

HJR

65

HOUSE  
COMMITTEE REPORT

LABOR & COMMERCE

(9)

Date referred: 2/17/86

FURTHER REFERRALS: FINANCE

DATE: 3/25/86

The RESOURCES 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 (Resources)  same title
- new title

and recommends DO PASS

further referral to the LABOR & COMMERCE Committee

- and attached:
- letter of intent
  - first fiscal note (zero)
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

HERRMANN Adelheid Herrmann

SUND [Signature]

CATO [Signature]

THOMPSON David W. Thompson

WALLIS F. Kay Wallis

SHULTZ [Signature]

JENKINS [Signature]

FEARCE [Signature]

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Adelheid Herrmann  
CO- Chairman

# NEWS RELEASE

STATE OF ALASKA

DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT

LOREN H. LOUNSBURY  
COMMISSIONER



For Information Contact:

Information Officer  
Department of Commerce &  
Economic Development  
Pouch D  
Juneau, Alaska 99811

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FOR IMMEDIATE RELEASE

March 12, 1986

Start Date: March 14  
End Date: March 25

## PUBLIC SERVICE ANNOUNCEMENT

ATTENTION ALL PINK SALMON FISHERMEN! The Alaska Department of Commerce and Economic Development is requesting information from vessel owners or operators regarding 1986 market commitments for pink salmon. The department must determine whether there is adequate processing capacity to fully utilize pinks this year in the Kodiak and Chignik areas. If you are planning to fish for pink salmon this year in these areas and are having problems locating a buyer, please go immediately to the receptionist's desk at the Fish and Game Office Building in Kodiak and fill out a market survey questionnaire. This information will be used to assist the Governor in making a capacity and intent determination should foreign processing vessels apply to process pink salmon in the internal waters of the State.

Tuesday, March 25, is the deadline for turning in your comments.

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Contact: Elizabeth Hastorf  
Office of Commercial Fisheries Development  
P.O. Box D  
Juneau, AK 99811  
(907) 465-2162

## KODIAK/CHIGNIK PINK SALMON MARKET SURVEY

The Alaska Department of Commerce and Economic Development is requesting information from vessel owners or operators regarding 1986 market commitments for pink salmon. The department must determine whether there is adequate processing capacity to fully utilize pinks this year in the Kodiak and Chignik areas. If you are planning to fish for pink salmon this year in these areas and are having problems locating a buyer, please fill this survey out by MARCH 25, at which time surveys will be forwarded to Juneau. This information will be reported in aggregate only, with no vessel or owner names listed. The responses will be used to assist the Governor in making a capacity and intent determination should foreign processing vessels apply to process pink salmon in the internal waters of the State. Where appropriate, please use round pound figures and be as complete as possible with your information. Thank you for your comments.

1. Name
2. Address
3. Telephone or contact number
4. Vessel name Permit #  
Gear type
5. Do you intend to fish pink salmon in 1986 in either Kodiak or Chignik?
6. What is your normal area of operation?
7. What attempts have you made to secure a market for pinks in the Kodiak or Chignik area this year?
8. Do you have a market for pinks in 1986? Please include processor name, area of plant or floater, whether you have a written or verbal pre-season commitment, and if there are catch limits or volumes placed on these commitments.

OVER



BRISTOL BAY NATIVE CONVENTION  
Resolution 86-03

Assistance For Foreign Markets For Bristol Bay and Chignik Pinks

WHEREAS: record levels of pink harvests in the State of Alaska for 1985 totaled 89 million fish, and

WHEREAS: Alaska's pink salmon harvest projections for 1986 totals 96 million fish, or 60% of all of Alaska's combined all-species catch, and

WHEREAS: because of the projected record level harvests, and the lack of incentive for most shore based canneries to purchase pinks, and

WHEREAS: the forecasted returns to the Bristol Bay and Chignik Bays are in excess of Four (4) million pinks, of which harvest may be lost, and

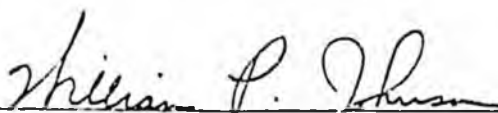
WHEREAS: since many Bristol Bay fishermen do not have a pink market which in years past has enhanced their economic efforts in light of high overcapitalization, often times providing for the only profit in the fishing season,

NOW THEREFORE BE IT RESOLVED that the Bristol Bay Native Convention and delegates assembled requests assistance from the Governor of the State of Alaska for fishing groups to secure foreign markets to purchase pinks from the Bristol Bay and Chignik Bays for the 1986 season.


CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of the resolution adopted by the delegates to the 1986 Bristol Bay Native Convention, February 23, 24, 25, & 26, Dillingham, Alaska, at which a quorum was present.

WITNESS My hand and seal this 26th day of February, 1986.

  
\_\_\_\_\_  
Chairman, Bristol Bay Native Convention

WITNESS:

  
\_\_\_\_\_  
Chairperson, Resolutions Committee

# 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, IIFMA

# 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.

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.

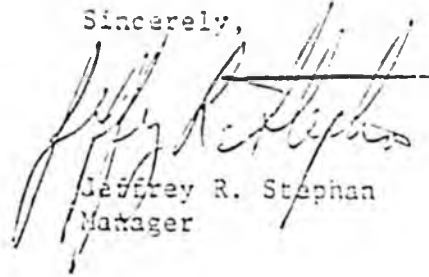
III. We are unsure as to all of the areas in Kodiak which are considered Internal Waters. Do you have a clear understanding of what Internal Waters are available in the Kodiak Salmon Management Area?

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 Peyton, 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,

A handwritten signature in cursive script, appearing to read "Jeffrey R. Stephan".

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 Comm

DISTRICT N

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

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 Musnagak 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*  
*for*

Fred F. Zharoff  
Alaska State Senate

cc: Representative Adelheid Herrmann

RECEIVED  
DEC 24 1985

OFFICE OF THE  
COMMISSIONER

December 15, 1985

Honorable Fred F. Zharoff  
Alaska State Senate  
P.O. Box 405  
Kodiak, AK 99515

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. Zharoff

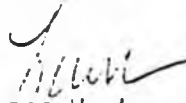
-2-

December 16, 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

BC: FISH. MINI CAB      W/ EARLIER CORRESPONDENCE  
SERIF " "

# MEMORANDUM

State of Alaska

TO: Don Collinsworth, Commissioner  
Department of Fish and Game

DATE: December 12, 1955

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.

RER/PP/me1315M  
121285a  
Attachment



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P O BOX 405, KODIAK, ALASKA 99615 (907) 486-5250

DURING SESSION:

POUCH V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3444 (Labor and Commerce Comm

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK • LAKE ILIEMNA • PRIBILOF ISLANDS • SHUMAGIN ISL

December 9, 1985

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

RECEIVED  
DEC 11 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 Joy Cape, out of Kodiak city. I understand Columbia Wards also has put its Port Bailey 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



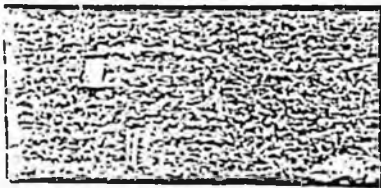
Sen. Fred Waroff  
Pouch V  
Juneau, AK 99811

V.J.L. 45 NO. 215

MONDAY, NOVEMBER 4, 1985

KODIAK, ALASKA

12 PAGES 35 CENTS



# 15.68 million catch of pinks forecast for '86

By CHRIS BLACKBURN  
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 1984-85 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 Kitor Bay hatchery is expected to contribute about a million pink salmon to the fishery — because Kitor has limited rearing facilities, its production is affected by cold springs as are the wild runs.

In 1986 the Westside District is  
(Please turn to Page 2)

# salmon

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(Continued from Page 1)

expected to produce a harvest of 12.3 million pinks.

