# SCOMM 87:28

WED

Carl -

Sen. Lincoln's office is asking if we'd sponsor this resolution in the House.

Tom in her office has discussed with Molly.

Tim

Tom-4923

# Alaska State Legislature

Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL FISHERIES COMMITTEE

MEMBER
FINANCE SUBCOMMITTEES
FISH AND GAME
PUBLIC SAFETY

SESSION:
CAPITOL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-4451
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P.O. BOX 109
UNALASKA, ALASKA 99685
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FAX: (907) 581-2875

## SPONSOR STATEMENT FOR HJR 34

### Requesting the Department of Commerce to give a high priority to fisheries development project grants for the Alaska salmon industry

A decade ago, the United States was a dominant force in the worldwide salmon market, with Alaska producing 40% of the world's salmon. That share is now 30%, and dropping. New salmon producers from all over the world are entering the market, especially with the advent of farmed salmon. The United States' worldwide competitiveness is being seriously threatened. To remain competitive, the U. S. industry must improve its processing technology, investigate new value-added uses for salmon, develop new quality assurance specifications, and open up new opportunities with the domestic food processing industry.

Although Alaska's salmon production comprises a major share of the U.S. seafood industry, salmon has not received any government assistance for technology development. The Saltonstall-Kennedy (S-K) Industry Grants Program is intended to assist the seafood industry with such development. In the past however, the S-K program in Alaska has focused primarily on groundfish development. Salmon was perceived to be fully utilized, and not in need of such assistance. Global conditions have changed so much recently that the salmon industry is now in dire need of additional financial and technical resources in order to regain its position in the world market.

HJR 34 expresses the wishes of the Alaska Legislature to have the federal Department of Commerce give a high priority to S-K grants that will enhance the Alaska salmon industry. Such governmental assistance will benefit the industry, the state of Alaska, as well as help reduce our nation's foreign trade deficit.

passed w/amendment House Section - no 32-1

# HOUSE JOINT RESOLUTION NO. 34

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVES MOSES, Ulmer**

**Introduced: 3/5/93**
**Referred: House Special Committee on Fisheries**

## A RESOLUTION

**Requesting the Department of Commerce to give a high priority to fisheries development project grants for the Alaska salmon industry.**

**BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

**WHEREAS** the salmon industry of Alaska, once the shining star of the seafood industry of the United States, is suffering global competition that threatens the nation's worldwide competitiveness and critically diminishes the benefits the nation receives from Alaska's fisheries; and

**WHEREAS** Alaska's salmon production has historically constituted a major component of the nation's seafood production through this century, yet the Alaska salmon industry has not received any governmental assistance for development of the salmon industry, other than for promotion of salmon products; and

**WHEREAS**, 10 years ago, Alaska produced 40 percent of the world's salmon ~~markets~~ products, but now Alaska's share of world salmon production is 30 percent and is dropping due to subsidized salmon farming around the world and emergence of Russian salmon on the world's markets; and

**WHEREAS** the Alaska salmon industry must improve its processing technology,

investigate new value-added uses for salmon, develop new quality assurance criteria, create new and diverse market opportunities, and open up new lines of communication between the Alaska salmon industry and the nation's food processing industry in order to remain competitive on world markets; and

**WHEREAS** governmental assistance to the Alaska salmon industry through the Saltonstall-Kennedy Act will benefit the nation through hundreds of millions of dollars in increased revenue to this broad-based industry, enhance one of Alaska's and the nation's greatest natural resources, and reduce our nation's foreign trade deficit;

**BE IT RESOLVED** that the Alaska State Legislature respectfully requests the Secretary of Commerce to give a high priority to grants for fisheries development projects under the Saltonstall-Kennedy Act that will enhance the Alaska salmon industry through improvements in fish processing technology, development of new salmon seafood products, development of new quality assurance criteria, creation of new and diverse market opportunities, and communication between salmon seafood producers and the nation's food processing industry.

**COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the United States; the Honorable Ronald H. Brown, Secretary of the U.S. Department of Commerce; the Honorable Leon E. Pannetta, Director of the Office of Management and Budget; the Administrator, National Oceanic and Atmospheric Administration, U.S. Department of Commerce; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

COMMITTEE: HOUSE SPECIAL COMMITTEE ON FISHERIES

| BILL ID | NUMBER | ABBREVIATED TITLE | SPONSOR/REQUESTOR | DATE | FURTHER REFERRALS |
|---|---|---|---|---|---|
| HB 130 | HB 130 | FEES FOR NONRESIDENT KING SALMON TAG | Ulmer | 02/05/93 | (H) RES<br>THEN FIN |
| HB 134 | HB 134 | TEMP TRANSFER OF ENTRY PERMITS | Moses | 02/05/93 | (H) RES<br>THEN JUD<br>THEN FIN |
| HB 140 | HB 140 | FEES FOR NONRESIDENT KING SALMON TAG | Hudson | 02/08/93 | (H) RES<br>THEN FIN |
| HB 191 | HB 191 | CONTRACTOR OPERATED STATE HATCHERIES | Williams | 03/02/93 | (H) RES<br>THEN FIN |
| HCR 9 | HCR 9 | COMMUNITY DEVELOPMENT FISHING QUOTAS | Hoffman | 02/22/93 | (H) RES<br>THEN FIN |
| HJR 17 | HJR 17 | MAGNUSON FISHERY CONSRV & MGT ACT | Navarre | 01/20/93 | (H) RES |
| HJR 34 | HJR 34 | FED FISH RESEARCH & DEVELOPMENT GRANTS | Moses | 03/05/93 | |

AJR 34.

# WORK ORDER REQUEST FORM W.O. [18] LS-0775

KEYWORDS: FISH/GAME, FISHERIES ASSIGNED: Utermohle

GRANTS

REQUEST FOR: Resolution TAKEN BY: Barnes

SUBJECT: Alaska Salmon/Saltonstall Kennedy Program

REQUESTED FOR: REP MOSES BY: Molly PHONE: 465-4451

DELIVER TO: Rep. Moses, Cap 204

INSTRUCTIONS: Draft House duplicate of SJR 24, relating to fisheries development project grants.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED [ ]

AUTHORIZED TO CONFER WITH

RETURN

TO REQUESTOR

APPROVED: X DIRECTOR, LEGAL SERVICES

REVIEWED

IN 03/02/93 DUE

TYPED: Draft Date

Final Date

PROOFED DELIVERED

SPECIAL INSTRUCTIONS to TYPING/PROOFING

Request for FINAL

Sponsor

ALDP1010[03/03/93]

# ALASKA STATE LEGISLATURE

*Senator Georgianna Lincoln*

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3732
Fax (907) 465-2652

Committees:
Transportation
Labor and Commerce
Administrative Regulation Review

Minority Whip

Bush Caucus Chair

DISTRICT R

Alatna
Allakaket
Aniak
Anvik
Arctic Village
Beaver
Bettles
Big Delta
Birch Creek
Canyon Village
Central
Chalkyitsik
Chenega Bay
Chickaloon
Chicken
Chistochina
Chitina
Chuathbaluk
Circle
Copper Center
Copperville
Cordova
Crooked Creek
Delta Junction
Dot Lake
Dry Creek
Eagle
Evansville
Fort Greely
Fort Yukon
Gakona
Galena
Glenallen
Grayling
Gulkana
Healy Lake
Holy Cross
Hughes
Huslia
Igiugig
Iliamna
Kakhonak
Kaltag
Kenny Lake
Koyukuk
Lake Minchumina
Lime Village
Livengood
Lower Kalskag
Manley Hot Springs
McCarthy
McGrath
Medfra
Mendeltna
Mentasta
Minto
Nabesna
Nelchina
Newhalen
Nikolai
Nondalton
Northway
Nulato
Paxson
Port Alsworth
Rampart
Red Devil
Ruby
Shageluk
Sheep Mountain
Slana
Sleetmute
Stevens Village
Stony River
Sutton
Takotna
Tanacross
Tanana
Tatitlek
Tazlina
Telida
Tetlin
Tok
Tolsona
Tonsina
Tuluksak
Tyonek
Upper Kalskag
Valdez
Venetie
Whittier
Wiseman

