

H J R

25

HOUSE COMMITTEE REPORT

(9)

Date Referred: February 10, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 2/22/89

The RESOURCES Committee considered:

HJR 25

HOUSE JOINT RESOLUTION NO. 25 [SALTONSTALL-KENNEDY GRANTS & PROJECTS]
Relating to support for the federal Saltonstall-Kennedy grants program and
the role of industry-directed private foundations in the program.

RECOMMENDS:

- [] replacing with _____ [] the same title
[] the attached amendment(s) [] a new title
[X] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
[X] zero fiscal note
[] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
[] zero fiscal notes(s) published:

SIGNING DO PASS:

Handwritten signatures: Clif Davidson, Sam [unclear], Bob [unclear], Bob [unclear], W. [unclear], Richard [unclear], [unclear]

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

Blank lines for signatures under 'SIGNING OTHER THAN DO PASS'

Clif Davidson
Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: 2/22/89
Title: SALTONSTALL KENNEDY GRANTS & PROJECTS.
Sponsor: Prime: Rep. Davidson
Requestor: House Resources Committee

Agency Affected: Fish & Game
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Resources Committee Phone: 465-2487
Division: Representative Cliff Davidson, Chairman Date: 2/22/89

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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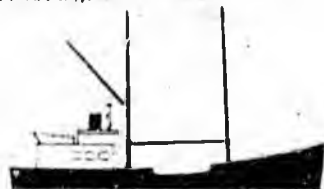
S-K Review

AN OVERVIEW OF THE U.S. SEAFOOD INDUSTRY 1987

WHAT IS THE S-K PROGRAM?

The Saltonstall-Kennedy (S-K) program is a grants program, established to fund the development and promotion of the U.S. seafood industry and fisheries products.

The S-K program was initiated to strengthen the U.S. fishing industry in the face of increasing foreign competition and a fluctuating resource base.



IS THE PROGRAM NECESSARY?

Yes.

The U.S. seafood industry is comprised of a diverse group of individuals and small, independent companies who have neither the resources nor the financial clout to engage in research and development or consumer education programs.

(According to *Seafood Business* magazine, less than 1 percent of U.S. harvesting and processing companies had sales over \$50 million in 1984.) The S-K program was designed to serve the seafood industry as a source of funds for industry research and development as well as consumer education.

The S-K program was also developed to help remedy the growing trade imbalance for seafood and fisheries products. In 1985, the U.S. imported nearly \$4.1 billion in edible seafood products, resulting in a trade deficit of \$3.1 billion.

HOW IS THE PROGRAM FUNDED?

S-K funds are derived from tariffs on imported seafood and seafood products, *not from taxes*. Under the S-K program, 30 percent of all import tariffs on seafood products must be turned over to the U.S. Secretary of Commerce "to provide for the development and promotion of the U.S. fishing industry and fisheries products." (*American Fisheries Promotion Act*.)

These funds are made available through regional and national offices of the National Marine Fisheries Service and awarded on a competitive basis to the Fisheries Development Foundations and industry groups served by the Foundations.

HOW DOES THE PROGRAM WORK?

The S-K program is set up to be responsive to the industry it serves. S-K program funds are channeled where they will do the most good, according to priorities set up by industry for industry.

HAS THE PROGRAM WORKED?

In the six years since the grant program was initiated, the S-K program has benefited both the seafood industry and the U.S. consumer in a number of significant ways.

Not only has the S-K program been responsible for improving harvesting technologies, seafood quality and utilization, but the program has helped educate the American public about seafood.

SEAFOOD CONSUMPTION REACHES ALL-TIME HIGH IN U.S. S-K PROGRAM CITED AS 'CATALYST FOR CHANGE'

Per Capita Seafood Consumption



Source: National Marine Fisheries Service

Americans are becoming a nation of seafood lovers, and a unique fisheries development program has been given much of the credit for helping fuel a record 6 percent jump in U.S. seafood consumption in just one year.

According to the U.S. Department of Commerce, Americans consumed 14.5 pounds of seafood per person in 1985, up from 13.6 pounds the previous year. Many observers predict that per capita consumption will reach 15 pounds for 1986.

Why the sudden increase in demand?

It's simple, says economist Martha Blaxall, President of BBH Corporation of Washington, D.C.

Blaxall, former Director of the Office of Utilization and Development for the National Marine Fisheries Service in Washington, D.C. (1979 to 1982), believes the recent increase in seafood consumption and overall awareness of the variety of seafood products available in the U.S. can be attributed in part to an effective, successful, and much-needed fisheries development program: the Saltonstall-Kennedy Fisheries Development Program (S-K).

Under the S-K program, 30 percent of the tariffs on imported fisheries products are turned over to the U.S. Secretary of Commerce for "the development and promotion of the U.S. fishing industry and fisheries products."

According to Blaxall, the S-K Program has, in just six years, made a lasting and positive impact on all aspects of the seafood industry—fishing, on-board handling and storage, product utilization and development, distribution, marketing and consumer education.

"I think the most important thing to realize is that the S-K program provided the monies for an applied R&D program in the development of the U.S. fishing industry, and that it provided the mechanism by which those funds could be gotten out," Blaxall argues.

"The second, and more substantive, point is that the promotion end of the program has focused the public's attention on the benefits of eating more seafood—not just more as in quantity, but more as in variety. I'm not at all convinced that we'll see the public's attention focused on the benefits of eating seafood without the S-K program."

Blaxall, whose office was responsible for implementing the S-K program when it was first established, notes that the program accomplished several critical objectives:

- It is in part responsible for increased consumption of, and familiarity with, seafood in the United States, thanks to nationwide initiatives such as the "Catch America" program.

- It focused the industry's attention on seafood quality, and provided research and development funds to improve quality.

- It targeted early on the importance of the developing Alaska pollock fishery by providing the seed money to get people focused on pollock, leading to the implementation of joint ventures and shoreside processing, and—ultimately—the Americanization of the whitefish industry; "the most important fishery resource we have."



ALASKA POLLOCK RESOURCE, S-K FUNDS CRITICAL FACTOR IN SURIMI EXPLOSION

Surimi based products, virtually unknown in this country a few short years ago, have—in less than six years—come of age in America.

Americans now consume an estimated 120 million pounds of surimi based crab, up from zero pounds six years ago. The good news is that U.S. producers are gaining a foothold in an industry once dominated by the Japanese. In the past three years alone, 15 surimi based seafood analog plants have begun operating in the United States.

Nowhere is the Americanization of the surimi industry more evident than in Alaska, where 10.6 million pounds of surimi have been produced in just two years.

All this spells economic revival for the Western Alaska fishing industry, which faced a downturn when king crab stocks declined several years ago. And the revitalization, according to people like Alaska fisherman Oral Burch, is being felt throughout the state.

"What's happening today is just wonderful," argues the 67 year old Kodiak fisherman. "If I had five more trawlers I could put them all to work today."

Much of the credit for this growth goes to an ambitious market development project, funded by a Saltonstall Kennedy grant administered by the Alaska Fisheries Development Foundation (AFDF).

This project, which linked AFDF with Alaska Pacific Seafoods (APS) of Kodiak, accomplished in just a few short years what it might have otherwise taken many years to perfect: a technology for processing Alaska pollock into the refined, shelf-stable protein material known as *surimi*.

So successful was the project that Alaska Pacific Seafoods has added equipment to double the capacity of its plant.

Three shore-based surimi plants and one floating processor are now in operation in Alaska, with a half dozen floating processors expected to be producing surimi in 1987.

Most industry observers agree that this development would never have occurred, or at least not as quickly, without Saltonstall Kennedy funding. S-K grants benefited the entire industry, which learned from the experience of APS how to produce and market high quality surimi.

According to Sharon Gwinn, AFDF's acting executive director, "The development of such sophisticated processing technologies was not something processors could have done on their own; the costs were just too prohibitive."

Instead, S-K funds helped APS learn state-of-the-art technologies needed to manufacture high quality surimi. In exchange, APS agreed to provide the Foundation with nearly one million pounds of surimi, which were then sold at minimal cost to food companies who agreed to develop end uses for the product. APS also maintained an open-door policy so other companies could learn from APS's experience.

The Developing Alaska Pollock Market,
4-Year Growth Chart

	1982	1986
POLLOCK CATCH	1,000,000 metric tons	1,077,000 metric tons
U.S. VESSELS	2,157	2,157
PROCESSED BY U.S. FIRMS	2,157	169,000 metric tons
ALASKA VALUE OF VESSELS	\$143 million	\$118.5 million
U.S. FACTORY TRAWLER PRODUCTIONS	2	20
PROCESSED VALUE IN PLANT	\$830,000	\$59.5 million
POLLOCK PRODUCT SALES	???	\$100 million
U.S. SALES OF SURIMI KAMABOCHI	19 million lbs.	120 million lbs.
U.S. ANALOG MANUFACTURERS	1	18

According to APS Plant Manager John Sevier, the arrangement suited everyone. Not only did it provide APS with the tools necessary to continue producing surimi after the grant period ended, but it spurred other companies to act.

"We were able to make mistakes and learn along the way," he points out. "The S-K grant enabled us to make some mistakes without being subject to horrendous costs. We couldn't have afforded the learning curve as an unaided private company."

How has the S-K project affected Alaska?

Like Burch, Sevier believes it has had a "major, major impact, not only on the city [of Kodiak], but on the entire fishing industry." For starters, Sevier says, the growth of Alaska's groundfish industry has, for the first time, provided year-round employment for Alaska's processing workers—who have been dependent upon seasonal employment until now. Sevier says APS expects to employ approximately 200 people during the winter and spring months, where just a few years ago, nobody would be working.

As Gwinn sees it, "We've developed the capacity to produce a raw material that is a food ingredient rather than a finished product. That's an important distinction, because surimi as a food ingredient is so versatile. It can be used profitably in many different kinds of finished products. Now our seafood producers can have access to a wide range of customers in the international food industry."

"This is particularly important for Alaska because traditionally we've been shackled by the limitations of a few market alternatives. The beauty of the S-K program is that it allows us to focus on Alaska's particular situation."

National and Updated

NATIONAL AND REGIONAL FISH



IT'S UNCANNY! WE: FRESH/FROZ

The albacore fishery on the West Coast has long played a vital role in the region's heritage and economy.

Since 1982, however, the West Coast offshore albacore troll fleet has suffered economic hard times because of a major influx of imported foreign-caught fish, causing major canneries such as Bumble Bee, Van de Camp, and Starkist to experience disruptions in their normal operations. This, in turn, has left albacore fishermen without an outlet for their product.

In the face of such circumstances, representatives from the albacore fishery worked hand-in-hand with the West Coast Fisheries Development Foundation in a pilot project to develop both alternative market forms and alternative markets for Pacific albacore.

The project, which used Saltonstall-Kennedy Fisheries Development funds, was designed to produce a high-quality fresh-frozen product using techniques very different from those used in fish destined for the cannery.

These procedures included bleeding immediately after bringing the fish on board, heading and gutting it, washing, then vacuum-packing it. Vacuum-packed fish were placed in the hold where they were blast frozen and kept at -22 degrees F. until unloading.

The result: a seafood product that elicited positive comments among buyers. Even more important, the S-K project helped create a market for albacore where none had existed. Three additional boats have become involved in on-board processing and vacuum-packing albacore, and participating fishermen are getting almost double the price for their quality product.

Through the course of the project, S-K funds were used to refine on-board handling techniques and procedures that have been made available to other albacore fishermen interested in producing a high-value species. But project participants also learned valuable information about meeting the demands of the marketplace.

"It was a real learning experience to meet people in the food business who are looking for quality," states the project's marketing coordinator Kathy Van der Pool.

She also points out that albacore must be handled properly on-board the vessel, and held at proper temperatures, or "the quality will turn away all future consumers."

S-K REVIEW

An overview of the Saltonstall-Kennedy Fisheries Development Program

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RY DEVELOPMENT FOUNDATIONS



T COAST PROMOTES IN ALBACORE



In the course of the project, Vanderpool also learned that the on-board handling techniques used upon the F.V. "Pursuit" helped insure as high quality a product as fresh, even when thawed months later.

QUALITY BEGINS AT SEA, SAY NEW ENGLAND FISHERMEN: BLEEDING, BOXING YIELD HIGH PROFITS

How has the Saltonstall-Kennedy program contributed to the success of the New England seafood industry?

"It's one of the few programs that works," insists Jerry Knecht, President of the Portland, Maine-based North Atlantic, Inc., the largest fish boxer in the country.

North Atlantic, which harvests, packs and markets such species as haddock, cod, pollock, hake, ocean perch and gray sole, was one of the participants in an innovative quality program offered by the New England Fisheries Development Foundation.

The program involved 28 New England druggers who learned state-of-the-art techniques for bleeding fish, boxing them on board, along with improved fishing methods. Such techniques have long been in use by Icelandic, Norwegian and Danish whitefish producers, helping them produce a high-quality product and thereby to dominate the U.S. market for whitefish fillets—until now.



The Mid-Atlantic region is home to more seafood consumers than any other region in the country.

That's why the Mid-Atlantic Fisheries Development Foundation has spent the past six years educating consumers about familiar and unfamiliar seafood species in the heavily populated states of New York, New Jersey, Delaware, Pennsylvania, Maryland, and Virginia.

Using Saltonstall-Kennedy grant funds, the Foundation has conducted a number of educational events, including:

- Educational seminars for teachers, home economists, extension agents, and retail meat managers.
- Television and radio appearances.
- Seafood demonstrations and cooking classes.
- Recipe give-aways.

Because of the S-K funding, the Foundation was able to leverage its appearances to more than \$20 million worth of free publicity for seafood.

How have these efforts benefited the industry in the region?

According to Oscar Nelson, General Manager of Kennerly Booth of Nanticoke, Maryland, producers and distributors of oysters and clams, "The S-K program has definitely helped make people aware of seafood, especially our underutilized fish like monkfish, for example."

Nelson points out that the S-K program has helped large seafood distributors such as Booth Fisheries, because it has provided

a climate of awareness and interest that makes seafood an easier "sell."

According to Nelson, the S-K program has provided the materials and the awareness needed for the distribution segment of the seafood industry to work with both foodservice and retail buyers.

As a result, "The way fish is handled and presented today is far superior to anything in the past. Fish today is presented in a much more palatable way, and quality is a prime interest."



GULF & SOUTH ATLANTIC

GULF REGION USES S-K FUNDS TO IMPROVE OYSTER INDUSTRY

Over 70 percent of the oysters consumed in the U.S. are produced in the Gulf and South Atlantic region, with a dockside value of more than \$50 million.

One of the most labor-intensive industries in the region, the oyster industry has long been plagued with problems regarding closures of oyster beds because of bacteriological contamination, along with resulting delays in interstate shipment during product testing—a procedure which could cost five or six days' delay and a loss over time of millions of dollars in revenues.

Faced with this recurrent problem, Gulf oyster producers joined forces with the Gulf and South Atlantic Fisheries Development Foundation to develop a more efficient and effective test for shellfish sanitation.

Their research efforts were funded by a Saltonstall-Kennedy grant, research which yielded a vastly improved, more effective assay procedure which drastically cut the amount of time needed for results: from five days to just 24 hours.

According to Mike Voisin of the Louisiana Oyster Dealers and Growers Association, "This situation really typifies the value of our Foundation to the industry. When we've got a problem in a particular area which we don't have the resources to tackle individually, the S-K program provides a unique vehicle for immediate response."

For Mike Voisin and other oyster growers and dealers in the region, the S-K grant provided invaluable benefits:

- It improved the efficiency of shellfish testing, while maintaining the credibility of previous testing methods.
- It expedited the approval of shellfish shipments.
- It reduced by 80 percent losses resulting from shipping delays.

Equally important, the economic benefit from such research was felt in rural areas in the region, where many Gulf oysters are produced.

"CATCH AMERICA" CAMPAIGN CATCHES AMERICANS; S-K FUNDS HELP NATIONAL FOUNDATION TURN A FEW THOUSAND DOLLARS INTO \$30 MILLION WORTH OF PUBLICITY

Although the U.S. seafood industry lacks the "beefy" promotional budget of other commodity groups, over the past six years, a unique consumer education and promotion program has parlayed a few thousand dollars' worth of S-K fisheries development money into an estimated \$30 million dollars worth of publicity for fish and seafood products.

The program, known as "Catch America," was coordinated by the National Fisheries Education and Research Foundation in conjunction with the U.S. regional foundations.