The Adak 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 Adognak 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 123,000 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.

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# 1986

File

December 3, 1985

RECEIVED  
OFFICE OF COMMERCIAL FISHERIES

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/mst3002:n  
120285a



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

P O BOX 405, KODIAK, ALASKA 99615 (907) 486-5252  
DURING SESSION  
POUCH V. JUNEAU ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3344 (L. Gov. and Commerce Comm.

DISTRICT II

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CHARLEY LAKE ILANNA • PRIBILOF ISLANDS • SHUMAGIN ISL.

MEMORANDUM

TO: Loran Lounsbury  
Commissioner of Commerce and Economic Development  
  
Don Collinsworth  
Commissioner of Fish and Game

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

DATE: November 12, 1985

RE: Kodiak Island processing capacity

RECEIVED  
NOV 16 1985

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 1986 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 Chis in my Juneau office informed of your progress.

6933

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)			(5) (4)-(2) Management Error (thousands)	(6) (5)/(2) %	(16) (15)/(11) Forecast Error (thousands)	(17) (16)/(11) %	(7) Projected Harvest	(8) Actual Harvest	(9) (7)-(8) Error	(10) (7)/(8) Relative to Projected Statewide Harvest	(11) (2)/(12) Forecasted Harvest
	(1) Return	Harvest		(3) Return	(4) Escapement	Harvest									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
1970	114347	77080	37267	64653	17271	47392	19976	54%	49674	77%	95500	60500	27000	39%	81%
1971	41140	28110	13030	50789	10643	32137	-5613	-43%	-9640	-19%	41500	47500	-6000	-13%	60%
1972	52739	30470	22320	30995	13616	17379	8704	39%	21795	70%	46700	37000	14700	46%	65%
1973	30650	18820	19030	21650	10536	11014	9194	46%	17000	71%	30000	22300	7700	35%	63%
1974	27830	7500	20330	29150	19334	9816	976	5%	-1320	-5%	15600	21900	-6300	-27%	40%
1975	28740	8435	20305	45937	28926	17441	-8191	-40%	-17197	-37%	17300	26200	-6300	-24%	42%
1976	45202	25702	17500	48710	10060	30000	640	3%	-3730	-8%	37100	44400	-7300	-16%	67%
1977	43650	23740	19310	56495	21675	34000	-1785	-9%	-12845	-23%	34700	50800	-16100	-32%	60%
1978	70323	48737	21586	97910	36020	61920	-14434	-67%	-27617	-28%	62700	82300	-19400	-24%	77%
1979	84969	57210	27750	100323	37705	70338	-10235	-37%	-23363	-22%	72000	88000	-16000	-17%	79%
1980	124930	86360	38570	144096	62470	81606	-23320	-62%	-19166	-13%	102600	110000	-7400	-7%	84%
1981	78500	55420	23000	116093	28895	87200	-5815	-25%	-37595	-32%	74500	113300	-38800	-34%	74%
1982	136060	107940	26120	105503	27933	77520	-1063	-7%	30557	27%	135000	109100	25900	24%	81%
1983	97210	74330	22000	129363	28572	100691	-9792	-25%	-32153	-25%	94000	127200	-33200	-26%	79%
1984	112060	81671	37377	150034	47410	102624	-10013	-27%	-30966	-21%	103500	132500	-28745	-22%	77%
1985	122627	86091	35934	163952	43716	120036	-7902	-22%	-41323	-25%	108241	144610	-36367	-25%	86%
1970-19 Averages	76627	51276	25363	85244	20870	56374	-3507	-14%	-8617	-0.10%	67113	76338	-9226	-8%	71%
Averages without regard to sign							8440	32%	23490	32%			10638	26%	

# Obs. Return versus Fcst. Return

Major Fisheries with Formal Forecasts

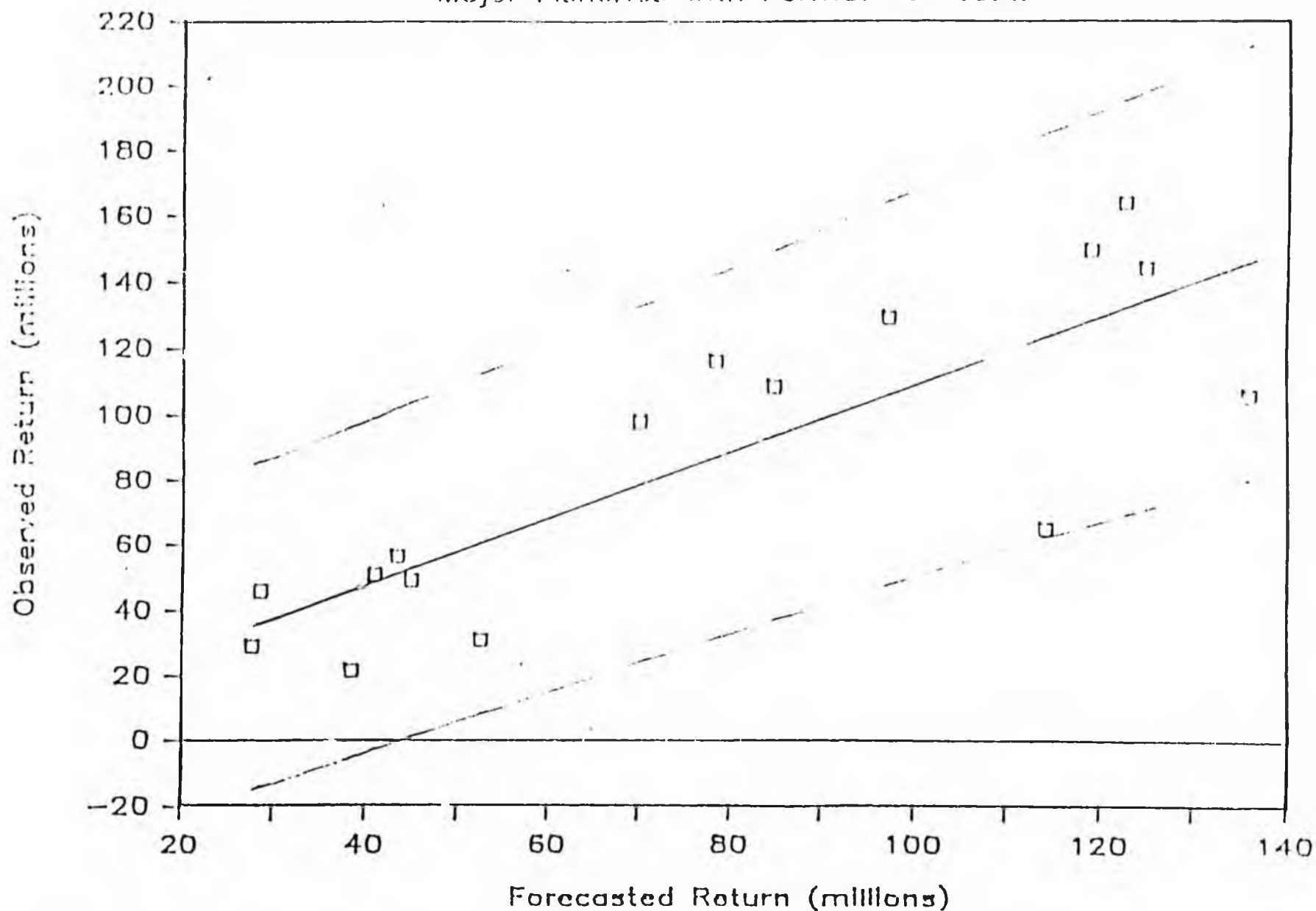


Figure 1. Relationship between observed return (millions) and forecasted return (millions) for major salmon fisheries with formal forecasts, 1970-1985. Also shown are the regression line,  $Y = 6.54 + 1.027 X$ ,  $R^2 = 0.690$ , together with 80 percent confidence intervals; where,  $Y =$  Observed Return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

