol Bay, Nunagak District	chinook	103	75	100	77 -	297	2 -	222
	pink	4100	1000	3100	1400 -	7300	400 -	6100
Bristol Bay, Toqlik District	chinook	39	15	24	10 -	71	0 -	56
		147352	36403	111750	129797 -	165050	93194 -	120655

Table 9. Preliminary projections of 1986 Alaska commercial salmon harvests by statistical region and species.

STATISTICAL REGION	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Southeastern	261	1500	2300	38400	3000	45461
Central	62	10536	1570	51729	4147	68044
Western	355	14118	795	5420	3455	24143
TOTAL ALASKA	678	26154	4665	95549	10602	137648

Table 10. Preliminary projections of 1986 Alaska commercial salmon harvests by management region and species.

Management Region	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Southeastern	261	1500	2300	38400	3000	45461
Central	156	17834	1520	29849	2897	52256
Arctic-Yukon-Kuskokwim	223	80	145	220	1750	2418
Westward	38	6740	700	27080	2955	37513
TOTAL ALASKA	678	26154	4665	95549	10602	137648

MEMORANDUM

State of Alaska

TO: Greg Baker, Deputy Commissioner
Department of Commerce and
Economic Development

DATE: March 24, 1986

FILE NO.:

THRU: Paul Peyton, Acting Director
Office of Commercial Fisheries
Development

TELEPHONE NO.:

SUBJECT: Kodiak/Chignik Salmon
Processing Capacity,
Preliminary Draft

FROM: Richard Reynolds
Development Specialist
Fisheries

This is a preliminary draft report which should not receive very wide circulation. I have not confirmed the projected run data with the Department of Fish and Game, and processor responses have not been verified in any independent way.

Generally, pink salmon sales appear to be exceeding expectations and the mood of processors recently seems to be more positive toward operations this season.

Canned Pink Salmon Inventories (number of cases)

	<u>11/1/85</u>	<u>2/1/86</u>	<u>Shipments</u>
12-4 lb.	80,286	61,388	18,898
48-1 lb.	1,996,085	1,354,917	641,168
48-1/2 lb.	994,101	657,732	336,369
48-1/4 lb.	59,607	50,608	8,999
	<u>3,130,079</u>	<u>2,124,645</u>	<u>1,005,434</u>

	<u>11/1/84</u>	<u>2/1/85</u>	<u>Shipments</u>
12-4 lb.	29,712	21,119	8,653
48-1 lb.	1,797,227	1,362,756	434,471
48-1/2 lb.	820,999	400,248	420,751
48-1/4 lb.	49,043	38,755	10,288
	<u>2,697,041</u>	<u>1,822,878</u>	<u>874,163</u>

	<u>11/1/83</u>	<u>2/1/84</u>	<u>Shipments</u>
12-4 lb.	34,108	27,842	6,266
48-1 lb.	1,384,591	1,013,489	371,102
48-1/2 lb.	714,054	492,202	221,852
48-1/4 lb.	70,694	36,845	633,849
	<u>2,203,447</u>	<u>1,570,378</u>	<u>633,069</u>

Canned Pink Salmon Inventories (number of cases) (cont'd)

	<u>11/1/82</u>	<u>2/1/83</u>	<u>Shipments</u>
12-4 lb.	48,633	36,283	12,350
48-1 lb.	1,506,304	1,102,135	404,169
48-1/2 lb.	1,064,985	545,680	519,305
48-1/4 lb.	81,108	66,607	14,503
	<u>2,701,030</u>	<u>1,750,703</u>	<u>950,327</u>

As of February 1, total unsold inventories are up 16% over the same time last year in terms of running cases. However, there are actually fewer 48-1 lb. cases on hand. Sales, particularly of 1 lb. talls, are up substantially over the past three years. The following analysis was provided by Ocean Beauty Seafoods:

<u>Period</u>	<u>Pink Salmon 48-1 lb. cases</u>		<u>Increase Cases</u>	<u>%</u>
	<u>Current Year</u>	<u>Prior Year</u>		
7/1 - 10/31	577,000	543,000	34,000	6.3
November	123,000	74,000	49,000	66.2
December	251,000	209,000	42,000	20.1
January	287,000	185,000	102,000	55.1
	<u>1,238,000</u>	<u>1,011,000</u>	<u>227,000</u>	<u>22.5</u>

Increased sales are attributed to cheaper prices, the ASMI promotion program and greater consumer awareness of the product's nutritional qualities. I have not yet attempted to quantify the degree of actual price reductions allowed or to estimate the possible effect such reductions may have on raw fish prices next season or packers' margins.