"Catch America" has enabled industry and government to join forces to educate the consumer about a wide range of seafood products, and, ultimately, to expand domestic consumption of fishery products.

Consumer education efforts included the following:

- Public service announcements on the merits of seafood were created for television and radio.
- Newspaper editors were sent information on selecting and preparing seafood.
- Workshops were held to educate food professionals.
- Brochures, recipe cards and informational booklets were produced,

describing preparation techniques and special qualities of seafood.

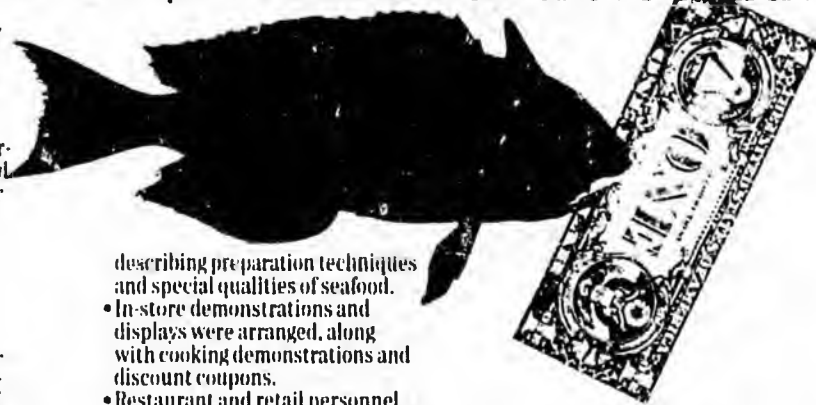
- In-store demonstrations and displays were arranged, along with cooking demonstrations and discount coupons.
- Restaurant and retail personnel

were taught the best ways to select, handle and merchandise seafood.

In the first year alone, media broadcast coverage reached an audience of over 100 million on an estimated 3,900 radio and television stations — exposure that would have cost close to \$4.5 million. Newspaper coverage in over 4,000 newspapers was estimated to be worth about \$1 million.

In 1984, public service announcements developed through the national foundation reinforced the seafood and health message under the theme "Your Heart Will Love You For It." This televi-

sion exposure in conjunction with print materials provided the industry with approximately \$14.5 million in media coverage. Much that was generated in this period was featured in national network programs such as the CBS Morning News. With relatively small funding from the S-K program, the industry has been able to generate national exposure worth an estimated \$30 million. The return to the U.S. industry in terms of advertising time alone is almost 20 times the original level of federal support — a success story the S-K program can claim without reservation.



MILESTONES

1954

Saltonstall-Kennedy (S-K) Act is passed to make available to the U.S. Secretary of Commerce 30 percent of import tariffs on seafood and seafood products.

1978-79

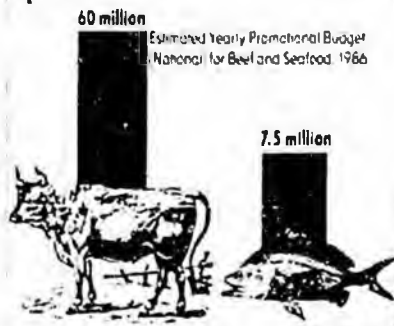
National Marine Fisheries Service identifies S-K program as primary vehicle to achieve objectives of Magnuson Fishery Conservation and Management Act (MFCMA).

1980

American Fisheries Promotion Act (Public Law 96-561, December 22, 1980) is passed into law, requiring that portions of S-K funds be used for U.S. fisheries development and promotions.

1980-86

Over a six-year period, less than \$60 million has been made available through S-K grants program for promoting American fisheries. In comparison, cattle producers will have an estimated \$60 million per year for promotion.



HEALTH BENEFITS OF SEAFOOD FUELING PER CAPITA CONSUMPTION

Seafood has become widely recognized as a *healthy food*, and Americans have begun to make dietary changes that are just starting to make themselves felt within the seafood industry. Many observers believe that as the seafood and health story continues to unfold, seafood consumption could rise to 20 pounds per capita by 1990.

The good news, according to clinical research, is that eating seafood as little as twice a week can indeed reduce the risk of coronary heart disease. (Coronary heart disease still ranks as the nation's number one killer, killing some 300,000 people per year in the U.S.)



According to a study published in the May 9, 1985 *New England Journal of Medicine*, as little as two seafood meals per week significantly lowered the risk of heart attack among middle-aged men living in The Netherlands.

Other research is now underway linking omega-3 fatty acids to the prevention of certain forms of cancer, notably cancer of the colon, prostate, and breast; the alleviation of symptoms of rheumatoid arthritis; a reduction in the severity of symptoms from asthma; mild improvement in lesions associated with skin conditions such as psoriasis; and the normal development of the retina and the brain.

Many public health experts, nutrition educators and journalists consider the links between seafood in the diet and the reduction of risk of a number of diet-related diseases to be the most significant and promising public health stories of the decade.

They also credit the Saltonstall-Kennedy Fisheries Development Program with helping make available much of the scientific and clinical research findings — which might have otherwise been buried in scholarly journals.

The S-K program has funded a number of national and regional consumer education programs and research efforts, including the national "Catch America" program which was launched in 1981. The S-K program also funded, in part, the pioneering research efforts of William E. Connor, M.D., whose clinical trials featuring salmon, whitefish, and shellfish pointed the way to the triglyceride and cholesterol-lowering effects of seafood omega-3s on humans.

S-K funds also made possible a landmark conference on seafood and health held in Seattle during November 1985.

That conference, funded by a Saltonstall-Kennedy fisheries development grant awarded to the West Coast Fisheries Development Foundation, brought together — for the first time ever — key researchers and clinicians studying the beneficial effects of seafood on human health along with nutrition educators, dietitians, journalists, and representatives from the seafood industry. Even the researchers are excited.

To quote pioneering researcher William E. Lands, Ph.D., head of biological chemistry at the University of Illinois: "The excitement we feel about the possible uses of seafood is balanced by a rather sobering awareness of our ignorance."



ALASKA FISHERIES DEVELOPMENT FOUNDATION, INC.

“

“We look to AFDF as a fountainhead of information about the industry. The seafood and surimi industry is growing in volume and potential, and as a major food ingredients supplier, we have to know what the latest developments are. I look to AFDF for the latest information. They know what's happening faster than most other organizations do. AFDF is riding the crest of a huge new industry that is just being born, and which is going to have a huge impact in feeding the world. We consider our membership in AFDF a tremendous benefit, because they tell us what we need to know.”

-- Bob Campbell
Pfizer Chemical Division

“During our three-year membership in AFDF, we have seen opportunities become realities, as a direct result of the Foundation's development projects. Membership in AFDF allows direct participation in the design and guidance of the Foundation's projects. This ensures that the Foundation funds are channeled into areas that open doors for the industry and enhance the opportunities available to our companies, our clients and suppliers.”

--Steve Smith, President
Kemp Pacific Fisheries, Inc.

“We first joined AFDF in its early years to channel S-K dollars into projects that would have the greatest benefit to the fishing industry. Since then, AFDF has helped Alaskan fishermen tremendously, not by direct grants — we never needed anyone to teach us how to fish! — but through their projects, which opened up new markets and new opportunities. The results have brightened the future for fishermen operating small, medium and large vessels. The spinoff has been tremendous, and we look forward to the same kind of new opportunities as AFDF broadens its focus toward flatfish and other underutilized species.”

-- Al Burch
Alaska Driggers Association

“We joined AFDF to have access to its technical literature, and to establish contact with people in the business. As a Midwestern egg company that knows very little about the seafood industry, AFDF seemed best equipped to help us make the contacts we needed and to provide technical data we could use to expand our market base. The Foundation promotes the Alaskan industry, but with far-reaching ramifications for the future of U.S. seafood industry in general.”

-- John Toney
Henningsen Foods, Inc.

”



Bridging the gulf in new seafood technology

Alaska Fisheries Development Foundation bridges the gulf between current technology and new opportunities in Alaska's seafood industry. The Foundation helps its members and the industry gain new knowledge, develop new technology, and make new contacts that help the industry become more stable, grow more consistently, and become more profitable year by year.

AFDF is a catalyst between the seafood and the food and protein industries, bringing together problems, possibilities and potential solutions. We provide the impetus for new ventures that bring the promise of a more stable, vivacious seafood industry in Alaska.

We are a non-profit, industry-directed firm funded by the Saltonstall Kennedy program administered through the National Marine Fisheries Service. These funds come from import tariffs on foreign-produced marine products.

Setting a new course

AFDF sponsors research and demonstration projects that open the way to significant new opportunities, but which are too risky or expensive for a single company to conduct. We demonstrate for Alaskan fishermen and processors how to adapt new technologies to their boats or plants, and profitably expand their participation in the world food industry.

From trying out a new gear type to developing a whole new seafood industry, AFDF has expedited development in all sectors of the industry. These projects are always guided by the firm hand of experience provided by AFDF's members and other industry leaders.

Informing our members

The information generated from Foundation projects is immediately accessible to AFDF members, and to the industry. The Foundation publishes technical data and industry information in its journal, *The Lodestar*, and AFDF reports, and disseminates new information through other industry publications. Project data, technical information, and the resulting discussions are the lifeline of our vital projects. Members also use our information network to promote their new systems or services.

Making creative contacts

One of the Foundation's essential services is its interactive information channel, through which the staff, AFDF members and those on the leading edge of their industries exchange data, ideas and concerns.

AFDF maintains a broad network of industry experts who, through AFDF, exchange the kind of information not available through conventional industry channels. We preserve and nurture these communication lines with dedication and verve, believing that if we can get the right people together in the right environment, the industry's potential for creative development is unlimited.



Harvesting

AFDF is dedicated to increasing the ex-vessel value of Alaskan seafood resources by enhancing quality and consistency, developing new on-board technology, and testing gear modifications. In addition, AFDF has:

- Studied the effects of refrigerated seawater (RSW) holding on Alaska pollock quality;
- Applied RSW studies to the end quality of pollock surimi;
- Sponsored test conversion of a large crabbing vessel to longline gear to demonstrate new opportunities for Alaska's idle crab fleet;
- Initiated a project demonstrating optimum flatfish handling techniques to increase ex-vessel value of groundfish by-catch and to investigate opportunities for small boats in the trawl fisheries;
- Sponsored several projects for small-boat harvesters focusing on remote-area cod, squid, octopus and other underutilized species;
- Worked with pink and chum salmon harvesters to open new opportunities for their products.

Five Alaskan harvesters sit on the AFDF Board of Directors.

Processing

AFDF was the primary architect of the U.S. surimi industry. Through our five-year surimi industry development project, AFDF designed and contracted for the first commercial shore-based pollock surimi facility in the U.S. We have dedicated nearly \$4 million to testing and upgrading the traditional surimi production process by incorporating Japanese skills with new technologies from the European seafood industry and the sophisticated U.S. food industry.

As a result of our surimi project, several processors and a number of food companies have entered the surimi business. A reliable U.S. surimi supply is now established, and many other Alaskan seafood processors now are participating in the profitable bottomfish processing industry.

AFDF also:

- Helped ease financial and technical barriers for Alaska's first large-scale white fish plant as it pioneered shore-based processing of cod and pollock, providing the industry with a model plant by which to assess their own opportunities in Alaska's cod and pollock fisheries;
- Sponsored a new processing technology demonstration for flatfish to expand profit opportunities for processors;
- Conducted numerous seafood and surimi quality studies to help processors achieve greater product consistency; and
- AFDF also has sponsored several small-scale industry development projects to benefit small and large seafood processors.

Five Alaskan processing companies are represented on AFDF's Board of Directors.

Product and technology development

The most effective way to increase profitability of a certain seafood species is to increase the number of potential uses for the product. Some of AFDF's most dramatic successes have come from product development projects, in which we have provided samples, technical advice and financial assistance to companies experimenting with new uses for seafood proteins. These projects open opportunities to food companies looking for new protein sources with high functionality, and also benefit seafood producers willing to adjust their product mix to capture new, profitable markets.

In this area, AFDF has:

- Distributed samples of frozen and dried surimi, salmon and other products free of charge to companies experimenting with new systems, ingredients, or flavors, or testing Alaskan seafood proteins in their formulations;
- Allowed equipment and systems manufacturers to test their equipment during AFDF's demonstration projects to determine the potential profitability of new technologies in Alaska's fisheries;
- Encouraged experimental use of different ingredients, flavors, and cryoprotectants to improve the quality and profitability of Alaska's seafood products;
- Sponsored the industry's pursuit of USDA approval for surimi in processed meats. This effort helped develop several new surimi/meat products, and a significant data bank regarding the interaction of surimi and muscle meats and the microbiology of surimi. Several meat companies now are actively studying surimi as a binder and a protein ingredient;
- Made profitable connections for companies making salmon or pollock leather, salmon patty ingredients, new food products, fish oils and gelatins and other seafood-related products in their pursuit of seafood processors who could supply their needs;

- Sponsored a nationwide New Product Development Contest to encourage innovative uses for Alaska's seafoods. This contest resulted in nearly \$100,000 in financial aid for new product development demonstrations that focused only on Alaskan seafood; and

- Made a pilot-scale surimi and crab analogue line available to equipment and ingredients companies and food processors for experimental purposes.

Two members of the food, ingredient, equipment or support industries sit on the Board of Directors.





Alaska Fisheries Development Foundation, Inc

FAX TRANSMITTAL COVER SHEET

TO: Lawrence Mirovski
Rep. Cliff Davidson
465-3841

FROM: Barbara Culver

Number of Pages including transmittal sheet: 18 DATE: 4/10/89

IF TELECOPY DOES NOT TRANSMIT PROPERLY, PLEASE CALL (907) 276-7315

Here is the info you requested re: SK projects funded for the Alaska region. For 1979, 1980 and 81, ^{and 1987} there may have been a few projects funded in addition to those for AFDF, but were unable to locate the info today. Please call if you need clarification.

Barbara Culver

1988 S-K Projects Selected for Funding

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>
<u>Alaska Region</u>		
1. Marine Safety: Reduced Accident Rates thru Education and Training	Alaska Dept. of Health and Social Services Juneau, AK	\$190,000
2. Flatfish Utilization	Alaska Fisheries Development Foundation Anchorage, AK	151,000 ✓
3. Alaska Groundfish Quality Enhancement	Alaska Fisheries Development Foundation Anchorage, AK	366,700 ✓
4. Multi-species By-Product Utilization	Alaska Fisheries Development Foundation Anchorage, AK	479,000 ✓
5. The Role of Groundfish in International Trade	Oregon State University Corvallis, OR	69,683
6. Unobservable Mortality on Red King and Bairdi Tanner Crab	Alaska Department of Fish and Game Kodiak, AK	22,600
7. Conflict Between the Sablefish Longline Fishery & Killer Whales	Sea World Research Institute San Diego, CA	130,000
<u>Northeast Region</u>		
8. Fishing Vessel Safety Training Programs	University of Rhode Island Kingston, RI	56,975
9. Development of Canned Mackerel - Year 1	New England Fisheries Development Foundation Boston, MA	88,000 ✓
10. Quality Improvement of Mackerel and Hake thru Extra Cold Storage - Year 1	Mid-Atlantic Fisheries Development Foundation Annapolis, MD	49,500 ✓

GRANT
 COOPERATIVE AGREEMENT

FINANCIAL ASSISTANCE AWARD

NUMBER
NA-87-ABR-00020

PROJECT TITLE
Full Utilization of White Fish Through Multi-Species Processing

ACCOUNTING CODE
F5A0004/78G22FRW/AL19
U.S. SHARE OF COST
\$ 240,200.00
RECIPIENT'S SHARE OF COST
\$ 132,000.00

AWARD PERIOD FROM July 1, 1987 TO November 30, 1988 TOTAL ESTIMATED COST \$ 372,200.00

RECIPIENT'S NAME
Alaska Fisheries Development Foundation

STREET ADDRESS
508 W. Second Avenue, Suite 212

CITY Anchorage STATE AK ZIP CODE 99501

SPECIAL AWARD CONDITIONS
The Recipient will accomplish the objectives of this project in accordance with the attached Federal Assistance Application dated 87/02/10, with the attendant technical and cost proposals, and all Special Award Conditions.

Continued on attached sheet(s).

The recipient agrees to execute the work in accordance with the Act and pertinent rules and regulations checked below; the approved application to the extent encompassed by this award; the attached documents; and the non-discrimination requirements set forth on the reverse of this document.