# Projected Statewide Harvest

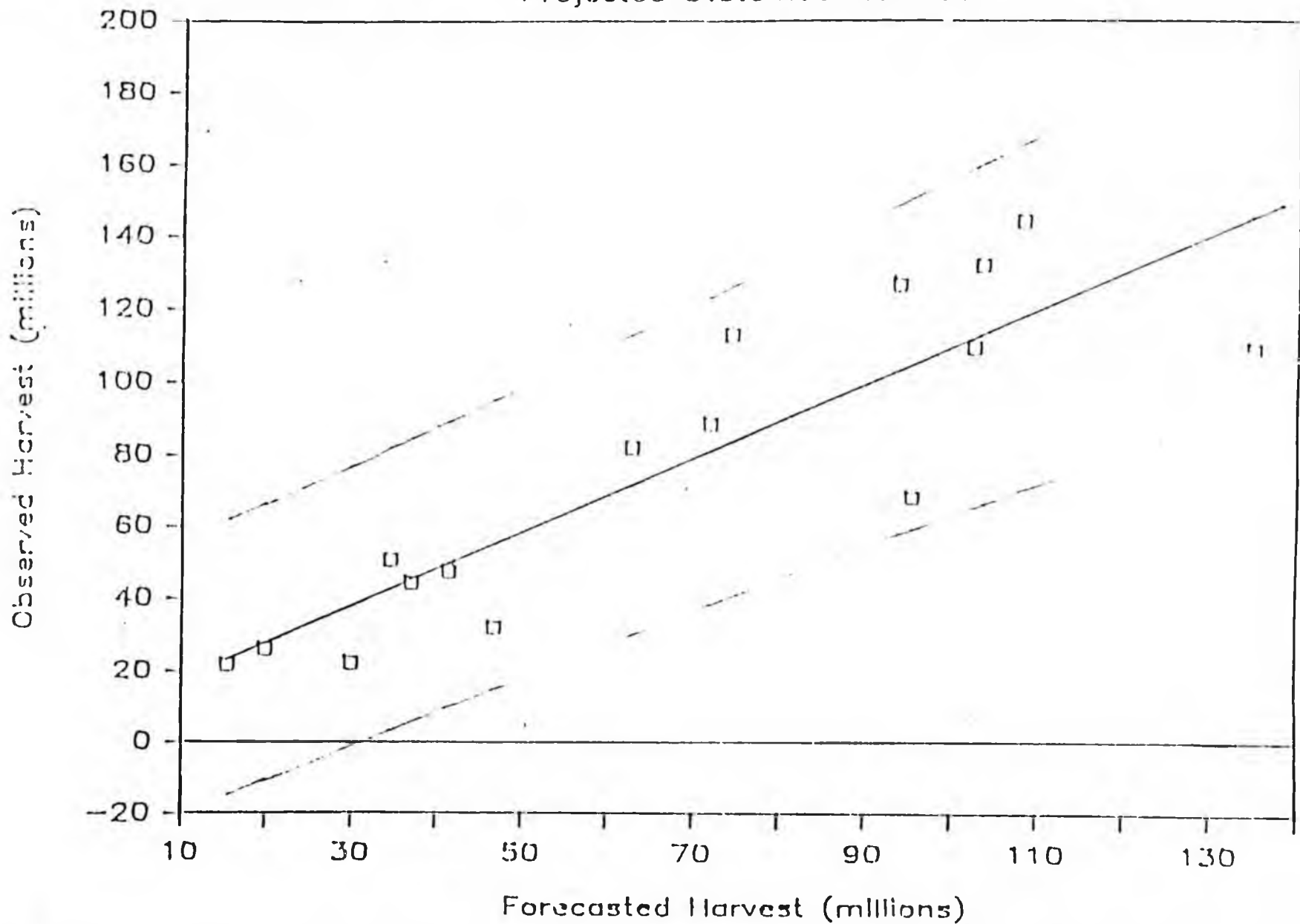


Figure 2. Relationship between observed harvest (millions) and projected harvest (millions) for Alaska commercial salmon fisheries, 1970-1985. Also shown are the fitted regression line,  $Y = 7.40 + 1.027 X$ ,  $R^2 = 0.771$ , together with 80 percent confidence intervals; where,  $Y =$  Observed Harvest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

# Alaska Commercial Salmon Harvest

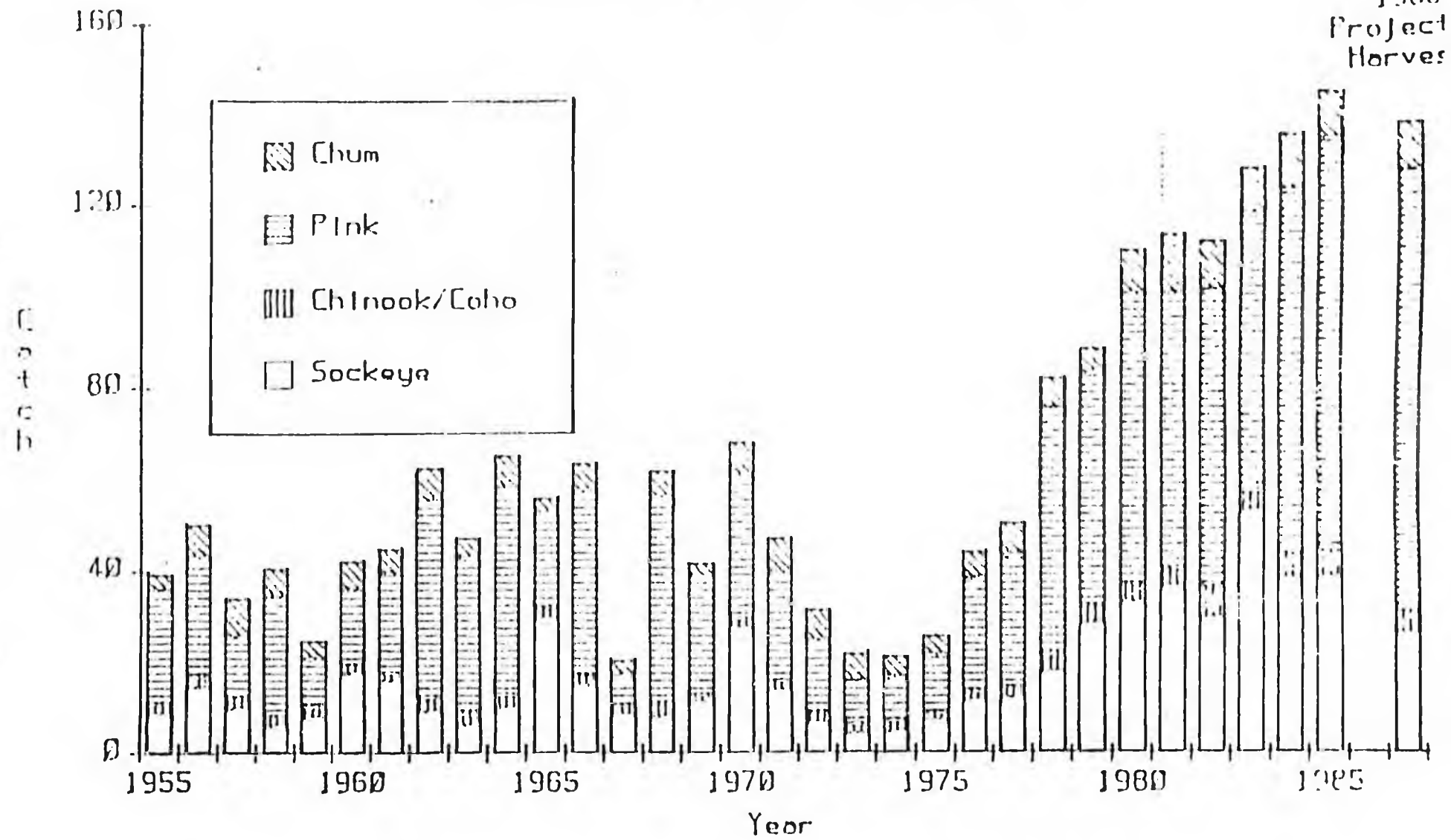


Figure 4. Alaska commercial salmon harvests by species, 1955 - 1985, and the 1986 projected harvest.