## SPONSOR STATEMENT

**Sponsor:** **Senator Georgianna Lincoln**

**Subject:** **Senate Joint Resolution No. 24**

**Date:** **8 March 1993**

The economic future of the Alaska salmon industry is in jeopardy. Although a numbers of factors are involved, there is widespread consensus that an expansion of markets, particularly domestic, and the development of different products, are critical.

A number of factors have led to this situation:

1) The introduction and expansion of farmed salmon during the 80's, absorbing nearly 30% of global salmon markets.

2) The decline in certain U.S. and European markets for some salmon products. (i.e., canned pink salmon)

3) The replacement of Alaska's salmon on the Japanese market (Alaska's largest salmon market) by salmon from other sources.

SJR 24 requests the U.S. Department of Commerce to give a high priority to fisheries development project grants in Alaska. Without the creation of new and diverse market opportunities, improvements in fish processing technology, and better lines of communication between the producers and the processing industry, Alaska's best renewable resource--and the source of significant statewide employment--could end up foundering like the U.S. steel industry.

Grants provided through the Saltonstall-Kennedy Act program to facilitate market development and diversity could have a very positive impact on reversing this negative trend.

# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 112
Juneau, Alaska 99801
907/586-2820
Fax: 907/463-2545

April 19, 1993

The Honorable Mike Miller, Chair
and Members of the Senate Resources Committee
The Capitol Building, Room 423
Juneau, Alaska 99801-1182

RE: HJR 34 - Federal Fish Research and Development Grants

Dear Senator Miller and Committee Members:

Many of the commercial fisheries of the State of Alaska are in difficulty due to new market competitors, fluctuation of ground prices, and the world supply of salmon. We are slowing losing our percentage of the World Market.

This resolution does address the direction we need to go and get the Seafood Industry back into world competition.

Almost every other industry in the United States receives some form of governmental assistance for development of their industry.

We need new direction soon so that we can benefit Alaskans and the Seafood Industry as a whole. New fish processing technology is being developed in Norway all the time. Your passage of this resolution could make the difference to stabilize the second largest industry in the state of Alaska to maximize revenues for the State of Alaska.

Sincerely,

Jerry McCune

Jerry McCune
President

Enclosures

cc: The Honorable Walter J. Hickel, Governor
Carl Rosier, Commissioner, ADF&G
UFA Board of Directors

**MEMBER ORGANIZATIONS**

Alaska Crab Coalition • Alaska Longline Fisherman's Association • Alaska Trollers Association • Area K Seiners Association
Bering Sea Fishermen's Association • Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Cordova District Fishermen United • Kenai Peninsula Fishermen's Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Seafood Producers Cooperative
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
United Cook Inlet Drift Association • Western Alaska Cooperative Marketing Association

MAR 16 1993

AFDF

Alaska Fisheries Development Foundation, Inc.

March 11, 1993

Representative Carl Moses, Chairman
SPECIAL COMMITTEE ON FISHERIES
State Capitol, Room 204
Juneau, Alaska 99801-1182

Dear Representative Moses:

Over the past fifteen years the National Marine Fisheries Service (NMFS) through the Saltonstall-Kennedy grant program has provided the Alaska fishing industry with nearly $15 million in development funds. This investment has stimulated more than $250 million in new private investment in our fisheries - a rather large BANG for the buck.

Over the last five years the amount NMFS annually provides to industry has shrunk, and has shifted to areas that are important to the National Marine Fisheries Service including management, artificial reefs and marine mammals. Even though S-K's enabling legislation calls for the industry to set the priorities, NMFS has steadfastly refused to recognize that Alaska's Salmon Industry is in need of government funded and encouraged change and revitalization.