- Coastal Zone Management Act, as amended (Section _____)
- National Sea Grant College Program Act
- OMB Circular A-102
- OMB Circular A-110 (Specifying use of the Patent Rights Clause.)
- Cost Principles: Circular A-122
- Others: P.L. 96-561, as amended

SIGNATURE <i>Robert L. Abbott</i>	TITLE GRANTS OFFICER	DATE 7-13-87
SIGNATURE <i>[Signature]</i>	TITLE <i>[Signature]</i>	DATE 7-14-87

1986 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	\$254,530	\$229,035
2. Full Utilization for American Surimi and Other Underutilized Species	Alaska Fisheries Development Foundation Anchorage, AK	875,000	553,000
3. Marine Safety-Reduced Accident Rates Through Education and Training	Marine Advisory Program University of Alaska Anchorage, AK	77,000	50,570
<u>Northwest Region</u>			
4. NPFVOA Vessel Safety Program	North Pacific Fishing Vessel Owners Association Seattle, WA	199,700	91,000
5. Minimization of Crab Bycatch in Groundfish Trawl	Highliners Association Seattle, WA	325,723	150,000
6. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	50,000
7. Alaska Pollock Development Through New Product Development, Promotion & Marketing	Alaska Factory Trawlers Association Seattle, WA	300,000	129,200
8. Impact of Alaska Pollock Foreign Fishing Allocation on U.S. Harvesters and Processors	Alaska Factory Trawlers Association Seattle, WA	123,800	58,050
9. International Competitiveness of the North Pacific Seafood Industry	Pacific Seafood Processors Association Seattle, WA	215,000	102,000

1985 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Quality Assurance Education for the Alaska Groundfish Industry	University of Alaska Marine Advisory Program Anchorage, AK	\$50,000	\$48,468
2. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	250,000	210,600
3. Pacific Pollock Protein Project	Alaska Fisheries Development Anchorage, AK	1,190,202	752,900
<u>Northwest Region</u>			
4. Impacts of Fish Oils on Plasma Lipids in Humans	University of Washington Seattle, WA	53,297	11,169
5. Sablefish Soft Flesh Analysis	University of Washington Seattle, WA	37,818	17,337
6. Optical Parasite Detection System	Design Systems, Inc. Auburn, WA	70,000	38,050
7. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	37,500
8. Development of Washed Fish Flesh Production and Utilization	West Coast Fisheries Development Foundation Portland, OR	108,750	52,662
9. Pacific Whiting Industry Development Program	West Coast Fisheries Development Foundation Portland, OR	100,000	52,000
10. Restaurant Marketing Development of Albacore Tuna	West Coast Fisheries Development Foundation Portland, OR	29,350	15,000

1984 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Pollock Industry Development	Alaska Fisheries Development Foundation Anchorage, AK	\$1,300,000	\$849,200
2. Alaska Pollock Promotion and Education	Alaska Seafood Marketing Institute Juneau, AK	321,000	232,700
3. Recommended Whitefish Quality Guidelines	Alaska Seafood Marketing Institute Juneau, AK	18,700	11,300
4. Americanization of the Northeast Pacific Fisheries	Pacific Seafood Processors Association Seattle, WA	250,000	132,080
5. Quality Assurance Education Program/Groundfish	University of Alaska Anchorage, AK	112,570	49,227
<u>Northwest Region</u>			
6. Food Service and Institutional Seafood Marketing Development	West Coast Fisheries Development Foundation Portland, OR	250,000	117,500
7. Development of Methods for Washed Fish Flesh Production Utilization	West Coast Fisheries Development Foundation Portland, OR	100,000	45,880
8. Restaurant Training Module	West Coast Fisheries Development Foundation Portland, OR	33,460	17,000
9. White-Fleshed Fish in the Diet	West Coast Fisheries Development Foundation Portland, OR	23,130	13,733

1983 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Pollock Industry Development	Alaska Fisheries Development Foundation Anchorage, AK	\$1,644,123	\$1,167,500
2. Minced Pollock Pilot Project	Alaska Fisheries Development Foundation Anchorage, AK	143,715	105,000
3. Groundfish (Whitefish) Marketing	Alaska Seafood Marketing Institute Juneau, AK	100,000	99,675
4. Sablefish Market Development	Alaska Longline Fishermen's Association Anchorage, AK	132,500	52,215
<u>Northwest Region</u>			
5. West Coast Seafood Marketing Program	West Coast Fisheries Development Foundation Portland, OR	540,000	270,000
6. White Fish in the Diet & Plasma Cholesterol Level	West Coast Fisheries Development Foundation Portland, OR	18,000	12,000
7. Assessment of Fishery Potential for <u>Loligo Opalescens</u>	West Coast Fisheries Development Foundation Portland, OR	60,000	17,467
8. Development of an Oregon Squid Fishery Market	Southwestern Oregon Community College Coos Bay, OR	70,000	65,000
9. Development of a Washington Squid Fishery	Washington State Department of Fisheries Olympia, WA	41,493	17,603
10. Public Education Program for Recreational Shellfish Fishery	Washington State Department of Fisheries Olympia, WA	26,060	11,200

1982 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Model Whitefish Processing Plant	Alaska Fisheries Development Foundation Anchorage, AK	\$548,825	\$195,000
2. Demonstration Longliner - Processor Aleutian Mistress	Alaska Fisheries Development Foundation Anchorage, AK	123,825	95,200
3. Sablefish Market Development	Alaska Fisheries Development Foundation Anchorage, AK	186,325	123,500
4. Octopus Fishery in the Aleutian Area	Alaska Fisheries Development Foundation Anchorage, AK	70,825	22,000
5. Hydraulic Clam Dredge	Alaska Fisheries Development Foundation Anchorage, AK	123,325	76,000
6. Quality and Preservation of Alaska Groundfish	Alaska Fisheries Development Foundation Anchorage, AK	85,725	21,000
7. Canned Pollock Marketing Test	Alaska Fisheries Development Foundation Anchorage, AK	93,225	19,100
8. Atka Mackerel Product Evaluation	Alaska Fisheries Development Foundation Anchorage, AK	187,825	130,600
9. Pacific Salmon Export Development Program	Alaska Seafood Marketing Institute Juneau, AK	302,825	254,000

ALASKA FISHERIES DEVELOPMENT FOUNDATION

RECEIVED FEB 15 1982

PROJECTS LIST

FEBRUARY 1982

Legend: O Closed out
 * Winding down
 ** On hold
 *** About to be active
 **** Active
 R Reprogrammed

(Note: Budgets for projects designated O and P should not be included when calculating total program budget sums.)

MMFS Contract 79-ABH-0034

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>MMFS Project #</u>	<u>Title, Contractors, Description</u>
	250,000	O	1.	Demonstration Administration. Fy 1979 AFDF Admin. budget
500	30,000	**	2.	Demo. Public Info. Contractors: George Fiodor, Neil Rabinowitz, Wes Johnsen (NPFU - North Pacific Fisheries Development, Inc.) To develop published/displayed materials about the Harvesting Demo. program. Harvesting Demo. includes Longline (Aleutian Mistress) Trawl; Trawler Demo has been reprogrammed, but this public info project still exists to support both demos.
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>MMFS Project #</u>	<u>Title, Contractors, Description</u>
504	275,000 (15,000 now)	*	3.	Demo. Trawler. Contractors: Wes Johnsen, Helce Christiansen (NPFU) Vessel "Smaragd", owned by NFFCO, originally chosen as demo. vessel before NEFCO bankruptcy. This was companion project to Aleutian Mistress, intended to convert a shrimp to trawling and provide risk guarantee. \$15,000 spent on conversion design for Smaragd, remaining \$260,000 reprogrammed to AFDF's Acc'ts # 552 and 564 plus others.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
504	475,000	*	4.	Demo Longline (Aleutian Mistress I) Contractors: Aleutian Mistress Associates. Business manager Don Barton, Gordon Lowell. President Seawest Industries (part owner and Project Director), Darryl Pedersen. This budget is just for A. Mistress Phase I: \$200,000 for conversion work, \$275,000 for risk guarantee. See AFDF Acc'ts # 549 and 544 for Phase II and III, respectively.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
506	90,000	R	5.	Demo. Training Originally intended for training program aboard demo. vessels. Cancelled and reprogrammed to various projects.
	35,000	O	6.	Demo. Quality Assurance. Project intended to implement quality assurance research and demo. program aboard demo. vessels. This budget transferred to 80-ABH-00067, #10 with \$100,000 added; Then eventually reprogrammed.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
508	195,000	****	7.	Demo. Monitoring and Evaluation. Contractor: Frank Orth and Associates (\$90,000). Observer: Sandi McKenzie. Remaining budget is for contingencies, advisory services, etc. - About \$27,000 went to Wes Johnsen for report on Conversion of Aleutian Mistress. Project purpose is to analyze and report on the technological and economic feasibility of Aleutian Mistress. Budget can be used for monitoring trawler projects also, if funds remain.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
510	1,100,000	****	4.	<p>Model White Fish Processing.</p> <p>Contractors:</p> <p>1979-80, NEFCO originated 1st project and went bankrupt before project awards made by NMFS.</p> <p>1980, Alaska Food Company (James Kross, President) chosen as Contractor. Contract signed November 80, dissolved April 1981. About \$110,000 disbursed to AFC, \$95,000 of which is in litigation. Other expenses related to AFC contract are for Technical Advisory Team travel and consulting, to Barlinthaug, Fleming, Lowell, Pennington.</p> <p>1981-82, RFP issued July 1981, Trident Seafoods Corporation chosen as contractor September 1981. Expenses incurred for Palmi Ingvarsson report and for Proposal Review Committee meeting. Contract signed December 1981. Trident President Charles H. (Chuck) Sundrant, Project Manager Todd Shaw. Budget for Trident Contract is \$800,000.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
528	30,000	****	5.	<p>Extension Services.</p> <p>NMFS Title "Establishment of a Fisheries Extension Service for Rural Western Alaska".</p> <p>Contractor: Bering Sea Fishermen's Association.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
514	98,736	*	6.	<p>Arctic Sea - CED</p> <p>NMFS Title "Marketing Assistance Program for Small Rural Fisheries".</p> <p>Contractor: Arctic Sea, Inc., subsidiary of CEDC (Community Enterprise Development Corporation) Terry Peeve, President Arctic Sea, and Gretchen Mannix, Vice President, CEDC.</p>

NMFS Contract RC-APR-00067

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
520	7,450	0	1.	Roundtable Workshop on Rural Fisheries Contractor: Bering Sea Fishermen's Association. Funds used to pay travel expenses for workshop attendees, and for Mark Rove to write report. If funds remain in budget, they can be used to publish report after Sharon Gwinn edits.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
512	20,000 78,940	** R	2.	Opilio Crab Marketing. NMFS Title "Marketing Demonstration Project for Opilio Tanner Crab". Original project budget \$98,940; contracted to 13th Regional Corporation (Jim Strichartz, counsel and Project Director) and partially subcontracted to Guenter Conradus of Applied Economics Associates. Contractor did not perform adequately - \$78,940 of budget was reprogrammed to ANUGA (AFDF Acc't # 512.6 and 550) \$20,000 kept in budget for contingencies associated with original project.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
516	18,000	0	3.	Rockfish Jigging. NMFS Title "Exploratory Hydraulic and Electric Jig Fishing for Rockfish in the Seward Area." \$18,000 State cost share added to this budget. Contractors: Don Hanson, F/V Prospector, Harry Mitchell, F/V Blue Dolphin Mike Broili did some observer work on contract.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
522	12,900	****	7A.	Annual Report. NMFS Title "Status and Scope of domestic commercial groundfish and other domestic underutilized fisheries in Alaska". Contractor: Natural Resources Consultants, Dr. Lee Alverson and Steve Hughes (Seattle).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
524	11,100	****	7B.	Long Range Plan. NMFS Title "Regional Five Year Development Plan". 1981 - Leslie Robinson and Mark Hutton contracted to do update. 1982 - Update being done by staff, if at all.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
526	36,000	***	7C.	Investment Profiles - Dr. Abby Gorhan. NMFS Title "Investment Profiles for Small Vessels." Contractor: Dr. Abby Gorhan, University of Alaska-Fairbanks. In old files, this project may be referred to as "Small Vessel Conversion." NMFS contract stipulates it shall include "a projection of fuel consumption by the nearshore and offshore fleets."

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
518	12,700 plus 24,900 (81-ABC-00279, FAK-81-27)	*	8.	Pollock Conference. NMFS Title "Trawl Fishing Technology Workshop." Contractor: Natural Resources Dr. Lee Alverson. Other expenses associated with Pollock Conference at Sheraton Anchorage, November 1981.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
530	9,960	0	9.	Friedrich Busse NMFS Title "Foreign Factory Trawler Observation and Training Program." Contractor: Applied Economics Associates, Guenter Conradus. Observers: Mark Pennington, Terry Elwell. \$10,000 State cost share added to this budget.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
532	135,000	R	10.	Quality Assurance and Training, Expanded Program

NMFS Contract 81-ABH-00014

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
536	150,000	****	1.	Sablefish Marketing. NMFS Title "Marketing of Sablefish." Contractor: ALFA (Alaska Longline Fishermen's Association) - Project Manager Greg Baker. Also involved: Halibut Producers Cooperative.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
538	25,000	**	2.	Auto-Longlining Demo., Small Boat. NMFS Title "Automated Longline Gear Demonstration". No contractor yet - Will issue RFP.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
540	25,000	***	3.	Baiting Systems. NMFS Title "Baiting Systems for Longline Gear." Contractors: John Enge, Jr., and Kurt Wohlhueter.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
542	23,700	**	4.	Remote Area Small Vessel Cod (Poye). Contractor: Mark Poye. This is a demonstration of small-vessel longlining cod and salting for preservation in remote area of Bristol Bay where no processing facilities exist.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
544	67,000	****	5.	Aleutian Mistress III. NMFS Title "Processing Cod at Sea." This project is intended to provide technical assistance and overall evaluation and documentary services during and after Phase II operations. Technical Assistance Contractors: Baader (Eydfinn Tausen, Juergen Nagrodski, Bob Witte). Mustad (William Nygaard, Arni Thomson). North Pacific Fisheries Development (Sig Jaeger).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
546	169,700	****	6.	Arctic Trawler (Minced Pollock). NMFS Title "Minced Pollock Processing". Contractor: Trans-Pacific International Industries, Seattle, owner M/V Arctic Trawler. Project Manager - Michael Nordby Skipper - Conrad Uri President Trans-Pacific - John Sjona Observer - John Dent, employee of Trans-Pacific.

NMFS Contract 81-ABH-00114 (Reprogramming)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
548	325,000	****	7.	<p>Aleutian Mistress II. NMFS Title "Demonstration Longliner - Processor F/V Aleutian Mistress, Phase III". Contractor: Aleutian Mistress Associates. Project Director Darryl Pedersen, President, Seawest Industries. Business Manager Gordon Lowell, Sea-Quest Enterprises and Jonah, Inc. Skipper Terry Sparks. \$125,000 for vessel modifications, \$200,000 for risk guarantee (45 fishing days).</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
550	78,940	*	8.	<p>ANUGA NMFS Title "ANUGA '81 European Show". Contractors: Richard Montague, Bob Bowser (Gene Davis & Associates), others.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
552	60,000	***	9.	<p>Refrigerated Sea Water (RSW) Trawler. Contractor: Willivaw Fish Company, part owner F/V Storm Petrel. F/V Storm Petrel, Captain George Fulton. MARCO (Marine Construction & Design Co.), Seattle, part owner and project conception. Eldon Grimes - Quality assurance Stuart Roach - RSW technology Paul Gilliland - finance, communication w/vessel.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
554	40,000 (Add to Admin?)	****	10.	<p>Reporting on AFDF Projects. This money allows us to expand staff to take care of reporting responsibilities.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
556	10,000	**	11.	Aleutian Mistress Reports. NMFS Title "Publication of Reports on Automated Longliner-Processor." Contractor: Printmore Corporation Report Publishing Costs for: Wes Johnsen Conversion Report and Executive Summary Orth Interim Report Orth Final Report (to cor

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
558	10,000	**	12.	Atka Mackerel Report. Contractor: To be done by staff with assistance from Barry Fisher. Funds are for research and publication of a report summarizing existing knowledge on Atka mackerel.