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	pink	30473	12000	42473	30800	-11673	-27%
Northern Southeastern	pink	20516	8900	29416	11900	-17516	-59%
Southeastern Total	pink	50989	20900	70989	42700	-28289	-40%
Prince William Sound	pink	25057	2715	27771	21509	-6271	-23%
	chum	1200	191	1471	2109	638	43%
BWS Coghill District	rockeye	350	147	497	220	-277	-56%
Copper River	rockeye	928	611	1559	1780	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	rockeye	3689	1362	5051	3400	-1651	-33%
Kodiak	pink	7340	2600	9940	6780	-3160	-32%
Chignik	rockeye	1110	717	1826	2490	664	36%
	pink	175	355	530	500	-30	-6%
South Peninsula	pink	4396	1600	5996	5000	-996	-17%
Bristol Bay	rockeye	23474	13154	36628	34700	-1928	-5%
Bristol Bay, Nunatak District	chinook	67	125	192	188	-4	-2%
<b>TOTAL</b>		<b>120037</b>	<b>43916</b>	<b>163952</b>	<b>122629</b>	<b>-41324</b>	<b>-25%</b>

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

Fishing Area	SPECIES					
	Chinook	Sockeye	Coho	Pink	Chum	Total
Southern Southeastern	76.7	1111.7	1198.4	30472.7	1300.6	34160.2
Northern Southeastern	178.6	737.4	1341.1	20515.5	1966.2	24738.8
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	28887.4
Cook Inlet Area	24.3	4130.8	629.4	1313.2	744.8	6842.6
Kodiak Area	5.0	1030.0	280.0	7335.0	431.0	9801.0
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	30784.0
ALASKA TOTAL	719.8	38369.8	5639.7	89289.7	10591.5	144610.4

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

Management Area	SPECIES					
	Chinook	sockeye	Coho	Pink	Chum	Total
<b>Southern Southeastern</b>						
Portland Canal gill net	2.8	167.0	46.9	649.7	218.2	1084.7
Annette Inland gill net	0.3	49.8	14.0	394.3	34.8	493.2
Annette Inland trap	0.4	10.9	3.5	497.8	1.5	514.0
Prince of Wales Is. gill net	1.7	265.3	91.1	584.9	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	288.0	345.6
Southern districts seine	15.0	616.3	326.3	28232.9	680.4	29870.9
Southern districts troll	54.6	1.3	668.9	98.0	6.2	829.0
<b>Southern Southeastern total</b>	<b>76.7</b>	<b>1111.7</b>	<b>1198.4</b>	<b>30472.7</b>	<b>1300.6</b>	<b>34160.2</b>
<b>Northern Southeastern</b>						
Taku-Snettinhm 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	18594.0	653.6	19388.7
Northern districts troll	163.7	6.4	919.7	870.2	46.0	2006.1
<b>Northern Southeastern total</b>	<b>178.6</b>	<b>737.4</b>	<b>1341.1</b>	<b>20515.5</b>	<b>1966.2</b>	<b>24730.8</b>
<b>SOUTHEASTERN REGION TOTAL</b>	<b>255.3</b>	<b>1849.2</b>	<b>2539.4</b>	<b>50988.2</b>	<b>3266.8</b>	<b>58899.0</b>

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

Management Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
<b>Cordova Area</b>						
Bering River	0.2	20.5	415.0	0.1	0.3	444.9
Copper River	42.2	977.0	590.0	17.0	5.0	1591.5
Prince William Sound Hatcheries				1274.0	3.0	1277.0
Coghill District	0.5	150.0	1.2	521.0	266.0	1130.7
Unakvik District	.0	26.9	.0	37.4	0.0	72.4
Echoy 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
<b>Prince William Sound total</b>	<b>1.1</b>	<b>493.1</b>	<b>19.7</b>	<b>25056.7</b>	<b>1200.1</b>	<b>26051.0</b>
<b>Cordova Area total</b>	<b>43.5</b>	<b>1441.6</b>	<b>1033.5</b>	<b>25074.6</b>	<b>1294.2</b>	<b>28007.4</b>
<b>Cook Inlet Area</b>						
Lower Cook Inlet						
Outer District	.0	92.0	3.2	610.2	11.0	725.3
Southern District	1.0	84.1	4.3	510.9	5.5	613.0
Kamlehak District	.0	70.3	2.0	0.2	0.1	80.6
Eastern District	.0	24.3	.0	92.4	5.1	121.9
<b>Lower Cook Inlet total</b>	<b>1.0</b>	<b>270.7</b>	<b>9.5</b>	<b>1229.7</b>	<b>30.6</b>	<b>1549.5</b>
Upper Cook Inlet						
Central District	21.4	3609.1	540.7	57.0	602.9	4991.2
Northern District	1.9	163.0	79.7	26.5	31.2	301.8
<b>Upper Cook Inlet total</b>	<b>23.3</b>	<b>3852.1</b>	<b>619.9</b>	<b>83.5</b>	<b>714.1</b>	<b>5293.0</b>
<b>Cook Inlet Area total</b>	<b>24.3</b>	<b>4130.0</b>	<b>629.4</b>	<b>1313.2</b>	<b>744.0</b>	<b>6042.6</b>
<b>Bristol Bay</b>						
Egegik District	4.0	7457.0	33.0	0.0	110.0	7604.0
Ugashik District	7.0	6346.0	61.0	0.0	119.0	6533.0
Naknek-Kvichak District	6.0	8136.0	8.0	0.0	176.0	8326.0
Nushagak District	60.0	1323.0	20.0	0.0	253.0	1666.0
Togiak District	37.0	210.0	39.0	0.0	206.0	492.0
<b>Bristol Bay total</b>	<b>122.0</b>	<b>23472.0</b>	<b>161.0</b>	<b>0.0</b>	<b>864.0</b>	<b>24619.0</b>
<b>CENTRAL REGION TOTAL</b>	<b>109.8</b>	<b>29044.4</b>	<b>1823.9</b>	<b>26307.8</b>	<b>2903.0</b>	<b>60349.0</b>

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

Management Area	SPECIES					Total
	Chinook	Sockeye	Coho	Pink	Chum	
Eodiak Area	5.0	1000.0	200.0	7335.0	431.0	9001.0
Chignik Area	1.9	943.0	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	2510.0	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					Total
	Chinook	Sockeye	Coho	Pink	Chum	
<b>Kuskokwim Area</b>						
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
<b>Kuskokwim Area total</b>	<b>74.1</b>	<b>121.2</b>	<b>382.1</b>	<b>0.0</b>	<b>224.7</b>	<b>802.1</b>
<b>Yukon River</b>						
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
<b>Yukon River total</b>	<b>146.2</b>	<b>0.0</b>	<b>57.4</b>	<b>0.0</b>	<b>1030.8</b>	<b>1234.4</b>
<b>Norton Sound</b>						
Norton Sound	19.5	0.2	22.1	3.6	134.7	180.1
<b>Kotzebue Area</b>						
Kotzebue Area	0.0	0.0	0.0	0.0	521.4	521.4
<b>ARCTIC-YUKON-KUSKOKWIM REGION TOTAL</b>	<b>239.8</b>	<b>121.4</b>	<b>461.6</b>	<b>3.6</b>	<b>1911.6</b>	<b>2738.0</b>

Table B. Preliminary forecasts of salmon returns and commercial harvests for some major Alaska fisheries in 1986.