U. S. Cold Storage Holdings (Millions of Pounds)

	<u>Current Year</u>			<u>Prior Year 1/31/85</u>
	<u>11/30/85</u>	<u>12/31/85</u>	<u>1/31/86</u>	
King	6.5	5.5	4.6	2.9
Coho	14.9	13.2	7.7	10.2
Chum	21.0	20.0	13.1	18.0
Pink	14.9	10.8	6.9	1.5
Red	7.1	6.2	3.2	1.5
Unclassified	4.7	4.5	4.1	2.6
	<u>69.1</u>	<u>60.2</u>	<u>39.6</u>	<u>36.7</u>

The 1986 pack will begin to reach market outlets in volume during August. Including February, that means that there are six months remaining before the new pack becomes available. Sales will not continue at a constant rate, but expected carry-over projections have not yet been made.

CANADIAN SUPPLIES IN 1986

Canadian production does have an effect on the market. Pink salmon production in Canada has a dramatic even/odd year cycle.

British Columbia Canned Salmon Pack in 48-1 lb. 1b. Case Equivalents

	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
Red	590,302	239,949	370,855	551,145	648,401
Pink	1,067,301	366,098	999,739	138,648	1,105,915

In 1985, when 1.1 million cases of pink salmon were produced (including production from U. S. salmon), the British Columbia harvest was 20.3 million fish. The 1986 forecast harvest in B.C. is about 6.9 million.

PREDICTED 1986 DAILY HARVEST OF SALMON IN THE KODIAK/CHIGNIK AREA

Daily harvests as a percentage of the total catches during 1980 and 1984 were calculated for the Kodiak area and applied to the 1986 Department of Fish and Game forecasts. For the Chignik area, 1979 was used as a comparable year for pink salmon, 1983 for red salmon and an average of the two years was used for other species. Again, for Chignik, the daily harvest percentages were applied to the current forecasts to arrive at expected daily production rates for 1986.

1986 Season Point Forecast Harvest (Fish)

	<u>Kodiak</u>	<u>Chignik</u>
Pink	15,679,000	1,940,000
Red	1,500,000	2,160,000
Chum	1,000,000	300,000
Coho	200,000	250,000
King	4,000	5,000

In Kodiak, the north-end and west-side are expected to produce the majority of pink salmon harvested:

Afognak	494,000
Kitoi	979,000
West-side	12,258,000
Alitak	800,000
General	990,000
Mainland	158,000
	<u>15,679,000</u>

In order to compare processing capacities, daily catch projections were converted to pounds using the following factors (pounds/fish).

	<u>Kodiak</u>	<u>Chianik</u>
Pink	3.5	3.8
Red	5.6	6.9
Chum	8.0	7.4
Coho	8.6	7.5
King	21.0	19.2

The final report will describe complete daily catch projections, by species. This paper concentrates on the peak period July 22 - August 14. The attached graphs illustrate the magnitudes involved. Production may be expected to reach 4.7 million pounds on August 4. Of this total, about 3.8 million pounds would be pink salmon. In tabular form:

Daily Predicted Harvest of All Species (millions of pounds)

	<u>Kodiak</u>	<u>Chignik</u>	<u>Total</u>
7/22	1.7	.3	2.0
23	1.3	.1	1.4
24	2.2	.1	2.3
25	3.0	.2	3.2
26	2.8	.3	3.1
27	2.3	.3	2.6
28	2.4	.3	2.7
29	3.5	.2	3.7
30	3.4	.3	3.7
31	2.7	.6	3.3
8/01	2.1	.7	2.8
02	1.6	.1	1.7
03	2.4	.6	3.0
04	4.6	.2	4.8
05	3.6	.1	3.7
06	3.2	.9	4.1
07	2.5	1.1	3.6
08	2.5	.7	3.2
09	1.7	.6	2.3
10	2.5	.3	2.8
11	2.1	.1	2.2
12	2.0	.5	2.5
13	1.6	.3	1.9
14	1.1	.3	1.4