The fact of the matter is that this industry is under assault in world markets, is mired in 1920's technology and products, and the laying of blame on "the other guy." As important as the Salmon Industry is to the nation and the State of Alaska and its people, it must be awakened to new realities and new solutions. As the above described "investment versus return" indicates, a small sum properly invested can generate very large rewards.

House Joint Resolution No. 34 asks the federal government to recognize that the Alaska Salmon industry is in immediate need of revitalization and that it give Alaska Salmon Development efforts the highest priority in the next round of S-K funding.

I urge the House Special Committee on Fisheries and the entire Legislature of the State of Alaska to join with industry in so advising the Department of Commerce and the National Marine Fisheries Service.

Thank you,

C.K. Mitchell
Executive Director

508 West Second Avenue, Suite 212, Anchorage, Alaska 99501 (907) 276-7315 FAX (907) 271-3450

DATE

Mr. William Fox
Acting Assistant Administrator for Fisheries
National Marine Fisheries Service
1335 East-West Highway
Silver Spring, MD 20910
Routing F

Dear Mr. Fox,

I am writing to urge your office to place North Pacific salmon at the top of the list of national priorities for the 1993/94 Saltonstall-Kennedy Fisheries Industry Grants program.

The North Pacific salmon industry now faces a crisis that needs widespread, immediate attention. This industry, which supports thousands of people, once topped world markets in value, quality and sales. Over the last ten years, however, this fractionated industry has been confronted with some far-reaching problems that individual producers now find impossible to conquer independently:

* Alaska produced 40% of the world's supply of salmon until this last decade. Our share now is 30% and dropping.

* The value of Alaska's salmon harvest fell more than 40% between 1990 and 1991, a total drop in value of more than $250 million in one year. Farmed salmon's share grew from 1% to 30% in the same period.

* In 1991, the world produced more than 2.5 billion lbs. of salmon, yet the world consumed 2.1 billion lbs., leaving an oversupply of 463 million lbs.

* In recent years, millions of pounds of perfectly good Alaska pink salmon were barged out to sea and dumped because there was not enough demand to harvest, process and sell it in its traditional forms. Yet domestic and international markets cry out for increasing amounts of high-quality protein entrees.

* New salmon producers are springing up all over the world. Salmon from the Russian Far East is improving in quality and, with Asian financial and technical backing, is becoming a force to be reckoned with in our historical markets.

Support is gathering for a comprehensive effort to address these problems, and to ensure that our nation realizes the highest benefits from its salmon fisheries, which are among the most productive in the world. Such a comprehensive program must be started immediately to turn the salmon situation around in the next few years. Much support has emerged from all sectors of the industry for just such an effort. We believe the S-K Industry Grants program was developed to address just such problems as

these: industry-wide development opportunities that challenge the entire industry as a whole, and whose solution would bring greater good to the nation, better utilization of the nation's fish resources, and increased competitiveness for the U.S. seafood industry in worldwide marketplace.

Mr. Fox, I know that salmon industry development has never been a priority of the Saltonstall-Kennedy program in its 14 years of existence. Until this decade, program administrators -- and much of the industry -- considered salmon a fully developed industry. But we have had to expand our understanding of "optimum utilization of a species" to include developing updated technology, quality data, new products and market education for species such as salmon that have held their own for a long time, but that now cannot keep their place in the market without a multi-faceted, industry-wide effort.

I strongly urge you to place the North Pacific wild salmon industry development challenge on the list of national S-K priorities for the Alaska region immediately. Many of us in the industry feel the S-K program, in which a very little bit of money historically has taken the seafood industry a long way -- would be the most appropriate venue for an industry-directed effort of this kind. If you have any questions or would like to discuss this further, please contact me.

Respectfully yours,

AFDF

Alaska Fisheries Development Foundation, Inc.