Thousands of Fish								
Area	Species	Forecast Return	Escapement Goal	Estimated Harvest	Forecasted Return Range		Estimated Harvest Range	
Southern Southeastern	pink	37900	6000	31900	10600 -	45100	24600 -	39300
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	17070 -	20930
	chum	1266	303	802	971 -	1562	507 -	1170
IMS Coquille District	rockeye	552	40	512	306 -	710	146 -	670
Copper River	rockeye	1559	704	854	1247 -	1070	605 -	1024
	chinook	45	15	30	36 -	54	25 -	35
Lower Cook Inlet- Southern and Outer Districts	pink	2269	270	1999	1121 -	3414	853 -	3144
Upper Cook Inlet	rockeye	5200	1000	4200	4200 -	6200	3200 -	5200
Kodiak	pink	19730	4050	15680	17640 -	21930	13590 -	17000
Chitquk	rockeye	2011	650	2161	2569 -	3053	1919 -	2403
	pink	2600	700	1900	1300 -	3960	600 -	3260
South Peninsula	pink	0400	2000	6400	5000 -	11000	3500 -	9100
Bristol Bay	rockeye	22000	10700	12100	0600 -	35400	2200 -	24700
Bristol Bay, Nunagak District	chinook	103	75	100	77 -	297	2 -	222
	pink	4100	1000	3100	1400 -	2300	400 -	6100
Bristol Bay, Toziak District	chinook	39	15	24	10 -	71	0 -	56
		147352	36403	111750	129797 -	165058	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
<b>TOTAL ALASKA</b>	<b>678</b>	<b>26154</b>	<b>4665</b>	<b>95549</b>	<b>10602</b>	<b>137648</b>

# MEMORANDUM

# State of Alaska

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

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

FROM: Richard Reynolds  
 Development Specialist  
 Fisheries

DATE: March 24, 1986

FILE NO.:

TELEPHONE NO.:

SUBJECT: Kodiak/Chignik Salmon  
 Processing Capacity,  
 Preliminary Draft

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.	1,064,980	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</u>
	<u>11/30/85</u>	<u>12/31/85</u>	<u>1/31/86</u>	<u>1/31/85</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>Chignik</u>
Pink	3.5	3.3
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<br>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.

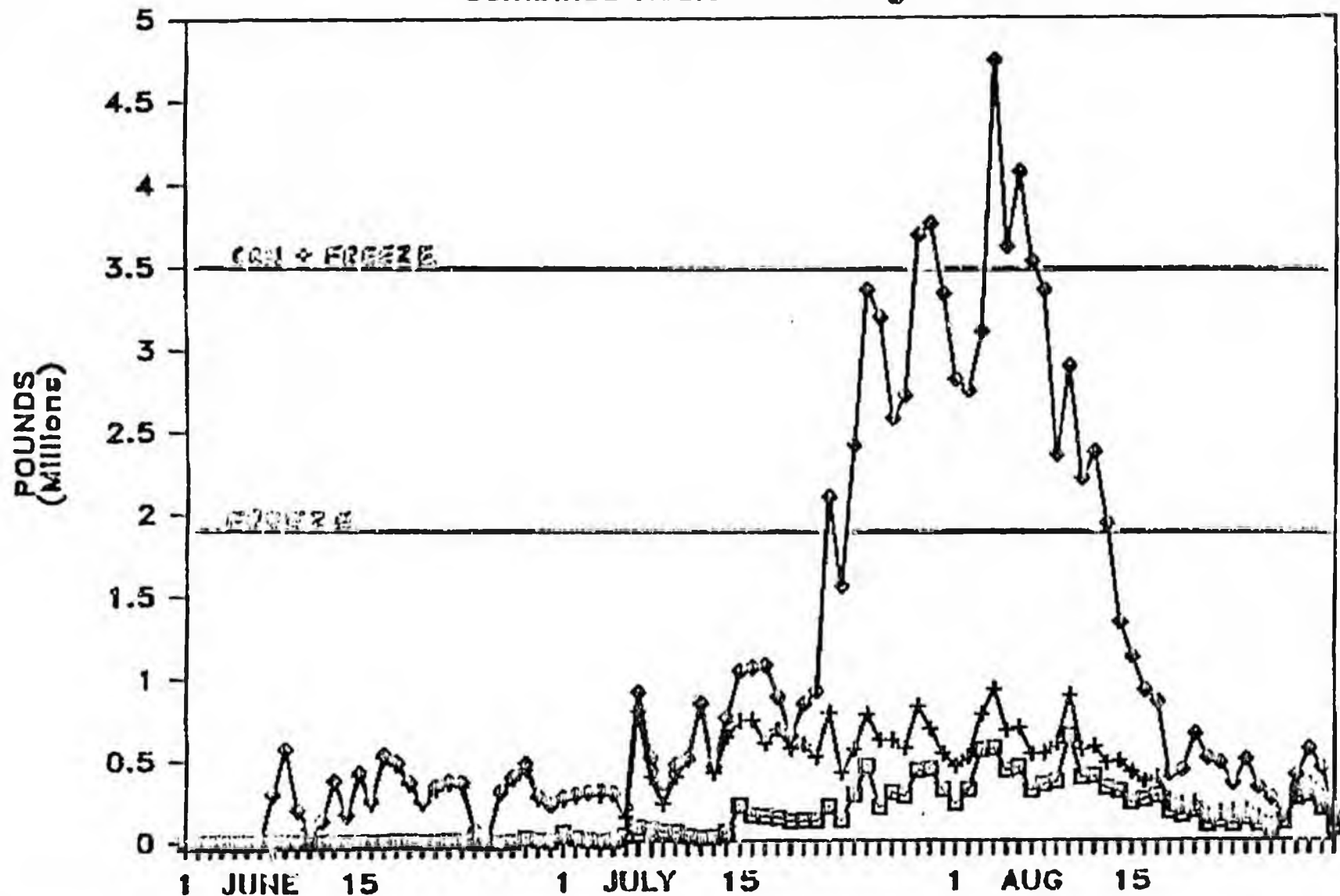
A large part of the question yet to be resolved is the willingness of processors to freeze pink salmon. It is obvious that canning capacity will fall far short of the volume necessary to handle all the pinks.

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

RR/sal716s  
32686c

# KODIAK/CHIGNIK 1986 CATCH PROJECTION

Combined Kodiak and Chignik Areas



□ KNG+COHO+CHM

+ KNG+COHO+CHM+RED

◇ ALL SPECIES



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 Committee)

DISTRICT N

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

January 6, 1986

Mr. Donald F. Nielsen  
Senior Vice President  
Bristol Bay Native Corporation  
P.O. Box 100220  
Anchorage, Alaska 99510

Dear Don:

Thank you for sending me a copy of your December 30 letter to Governor Sheffield regarding the Nushagak processing situation. The letter contained much valuable information.

Concerns about the expected 1986 Nushagak River pink salmon run were brought to my attention earlier in December. On December 24, I wrote Commissioner Loren Lounsbury of the Department of Commerce and Economic Development requesting that a processing capacity study be conducted for the Nushagak and other locations. The survey is the first step in determining if surplus salmon will be available, thereby establishing the justification for the Governor to invite foreign processors into Alaska's internal waters to buy salmon.

Surplus pink stocks appear to be a major problem statewide this year. Kodiak Island, also in Senate District N, looks like it will have a particularly critical problem.

Mr. Karl Ohls in my Juneau office is the aide who will be handling this issue. If you require additional information or assistance, please do not hesitate to call.