(The following projects have no NMFS Contracts yet, Project Director has arbitrarily assigned NMFS Project numbers)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
560	25,000	**	13.	Salt Cod Production. Contractors: Unknown. Probably some combination of Jangaard Alaskan Fisheries, Universal Seafoods, and Pelican Cold Storage (Presidents Atle Ranne, Dick Pace, Jim Ferguson, respectively). Needs Board direction and NMFS OK to become active.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
562	50,000	**	14.	Small Boat Demonstration Project. Project coordinated with Sea Grant: Hank Pennington, Kodiak Brian Paust, Petersburg. Probably will be a squid project using David Street's vessel out of Ketchikan, and a flatfish trawling project in Kodiak. Needs NMFS OK to become active.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
564	50,000	**	15.	Small Trawler. NMFS Title "Quality and Handling of Trawl-Caught Cod and Pollock." Needs Board direction and NMFS OK to become active.
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
526	20,000	**	16.	Investment Profiles Worksheets. This \$20,000 has been added by NMFS to the Investment Profiles - Abby Gorham project, but the money stays with AFDF, does not go to Gorham. It is for translating Gorham's results into worksheets to be used by Foundation.

January 24, 1989

Ms. Margaret Cumiskey
Senator Daniel Inouye's Office
722 Hart Senate Building
Washington, D.C. 20510

Dear Margaret:

RE: SALTONSTALL-KENNEDY INDUSTRY GRANTS

I am writing to ask your help on behalf of the Pacific Fisheries Development Foundation. The Foundation has used S-K funds to provide coordinated development assistance to the U.S.-affiliated Pacific Islands for the past 15 years.

We need your assistance at this time to ensure that S-K funds are adequate to continue its work in the Pacific.

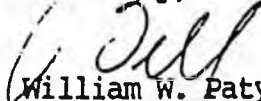
Please help us by:

1. keeping the S-K grants program funded at \$8-10 million; and
2. returning the S-K program to its original intent--i.e., to assist industry-based foundations and associations with support for research and development projects.

The fisheries development foundations, which are regional organizations made up of fishing industry associations and businesses, were established in large part to carry out the S-K Program. Over the past few years, however, funding for the foundations has diminished at the expense of research institutes, state agencies and other non-industry based entities. In 1986, foundations received 63% of S-K funds; in 1988, that figure was 46%. Research institutes, on the other hand, received an increase of approximately 20% more funding over the same period.

Thank you for considering this request. If you have any questions, please call me at (808) 548-6550.

Sincerely,



William W. Paty
Chairman/President

cc: PFDF Board of Directors, Fishery
Officers and Project Directors,
Executive Directors
Regional Fisheries Development Foundations ✓



PO Box 255 - Honolulu, Hawaii 96804
(808) 548-5469 FAX (808) 548-8989

January 24, 1989

The Honorable Patricia Saiki
United States Representative
1407 Longworth House Office Building
Washington, D.C. 20515

Dear Pat:

RE: SALTONSTALL-KENNEDY INDUSTRY GRANTS

I am writing to ask your help on behalf of the Pacific Fisheries Development Foundation. The Foundation has used S-K funds to provide coordinated development assistance to the U.S.-affiliated Pacific Islands for the past 15 years.

We need your assistance at this time to ensure that S-K funds are adequate to continue its work in the Pacific.

Please help us by:

1. keeping the S-K grants program funded at \$8-10 million; and
2. returning the S-K program to its original intent--i.e., to assist industry-based foundations and associations with support for research and development projects.

The fisheries development foundations, which are regional organizations made up of fishing industry associations and businesses, were established in large part to carry out the S-K Program. Over the past few years, however, funding for the foundations has diminished at the expense of research institutes, state agencies and other non-industry based entities. In 1986, foundations received 63% of S-K funds; in 1988, that figure was 46%. Research institutes, on the other hand, received an increase of approximately 20% more funding over the same period.

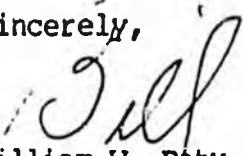


P.O. Box 2359, Honolulu, Hawaii 96804
(808) 548-3469 FAX (808) 548-8989

The Honorable Patricia Saiki
Page 2

Thank you for considering this request. If you have any questions, please call me at (808) 548-6550.

Sincerely,


William W. Pety
Chairman/President

cc: PFDF Board of Directors, Fishery
Officers and Project Directors,
Executive Directors
Regional Fisheries Development Foundations ✓

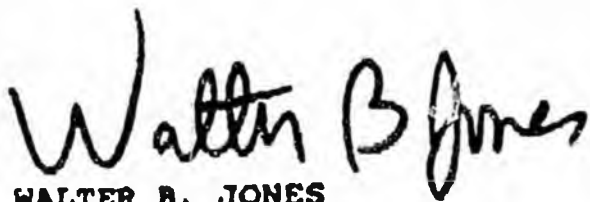
P.S. Attached, for your information, is a list of projects in the Freely Associated States funded by the Japanese government. The projects total about \$10 million a year over the past six years. The U.S. commitment to this area, on the other hand, has been a fraction of this amount.

The Honorable William E. Evans
January 12, 1989
Page Two

There can be no question that Congress intended these remaining funds to be used only for the Grant Program. Unfortunately, for fiscal year 1989 only about \$5 million will be available for the Grant Program because of the statutorily required transfer of \$3 million into the Fisheries Promotional Fund. We request that you ensure that none of these funds will be diverted from the Grant Program to pay for in-house or other NOAA activities.

We want to thank you in advance for your personal attention to this important matter.

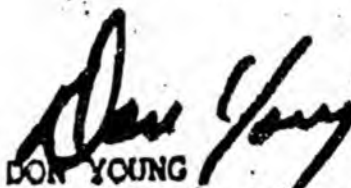
Sincerely,



WALTER B. JONES
Chairman
Committee on Merchant Marine
and Fisheries



GERALD E. STUDDS
Chairman
Subcommittee on Fisheries
and Wildlife Conservation
and the Environment



DON YOUNG
Ranking Minority Member
Subcommittee on Fisheries and
Wildlife Conservation and
the Environment

CITY OF KODIAK
RESOLUTION NUMBER 02-89

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK SUPPORTING THE FEDERAL SALTONSTALL-KENNEDY PROGRAM AND THE ROLE OF INDUSTRY DIRECTED FOUNDATIONS IN THE PROGRAM

WHEREAS, the federal government established a seafood industry grants program in 1980; and

WHEREAS, this grants program was established to fund the development and promotion of the U.S. seafood industry and fisheries products; and

WHEREAS, the program is directed towards strengthening the U.S. seafood industry in the face of increasing foreign competition and a fluctuating resource base; and

WHEREAS, the program is funded from tariffs on imported seafood and seafood products; and

WHEREAS, program projects receive matching funds and in-kind services from the seafood industry; and

WHEREAS, the Saltonstall-Kennedy program is unique because it sets goals based on industry priorities and works with industry to accomplish projects to achieve those goals; and

WHEREAS, the primary method the seafood industry has used to participate in the Saltonstall-Kennedy program is through regional fisheries development foundations; and

WHEREAS, the Alaska Fisheries Development Foundation was put together by the Alaska seafood industry to maximize the benefit of the Saltonstall-Kennedy program in Alaska; and

WHEREAS, the Saltonstall-Kennedy program has resulted in several projects which have had significant national and regional benefits to the seafood industry; and

WHEREAS, in Alaska five shore-based and at least ten vessel-based surimi processing firms have begun operations since the initiation and completion of the Alaska Fisheries Development Foundation's surimi demonstration project; and

WHEREAS, two more recent Foundation projects, flatfish fishery development and by-product utilization, are having the same level of positive impact on the Alaska seafood industry; and

WHEREAS, this unprecedented level of success in development efforts can be directly related to the unique industry/foundation

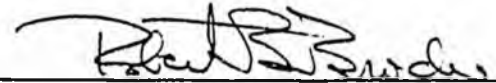
participation in the Saltonstall-Kennedy program,

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Kodiak, Alaska, expresses its appreciation for the results of past Saltonstall-Kennedy program projects and gratitude for their support to the United States Congress, the United States Department of Commerce, the National Oceanic and Atmospheric Administration, the National Marine Fisheries Service, and the many industry organizations, fishery groups, and individuals that contribute to the success of this program.

BE IT FURTHER RESOLVED the Council of the City of Kodiak respectfully requests the United States Congress, the United States Department of Commerce, the National Oceanic and Atmospheric Administration, the National Marine Fisheries Service, and other concerned groups to continue their support for this program and the unique industry/foundation involvement which provides beneficial results and directed, efficient projects.

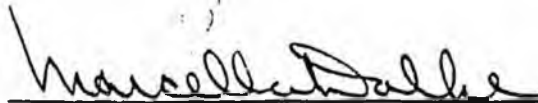
PASSED AND APPROVED this 26TH day of JANUARY, 1989.

CITY OF KODIAK



MAYOR

ATTEST:



CITY CLERK

GRANT
 COOPERATIVE AGREEMENT

FINANCIAL ASSISTANCE AWARD

NUMBER
NA-87-ABR-00020

PROJECT TITLE
Full Utilization of White Fish Through Multi-Species Processing

ACCOUNT NO CODE
F5A094/78G22FRW/4119
U.S. SHARE OF COST
\$ 240,200.00
RECIPIENT'S SHARE OF COST
\$ 132,000.00

AWARD PERIOD FROM July 1, 1987 TO November 30, 1988

TOTAL ESTIMATED COST
\$ 372,200.00

RECIPIENT'S NAME
Alaska Fisheries Development Foundation

STREET ADDRESS
508 W. Second Avenue, Suite 212

CITY
Anchorage

STATE
AK

ZIP CODE
99501

SPECIAL AWARD CONDITIONS

The Recipient will accomplish the objectives of this project in accordance with the attached Federal Assistance Application dated 8/02/10, with the attendant technical and cost proposals, and all Special Award Conditions.

Continued on attached sheet(s)

The recipient agrees to execute the work in accordance with the Act and pertinent rules and regulations checked below; the approved application to the extent encompassed by this award; the attached documents; and the non-discrimination requirements set forth on the reverse of this document.

- Coastal Zone Management Act, as amended (Section _____)
- National Sea Grant College Program Act
- OMB Circular A-102
- OMB Circular A-110 ~~_____~~ (Specifying use of the Patent Rights Clause.)
- Cost Principles: Circular A-122
- Others: P.L. 96-561, as amended

SIGNATURE (Approved for the Secretary of Commerce.)

TITLE
GRANTS OFFICER

DATE
7-13-87

SIGNATURE

TITLE

DATE

1986 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	\$254,530	\$229,035
2. Full Utilization for American Salmon and Other Underutilized Species	Alaska Fisheries Development Foundation Anchorage, AK	875,000	553,000
3. Marine Safety-Reduced Accident Rates Through Education and Training	Marine Advisory Program University of Alaska Anchorage, AK	77,000	50,570
<u>Northwest Region</u>			
4. NPFVOA Vessel Safety Program	North Pacific Fishing Vessel Owners Association Seattle, WA	199,700	91,000
5. Minimization of Crab Bycatch in Groundfish Trawl	Highliners Association Seattle, WA	325,723	150,000
6. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	50,000
7. Alaska Pollock Development Through New Product Development, Promotion & Marketing	Alaska Factory Trawlers Association Seattle, WA	300,000	129,200
8. Impact of Alaska Pollock Foreign Fishing Allocation on U.S. Harvesters and Processors	Alaska Factory Trawlers Association Seattle, WA	123,800	58,050
9. International Competitiveness of the North Pacific Seafood Industry	Pacific Seafood Processors Association Seattle, WA	215,000	102,000

1985 S-R Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Quality Assurance Education for the Alaska Groundfish Industry	University of Alaska Marine Advisory Program Anchorage, AK	\$50,000	\$48,468
2. Alaska Pollock Market Development	Alaska Seafood Marketing Institute Juneau, AK	250,000	210,600
3. Pacific Pollock Protein Project	Alaska Fisheries Development Anchorage, AK	1,190,202	752,900
<u>Northwest Region</u>			
4. Impacts of Fish Oils on Plasma Lipids in Humans	University of Washington Seattle, WA	53,297	11,169
5. Sablefish Soft Flesh Analysis	University of Washington Seattle, WA	37,818	17,337
6. Optical Parasite Detection System	Design Systems, Inc. Auburn, WA	70,000	38,050
7. Seafood and Health: Promotion and Market Development	West Coast Fisheries Development Foundation Portland, OR	150,000	37,500
8. Development of Washed Fish Flesh Production and Utilization	West Coast Fisheries Development Foundation Portland, OR	108,750	52,662
9. Pacific Whiting Industry Development Program	West Coast Fisheries Development Foundation Portland, OR	100,000	52,000
10. Restaurant Marketing Development of Albacore Tuna	West Coast Fisheries Development Foundation Portland, OR	29,350	15,000

1984 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Pollock Industry Development	Alaska Fisheries Development Foundation Anchorage, AK	\$1,300,000	\$849,200
2. Alaska Pollock Promotion and Education	Alaska Seafood Marketing Institute Juneau, AK	321,000	232,700
3. Recommended Whitefish Quality Guidelines	Alaska Seafood Marketing Institute Juneau, AK	18,700	11,300
4. Americanization of the Northeast Pacific Fisheries	Pacific Seafood Processors Association Seattle, WA	250,000	132,080
5. Quality Assurance Education Program/Groundfish	University of Alaska Anchorage, AK	112,570	49,227
<u>Northwest Region</u>			
6. Food Service and Institutional Seafood Marketing Development	West Coast Fisheries Development Foundation Portland, OR	250,000	117,500
7. Development of Methods for Washed Fish Flesh Production Utilization	West Coast Fisheries Development Foundation Portland, OR	100,000	45,880
8. Restaurant Training Module	West Coast Fisheries Development Foundation Portland, OR	33,460	17,000
9. White-Fleshed Fish in the Diet	West Coast Fisheries Development Foundation Portland, OR	23,730	13,733

1983 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Pollock Industry Development	Alaska Fisheries Development Foundation Anchorage, AK	\$1,644,123	\$1,167,500
2. Minced Pollock Pilot Project	Alaska Fisheries Development Foundation Anchorage, AK	143,715	105,000
3. Groundfish (Whitefish) Marketing	Alaska Seafood Marketing Institute Juneau, AK	100,000	99,675
4. Sablefish Market Development	Alaska Longline Fishermen's Association Anchorage, AK	132,500	52,215
<u>Northwest Region</u>			
5. West Coast Seafood Marketing Program	West Coast Fisheries Development Foundation Portland, OR	540,000	270,000
6. White Fish in the Diet & Plasma Cholesterol Level	West Coast Fisheries Development Foundation Portland, OR	18,000	12,000
7. Assessment of Fishery Potential for <u>Loligo Opalescens</u>	West Coast Fisheries Development Foundation Portland, OR	60,000	17,467
8. Development of an Oregon Squid Fishery Market	Southwestern Oregon Community College Coos Bay, OR	70,000	65,000
9. Development of a Washington Squid Fishery	Washington State Department of Fisheries Olympia, WA	41,493	17,603
10. Public Education Program for Recreational Shellfish Fishery	Washington State Department of Fisheries Olympia, WA	26,060	11,200

1982 S-K Awards

<u>Project Title</u>	<u>Recipient</u>	<u>Funding</u>	
		<u>Federal</u>	<u>Match</u>
<u>Alaska Region</u>			
1. Model Whitefish Processing Plant	Alaska Fisheries Development Foundation Anchorage, AK	\$548,825	\$195,000
2. Demonstration Longliner - Processor Aleutian Mistress	Alaska Fisheries Development Foundation Anchorage, AK	123,825	95,200
3. Sablefish Market Development	Alaska Fisheries Development Foundation Anchorage, AK	186,325	123,500
4. Octopus Fishery in the Aleutian Area	Alaska Fisheries Development Foundation Anchorage, AK	70,825	22,000
5. Hydraulic Clam Dredge	Alaska Fisheries Development Foundation Anchorage, AK	123,325	76,000
6. Quality and Preservation of Alaska Groundfish	Alaska Fisheries Development Foundation Anchorage, AK	85,725	21,000
7. Canned Pollock Marketing Test	Alaska Fisheries Development Foundation Anchorage, AK	93,225	19,100
8. Atka Mackerel Product Evaluation	Alaska Fisheries Development Foundation Anchorage, AK	187,825	130,600
9. Pacific Salmon Export Development Program	Alaska Seafood Marketing Institute Juneau, AK	302,825	254,000

RECEIVED FEB 15 1988

ALASKA FISHERIES DEVELOPMENT FOUNDATION

PROJECTS LIST

FEBRUARY 1982

- Legend:
- O Closed out
 - * Winding down
 - ** On hold
 - *** About to be active
 - **** Active
 - R Reprogrammed

(Note: Budgets for projects designated O and P should not be included when calculating total program budget sums.)