DATE FEB. 15, 1993

FAX TRANSMITTAL COVER SHEET

TO Molly McCammon FROM Chris Mitchell

c/o Rep. Carl Moses

(907) 465-3445

Number of pages including transmittal sheet: 6

PLEASE PHONE (907) 276-7315 IF THERE ARE ANY PROBLEMS WITH THIS TRANSMISSION. OUR FAX NUMBER IS (907) 271-3450.

Dear Ms. McCammon:
Many thanks for your interest in AFDF and its thoughts regarding ways to strengthen Alaska's Salmon Industry. I have attached an outline of what we have in mind.....and patterned after our successful Pollock/Surimi effort of yesteryear. Thank you also for the opportunity to meet with Representative Moses herein we can express our concerns for the future of this industry should we (collectively) continue to run around in circles on the needs of the salmon industry. Competition is fierce, and getting stronger, in what once was Alaska's exclusive market. Exclusivity will not return!

As mentioned on the phone we are asking Representative Moses's support in the following areas:

1) We are hopeful that the Alaska State Legislature will draft and pass a Resolution (joint?) calling on the head of the National Marine Fisheries to "Make the strengthening and development of Alaska Salmon a top **PRIORITY** for the 1993 Saltonstall-Kennedy fishing industry grant program".
2) For the last two years the Ak State Legislature has considered a Bill (sponsored and introduced by Senator Zharoff) to create an ENDOWMENT for AFDF, so it could continue (at least a bit independently from the federal government) to undertake major fishery developmental programs, deemed by the industry to be critical to the State of Alaska - We see the Salmon conundrum fitting perfectly with this partial independence. Sponsorship or at least co-sponsorship by the Representative is sought.

Molly, supporting documentation and background info is being sent by separate cover. Thanks for everything.

508 West Second Avenue, Suite 212, Anchorage, Alaska 99501 (907) 276-7315 FAX (907) 271-3450

## ALASKA FISHERIES DEVELOPMENT FOUNDATION ENDOWMENT

### What Is The Foundation And What Is Its Goal?

* The Alaska Fisheries Development Foundation (AFDF) is a private non-profit corporation formed in 1978 by the Alaska seafood industry to satisfy the research and development needs of Alaska's commercial fishing industry.

* The Foundation acts as a catalyst for all segments of the seafood industry, including the scientific and research communities, to demonstrate new technologies and ideas for the benefit of Alaskan seafood producers, users, consumers and fishery managers.

### What Does The Foundation Do?

* AFDF conceptualizes and acquires funding for demonstration projects which allow the Alaskan seafood industry to test and apply new technologies in plants or aboard vessels that expand opportunities, increase yields and make better use of Alaska's fish resources. These are projects that few companies could afford or have the ability to conduct on their own.

* AFDF demonstration projects have helped Alaskan fishermen and processors develop new harvesting and processing techniques, create new markets for seafood products, experiment with new product forms, create economic opportunities for coastal communities, reduce fisheries waste, increase yields and pioneer technologies that return the maximum benefit to Alaskans and the people of the United States.

* In its first 14 years, AFDF brought over $13 million in federal Saltonstall-Kennedy research and development funds to Alaska, and conducted hundreds of successful projects--many of which brought multi-million-dollar benefits to the Alaska seafood industry and to seafood-dependent communities.

### What Has AFDF Accomplished?

* In the past, AFDF projects have:
  - Pioneered surimi and pollock production technology on shore in Alaska, resulting in a $500 million/year industry in Alaska;
  - Developed a whole new fishery based on Alaskan flatfish species, a bountiful resource that was not commercially used before AFDF'S project. In the first three years since AFDF's flatfish development project, commercial flatfish fillet production has already brought $12 million/year into Alaska's economy and has not yet realized its full potential;
  - Led ground-breaking research into surimi production from arrowtooth flounder, a development that could lead to a second raw material source for surimi in Alaska;
  - Spearheaded the development of new, profitable uses for

seafood processing byproducts to help seafood producers turn waste into marketable products;

- AFDF demonstration projects have resulted in over 2,000 full-time year-round jobs, which are a permanent addition to the Alaska economy; and
- Identified and realized hundreds of opportunities for fishermen, processors and secondary processors to make fuller use of the protein from Alaska's fish, to reap more long-term, year-round benefits from Alaska's fisheries, and to return more benefits to the state of Alaska and the public.