Sincerely,

Fred F. Zharoff  
Alaska State Senate

cc: Governor Bill Sheffield  
Representative Adelheid Herrmann

**Bristol Bay  
Native Corporation**

445 E. 5TH AVENUE / P.O. BOX 100220 / ANCHORAGE, ALASKA 99510 / (907) 278-3802  
TELECOPY (907) 278-3924

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*  
Donald F. Nielsen  
Senior Vice President

cc: Rep. Adelheid Herrmann  
Sen. Fred Zaroff

# ASMI-GRAM

Vol. 2 No. 1

January, 1986

## 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)

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 320,943 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 3 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.

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

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*Alaska Seafood*  
MARKETING INSTITUTE

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526 Main Street

Juneau, Alaska 99801

Bill Hudson, Executive Director

## ALASKA SEAFOOD MARKETING INSTITUTE

### Canned Salmon Emergency Appropriation Appeal

MARKETING OBJECTIVE: Significantly increase U.S. consumer demand for Alaska pink canned salmon in order to clear record-breaking inventories between January and June, 1986.

SITUATION OVERVIEW: The Alaska canned salmon industry is facing an unprecedented over-supply of canned pink salmon, further complicated by a projected record-breaking 1986 harvest and continuing sagging export sales. Not since the February 1982 international botulism incident has the canned salmon industry suffered from such burgeoning inventories and decreased domestic and international sales. If emergency funding isn't provided to stimulate U.S. product movement, production will have to be restricted until there is a better balance between supply and demand. Currently, there is a one-and-one-half year supply of pink canned salmon available in the U.S. With a 50% increase in product, and sales declining by almost 50% for comparable time periods on pink halves and up only 6% on talls, special promotional stimulus is required to bring inventories back into proper balance.

Alaska salmon pumps more than \$700 million into the economy of the Pacific Northwest and Alaska. The 1985 harvest was the biggest ever and the sixth year in a row that the Alaska salmon harvest has exceeded 100 million fish. The value to fishermen alone exceeds \$350 million. When the additional value from processing, distribution, financing, etc. is taken into consideration, the Alaska state government has a heavily vested interest in contributing to the welfare of the industry.

STRATEGY: Build a strong U.S. consumer awareness and preference for Alaska salmonburgers as the healthful alternative to traditional convenience and fast foods. Initial response to this concept has been phenomenal, with national cable television news, wire service stories and radio features and extensive Alaska press coverage. A limited promotional budget is prohibiting the needed momentum to effectively capitalize on what is proving to be a winning idea.

TACTICS: In order to create a major consumer awareness and preference for the Alaska salmonburgers, no less than \$1 million is needed by January 31, 1986 to meet the aforementioned marketing objectives. A combination of television, radio and print advertising would be employed to promote the Alaska salmon-burger in this concentrated time period.

ALASKA SEAFOOD MARKETING/C SALMON

AS1

BILLED THRU 1/1

-KEY--	D E S C R I P T I O N	BUDGET	CURRENT MONTH	BILLED TO DATE	BALANCE	Re
	RESEARCH					
AS1110	RESEARCH	21000	0	18169	2831	
	** SUBTOTAL **	21000	0	18169	2831	
	PUBLIC RELATIONS					
AS1115	PUBLIC RELATIONS	48000	0	10724	37276	
	** SUBTOTAL **	48000	0	10724	37276	
	CONSUMER PUBLICITY					
AS1121	BLACK/WHITE NEWSPAPER RELEASES	15000	0	6839	8161	
AS1122	COLOR RELEASES	25000	0	5107	19893	3,
AS1123	SYNDICATED RELEASES	3700	0	3054	646	
AS1124	MAT RELEASES	3500	0	416	3084	4,
AS1125	SPECIAL MAILINGS	5000	0	2518	2482	
AS1126	MINORITY MEDIA	4300	0	0	4300	5,
AS1127	MAGAZINE & PROF CONTACTS	11000	0	8142	2858	
AS1128	CLIPPING/EVALUATION	2500	0	408	2092	
AS1129	SPECIAL EVENTS	16500	0	2016	14484	1,
AS1130	ALASKA EDITOR TOUR	26000	0	14558	11442	
	** SUBTOTAL **	112500	0	43050	69442	
	FOODSERVICE PUBLICITY					
AS1131	FOODSERVICE PUBLICITY	10000	0	8651	1349	
AS1132	RECIPE CARDS	15000	0	3921	11079	
AS1133	HEAD TO HEAD CONTACTS	9000	0	6043	2957	3,
AS1134	DIRECT MAILING	3000	0	0	3000	12,
AS1135	HEALTHCARE MAILING	7000	0	671	6329	
AS1136	SPECIAL EVENTS	1500	0	0	1500	
AS1137	ADA CONVENTION	2000	0	1297	703	
AS1138	SALES AIDS AND LITERATURE	2500	0	0	2500	
	** SUBTOTAL **	50000	0	20583	29417	
	RETAIL TRADE ADVERTISING					
AS1140	TRADE ADS/MEDIA	500	0	122	378	1,
AS1141	SPRING RETAIL MEDIA BLITZ	400000	0	0	400000	
	** SUBTOTAL **	400500	0	122	400378	
	CONSUMER ADVERTISING					
AS1145	CONSUMER ADVERTISING	443000	0	378681	64319	25,
	** SUBTOTAL **	443000	0	378681	64319	

ALASKA SEAFOOD MARKETING/C SALMON

ASI

BILLED THRU 1/1

-KEY--	DESCRIPTION	BUDGET	CURRENT MONTH	BILLED TO DATE	Re BALANCE	Re BALANCE
	REPRINT COLLATERAL					
ASI150	COLLATERAL MATERIAL REPRINTS	17500	0	17356	144	2
	** SUBTOTAL **	17500	0	17356	144	
	CONSUMER RECIPE DISTR.					
ASI155	CONSUMER RECIPE DISTRIBUTION	24500	0	4651	19849	5
	** SUBTOTAL **	24500	0	4651	19849	
	SPECIAL PROJECTS					
ASI160	SPECIAL PROJECTS	10000	0	2670	7330	5,
	** SUBTOTAL **	10000	0	2670	7330	
	MATERIAL DISTRIBUTION					
ASI165	POSTAGE, SHIPPING, ETC	20000	0	5964	14036	
	** SUBTOTAL **	20000	0	5964	14036	
	ACCOUNT SERVICE					
ASI170	ACCOUNT SERVICE	25000	0	7551	17449	
	** SUBTOTAL **	25000	0	7551	17449	
*****						
	** TOTALS **	1,172,000	0	509,528	662,472	(65,0

April 24, 1985

Honorable Jalmar M. Kerttula  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Kerttula:

In response to your inquiry of April 11, here is a short report on the Salmon Total Utilization Project and observations concerning a second year of funding. A \$250,000 1986 budget as described would allow successful completion of the objectives attached.

#### PROJECT NEED

The strength of the dollar abroad and the record volumes of wild and hatchery salmon being produced make expansion of domestic markets essential. We are seeing drastic declines in price on the foreign markets and, more recently, even declines in sales volumes despite the low prices. Consumption trends further suggest a transition from canned salmon products to higher quality and value fresh and frozen product forms. New value added convenience foods appear to hold the best promise for expansion in the domestic market and for utilization of surplus or underutilized fish.

The some 60 million pink salmon harvested in Alaska each year may offer a stable, price competitive base for these value added consumer products. Pink salmon have historically been considered a "lesser salmon" and most end up in canned form at the low end of the price range. Between 40 and 50 percent of all salmon harvested in Alaska are pink, and a substantial volume do not get harvested due to low ex-vessel prices. For example, in 1982 in Norton Sound, an estimated three million more pink salmon could have been harvested. In 1983, Prince William Sound fishermen refused to fish due to the low price offered.

#### PROJECT BENEFITS

If consumer demand can be strengthened, fishermen will ultimately be in a position to receive increased prices for their harvests. A 1% increase in ex-vessel price roughly translates to a \$2.5 million increase in revenues to fishermen statewide. This project offers Alaskan fish processors an opportunity to explore alternatives to traditional canning and freezing. They will be provided with financial and technical data regarding other product forms and may find opportunities to do more value added processing, which should provide for increased operating margins and expanded markets.