NEFS Contract 79-ABH-0034

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NEFS Project #</u>	<u>Title, Contractors, Description</u>
	250,000	O	1.	Demonstration Administration. Fy 1979 AFDF Admin. budget
500	30,000	**	2.	Demo. Public Info. Contractors: George Fiodor, Neil Rabinowitz, Wes Johnsen (NFFD - North Pacific Fisheries Development, Inc.) To develop published/displayed materials about the Harvesting Demo. program. Harvesting Demo. includes Longline (Aleutian Mistress) Trawl; Trawler Demo has been reprogrammed, but this public info project still exists to support both demos.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NEFS Project #</u>	<u>Title, Contractors, Description</u>
504	275,000 (15,000 now)	*	3.	Demo. Trawler. Contractors: Wes Johnsen, Helge Christiansen (NFFD) Vessel "Smaragd", owned by NFFCO, originally chosen as demo. vessel before NEFCO bankruptcy. This was companion project to Aleutian Mistress, intended to convert a shrimp to trawling and provide risk guarantee. \$15,000 spent on conversion design for Smaragd, remaining \$260,000 reprogrammed to AFDF's Acc'ts # 552 and 564 plus others.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
504	475,000	*	4.	Demo Longline (Aleutian Mistress I) Contractors: Aleutian Mistress Associates. Business manager Don Barton, Gordon Lovell. President Seawest Industries (part owner and Project Director), Carryl Pedersen. This budget is just for A. Mistress Phase I: \$200,000 for conversion work, \$275,000 for risk guarantee. See AFDF Acc'ts # 548 and 544 for Phase II and III, respectively.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
506	90,000	R	5.	Demo. Training Originally intended for training program aboard demo. vessels. Cancelled and reprogrammed to various projects.
	35,000	O	6.	Demo. Quality Assurance. Project intended to implement quality assurance research and demo. program aboard demo. vessels. This budget transferred to 80-ABF-00067, #10 with \$100,000 added; then eventually reprogrammed.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
508	195,000	****	7.	Demo. Monitoring and Evaluation. Contractor: Frank Orth and Associates (\$90,000). Observer: Sandi McKenzie. Remaining budget is for contingencies, advisory services, etc. - About \$27,000 went to Wes Johnsen for report on Conversion of Aleutian Mistress. Project purpose is to analyze and report on the technological and economic feasibility of Aleutian Mistress. Budget can be used for monitoring trawler projects also, if funds remain.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
510	1,100,000	****	4.	<p>Model White Fish Processing.</p> <p>Contractors:</p> <p>1979-80, NEFCO originated 1st project and went bankrupt before project awards made by NMFS.</p> <p>1980, Alaska Food Company (James Kross, President) chosen as Contractor. Contract signed November 80, dissolved April 1981. About \$110,000 disbursed to AFC, \$95,000 of which is in litigation. Other expenses related to AFC contract are for Technical Advisory Team travel and consulting, to Barlundhaug, Fleming, Lowell, Pennington.</p> <p>1981-82, RFP issued July 1981, Trident Seafoods Corporation chosen as contractor September 1981. Expenses incurred for Palmi Ingvarsson report and for Proposal Review Committee meeting. Contract signed December 1981. Trident President Charles H. (Chuck) Sundrant, Project Manager Todd Shaw. Budget for Trident Contract is \$800,000.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
528	30,000	****	5.	<p>Extension Services.</p> <p>NMFS Title "Establishment of a Fisheries Extension Service for Rural Western Alaska".</p> <p>Contractor: Bering Sea Fishermen's Association.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
514	98,736	*	6.	<p>Arctic Sea - CEDC</p> <p>NMFS Title "Marketing Assistance Program for Small Rural Fisheries".</p> <p>Contractor: Arctic Sea, Inc., subsidiary of CEDC (Community Enterprise Development Corporation) Terry Feeve, President Arctic Sea, and Gretchen Marnix, Vice President, CEDC.</p>

NMFS Contract: RC-APH-00067

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
520	7,450	0	1.

Title, Contractors, Description

Roundtable Workshop on Rural Fisheries
Contractor: Bering Sea Fishermen's
Association. Funds used to pay travel
expenses for workshop attendees, and
for Mark Roye to write report. If
funds remain in budget, they can be
used to publish report after Sharon
Gwinn edits.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
512	20,000	**	2.
	78,940	R	

Title, Contractors, Description

Opilio Crab Marketing.
NMFS Title "Marketing Demonstration
Project for Opilio Tanner Crab".
Original project budget \$98,940;
contracted to 13th Regional
Corporation (Jim Strichartz, counsel
and Project Director) and partially
subcontracted to Guenter Conradus of
Applied Economics Associates.
Contractor did not perform adequately
- \$78,940 of budget was reprogrammed
to ANUGA (AFDF Acc't # 512.6 and 550)
\$20,000 kept in budget for
contingencies associated with original
project.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>
516	18,000	0	3.

Title, Contractors, Description

Rockfish Jigging.
NMFS Title "Exploratory Hydraulic and
Electric Jig Fishing for Rockfish in
the Seward Area." \$18,000 State cost
share added to this budget.
Contractors: Don Hanson, F/V
Prospector, Harry Mitchell, F/V Blue
Dolphin
Mike Broili did some observer work on
contract.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
522	12,900	****	7A.	Annual Report. NMFS Title "Status and Scope of domestic commercial groundfish and other domestic underutilized fisheries in Alaska". Contractor: Natural Resources Consultants, Dr. Lee Alverson and Steve Hughes (Seattle).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
524	11,100	****	7B.	Long Range Plan. NMFS Title "Regional Five Year Development Plan". 1981 - Leslie Robinson and Mark Hutton contracted to do update. 1982 - Update being done by staff, if at all.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
526	36,000	***	7C.	Investment Profiles - Dr. Abby Gorhan. NMFS Title "Investment Profiles for Small Vessels." Contractor: Dr. Abby Gorhan, University of Alaska-Fairbanks. In old files, this project may be referred to as "Small Vessel Conversion." NMFS contract stipulates it shall include "a projection of fuel consumption by the nearshore and offshore fleets."

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
518	12,700 plus 24,900 (81-ABC-00279- FK-81-27)	*	8.	Pollock Conference. NMFS Title "Trawl Fishing Technology Workshop." Contractor: Natural Resources Dr. Lee Alverson. Other expenses associated with Pollock Conference at Sheraton Anchorage, November 1981.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
520	9,960	0	9.	Friedrich Busse NMFS Title "Foreign Factory Trawler Observation and Training Program." Contractor: Applied Economics Associates, Guenter Conradus. Observers: Hank Pennington, Terry Elwell. \$10,000 State cost share added to this budget.
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
532	135,000	R	10.	Quality Assurance and Training, Expanded Program
<u>NMFS Contract 81-ABH-00014</u>				
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
536	150,000	****	1.	Sablefish Marketing. NMFS Title "Marketing of Sablefish." Contractor: ALFA (Alaska Longline Fishermen's Association) - Project Manager Greg Baker. Also involved: Halibut Producers Cooperative.
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
538	25,000	**	2.	Auto-Longlining Demo., Small Boat. NMFS Title "Automated Longline Gear Demonstration". No contractor yet - Will issue RFP.
<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
540	25,000	***	3.	Baiting Systems. NMFS Title "Baiting Systems for Longline Gear." Contractors: John Enge, Jr., and Kurt Wohlhueter.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
542	23,700	**	4.	Remote Area Small Vessel Cod (Poye). Contractor: Mark Poye. This is a demonstration of small-vessel longlining cod and salting for preservation in remote area of Bristol Bay where no processing facilities exist.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
544	67,000	****	5.	Aleutian Mistress III. NMFS Title "Processing Cod at Sea." This project is intended to provide technical assistance and overall evaluation and documentary services during and after Phase II operations. Technical Assistance Contractors: Baader (Eydfinn Tausen, Juergen Nagrodski, Bob Witte). Mustad (William Nygaard, Arni Thomson). North Pacific Fisheries Development (Sig Jaeger).

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
546	169,700	****	6.	Arctic Trawler (Minced Pollock). NMFS Title "Minced Pollock Processing". Contractor: Trans-Pacific International Industries, Seattle, owner M/V Arctic Trawler. Project Manager - Michael Nordby Skipper - Conrad Uri President Trans-Pacific - John Sjona Observer - John Dent, employee of Trans-Pacific.

NMFS Contract 91-ABH-00114 (Reprogramming)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
548	325,000	****	7.	<p>Aleutian Mistress II. NMFS Title "Demonstration Longliner - Processor F/V Aleutian Mistress, Phase III". Contractor: Aleutian Mistress Associates. Project Director Darryl Pedersen, President, Seawest Industries. Business Manager Gordon Lowell, Sea-Quest Enterprises and Jonah, Inc. Skipper Terry Sparks. \$125,000 for vessel modifications, \$200,000 for risk guarantee (45 fishing days).</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
550	78,940	*	8.	<p>ANUGA NMFS Title "ANUGA '81 European Show". Contractors: Richard Montague, Bob Bowser (Gene Davis & Associates), others.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
552	60,000	***	9.	<p>Refrigerated Sea Water (RSW) Trawler. Contractor: Millivaw Fish Company, part owner F/V Storm Petrel. F/V Storm Petrel, Captain George Fulton. MARCO (Marine Construction & Design Co.), Seattle, part owner and project conception. Eldon Grimes - Quality assurance Stuart Roach - RSW technology Paul Gilliland - finance, communication w/vessel.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NMFS Project #</u>	<u>Title, Contractors, Description</u>
554	40,000 (Add to Admin?)	****	10.	<p>Reporting on AFDF Projects. This money allows us to expand staff to take care of reporting responsibilities.</p>

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NFS Project #</u>	<u>Title, Contractors, Description</u>
556	10,000	**	11.	Aleutian Mistress Reports. NFS Title "Publication of Reports on Automated Longliner-Processor." Contractor: Printmore Corporation Report Publishing Costs for: Wes Johnsen Conversion Report and Executive Summary Orth: Interim Report Orth Final Report (to come)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>Status</u>	<u>NFS Project #</u>	<u>Title, Contractors, Description</u>
558	10,000	**	12.	Atka Mackerel Report. Contractor: To be done by staff with assistance from Barry Fisher. Funds are for research and publication of a report summarizing existing knowledge on Atka mackerel.

(The following projects have no NFS Contracts yet, Project Director has arbitrarily assigned NFS Project numbers)

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
560	25,000	**	13.	Salt Cod Production. Contractors: Unknown. Probably some combination of Jangaard Alaskan Fisheries, Universal Seafoods, and Pelican Cold Storage (Presidents Ailie Renne, Dick Pace, Jim Ferguson, respectively). Needs Board direction and NFS OK to become active.

<u>AFDF Acc't #</u>	<u>Budget</u>	<u>NFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
562	50,000	**	14.	Small Boat Demonstration Project. Project coordinated with Sea Grant: Hank Pennington, Kodiak Brian Paust, Petersburg. Probably will be a squid project using David Street's vessel out of Ketchikan, and a flatfish trawling project in Kodiak. Needs NFS OK to become active.

<u>AFDF Acct #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
564	50,000	**	15.	Small Trawler. NMFS Title "Quality and Handling of Trawl-Caught Cod and Pollock." Needs Board direction and NMFS OK to become active.

<u>AFDF Acct #</u>	<u>Budget</u>	<u>NMFS Status</u>	<u>Project #</u>	<u>Title, Contractors, Description</u>
526	20,000	**	16.	Investment Profiles Worksheets. This \$20,000 has been added by NMFS to the Investment Profiles - Abby Gorham project, but the money stays with AFDF, does not go to Gorham. It is for translating Gorham's results into worksheets to be used by Foundation.

the **LODESTAR**

Charting the course of fisheries development today.

Alaska Fisheries

Development Foundation, Inc.

Volume VI Number 4, Autumn 1988

Special Issue: AFDF at ten

This special 10th Anniversary Celebration issue of The Lodestar tells the story of Alaska Fisheries Development Foundation.

It recalls the beginnings of AFDF, its first board of directors, its struggle for life, and its first projects. It tells the tale of efforts successful and frustrated, of people coming and people going. Even if The Lodestar were more than eight pages, there would not be enough room to tell all the stories, to introduce all the characters, and to remember all the moments that were turning points in the Foundation's history.

But this is a start. It will help acquaint newcomers to the Foundation and its beginnings. It will stir long-time associates to remember things they might have forgotten. It will possibly encourage more people to join the Foundation and be involved in its projects in the coming ten years.

This issue of The Lodestar not only celebrates the achievements of the Foundation; it also celebrates all the people who have been associated with AFDF through the past decade. There won't be room to mention them all, though their names and efforts are inscribed on the inner halls of the Foundation's collective memory.

And what a collective memory it is. Just for starters, we thank our 1988 board of directors:

President
Al Burch, Alaska Druggers Assoc.
1st Vice President
Steve Smith, Kemp Pacific Fisheries
2nd Vice President
Phil Hanson, UniSea
Secretary/Treasurer
Rod McLachlan, Trident Seafoods

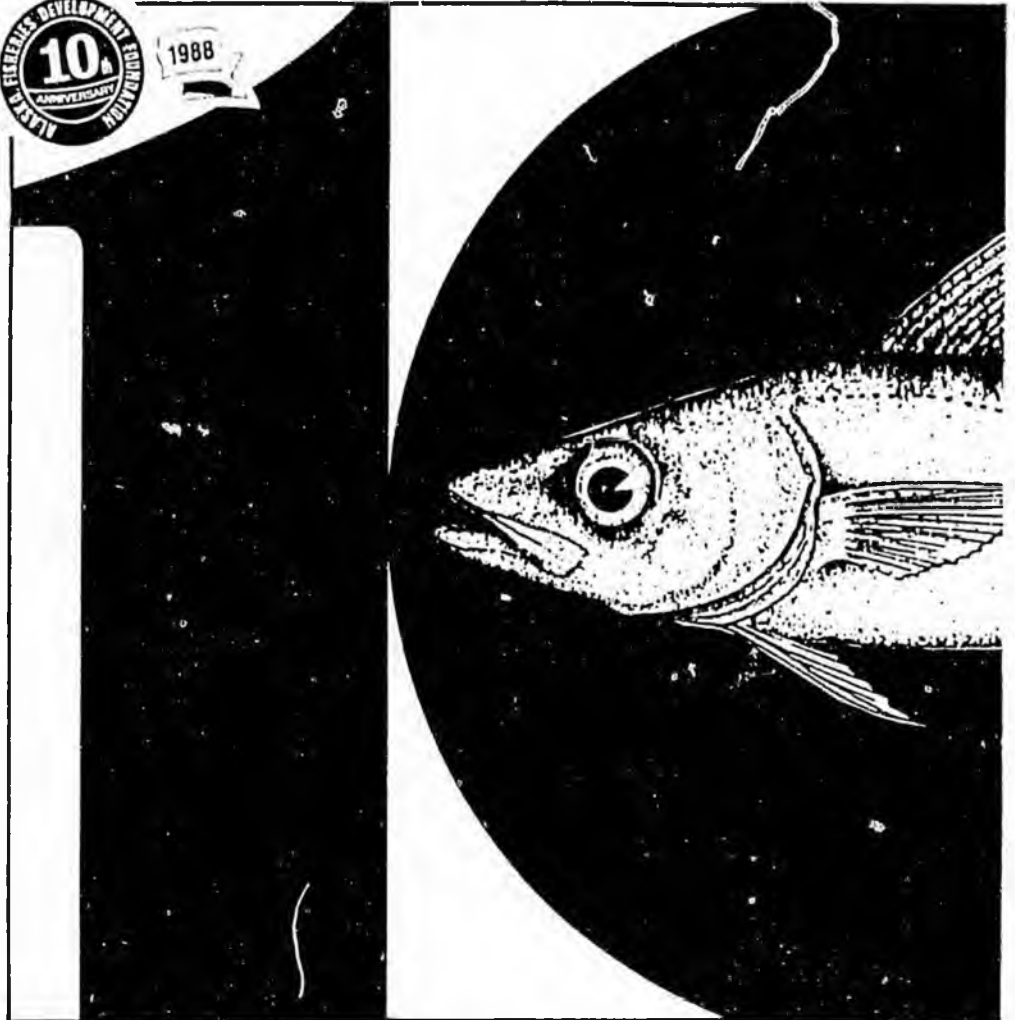
John Sevier, Alaska Pacific Seafoods
Oscar Dyson, All Alaskan Seafoods
Henry Mitchell, Bering Sea Fishermen's Association
Hank Eaton, F/V Skagit Bay
Phillip McCrudden, McCrudden Fishing Ventures
Rae McFarland, McFarland Foods
Gil Gunderson, Northern Fury Seafoods
William Reinke, Van Camp Seafood

In addition to the board of directors, AFDF relies on and gains much from the direction of Carl Rosier, Chief of Industry Services at National Marine Fisheries Service Alaska Region in Juneau.