Why is AFDF Pursuing A State-Funded Endowment?

* AFDF has obtained a vast majority of its project funding from the federal Saltonstall-Kennedy program, which was set-up to fund industry conceived and directed development projects.

* The Saltonstall-Kennedy program, like many federal programs, has suffered considerable funding cuts. These reductions accurately reflect the fully developed status of commercial fisheries opportunities in most of the United States. But, Alaska has only recently begun to develop its commercial fishing resources beyond traditional species such as salmon and crab, and these federal budget reductions are limiting one of the greatest economic development opportunities in the country.

* AFDF is now seeking a fisheries development endowment to ensure that Alaska can continue to reap economic benefit from successful research and development, and to ensure that such development projects remain within the control of Alaskan fishermen and processors, and the citizens of Alaska, and are not controlled by the whims of federal funding and/or national politics.

* Fisheries make up Alaska's second most important private industry, and its largest private employer. AFDF has contributed, directly and indirectly, to the growth, stability and competitiveness of this industry. Alaska cannot afford to allow such an effective force to be lost due to a lack of federal fisheries funding priorities.

Why Doesn't Industry Pay For The Endowment?

* Industry already provides more than $350,000 dollars each year to the operations and projects of the Foundation.

* The Foundation is also soliciting endowment funds from private industry and already has made a deposit to the endowment.

* The benefits of high risk industry research and development accrue to all sectors of Alaska and is therefore an investment within the purview of State expenditures.

# A Proposal
# To Establish an Endowment to Perpetuate Industry-Directed Fisheries Development In Alaska

Submitted for Consideration to the
Alaska State Legislature

by

Alaska Fisheries Development Foundation, Inc.
508 West Second Avenue, Suite 212
Anchorage, Alaska 99501
Phone: (907) 276-7315
Fax (907) 271-3450

## Abstract

The commercial seafood industry of Alaska proposes that the Alaska Legislature establish an endowment for commercial fisheries development in Alaska.

The Alaska Fisheries Development Foundation since 1978 has initiated and led seafood industry development projects that have helped create new fisheries in Alaska, have greatly expanded the state's seafood processing and exporting capacity, and have contributed significantly to Alaska's economic growth and diversification.

Alaska Fisheries development Foundation is the force behind the successful demonstration of large-scale shore-based groundfish processing, the nation's first surimi processing plant, and a full-scale flatfish filleting plant. Over the last 14 years, AFDF has brought nearly one million dollars per year of federal research funds into Alaska.

Now, budget restrictions and priority changes in the federal fisheries industry grants program have caused severe reductions in federal funding for fisheries development projects. These changes have closed at least four of the original seven industry-directed fisheries development foundations in the U.S.

But many of the commercial fisheries of Alaska remain dramatically underdeveloped. It is vitally important that the State of Alaska continue to pursue industry-directed fisheries development research focusing on new species and on new processing technologies. It is also crucial that these development efforts be directed by the seafood industry--and designed with resource concerns in mind--and remain independent of the caprices of the federal budgetary process. An endowment of five million dollars from the State of Alaska, to be matched with industry contributions, is proposed as a means to perpetuate the administration and funding of crucial industry-directed seafood research and development in Alaska.

## I. AFDF: A proven leader in fisheries development for Alaska

Alaska Fisheries Development Foundation (AFDF) opened in March 1978, after Alaskan fishermen and processors joined together to bring federal fisheries development grants to Alaska and apply them toward needed development projects. The Foundation was formed, along with other regional foundations across the U.S., to bring home research funds from the federal Saltonstall-Kennedy (S-K) program, which was set up by Congress to fund domestic seafood industry research and development activities.