Food development and marketing companies will have an opportunity to work with pink salmon in various forms. This could mean new products, expanded markets and, thus, increased and stabilized demand for salmon. Though this project is based on pink salmon, other salmon species would also benefit from the product development and marketing work.

#### 1985 STATUS REPORT

This project for 1985 is basically a four step process corresponding to the four quarters of the calendar year. In order, the steps are:

1. Evaluate current and past product development efforts; Identify the most promising ideas not currently being pursued;
2. Identify interested processors and contract for production of selected intermediate products;
3. Produce and distribute intermediate products; Identify interested secondary processors and, if necessary, contract for limited product development and test marketing;
4. Test market final products, evaluate the results; and write report including quality specifications, production guidelines, cost of production estimates, and anticipated price range for intermediate products.

The three months available to determine what products others have tried and the success of their efforts was frustratingly short. Companies such as Castle and Cook and New England Fish Co., who were most active in new product development, are no longer in the fish business. Finding key personnel and gaining their cooperation and expertise is a time consuming process.

We are focusing on production of intermediate block form products that can be used for a wide variety of end products. Whether block forms will prove to be the most promising avenue remains to be seen. We will make samples available to secondary processors who are interested in final product market research. They know their markets better than we do and if they like what they see are more likely to pursue it if involved throughout. We have received very encouraging support from several potential end users such as Gortons and Van de Kamps.

#### OBSERVATIONS ON A SECOND YEAR

We feel we are already making a significant difference by disseminating the information we've gathered so far and by putting various people working on parallel courses together. The cooperation and support of the industry has been most encouraging. Obviously, a second year's funding would allow us to act on information gained during the first year.

If we generate serious interest in intermediate fillet or minced block forms or some other product we discover this year, there are still two major hurdles before actual introduction by the private sector is likely. One is a more accurate assessment of the economic feasibility of the intermediate products. This will require a larger test run than we can afford this year. Second is a much more thorough test marketing of the final products. We anticipate a relatively minor role for the State in test marketing, primarily with advertising, support of in-store demonstrations, and point of sale materials.

Introduction of a new product line by a major food company is a multimillion dollar process. Witness the entry of Ralston-Purina into the skinless, boneless canned salmon business with a budget of \$7 million for advertising alone. For large frozen food companies such as Gortons or Van de Kamps to move will probably require access to millions of pounds of product and some demonstrated commitment to production and price. Some fairly clear understanding of the margins available will be necessary before processors will undertake the necessary retooling given the current investment capital shortages in the industry.

#### OBJECTIVES FOR 1986

Our major focus with a second year's funding would be to examine the economics much more closely with a larger and more tightly focused production run and test marketing program. We would also explore some other ways to increase utilization as time allows. Our objectives in a second year would be to:

1. Continue with work initiated this year
  - assist interested end users to obtain the products they desire, and support private product development efforts as required
  - cooperate with processors who show interest and develop methods to reduce production, storage, and transportation costs.
2. Undertake larger scale production of the most promising reformed and mince block products using the best mix of production equipment and location attainable;
3. See the final products through larger scale test marketing in a carefully selected location, possibly tied in with an ASMI promotion and in-store demonstrations. Use the results to refine pricing information. If State financial support of this step is extensive, investigate whether these product formulations could be made available to Alaska based processors or users of Alaska salmon through licensing agreements.

April 24, 1985

4. For those reformed or mince block products which seem to offer particularly good potential, describe in detail the methods and equipment necessary for commercial production where this information is not proprietary. Evaluate strategies which may be used to establish a market position, and the potential for siting this processing in Alaska.
5. Facilitate contacts between processors who indicate interest and potential buyers.
6. Describe in detail the production and marketing of reformed or minced salmon items in Japan and Europe and review current import restrictions and tariffs.
7. Investigate other methods of increasing salmon utilization through recovery of mince from canning trimmings (collars and tails), and production of fish meal, fish oil, and fish feed from processing wastes;
8. Write a complete report indicating refined production guidelines and costs, probable price elasticities of various products, and quality control guidelines.

Sincerely,

Greg Baker  
Director

GB/wfs0115g  
42485b

bcc: Vince O'Reilly, Deputy Commissioner  
Representative Sund  
Representative Herrmann  
Senator Zharoff

Richard Lauber, Alaska Manager  
Pacific Seafood Processors  
Box 1625  
Juneau, Alaska 99801

Cass Parsons, Executive Director  
United Fishermen of Alaska  
319 Seward Street, Suite 208  
Juneau, Alaska 99801

SALMON TOTAL UTILIZATION PROJECT BUDGET PROJECTIONS

Budget Item	Extension	1985 Amounts	1985 Totals	1986 Projection	Increase
PERSONNEL - 100			\$48,500	\$50,000	3%
salary		\$36,000			
benefits	35%	12,500			
TRAVEL - 200			18,000	25,000	38%
Tickets - Alaska	12 x \$500	6,000			
- Outside	4 x \$1,000	4,000			
Per diem	100 x \$80	8,000			
CONTRACTS - 300					
Equipment			2,500	25,000	x 10
overhaul/lease		1,500			
transport		1,000			
Mince			7,300	10,000	37%
raw material trim/frames		0			
process	8,000 x 0.60	4,800			
package	8,000 x 0.10	800			
store	8,000 x 0.10	800			
ship	8,800 x 0.10	900			
Fillet Blocks			20,200	90,000	445%
raw material	24,000 x 0.40	9,600			
process	10,000 x 0.75	7,500			
package	10,000 x 0.10	1,000			
store	10,000 x 0.10	1,000			
ship	11,000 x 0.10	1,100			
Info. Distrib.			14,000	25,000	180%
print report		3,000			
advertising		8,000			
phone	12 x \$500	3,000			
Market Testing		18,500	18,500	25,000	35%
SUPPLIES - 400		2,500	2,500	0	
TOTALS		\$131,500	\$131,500	\$250,000	190%

0115g42435b

# Alaska State Legislature

REPRESENTATIVE  
ADELHEID HERRMANN

P O BOX 63  
NAKNEK ALASKA 99833  
(907) 246-4435

Write in Juneau  
POUCH V  
JUNEAU ALASKA 99811  
(907) 465-4942 465-4943

CHAIRMAN  
SPECIAL COMMITTEE  
ON FISHERIES

MEMBER  
TRANSPORTATION  
COMMITTEE

## House of Representatives

### DISTRICT 26

ADAK  
AKUTAN  
ALEKNAGIK  
ATKA  
BELKOFSKI  
CLARK'S POINT  
COLD BAY  
DILLINGHAM  
DUTCH HARBOR  
EGEDIK  
EKUK  
EKWOK  
FALSE PASS  
IGIUGIG  
ILIAMNA  
KING COVE  
KING SALMON  
KOKHANOK  
KOLIGANOK  
LEVELOCK  
MANOKOTAK  
NAKNEK  
NELSON LAGOON  
NEWHALEN  
NEW STUYAHOK  
NIKOLSKI  
NONDALTON  
PEDRO BAY  
PILOT POINT  
PORT ALSWORTH  
PORT HEIDEN  
PORT MOLLER  
PORTAGE CREEK  
SAND POINT  
SOUTH NAKNEK  
SQUAW HARBOR  
ST GEORGE  
ST PAUL  
TOGIK  
TWIN HILLS  
UGASHIK  
UNALASKA

January 15, 1984

Terry Elder, Deputy Commissioner  
Department of Commerce & Economic Development  
Pouch D  
Juneau, Alaska 99811

Dear Terry:

I have been meaning to write to you for quite some time with a few concerns I have with fisheries and economic issues in District 26.