1978

1988



A Decade of Development

By Krys Holmes

Looking back, the path Alaska Fisheries Development Foundation has taken in the last ten years seems direct, planned, almost inevitable. But from 1978 looking forward, it was a dubious, chaotic, and sometimes staggering path facing the new organization.

Like most things in the fishing business, it all started with a rumor. The way Sara Hemphill tells it, someone heard that National Marine Fisheries Service (NMFS) had got hold of \$3 million of federal Saltonstall-Kennedy funds and was going to give part of it to New England Fish Co. (Nefco) for a white fish development project.

"In typical Alaskan style, the fishermen started screaming," Hemphill said. It seemed NMFS wanted to award the contract without bids, and Nefco would get a windfall of public money. NMFS called a meeting in December 1977, but expected only a few people. The room was full.

"What came out of that meeting was a consensus that NMFS couldn't let a \$3 million sole source contract, and that

we should set up some organization that could funnel the Saltonstall-Kennedy money to the industry," Hemphill said.

Almost twenty months later, the Alaska Fisheries Development Corporation, with \$100,000 startup money from the state of Alaska and Sara Hemphill as executive director, embarked on its first white fish development project, a \$1.475 million demonstration of the economical and technical feasibility of Alaskan fishing vessels and processing plants going after the foreign-controlled Alaskan white fish industry.

The Saltonstall-Kennedy fund was created by a 1954 act of Congress to devote one-third of all revenues from import tariffs on marine products, including coral, pearls and seafood products, to the U.S. seafood industry. The money was to be used for fisheries development projects, and its application was to be industry-directed.

"That first project had something for everybody," Hemphill said. The project was segmented to include activities from all parts of the state and to include fishing, processing

and marketing. It included shrimp boats, longliners, crew training programs and processing demonstrations. It touched on pollock, cod, sablefish, and black cod.

1978

Alaska Fisheries Development Corporation was formed, the first organization in Alaska to include both fishermen and processors, and to span all industry interests. Ron Jensen was the president of the board of directors. Other board members were Patrick Pletnikoff, Pete Harris, Connie Taylor, Al Burch, Larry Painter, Jim Ferguson, John Enge Sr., Robert Morgan, and Jim Marr. Hemphill was Acting Executive Director, and was soliciting applications for the permanent post until the board convinced her to step fooling around and apply for the job herself. She did; she was Executive Director until 1982.

"After many months of careful planning and preparation, the public trust in fisheries development is now an active, tangible reality."

—AFDF Bulletin August 1980

Through the first year of AFDC, members were most concerned with increased foreign allocations of bottomfish under the one-year-old 200-mile limit law. A November

10 AFDC newsletter quoted attorney Ed Furia speaking to a U.S. bottomfish workshop: "We found out this morning ... that the State Department is considering increasing the allocation of Alaska bottomfish to Korea and to Poland so that they can sell those bottomfish in the United States.... We think this is incredible."

The goal seemed clear to membership: to capture the profitable fishing and processing activity that was then given to foreign companies. The methods seemed less clear. The Alaskan fishing industry was segmented, with many separate groups representing gear types, regions and activities.

The same AFDC newsletter of Nov. 10, 1978 tells a story of two boys trying to balance on railroad tracks. Neither could make it far, until they discover that by holding hands across the expanse they could keep each other balanced. "AFDC symbolizes the hands held across the track," wrote editor Connie Taylor.

1979

After riding a "rollercoaster on the funding issue" through the winter of 1978-79, Sara Hemphill announced in the spring of 1979 that Congress had finally approved \$1.445 million, promised the year before. But it would take until September to see the first dollar of S-K money. In the meantime, the

"Government must recognize that its agencies are not experts; the expertise resides in the private sector. Government must assist without interfering, challenge without destroying and encourage without building a false foundation."

—The Lodestar Autumn 1983

board updated its white fish development project proposal, and prepared for some smaller projects.

In October, bids were solicited for a bottomfish trawler, a shrimp trawler and a longline vessel, and for shore-based or floating processors who would handle the product harvested

by the project's boats. It was a small step toward Americanization of Alaska's bottomfish resource.

Also in 1979, the board of directors decided one change had to be made to ensure the organization of its non-profit status, and to underline the philanthropic purpose that characterizes the organization: they changed its name to Alaska Fisheries Development Foundation.

1980

"Working to meet the diverse self-identified needs of the Alaskan industry is a monumental task," wrote Sara Hemphill in February 1980. As a first step, the AFDF board drafted a mission statement, affirming that the Foundation's purpose was "to encourage the full and viable domestic utilization of all Alaskan fisheries consistent with wise resource management and healthy development of Alaska's fishing communities."

By this time AFDF had developed a reputation as the only arena in which fishermen and processors, on-shore and off-shore, Southeast to the Bering Sea, could communicate needs and cooperate in solutions.

AFDF's 1980 projects included helping create a shore-based white fish processing plant, originally sited at Alaska Food Company at Gibson Cove, in Kodiak; and equipping a 124-foot combination crabber/longliner called the *Aleutian*

Mistress with a Mustad auto longlining system. Both projects would see plenty of changes before they were finished. The *Aleutian Mistress* was the first of many projects in which Haader North America contributed technology, time and expertise to an AFDF project.

AFDF also arranged to place U.S. observers aboard the German factory trawler *Friedrich Husta* to collect harvesting, processing and economic data. Participants confirmed that the North Pacific bottomfish learning curve was indeed very long, and that the market had no patience for those who were still on it.

Ron Jensen resigned from the board in 1980 and was replaced by Bob Anderson. AFDF hired Sharon Gwinn as assistant executive director; she was with the Foundation until 1985 and returned in 1986 as acting executive director. Bettymae Jones was hired as office manager.

1981

"U.S. development of an Alaska pollock fishery will probably not be viable until we develop successful methods of using minced pollock either as an export commodity or in products acceptable for domestic consumption," said Dick Nelson of NMFS in 1981. His comment solidified ideas AFDF had been tossing around that fisheries development would not depend solely on fishing and processing Alaska's bottomfish, but on developing new, marketable products from Alaska's most abundant raw material.

A huge slate of 17 projects received \$1.9 million in S-K funds for fiscal year 1981-82. They included shore-based and at-sea cod, salt cod and pollock processing, demonstrations of longline gear, baiting systems and fishing, a fish waste recovery project, several small fishery studies, a fishing vessel safety project, a study of cold storage and transportation needs in Alaska, and several marketing and informational projects.

In November 1981, AFDF sponsored a conference entitled, "Alaska Pollock: Is it a Red Herring?" The meeting would finally fire to Alaska's bottomfish development.

The AFDF board of directors in 1981 included Bob Anderson (as president), Al Burch, Jesse Foster, Greg Favretto, John Enge, Hank Eaton, Dan Flynn, Richard Pace, Ken Allread, and Jake Phillips. Charlene Wilson and Michael Broili joined the staff in this year.

1982

Greg Cushing and Bill Woods joined the AFDF board of directors; Sara Hemphill resigned, citing a need for "new blood"—she may have felt she'd already spilled enough of her own—and Christopher K. Mitchell was hired as AFDF's second executive director. In an *Anchorage Times* interview, Hemphill said she favored hiring Mitchell because "he asked harder questions of us than we asked of him."

In 1982 the Model White Fish Processing Demonstration Project was moved from Kodiak to Akutan, on the Aleutian Chain 700 miles west of Anchorage. There Trident Seafoods had built a 100,000 square foot plant dedicated solely to white fish processing. The Trident plant, the first of its kind ever built in Alaska, could handle more fish than Oregon's entire annual harvest. The project would begin with a target production of split, salted Pacific cod in March, and frozen filets later.

AFDF circulated 400 questionnaires to Alaskan fishermen and processors to help identify future projects that might have a significant impact on the future of Alaska's fisheries economy. The Foundation received 42 project proposals that year.

"Our most important mission," reads a newsletter from early 1982, "is to accelerate the growth and diversification of Alaska's seafood industry." With that goal in mind, the AFDF staff applied another year of S-K funds toward enhancing shore-based white fish processing at Akutan, completing the *Aleutian Mistress* project, demonstrating the quality and preservation of Alaskan groundfish, and exploring the feasibility of several new fisheries targeting on pollock, Atka mackerel, razor clams, sablefish and octopus.

By 1982 it was clear that developing the pollock fishery would depend on developing products to make from pollock—primarily surimi. A May/June AFDF Bulletin brings surimi to the Foundation forefront for the first time. "Seafood Alchemy: Turning croaker into crab legs" reads the headline; the story told of Nichibei Fisheries in Alabama.



the company where AFDF would later find surimi technician Billy Thrash, who aided AFDF in its first tentative months of surimi production.

By 1982 the Foundation staff had increased to include Anita Murphy, Sharon Tyone, Linda Allen and Florence Scott. Late in the year, Ellen Wilson was hired as secretary. And on March 1, a day that will live in infamy for both AFDF and the pyrotechnics industry nationwide, (the once set fire to a stack of old Wall Street Journals on his desk while negotiating fantasy stock deals with Doug Humes) Chris Riley joined the staff as project manager.

1983

Throughout the history of AFDF run several common themes: creating opportunities for fishermen, filling the gaps in U.S. seafood processing technology, and exploring new uses for Alaska's seafood products. But in 1983, under the direction of Chris Mitchell and the nervously supportive eye of Carl Rosier of NMFS, AFDF took a dramatic turn: the Foundation moved away from its "scattershot" projects, planted most of its resources behind one concentrated, multi-year project, and dedicated itself to discovering and developing new methods of producing surimi from Alaska pollock.

"We're looking for a few greedy people," read a brochure AFDF produced that year. To succeed in a risky project like the surimi program—going against the political tides and certainly against the Japanese interests now very powerful in the Alaskan seafood industry—it would be necessary to make sure everyone had something to gain from the project. In 1983, AFDF submitted its surimi project proposal to NMFS, and began to lay groundwork for the project that would put AFDF on the map.

The staff contacted 500 U.S. companies—suppliers of ingredients, equipment, materials and knowledge—and sent out samples of Japanese surimi for product development purposes. Within months, companies across the country were twisting, poking, flavoring, coloring and tasting surimi.

The staff, hoping that at least some of these companies would find surimi profitable, pumped out as many samples and as much information as they could get hold of. And in the interests of better communications, The Lodestar was born.

In December 1983, AFDF selected from among five bidders one plant to conduct its surimi production project. After hours of proposal review, analyses and deliberation, a specially-selected board of advisors awarded the project to Royal Alaskan Seafoods in Dutch Harbor. The plant would be shut down within a year; and the deliberations would have to be repeated the following year. But, Chris Mitchell was quoted as saying, the level of knowledge demonstrated by the companies proposing for the project indicated "a growing strength of knowledge and commitment" to building an Alaskan surimi industry.

In early 1983, Barbara Culver joined the AFDF staff as accountant. Also in 1983, the Trident Seafoods

plant in Akutan—after only one year of operation—burned to the ground.

1984

If 1983 was AFDF's Year of the Pollock, 1984 was the Year for Surimi. AFDF published "Hooked on Surimi," a directory of companies offering services and equipment to the surimi industry. The staff continued to investigate uses for surimi. The Foundation and National Food Processors Assoc. held a surimi conference in Washington, D.C. that drew 200 people and seemed to set fire under each of them.

But primarily, the energy of AFDF and its associated companies was toward building the first commercial surimi plant in Alaska. With Bob Ryan as chief engineer and Billy Thrash as surimi consultant, Royal Alaskan began small-scale surimi production on May 4. The quality was low, but excitement was high. Despite much talk to the contrary, Alaska had proved that it could make good surimi.

That summer, Royal Alaskan was shut down, the surimi project halted, and AFDF issued a second RFP for shore-based surimi production. This time, rather than a pilot-scale plant, AFDF went for full-scale commercial production of surimi. Alaska Pacific Seafoods of Kodiak was the winner this time, and late in the year all the surimi equipment was moved to Kodiak.

1985

"Surimi: It's American Now," announced The Lodestar in January 1985, under an illustration of the Norman Rockwell Thanksgiving table spread with surimi-based products. The illustration has become one of AFDF's trademarks. The message was twofold: Not only was it proven that Americans could make high-quality surimi on shore in Alaska, but the surimi was made with a combination of traditional Japanese and modern American and European technology.

Two hundred people came to "White Gold," a grand opening of the surimi plant, to get their shoes wet and see American surimi made. Once on shore, surimi began to capture the imagination of food executives and technologists. One company experimented with a surimi-based cheese log; another with surimi in cake mix; another with baby food. The potential value of an Alaska pollock industry profiting from waste, mince, meal, oil and surimi was estimated above \$6 billion per year.

Knowledge about the pollock market coincided with the opening of the rebuilt Trident Seafoods plant. Owner Chuck Bundrant had turned disaster into an opportunity, and had included

in his rebuilt plant design for pollock and cod processing equipment. With the new plant, Bundrant was set up to process 52,000 lbs. of pollock per day, worth over \$1 million per month, which at capacity would pay fishermen about \$260,000 per month.

In 1985 the pollock biomass seemed wending. Yet it became clear, from a standpoint of economics, efficiency, and resource management, that a successful pollock plant would have to fully use every ounce of protein an Alaska pollock has to offer.

With nearly a million pounds of surimi on their hands, the AFDF staff turned their attention to market development. How to create entirely new markets and uses for a material few knew very much about? A few analog plants were springing up in the Lower 48. AFDF concentrated on working with food develop-

ers, those who would create products beyond the imitation seafood market. It was the beginning of an endeavor still continuing, though today the effort centers not only on surimi but on all seafood forms.

1986

A good year for the product development effort for surimi at AFDF. The year dawned with a new line of health food products including a granola bar and a powdered protein drink, all using surimi. Next, Lynda Nestelle created a moisturizing cream using surimi as the binder. The trend continued with AFDF's first visit to the Western States Meat Association convention, where the little fisheries booth was nearly bowled over by eager meat packers who were either checking out the opportunity or the competition—even they may not have been sure which.

AFDF had achieved three important goals in its surimi project: it had successfully produced surimi in the U.S.; it had proven that existing technology could be improved upon using existing American equipment and techniques; and it had marketed the surimi in the U.S. and Japan.

And so, AFDF began the process of stepping back from the forefront of surimi industry development. By this time there were two other surimi plants on shore in Alaska and several floating processors being built. Work was being done independently of the AFDF project that indicated the surimi industry was on strong footing. It was time to start looking to the future.

In the spring of 1986, Chris Riley left AFDF and the surimi project he had devoted himself to. In the fall, Chris Mitchell resigned to start his own company in Seattle. In September Sharon Gwinn, who had left in 1985 to start a business with Richard Rhoda, returned to fill in as acting executive director.



1987

Ten years after that first December meeting that sowed the seeds that would become AFDF, foreign fishermen harvested Alaskan white fish in U.S. waters for the last time.

The new year brought high prices for U.S. pollock fillets and blocks, and doubled production of surimi for Alaska Pacific Seafoods. The economy of Alaska was deep in a recession but Kodiak boomed from bottomfish activity. AFDF started a project to enhance fish waste processing technology, and focused on gaining USDA approval for surimi as an ingredient in meats.

In March, AFDF published *Surimi: It's American Now*, the first compendium of surimi knowledge in the U.S.

On April 1, Mel Monsen joined the staff as executive director. Soon after, he hired Loreita Lure and Peter Moore, who had been temporary contractors to AFDF during the transitional period.