The S-K grants program was created to strengthen the U.S. fishing industry in the face of increasing foreign competition and fluctuating resources. S-K funds come from a portion of tariffs on imported seafood and seafood products. These funds have been made available annually via a nationwide competitive process.

When the S-K program began, members of the Alaska seafood industry collectively decided that, to direct these funds toward projects with the broadest benefit and a realistic chance of success, it would be best to maximize the industry's control of the projects and minimize the government's. The Foundation was organized to represent the industry; its members include harvesters, processors, and support industry representatives. Every year AFDF members and the Board of Directors, with input from all levels of the industry, set the Foundation's priorities and the staff designs project proposals for the S-K funding competition based on these priorities. This combination of strong industry participation and the compelling seafood development opportunities in the North Pacific have produced an outstanding record of accomplishment for AFDF.

## II. AFDF's fisheries development approach and accomplishments

Alaska Fisheries Development Foundation's projects, from salt cod to surimi to flatfish filleting to new byproducts processing techniques, laid the groundwork for a good part of Alaska's current groundfish industry. The success of these projects also demonstrates the foresight and efficiency that industry direction provides. The Foundation has pioneered new methods of groundfish processing and harvesting, byproduct utilization, and salmon product development. Nearly all of AFDF's projects have brought significant new opportunities to Alaskan businesses.

AFDF's projects are straightforward and involve private industry to a great degree. Most Foundation projects are technology demonstrations. The most dramatic example of this approach was the Foundation's five-year Surimi Industry Development Project, which began in the early 1980s. Troubled former crab harvesters and struggling shore-based processors began to focus on the bounty of pollock off Alaska's coast, which was not then harvested or processed domestically. Foreign fleets dominated the groundfish fisheries at the time, but much of their finished products--surimi

and pollock fillets--were being marketed successfully in the U.S. and abroad. It was apparent that the Alaska seafood industry was missing out on a huge opportunity, but no information--certainly no assistance--was available to aid the domestic industry in exploring the pollock opportunity. The Foundation stepped in to provide the information, guidance and opportunity for Alaska to prove to world markets that pollock-based surimi could be successfully produced on shore by Alaskan producers. AFDF designed a demonstration project to set up and operate the first U.S. surimi plant, which, after a competitive process, was sited at Alaska Pacific Seafoods in Kodiak. Through our international industry network, we built a surimi processing line and continued to improve it over the course of the project. We even introduced innovations to the Japanese, who invented surimi processing. So much improvement was made that for the first time the Japanese buyers, who previously contended that high-quality surimi could only be produced at sea, admitted that shoreside surimi production in Alaska could indeed be successful.

One of the most crucial elements of the Foundation's work is our production and distributing of usable information that results from our projects. During the surimi project the Alaska Pacific Seafoods plant was open to other processors, buyers and researchers to tour and observe. This gave the whole industry a chance to get first-hand information from the project. The Foundation also produced numerous reports containing hard data on production, yields, quality control, equipment, process improvements, economics and every other aspect related to the processing of surimi. This information was widely applied by the entire industry, and is a prime example of the benefit of the collective ability of the seafood industry when compared to the limited benefits of privately conceived and executed research and development efforts.

AFDF has also conducted other demonstration projects that have resulted in industry innovations now widely accepted. Many of them also have brought widespread benefits to the state of Alaska by improving the industry's year-round stability, employment base, industry profitability and responsible use of fisheries resources. Examples of such projects are:

1. Refrigerated sea water for storing pollock and cod before processing. During the surimi project, studies documented that sea water storage allowed round fish to be held for several days, on board or in the plant, without loss of quality. This knowledge was key to the establishment of the shore-based surimi processing in Alaska, and provided a crucial method to improve product quality and decrease waste.