Processors operating in the Kodiak and Chignik areas were contacted by phone to determine the physical capacity of existing plants and individual production plans for the 1986 season. To date, only firms with shorebase facilities in the area have been included in the survey. Some of those firms also operate floating processing facilities which are accounted for if they are also expected to operate in the area.

The following firms indicated that they would process salmon in 1986:

Alaska Fresh Seafoods
 All Alaska Seafoods
 Alaska Pacific Seafoods
 Columbia Ward
 East Point Seafood
 International Seafoods
 King Crab, Inc.
 Larsen Bay Cannery
 Ursin Seafoods
 Western Alaska Fisheries
 Smokwa Shell
 Aleutian Dragon
 Chignik Pride

	<u>Daily Processing Capacity (Pounds)</u>	
	<u>Frozen</u>	<u>Canned</u>
1. Kodiak, shorebased	85,000 - 90,000	
2. Kodiak, shorebased	200,000	
3. Floater owned by #2	(200,000 tentative after 7/25)	
4. Kodiak, shorebased	160,000	240,000-290,000
5. North-West Side, shorebased	120,000	342,000
6. South-End, shorebased	180,000 - 200,000	500,000
7. Kodiak, shorebased	75,000 (plus 65,000 tentative)	
8. Kodiak, shorebased	100,000 (plus 100,000 tentative)	
9. West-Side, shorebased		(240,000-280,000 tentative)
10. Kodiak, shorebased	(125,000 Tentative)	
11. Floater owned by #10	(125,000 Tentative)	
12. Kodiak, shorebased	150,000 - 170,000	
13. Kodiak, shorebased	60,000	
14. Chignik, shorebased	250,000	

- | | | |
|--------------------------|--|---------|
| 15. Floater owned by #14 | (75,000 - 100,000
tentative after 7/25) | |
| 16. Kodiak, shorebased | 285,000 | 525,000 |
| 17. Chignik, shorebased | 200,000 - 300,000 | |

Those processors that have capacity which is noted as tentative, generally indicated they would utilize that capacity if contracts for sale of fish were obtained, if the price of fish was "right," if fish were available and so on.

Adding the more conservative figures, gives a total daily freezing capacity of 1.9 million pounds and canning capacity of 1.6 million pounds.

Two very large plants account for a production capacity of nearly 1.5 million pounds per day. Obviously, it is critical that these facilities do actually operate as indicated.

While a large part of the required processing capacity seems to exist, there may well be individual fishermen who are unable to gain access to available processing facilities because of tendering problems, unwillingness of processors to commit to service new vessels, and other factors.