The effort to move AFDF from its surimi project toward the future began with a flatfish demonstration project, a new seafood product development contest, and a study of pollock liver oil and its potential uses. The Foundation had moved from the uncertainty of its start, through the process of proving itself by aiding different segments of the industry, into a very focused project that was planned to benefit the entire Alaskan seafood industry directly or indirectly—and now began broadening its vision again to encompass the areas that still needed the unique kind of activity only the Foundation can conduct.

1988

In its tenth year, the Alaska Fisheries Development Foundation enjoys the stability that comes with having a history. Not everyone has supported AFDF or its projects, or agrees with the directions it has taken. Many agree the Foundation has been a force of change and growth in the industry; some think it hasn't done enough to benefit small Alaskan operators.

There were a few successes in 1988. Surimi gained approval from the USDA as a processed meats ingredient. The tenth U.S. surimi factory ship has been launched; a salmon chili that resulted from the Foundation's new product contest is entering commercial production; Koriak Reduction, Inc. added a dryer to its meal plant and the flatfish project at Eagle Fisheries is moving piecemeal toward profitability.

AFDF celebrates its tenth anniversary with a taste of uncertainty flavoring the punch. The SK Program funneled less money to fisheries development projects this year than ever before. Some member companies are beginning to question if the priorities outlined by NMFS speak to the needs of the industry. But a few things are clear: AFDF was set up as a catalyst for public funds directed toward private industry, to benefit the greatest number of people with the smallest amount of bureaucracy. Members agree that, whatever direction the Foundation takes in the future, its role as high-risk catalyst will continue.

Back to the Future: What's AFDF up to now?

*Alaskan flatfish impresses the U.S. market;
a new surimi product—possibly for fast food;
and the search is on for oil processors*

Alaskan flatfish is attractive to the domestic market because of its reasonable price and high quality, but bad weather and scattered stocks make it a questionable wintertime fishery.

Those are some preliminary conclusions from the Eagle Fisheries flatfish demonstration project, where Eagle has produced mechanically-processed fresh and frozen fillets and frozen fillet blocks from the region's flatfish resource since February of this year.

In their November monthly report, the Eagle staff wrote, "A major national restaurant chain has tested Alaska's flatfish and accepted them for a test marketing program to place Danish flounder. The reason? The price is low and the quality is high."

Most high-quality flounder produced in the U.S. is generally siphoned off to pricey fresh markets; the rest are frozen, Eagle said. Asia exports a more reasonably-priced IQF yellowfin sole produced at-sea, but quality of that product ranges from "OK to awful," Eagle reports.

"Like many other Alaskan products, it appears that a niche between the two extremes of low-priced seconds and high-priced fresh is the ultimate direction for IQF Alaskan sole."

In most developing fisheries, the assumption has been that, if there's a market for the fish, the fishermen will be able to deliver. However, Eagle is the first shore-based flatfish plant to remain operating through the winter, and the plant is learning some unique lessons about Gulf of Alaska flatfish.

The many species of Alaskan flatfish, which congregate during the warmer summer months, moved out of their traditional grounds in the fall and now, when they can be found, they're less concentrated than before. As a result, landings in September and October were far lower than the million-plus-pounds monthly landings in July and August. October brought only 390,507 lbs. in flatfish landings at Eagle. Rex sole comprised 36% of the catch, Dover sole 33%, rock sole 20% and flathead 11%. All species were in varying stages of roe development.

To maintain production consistency for the one Baader 175 flatfish filleter at Eagle, the plant established a 70,000 lb. trip limit for its boats. It has been a moot point: average deliveries in October were 24,000 lbs., and the

largest single delivery was 50,000 lbs.

"Though the fishery has indications (that it can) support a substantial fleet, weather limitations in wintertime still may not allow a plant to work at capacity," Eagle's report said. "Regardless of a vessel's size, it appears that mixtures of marketable soles with other, perhaps unmarketable species, make this wintertime fishing for sole only a 'scratch' proposition at best. The offshore location of stocks does not make fishing impossible, apparently, but it does make proper sorting and icing at sea of the delicate sole unlikely during periods of bad weather."

Production yields continue to increase over yields attained early in the project. Yields to trim weight in October averaged 29.3%, and overall plant yield after packaging was 27.1%. Yields by species were: Dover, 31%; rex 30.3%; flathead 26.9%; rock sole 26.2%.

One of the goals of the project is to compare yield averages of the Baader 175 to those of experienced hand filleters. In October Eagle hired two hand filleters. A preliminary production test run showed the hand filleters attained yield figures averaging about 1% higher than the Baader 175 for each species. However, in controlled tests the Baader 175 and the hand filleters achieved the same yields.

The goal of AFDF's flatfish demonstration project is to investigate the technical and economic feasibility of a shore plant entering into Alaska flatfish production. The cornerstone of this project is the Baader 175 flatfish filleting machine, which is in use on flounder and sole worldwide. However, it has been discovered during this project that some Alaskan flatfish species are physiologically different from their Atlantic or European brethren, and some adjustments to the filleting machine, and to the Baader 52 skinning machine, have been made for applications in Alaska.

Baader North America donated the use of its 175 filleter and its 52 skinning machine for the flatfish project. The Baader 52 was removed from Eagle last summer to make adjustments for Alaskan fish; it will return to the plant in the upcoming weeks.

Trio Industrier of Norway also contributed use of its Trio Skinner, which now is in operation behind the Baader 175, and reportedly is an excellent machine for Alaskan flatfish.

Eagle has also acquired a Scan:next automatic sorting machine, which weighs and sorts the frozen fillets into boxes for shipping.

AFDF publishes a monthly newsletter called "Sole Source" that covers the progress of the flatfish demonstration project. It is available free of charge. For more information about the flatfish project, call Peter Moore at AFDF.

*Will surimi be used
in formed steak?
Could be at a fast-food
restaurant someday*

"Nobori offers a steak sandwich in the fast food business," a meat processor said at the Western States Meat Association Expo in November. "They can't afford to make it. But if they had surimi, maybe they could."

As part of the Expo, Dr. John Carpenter of the University of Georgia in Athens presented findings from a study of surimi as a binder in restructured steak. His study was part of AFDF's New Product Development Contest, which began last summer and was designed to encourage development of new commercial non-analog products from surimi, minced pollock and minced salmon.

Dr. Carpenter's study centered on developing restructured beef steaks using available plant machinery. He purchased fresh beef knuckles from a local butcher, removed all the fat, connective tissue and muscle sheaths, and cut the muscle meat into cubes measuring either 1x1x1" or 1x1x2" (to test the effect of meat particle size.) The surimi, with 0.5% sodium chloride

and 5% sodium tripolyphosphate added, was added to the meat in a mixer by extruding the surimi from a syringe with the tip cut off, a method that allowed very easy blending of the surimi and meat. The mixture was then stuffed with a vacuum stuffer into bologna casings, allowed to set at 4°C and then sliced into 3/4-inch steaks.

Dr. Carpenter wanted to find out two things: first of all, would a restructured steak using surimi have an acceptable texture, flavor and moisture? And second, how much surimi should be added, and how would the level of surimi used affect the overall characteristics of the product?

Taste panelists in Athens and in Anchorage agreed that the product was acceptable. The restructured steaks rated high in taste, mouthfeel, texture and juiciness. Even one sample that was deliberately overcooked came out no worse than any normal beef steak cooked too long.

But how much surimi should be used? Dr. Carpenter experimented with levels from 0.5% to 3%, including one sample with 1% surimi and 1.5% sodium caseinate. He evaluated the products at 0, 7, 14, and 20 days, and found that there was a marked deterioration of aroma and texture by the seventh day, though flavor and mouthfeel were not affected. But by 14 days the scores were back up again. Panelists did find some overall differences in aroma and flavor after the product had been stored 20 days. And one experiment revealed a preference of 1% surimi over 1.5% surimi levels used in the product. The product with sodium caseinate was not preferred by any of the panelists.

Dr. Carpenter also conducted studies on the relative bind of surimi at different levels, and of the microbiological differences of product using different levels of surimi and at different time intervals. His results are

*Dr. Carpenter's
reformed steak
with surimi as
a binder: Good
bind, good bite,
good idea.*



charted in progress reports; AFDF will publish his final report early next year.

"Surimi structured steaks have the unique potential to be marketed in the fresh state," Dr. Carpenter reported. "There existed a protein/protein interaction between the beef and surimi that further accommodated the binding effect. From these results, it was determined that much less surimi could be used and that larger meat pieces could be successfully bound in the raw state. It appears that 1% is the best level of surimi to add."

For more information call Loretta Lure at AFDF, or Dr. Carpenter, University of Georgia College of Agriculture, Athens, GA 30602; (404) 542-2286.

At last: Some real economic data on the Alaskan seafood industry

A cooperative venture by several public and private organizations will result in three related documents that will provide for the first time information about the economic importance of Alaska's seafood industry.

The three reports are all due out within the next six months, and together will give public and private interests alike the kind of industry-wide information on which decisions can be made about investment, community development, infrastructure needs and business development plans.

The first report out will be "A Comprehensive Fisheries Economic Development Plan," published by the Southwest Alaska Municipal Conference from data collected by Graystar Pacific Seafood, Ltd. and Coopers & Lybrand. This study will involve analysis of trends in fishery resources, industry activity, and markets in the Southwest Alaska region. It will also outline the area's requirements for development and an economic development plan for the region.

The plan is scheduled to be published in December 1988. For more information call John Levy, Southwest Alaska Municipal Conference, at (907) 274-7555.

A cooperative study sponsored by the Alaska Seafood Industry Study Commission, in which AFDF is a participant, will evaluate the value and economic importance of the seafood industry to the economy of the state of Alaska.

This study is being conducted by The McDowell Group of Juneau, through surveys of processors, fisheries organizations and fisheries-related agencies, and through intensive data collection from the Commercial Fisheries Entry Commission (CFEC), the Alaska Department of Labor (ADOL), and National Marine Fisheries Service (NMFS). From ADOL, the McDowell Group is collecting employment and payroll data; from CFEC, regional and statewide summaries of seafood processor production and wholesale value statistics by species

and product. NMFS will help compile data on joint venture and foreign catch statistics from 1977 to 1987, and domestic catcher/processor and mothership production statistics for 1986-87.

The Alaska Seafood Industry Study also includes regional and statewide seafood catch statistics from the Department of Fish & Game; fish tax and license revenue data from Department of Revenue, and other related information such as processor permits, seafood exports, investment history, employment levels, budgets of public agencies, and net earnings by species, gear type and area. The Alaska Seafood Marketing Institute, Alaska Factory Trawlers Association, the International Trade Administration, and several other companies and agencies are participating.

The final report, scheduled to be completed in January 1989, will be the first compilation of such information yet to be made available. Copies will be distributed through AFDF, and through some of the other participating firms. For more information call project coordinator Loretta Lure at AFDF, or Eric McDowell at The McDowell Group, (907) 586-6126.

...And a new white fish oil study begins

One of the primary goals of the fisheries development community in Alaska is to learn how to make better use of the material now wasted in seafood processing.

AFDF issued bid solicitations on November 21 for processors interested in trying out hydrolyzing equipment on white fish processing waste for use in pet foods, animal and aquaculture feeds, protein supplements and protein blends for institutional use.

Interested processors must handle at least three groundfish species (cod, pollock, sablefish, flatfish, etc.) and be willing to produce samples from other species as well. The demonstration will run from January to March 1989, and AFDF will provide a hydrolyzer from Advanced Hydrolyzing Systems along with appropriate technical training.

This pilot-scale project will help train processors in handling and production, and marketing to some degree, of white fish oils and hydrolysate. AFDF plans to set up a full-scale commercial demonstration of hydrolyzing technology next year.

The deadline for submitting proposals is December 15, 1988; a processor will be selected on January 2, 1989. For a copy of the request for proposals or for more information, call Loretta Lure at AFDF.

READ OUR FINE PRINT

"Hazard Analysis Critical Control Points: An Outline for the Surimi Industry," 53 pp. The first comprehensive safety assurance program for surimi producers. This document outlines critical points in the production process where microbiological problems are most likely to arise, and presents a program to prevent all potential safety hazards. Compiled through much industry input by Manning, Batson & Assoc., it includes a plant sanitation program, quality assurance, physical/chemical hazard prevention, microbiological safety, and how to document and audit programs once they're in place. Available from AFDF at no charge.

"Partial Quality Control: Surimi/Meat Products," 7 pp. Any shore- or ship-based surimi producer interested in supplying surimi to meat processors will want to know what quality control procedures to follow to satisfy the needs of this new market. Compiled by Manning, Batson & Assoc., free of charge from AFDF.

"Product Development: Surimi and Meat," 16 pp. Creative minds in both the surimi and the meat business will want to read this practical how-to for developing new products combining meat and surimi. It covers the characteristics of surimi, technical data, general guidelines for its use, a liquid cookout chart and some generic surimi/meat nugget formulations. Compiled by Manning, Batson & Assoc., free of charge from AFDF.

"Salmon Oil Recovery at North Pacific Processors," 7 pp. An interim report of the progress being made at North Pacific Processors, where AFDF is sponsoring a project to recover salmon head oil using hydrolyzing equipment designed to digest 500 lbs. of salmon heads per hour. Project is to test the feasibility of producing salmon head oil and hydrolysate paste from the waste stream of salmon processing. Project is ongoing. Copies are free from AFDF.

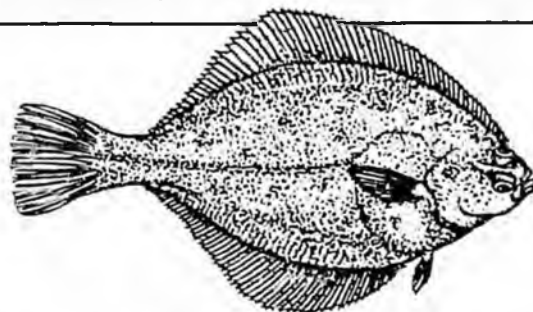
"New Zealand's ITQ Program," 10 pp. The Alaska Commercial Fisheries Entry Commission has produced a detailed review of the 60,000-ton New Zealand Individual Transferable Quota (ITQ) program. The ITQ program is the nation's which quotas are traded. This issue is of interest to Alaskan companies looking toward the future, when the North Pacific will see some dramatic changes in its fishery management programs. Copies available from the Commission, call Ben Muse, (907) 465-4081.

Free product samples from our store....

Samples of high quality pink salmon head oil from North Pacific Processors are now available from AFDF free of charge to companies conducting product development with such materials. Those interested may arrange with AFDF for shipment of 4- to 5-gallon samples of the oil.

AFDF also is offering samples of flatfish fillets to companies who would like to become familiar with the high-quality flatfish species produced at Eagle Fisheries in Kodiak. Sample packs include frozen fillets of varying sizes for each species.

For sample shipments, contact Barbara Culver at AFDF.



"The person who thinks he can survive in constant change is a threat to all those who think they can only survive in safety."

—A. Rae McFarland 1988

GUEST Editorials

If we had known more, we'd have attempted less

By Sara Hemphill
AFDF Executive Director
1978-1982

Ten years ago this month I was packing my children into what little space was left in my 1972 Toyota to head north to Alaska to an adventure that was to prove to be the most rewarding and challenging I've ever had.

We left Seattle in a downpour and rocked leisurely to Juneau on the *Matanuska*. Ben woke me the third day with, "Mom, Mom, come and look. It's just like a Christmas card!" And it was. Juneau was dusted with snow, the sky was overcast and looked like evening rather than sunrise, with a few lights twinkling among the dark green trees. It promised good things.

This adventure had begun a year earlier in Anchorage during a special meeting called by National Marine Fisheries Service following the December North Pacific Council meeting. Few of us present suspected that the seeds for AFDF (later to become AFDF) had been sown. It was three months and many drafting sessions later that a proposal was forwarded to Washington, D.C. requesting \$2.8 million in S-K funding to launch the U.S. groundfish effort. Few knew, or cared, what we were about. Indeed, the most frequently asked question was, "What's groundfish?"

It was another year and then some before final approval for the funding was a reality. The Christmas card promise seemed to have become a blistery wind from Scrooge's Christmas Past. The in-fighting and struggle for control that ensued were energy-sapping and expensive. Nonetheless, they forced a consolidation of participants and a honing and refining of the individual projects and budgets that served us well in the long run.