The first item of concern is a village in my district, Pilot Point, which is considering putting the purchase of a cannery on their list of Capital Improvement Projects requests to the Legislature. The cannery would be included in a package deal which would also include building a dock. I am wondering if you could travel to Pilot Point and get a first hand understanding of the situation. I am not sure if any other community in Alaska has received state funds to purchase a cannery and I thought if I could get your help the chances would be better. I have mentioned to Pilot Point that I would be asking for someone from the Administration to come out.

Secondly, as you know the Bristol Bay area's economic well-being revolves around the fisheries, and the fishing industry is not always healthy. There are many risks involved in being in the fishing industry and often poor years hit the local people very hard. This is especially true because employment in other jobs is virtually non-existent; basically, the only jobs available depend on the fisheries, and there is a need to have job opportunities in fields that are complimentary with fishing.

It is important that people understand that even though the 1984 salmon run was one of the largest in history, that many facts are left out of the glowing press reports of the big pay day for fishermen. One example of what is left out of the papers is the increased efficiency of the modern drift net boats. In some areas this has limited the catches of set net fishermen. This also impacts many drift net fishermen who have older boats and are not able to fish as efficiently. Another example is that many areas within the Bristol Bay salmon fishery did not have good runs. The Ugashik river was closed completely for most of the season and many of the fishermen that fish that area are from one community, Manokotak. Those people will have a very tough winter ahead. Another thing that hurts salmon fishermen is the lack of effective enforcement of laws and regulations. Illegal fishing reduces the amount of fish available for honest fishermen.

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I would like you to visit Dillingham and Naknek personally to learn about some of these problems and concerns first hand. Last session I introduced HCR 52 which addressed the poor economic conditions in coastal Alaska. The resolution requested administrative action to identify and assist in resolving some of the problems. I have not seen any action to date, but I believe that Sandra Borbridge is organizing a group to address some of these problems and I think this is a good start. These problems in coastal communities exist through out the state.

It is important to remember that your Department's responsibility is commerce and economic development, yet I feel the Department has minimal presence in my district. There is a loan officer in Dillingham who is servicing the entire Bristol Bay region. I have heard that the Department feels he should cover all of Western Alaska, which is not feasible. In any case, the problems I have brought up are not his job but the job of other Divisions and Offices with the Department.

Another part of my district which has fisheries problems, although they are a bit different, is the Aleutian Chain area. This area brings a lot of dollars into the state but gets very little state assistance in return. I am not sure of how much the state knows about the area. One problem that I saw first hand this year was with the pink salmon fishery. As you may know a portion of the Bristol Bay red salmon fishery is harvested by the fishermen at False Pass. There is much controversy over this intercept fishery and the False Pass fishermen are claiming that they cannot make it in this fishery because of the increase in effort and the low quota. So, I can understand that they need to take advantage of any pink salmon harvest that is available. The problem they had this year was a lack of processing capacity. The processors had the fishermen on a 30,000 pound limit during much of the pink season. The fishermen lost a lot of income because of this and the Department of Fish and Game told me that they had a 2.2 million surplus above their escapement goals for pink salmon.

There are problems with the pink salmon fishery in Bristol Bay also. There is a resource available every two years but there is little interest from processors and so much of it goes unharvested. One of the reasons processors use to explain this is the high transportation costs from rural Alaska which makes it difficult to make a profit on a low value fish like pink salmon. I am aware that the Office of Commercial Fisheries Development has initiated a project to identify new salmon products and I am hopeful that this will help rural pink salmon fisheries.

Another area of concern for the Aleutian area is the crab fisheries. This fishery has crashed in recent years and the benefits to local communities suddenly disappeared. I think the growing domestic ground-

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fish fishery may be able to fill the gap, but only if the state is working to ensure that this industry develops in a way that benefits Alaskans.

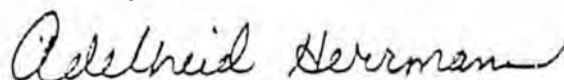
There are other concerns in the Aleutian area, for example; in Atka the community is getting into harvesting halibut and running into severe transportation problems. This village is trying to create a viable economy for their people and I think it is part of the state's responsibility to be aware of their needs and to assist them in ensuring the long term viability of their village.

Part of all the problems I have discussed result from the lack of docks, harbors, and cold storages in coastal villages. Until the state gets a handle on this, new markets, processing methods, and harvest diversification will not develop. I think your Department in conjunction with DCTPF and CRA should work to study the need for infrastructure and the positive effect it could have for coastal economies.

Terry, the reason I am writing to you with all of this is because when I was working with the Administration on the Pribilof harbors I found you to be helpful, sincere, and to have a knack for quickly understanding everything that was going on. I appreciate the work that the Office of Commercial Fisheries does, but I think many of these problems or concerns have to be raised to someone at your level, and require a commitment from more than one person if these problems are ever going to be adequately addressed. Hopefully, this letter can serve as a starting point for some broader discussion and long-term action in responding to the economic problems in the coastal areas of the state.

I look forward to your response and hope to be talking with you about this information this session. If you are available to travel to the places I mentioned please let me know. Thank you for your time.

Sincerely,



Adelheid Herrmann  
Representative  
District 26

cc: Commissioner Lounsbury  
Commissioner Collinsworth  
Deputy Commissioner Penroyer  
Deputy Commissioner Kelso  
Commissioner Hotti  
Sandra Borbridge  
John Shively  
Greg Baker

Alaska State Legislature  
House of Representatives

Special Committee on Fisheries

Pouch V  
Juneau, Alaska 99811  
(907) 465-4924

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ADELHEID HERRMANN  
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PETER GOLL  
JACK MCBRIDE  
FRED ZHAROFF

August 31, 1984

Richard A. Lyon, Commissioner  
Dept. of Commerce and Economic Development  
Pouch D  
Juneau, Alaska 99811

Dear Commissioner Lyon:

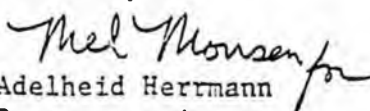
It is my understanding that the Office of Commercial Fisheries Development has some funds remaining from recent years that can be used to find ways to more fully utilize our fishery resources. I would like to encourage the Department to proceed with this project.

In recent years our salmon runs have stabilized at historically high levels due to improvements in management, ideal weather conditions, and reductions in foreign interceptions; because of this the conventional markets are flooded with product. This is especially true for the pink salmon fisheries where fishermen have often watched as millions of harvestable fish have migrated to their spawning grounds because of a lack of markets.

Since 1978 the Alaska harvest of pink salmon has not been below fifty million fish and in three instances has topped sixty million. This year the catch is strong again and may even top seventy million. In the next few years the benefits of larger pink salmon hatchery returns will be added on to this production.

Commissioner, we have to find new ways of processing our product which will allow us to expand our markets. This market research and product development will benefit the entire salmon industry in Alaska and therefore the State as a whole, I encourage the Department to move forward with this project.

Sincerely,

  
Adelheid Herrmann  
Representative  
District 26

cc: Greg Baker, OCFD  
Sanira Borbridge

**BB** Bristol Bay  
**NC** Native Corporation

445 E. 5TH AVENUE / P.O. BOX 100220 / ANCHORAGE, ALASKA 99510 / (907) 278-3602  
TELECOPY (907) 278-3924

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.

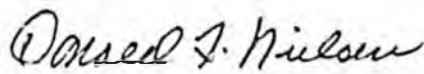
Since the Raw Fish Tax generates money for the state, it is in the best interests of the state to see that all

The Honorable Bill Sheffield  
December 30, 1985  
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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

STATE OF ALASKA  
THE LEGISLATURE

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LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

*HLC 3/25/86 8:30 am*

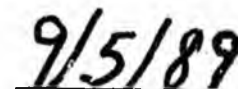


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Signature of Camera Operator

  
Date