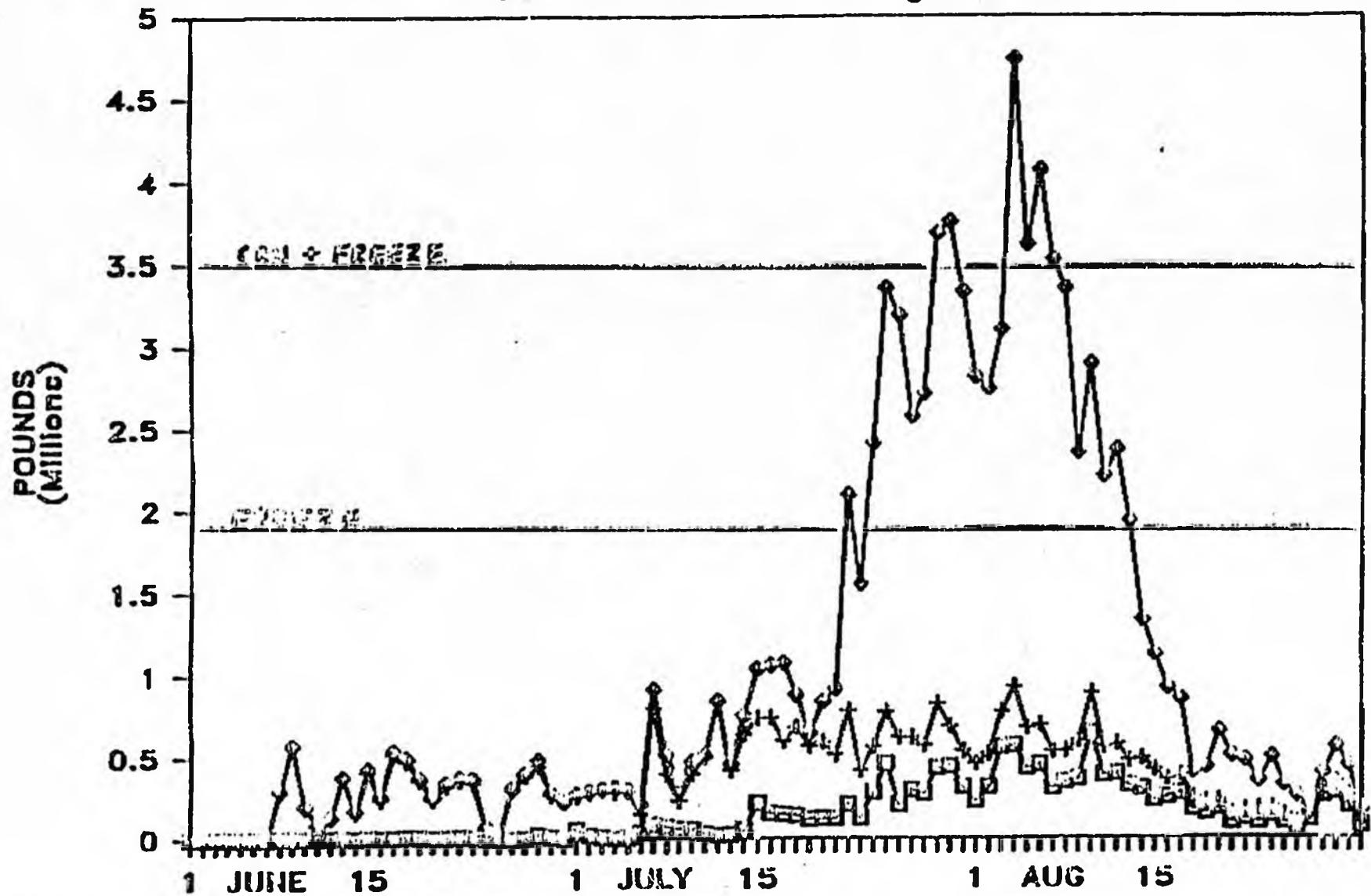
A large part of the question yet to be resolved is the willingness of processors to freeze pink salmon. It is obvious that canning capacity will fall far short of the volume necessary to handle all the pinks.

Processors generally indicated that they would handle Kodiak and Chignik fish before seeking sources of supply outside the area.

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KODIAK/CHIGNIK 1986 CATCH PROJECTION

Combined Kodiak and Chignik Areas



□ KNG+COHO+CHM

+ KNG+COHO+CHU+RED

◇ ALL SPECIES

Pink salmon glut threatens prices, profits of industry

Salmon problems...

The current oversupply of Alaska canned pink salmon represents an industry-wide crisis with the potential to be as damaging as the 1982 international recall of Alaska canned salmon, many fishing industry experts believe.

Huge inventories of canned pink salmon, teamed with predictions for an all-time record pink salmon run in Alaska this summer spell serious problems both for processors and for Alaska fishermen. The salmon canning business is such a major component of the Alaska seafood industry that its economic woes tend to "ricochet" throughout the industry.

In recent years very large pink salmon runs have allowed canned pink inventories to outstrip demand. The resulting soft wholesale prices have hurt processors' ability to recover the costs of paying for, processing and storing the fish. Product movement also was slowed over the last two years by the high value of the U.S. dollar and by inroads in Alaska's European markets made by salmon canned in Taiwan and Korea.