Finally, in October 1979, we had operating funds for specific programs, the "queen pin" of which was the longline large boat project—later awarded to Sea West and the *Aleutian Mistress*. Darryl Petersen, then President of Sea West, deserves special recognition for the outstanding contribution he made to the industry.

There was relatively little public enthusiasm for the AFDF undertaking. Without the dedication and support from key individuals, the program would have floundered. In addition to the staff, Board members and especially Ron Jensen who served as president, Pete Harris, Sig Jaeger, Walt Jones, Lee Alverson, Steve Hughes, Linda Chaves, Keith Specking, Jim Branson and the NPFMC, Wesley Johnson, Jim Hemming, Bert Larkins, Dick Reynolds, John Schmiedtke, Barry Fisher, NMFS staff, Dana Bessecker, Bob Balkovic, Peter Barlinghaug, Bill Phillips, Steve Perles, Rod

Moore and, of course, the NMFS contracts officer John Hinman were unsung heroes who deserve applause for their invaluable help shepherding AFDF through its childhood.

The task of balancing what the public sector wanted to fund with what the private sector was prepared to (or interested in) undertake was a challenging one. Certainly the perception of which projects were effective and which were not ran the gamut from disaster to raging success, depending upon who was doing the perceiving.

Our goal initially was simply to get the ball rolling, or as Sig Jaeger said, "Prime the pump." Yet it was critical to have not only successful projects but ones that the industry felt were worthy. Choosing those first projects was tough; there were so many opportunities and needs. For the most part the processing sector was not interested in investing in a fishery before the harvesting capacity was proven. Likewise, the fishermen were not enamored with the idea of spending hundreds of thousands on trawl gear when there was no market for the product they would be trawling.

Fortuitously, Wally Peyreya and Marine Resources Company were just breathing life into joint ventures, the shrimp resource was declining, Al and Oral burch had both the vision and the fortitude to commit to a risk, and then the demise of the crab resource got

everyone's attention; AFDF was out of the starting box.

In those days there always seemed to be more skeptics than enthusiasts for the program. Most people with whom I spoke during the start-up phase said fishermen and processors would never work together; we proved them wrong and set an example that was later followed by the creators of Alaska Seafood Marketing Institute. offshore, big boat projects were suspect in the eyes of many; yet the information that developed through these projects proved invaluable to small and grand alike.

Finally in 1981, Pete Harris saw the processing plant project he had shepherded for many years implemented, and the second phase of AFDF was born. Chris Mitchell, my able successor, stepped in to write the second chapter.

Reflecting back, I think of AFDF as a work horse rather than the sleek race horse some thought we had acquired. The endless hours of research and preparation, deliberation and argument spent by thousands of committed folks over the years will never fully be credited. Certainly, we never enjoyed any glory. I trust, however, that they, like I, gained from the experience and are as proud to have been a part of this most significant chapter in the evolution of our industry as I am. I thank you, one and all.

The Old Map-Makers used to say, 'Beyond this place there be Dragons'

By Chris Mitchell
AFDF Executive Director
1982-1986

Dragons, dragoons, dollops, doubloons, dollars and a decade of development...While ten years may seem like a long time in passing, it's but a brief moment on the horizon of time. But in that ten years Alaska has taken over the entire harvesting, and large portions of the processing, of more than 2 million metric tons of American fishery resources from foreign fleets. At the dawning of the last decade, the U.S./Alaskan fishery was only targeting a few very specific, high-valued species.

We thought we could not afford to bother, care nor compete on the rest of that other "trash fish." Isn't it interesting how a lot of trash fish became a lot of cash fish in that time? Why did it happen? How did it happen? And how can we continue to make similar things happen in the next ten years?

Development of Alaska's fisheries to this point didn't occur calmly or at an evenly measured pace. In fact, for the

first few years, little progress was visible. The industry was still fat and sassy on King Crab, shrimp and salmon...so what else did they need? There was no way Americans could afford to catch, process and market all the low-value fish. Where to begin?

Since good questions outnumber easy answers, the industry and all its players, most especially AFDF, began searching high and low for that magic potion or solution. For most of the first half of the decade, we asked a lot of people a lot of questions. We poked and prodded in countless directions. But when we reeled in our line, alas, there was little on it. We learned through this process what DIDN'T work. And sometimes that's more important than success.

A lot of people got discouraged, but the sheer magnitude of the "pot of gold" that would come with development of these fisheries was so great that others, including the Foundation, persevered. These positive thinkers believed the answers were there. There was a destiny to be reached if we could but pull together in the same

direction just once.

That pulling together of one's failures and successes toward a common goal began to occur in the early 1980s with the creation of the Foundation's multi-faceted surimi project. Surimi brought together for common benefit fishermen, processors, equipment manufacturers, food scientists, reproducers, government bureaucrats and politicians, among others. The result is that just four years later the Alaskan pollock industry is a blossoming reality producing in excess of 40,000 metric tons of surimi and pot-loads of fillets and blocks. Not only has the import hemorrhagin# stopped but pollock has become an export star.

While the Foundation has some minor mopping up to do on the surimi question, it has moved on to other needs, concerns and opportunities. It has approached its next major undertaking, Alaskan flatfish, with a methodology not too dissimilar to that used on pollock. From what I've seen and heard so far, flatfish from Alaska will, one day in the not too distant future, be

another feather in AFDF's cap.

So where does the Foundation and its partners in development go from here? Certainly I have no answers. One can but "point one's sails into the wind and aim for landfalls over the horizon."



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Krys Holmes, Editor

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Deborah Bloom, Secretary
Barbara Culver, Controller
Loretta Lure, Asst. Project Manager
Peter Moore, Project Manager
Mel Monsen, Executive Director

Off the Cuff

By Kays Holmes

Tomorrow's things on the shelf today, including but not limited to: free will or unconditional love. It's one way or another.

—Robert Kungel

Director's Log

Never our potential so high; never our funding so low

By Mel Mosen
Executive Director

My first memory of the Foundation is nearly nine years old. Though I had no idea then how it was organized and what it did, I stopped in as I made the rounds looking for a job. Little did I know that my visit would lead to a relationship that has culminated in my current position as executive director.

The Foundation has accomplished a lot in these first ten years, taking a new program from infancy into maturity. Initial power struggles and direction-finding have been overcome, and the Foundation has been able to participate in and positively affect many projects that have benefited the seafood industry. The results, though directed at the Alaska industry, have had national, even international ramifications.

By now readers must be aware of the Foundation's biggest success, the multi-year surimi project. The results of that effort are mind-boggling. The surimi production off of Alaska for 1989 has been estimated at an incredible 100,000 m.t., requiring a pollock

harvest of 500,000 m.t. There are four shore-based surimi production plants, and (so far) ten surimi factory ships operating in Alaska. Of course, the Foundation can't take all the credit for these accomplishments. The number of contributors is immense, but the system that allowed the Foundation to identify and take action on an unrealized opportunity deserves credit.

Projects of the kind the Foundation conducts depend on private industry for their direction and most of their activity. Most of the projects, including those at Trident Seafoods, Alaska Pacific Seafoods, and the *Aleutian Mistress*, have left in their wake some real successes: There are four shore-based surimi plants and 10 surimi factory trawlers operating in Alaska today; most of Alaska's plants process white fish of some species. The Foundation has helped set the stage for significant profits in the private industry.

This success would lead one to believe that the Foundation has a bright future. But it may not be so. As you may know, the funding source for the Foundation is very unstable and is constantly under attack.

The 1989 Saltonstall-Kennedy appropriation (funded from U.S. tariffs on imported seafood products) is only \$5 million for the entire country. This is the lowest appropriation level in the ten years AFDF has been operating. In addition, there are rumblings about using less of the allocation for industry-directed projects.

This is all happening at a time when the industry is expanding into new fisheries at an incredible rate, creating research and development needs that S-K projects should be fulfilling. Perhaps the best example of the level of need is the proposals which are submitted to National Marine Fisheries Service in response to the S-K solicitation. In 1988 the U.S. seafood industry submitted 209 proposals totalling \$22 million. Of these only 91 proposals totalling \$7.5 million were selected.

We are at a critical point both in the need for industry-directed research and development projects, and in the commitment to make funds available for their realization.

The Alaska Fisheries Development Foundation stands as an example of what industry can do.

Where would you like to see AFDF go in the next ten years?

Rae McFarland:

In the next ten years, we need to see a two-fold development: First, reducing consumption of ground beef with minced re-processed fish that will give higher nutritional value and lower fat; and second, learn how to use by-products for higher-quality animal feeds, to bring more agricultural activity to Alaska. For this, we will need a \$25 million budget for AFDF in the next ten years.

I think we're going to replace 10% of the ground beef now being produced in the U.S. with ground fish. There are 125 million head of cattle in the U.S. They average about 350 lbs. each of dressed, boneless meat; 100 lbs. goes into hamburger. I think minced fish and surimi can capture 10% of that market. That would mean 560 million lbs. of minced fish. That's what I see for the future.

Al Burch:

In our first ten years, we've done a credible job in picking projects—most of them, anyway—that have been significant to development of the fisheries in Alaska. I hope we can continue to get the same participation that will allow us to make good decisions for the next ten years.

Our primary goal right now is flatfish. We have seen a tremendous increase in flatfish out here, and a decrease in pollock. I hope the Foundation can find some way to develop the flatfish species out here.

It's becoming increasingly important to develop more coordination and cooperation between the Foundation and the state of Alaska. By developing more industry participation and coordination with the state, the Foundation will continue to make a significant impact on Alaska's seafood industry.

Oral Burch:

The Foundation is 100% necessary. It provides to the industry a forum for cooperation within the industry, and the exchange of information that otherwise would not be possible. And neither aspect would be worthwhile without the other.

Chris Riley:

The major contribution of the Foundation is exploring ways to process groundfish out of the FCZ. In the next 10 years, the full OY of traditional groundfish species in the Bering Sea and Gulf will be harvested and processed domestically. Then there are two directions to go: one is to look at other species that have value but haven't

been exploited. The other direction is to increase the value that can be exploited from every ton of fish. The Foundation has already begun this.

Part of increasing value of the fish is increasing efficiency, and reducing the cost of producing groundfish products. So we have many alternatives, and I think the decision of a focus should be made on an opportunistic basis—where there seems to be opportunity, go after it.

Just because actually managing to kill & process fish doesn't mean you're at the end of the learning process. It just means you've started.

Chris Mitchell:

The whole philosophy behind the science of development is that if you are successful you quickly find yourself out of a job. Knowing when to move on is the key. It's not easy to walk away from "Da Glory Road," but AFDF has made the successful transition.

As individuals and companies, we all need to leave the comfort zone and move into the unknown from time to time. AFDF has been able to do this in the past; I hope it will continue to do so.

Comparing this special 10th Anniversary Issue of The LodeStar was a lesson in perspective. AFDF has seen some hopes dashed, some projects skunked, and some good points go to waste. The Foundation has also created some powerful momentum for many companies to rise to their own benefit. And it has successfully turned some dragons so private companies wouldn't have to.

You can't achieve things all well-out and during the fast, and it's a good credit of the state and local processors that through this and other efforts AFDF has taken on their risks and tried to steer the success toward the private companies involved in its projects. I continue to be active and bring my membership yearly because I respect its courage, its audacity, and in some cases, its recklessness. AFDF is a peculiar creature, stepchild in a rocky marriage between industry and the feds. It has grown up with ambiguities, it thrives on risk. For that reason alone it has my respect.

It is inevitable that in ten years an organization that was created to further the interests of such a broad constituency will fall sometime at some time. AFDF has collected its share of disappointed critics, of fishermen who say they've seen no benefit from AFDF; of processors who say they could just as well have run the race alone; of companies who feel they didn't get enough publicity from their work with AFDF.

These are only some of the risks AFDF faces in its annual direction-finding quest. How to perform the tasks that will be most meaningful to private industry? How to prioritize overlapping goals? How to pursue the broader, more wide-reaching objective without disenfranchising the small-time operator? As the impact of AFDF's work is more widely felt throughout the U.S. food and protein industries, this last question is particularly pertinent.

These questions—some of them are AFDF's biggest problems—come as a direct result of its biggest successes. As the Foundation's effectiveness increased, demands on its energies increased. As more people heard about AFDF, more people had contributed opinions on where they wanted the Foundation to spend its resources next. Which is exactly what AFDF is about.

In the next ten years, I hope to see more participation in the Foundation's program development process, in its membership rosters, in its communications efforts, and in its search for alternative funding sources, from among the Alaskan fishermen and processors who have let their membership lapse, or who have never joined. More active members, and more activity from among members, will be the most important resource for AFDF in the future.

INDUSTRY News

On the trail of those high-seas salmon poachers

The U.S. State Department, the Governor of Alaska, industry groups and private companies are making some progress in the fight against illegal harvests of U.S. salmon on the high seas.

Pacific Seafood Processors Association (PSPA), a group of U.S. seafood processors, has led the fight to identify companies peddling illegal salmon at prices that undercut legitimate suppliers. PSPA estimates that at least 10,000 metric tons of salmon worth \$15 million have been pirated from U.S. migrating stocks by the Taiwanese squid fleet. New evidence suggests that Japanese and Korean companies are also involved.

The illegal harvest concerns U.S. processors for two reasons: first, the product is being sold at prices far below U.S. product, and therefore is closing out markets for legally-caught salmon. Second, the fish appearing on the market are small, indicating they're immature, and that these harvests will have a long-term detrimental affect on the resource. Decreased run sizes of pinks and cohos in Southeast Alaska in 1988, and a substantial number of salmon marked with gillnet marks, add to these fears.

Frozen coho, sockeye and chum salmon is sent to Singapore and Japan for sale, PSPA charges. Often the product is unloaded under cover of dark-

ness, its paperwork altered. PSPA has documented that between 4,000 and 8,000 metric tons of pink salmon have been shipped to Thailand for canning and re-export.

An October 31 story in the *Bangkok Post* reported that the Thai government has been asked by the U.S. State Department to help investigate the source of salmon shipped to Thai canneries. Thailand is a re-processing center for many fisheries companies worldwide, including U.S. tuna companies. Some Thai canneries are seeking supplies salmon from U.S. producers for canning and re-export.

Information about the activities of individual processors is hard to come by. Salmon canning statistics—including production levels and source of raw material—are held secret by the canning companies. However, one source in Thailand confirmed that at least some of the salmon canned there this year came from Taiwanese fishing boats operating in the North Pacific.

The governments of Thailand, Japan, Singapore and Taiwan have pledged to aid the U.S. effort to stop illegal salmon harvests in the Pacific. At the 1987 meeting of the International North Pacific Fisheries Commission, Japan called for cooperation among the traditional salmon fishing nations to "make every possible effort to prevent

such activity."

Efforts are thwarted, however, by the fact that those countries whose help is most needed in the investigation are the countries whose people profit most from the activity.

In the meantime, Gov. Steve Cowper and a contingent from the Alaska seafood industry have begun drafting a cooperative agreement with the Soviet Union for monitoring high seas activity. In a landmark meeting in October, U.S. and Soviet representatives agreed to work together to put a stop to high seas salmon interception, and to join forces to study unregulated groundfish harvests in the international waters of the Bering Sea.

For more information about the high seas salmon interception issue, call Barry Collier at PSPA, (306) 281-1667. For more information about the joint U.S.-Soviet agreements, call Henry Mitchell at Bering Sea Fishermen's Association, (907) 279-6519.



RAILSTON PURINA SELLS VAN CAMP

ST. LOUIS, MO - Ralston Purina Company on November 15 completed the sale of its Van Camp Seafood division to a group of investors led by PT Mantrust. The sale price was approximately \$260 million. PT Mantrust is a privately-held company in Indonesia. Van Camp is expected to continue marketing its "Chicken of the Sea" canned tuna and salmon products.

Van Camp Seafood has been a member of AFDF for several years, and R&D Director Bill Reinke is a member of the AFDF Board of Directors.

the LODESTAR

Charting the course of fisheries development today
Volume VI Number 4, Autumn 1988
Alaska Fisheries Development Foundation, Inc.

*"Let us run with perseverance the race that is set before us."
— Hebrews 12:1*

Be a part of the future of AFDF

Alaska Fisheries Development Foundation has come a long way in the past 10 years, and by all counts it has a long way to go in the next ten. You can participate—and benefit—in several ways.

Become a Foundation member
Design future projects;
Help set priorities;
Get priority access to information;
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