"The situation is really very grave. The only parallel you can find is the year of the botulism scare," says Bob Nickinovich, chairman of the Alaska Seafood Marketing Institute's canned seafood promotion committee. "It is difficult to overstate the seriousness of the problem."

What the pink surplus will mean to fishermen in terms of 1986 prices is not yet known. Industry officials speculate the result may include both lower prices and a reduction in the number of companies able to buy and process pink salmon this summer. That would be a significant problem in Alaska, which in 1985 saw over 50,000 people employed in fishery-related jobs, with fishermen alone earning over \$700 million from their catches, according to estimates by the Alaska Department of Fish and Game.

What it means to processors is more easily seen.

According to Bill Hudson, ASMI's executive director, United States processors had 2.9 million cases of pink salmon in inventory as of Dec. 1,

(Continued on back page)

Salmon promotion...

Officials of the Alaska Seafood Marketing Institute - after a series of emergency sessions in January - have announced plans to reallocate up to \$450,000 of the institute's funding to launch a drive to spur pink salmon sales nationwide.

Bill Hudson, executive director of the Juneau-based marketing entity, says ASMI's board of directors has voted to shift \$400,000 into efforts to increase canned pink sales plus an additional \$50,000 into efforts to market fresh/frozen salmon.

Hudson says \$350,000 of the canned promotional budget will be spent on radio advertising in the nation's top 12 salmon sales markets.

The radio campaign, which will start after Lent, will run from the last week in April until the last week in May. In the 12 targeted markets, supermarket chains will be given the opportunity to have their names tagged onto the end of 30-second radio spots in return for an agreement to feature Alaska canned salmon prominently in at least two newspaper ads purchased by the store during the promotion.

ASMI is hoping for up to 65 percent participation among retailers in the 12 market cities.

At a cost of an additional \$50,000, ASMI will give store managers an opportunity to win a Chrysler luxury automobile as part of a merchandising incentive program with the theme: "Inch Your Way Into A New Car." Store managers will be able to enter the car contest repeatedly - once for each column-inch of newspaper advertising they devote to canned salmon during the marketing period.

Salmon brokers in the same 12 cities will have a chance of winning a "significant" cash incentive for selling the most salmon to local retailers.

"ASMI doesn't have enough money to stimulate consumer sales significantly by itself, but we hope to encourage retailers to do enough advertising to move the needle, to generate some quick canned sales," explains Bill Woolf, deputy director of ASMI.

"The oversupply represents a huge problem, but it also constitutes a great opportunity. We have a tremendous natural resource. We simply

(Continued on page 2)

Salmon problems...
(Continued from page 1)

1985, including nearly 1.9 million 48-pound cases of tall (one-pound) cans, and 950,000, 24-pound cases of one-half pound cans. At the current industry sales levels of 140,000 cases of one-pound cans a month and just 61,000 cases of half-pound tins, the industry has over a year's worth of one-pound cans and over 15 months worth inventory of one-half pound cans - with only five months to go before the 1986 season begins.

"There is no question that it is to everyone's benefit if something is done to move these tremendous inventories. We need to get people to buy more salmon and buy it fast," says Hudson.

According to the National Food Processors Association, American salmon processors had 472,075 cases of pink salmon caught in 1983 left over when the 1984 harvest began to arrive in warehouses. In 1985, processors had 820,943 cases left over. Current estimates are that processors will have 1.15 million cases of pinks remaining from 1985 when the new pack arrives this summer. The oversupply problem was aggravated by the 1985 Canadian pack of 1.1 million (48-pound) cases - Canada's best production in five years.

Lee Patton, chairman of ASMI's marketing committee, says this year's glut has put the industry, and thus Alaskans who depend on fish sales, in real jeopardy.

"If we can't find a way to sell a lot of salmon quickly, a lot of people are going to be hurt. A lot of people will probably have to take less for their fish this summer and fishermen will tell you they can't afford lower prices. It is not a happy situation," Patton says.

Quality awareness seminars continue

ASMI is continuing with a series of quality awareness workshops, a series started by the institute last fall.

The workshops, open to seafood retailers, processors and wholesalers interested in practical information on how to evaluate the quality of seafood, also cover how to maintain seafood, market it and how to educate the consumer as to its benefits.

The workshop, "Seafood - Harvest the Profits," is being supervised by Tom Bellamore, ASMI's quality control program coordinator. The day-long sessions are conducted by a series of speakers and include hands-on demonstrations using Alaska seafood products.

The final workshops scheduled will be held March 18 at the Airport Park Hotel in Inglewood, Calif.; March 19 at the Holiday Inn in Ventura, Calif.; March 20 at the Holiday Inn in Ontario, Calif.; March 25 at the Holiday Inn in Tacoma, Wash.; April 1 at the Northern Lights Inn in Anchorage, Alaska; April 2 at the Travelers Inn in Fairbanks, Alaska; and on April 3 at Centennial Hall in Juneau, Alaska. All seminars start at 8 a.m. and run through lunch to 1:30 p.m.

People wishing to attend should pre-register. Information and pre-registration can be made by calling Carol Ovens or Pat Thomas at the Washington Sea Grant Program, University of Washington, 3716 Brooklyn Ave., N.E., Seattle, Wash. 98105 or (206)543-6600.

MEDIA NOTE: For further information on any of the items contained in the monthly ASMI-Gram, contact Bill Woolf, deputy director, at the Alaska Seafood Marketing Institute in Juneau, Alaska at (907) 586-2902.

Alaska Seafood
MARKETING INSTITUTE

526 Main Street
Juneau, Alaska 99801
Bill Hudson, Executive Director

Offered: 3/26/86
Referred: Labor & Commerce
and Finance

Original sponsors: Herrmann and Grussendorf

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 65 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 Relating to foreign marketing of Alaska
6 pink salmon products.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS record-setting runs have been forecasted for the pink salmon
9 fisheries of Alaska during 1986; and
10 WHEREAS the present inventories of processed pink salmon have reached
11 such high levels that even the recent increase in efforts of marketing have
12 not resulted in sale of the product on hand; and
13 WHEREAS because of the high pink salmon product inventory, the commer-
14 cial fishermen of the state may be faced with economically insufficient
15 price settlements for their catch; and
16 WHEREAS because of the high pink salmon product inventory, the seafood
17 processors of the state may be faced with economically insufficient price
18 settlements for their sales; and
19 WHEREAS the income derived from the pink salmon fisheries is necessary
20 to supplement fishermen's income from other fisheries they rely on and is
21 also extremely necessary in situations where the pink salmon fishery is the
22 sole source of income; and
23 WHEREAS due to the abundance of pink salmon stocks, with both fore-
24 casted run and inventory supply, the fishermen may be faced with no market
25 whatsoever or catch limits imposed by the seafood processors; and
26 WHEREAS alternate pink salmon product form development has been initi-
27 ated in the state and may have great potential in foreign markets; and
28 WHEREAS in certain foreign countries there currently exist no markets
29 of pink salmon from United States domestic processors;

1 BE IT RESOLVED that the Alaska State Legislature respectfully requests
2 that the Governor aggressively pursue the establishment of markets in these
3 foreign countries for pink salmon and innovative pink salmon products; and
4 be it

5 FURTHER RESOLVED that in trade negotiations and other dealings with
6 the Chinese during the upcoming Targeted Trade Mission of the Office of
7 Pacific Rim Relations, the Governor is respectfully requested to initiate
8 this foreign marketing effort, not only with respect to reducing the pre-
9 sent inventories of processed pink salmon, but also with respect to estab-
10 lishing outlets for purchasing and processing the surplus of this year's
11 catch; and be it

12 FURTHER RESOLVED that in establishing new foreign marketing outlets,
13 the Governor is also requested to discourage the foreign countries from
14 re-exporting United States pink salmon to other foreign countries that are
15 already buying from United States domestic processors.

Introduced: 2/17/86
Referred: Resources, Labor & Commerce
and Finance

1 IN THE HOUSE

BY HERRMANN AND GRUSSENDORF

2

HOUSE JOINT RESOLUTION NO. 65

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

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Relating to foreign marketing of Alaska

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