2. The Baader 182 pollock filleting machine. This then-new technology was demonstrated in a production situation for the first time during the surimi project. Its ability to automatically and quickly handle pollock of varying sizes dramatically enhanced the feasibility of both pollock fillet and surimi production in Alaska. These machines are now used by virtually every pollock producer.

3. Objective surimi quality measurements. The Japanese system of determining surimi quality was based on broad categories such as vessel versus shore-based production and producer experience. AFDF pioneered objective quality and functional measurements that have allowed domestic producers to compete in the worldwide, especially in the large Japanese market.

4. USDA approval for fish in meat products. The microbiology of surimi, data generated in an AFDF study, was documented and incorporated into the first U.S. Department of Agriculture-approved Hazard Analysis and Critical Control Point (HACCP) plan for seafood. This breakthrough resulted in the first USDA-approved processed food product containing a blend of seafood and red meat. The potential of surimi to expand into the processed meat industry represents a tremendous domestic market for Alaska's fish products, especially with the recent focus on reduced fat and cholesterol in the diet. The potential of fish materials to be used in blended meat products represents an unmeasurable opportunity in the future.

5. The first documented demonstration of sole and flounder fillet production in Alaska introduced Alaskan product to a market starving for high-quality product. The Alaska flatfish resource is nearly untouched, and AFDF's project applying North Atlantic proacessing equipment to Alaskan flatfish has focused worldwide attention on Alaska as a source for quality flatfish. Since the start of AFDF's flatfish demonstration project, Alaska has increased flatfish production fourfold.

6. Innovative uses of fish byproducts. AFDF has demonstrated the use of Alaska's first automated, continuous-flow seafood waste hydrolyzer. The hydrolyzed product is already being tested for food for Alaska's salmon hatcheries, food for livestock, and fertilizer/insecticide on tree fruit crops. If fully successful, this process has the potential to greatly reduce processing wastes and increase industry profitability.

7. Conversion of a small salmon vessel to a cod longliner, and production of salt cod at remote sites. Information from this project has been used by many coastal communities to help expand economic development, and has led to the use of many small salmon vessels as longliners.

8. Spearheaded two efforts to find ways to process arrowtooth flounder, a species known for its flesh softening problems. Both efforts are producing positive results, which may lead to successful processing methods. This is especially important when one considers the size of the resource, which is expected to support annual harvests of nearly 500,000 metric tons.

9. Spearheaded demonstration of poultry deboning technology on pink salmon frames. This demonstration produced usable salmon mince from previously discarded frames, a product that is valuable and in high demand. This mincing technology may someday be applied to recover edible protein from the increasing number of spawned-out

carcasses at our private-non-profit hatcheries.

10. Development and testing of a prototype salmon head splitter to recover salmon flesh from the collars usually discarded with the heads. This high quality salmon "chunk" has an immediate application in salmon canning, and perhaps could be developed into a specialty product with a high value similar to halibut cheeks.

These brief project descriptions give just a small idea of the benefits the State of Alaska has received from Foundation activities. The complete chart of projects is considerably longer and can only be fully appreciated after reviewing the more than seventy-five project-related reports the Foundation distributes.

## III. Why An Endowment?

The Foundation has been able to accomplish these development projects because of the Saltonstall-Kennedy program and its mandate for industry-directed research and development. Although this program is still in effect, its funding and intent have been severely compromised over the past two to three years.

Because of the considerable stress on the federal budget and the funding of vital programs, the industry-directed portion of the Saltonstall-Kennedy program has been steadily reduced. The funding level in 1992 is only $500,000.00 for the entire country, nearly $7.0 million below the annual average for the last decade. The rest of the S-K funds have been redirected to fund general government operations. From the Alaska seafood industry's perspective, this reduction in Saltonstall-Kennedy funding reflects the fact that in most other areas of the United States the commercial fishing industry is much more developed--in most cases to the point of diminished resources. Our situation in Alaska is considerably different.

With the relatively recent development of most of our fisheries, opportunities, (especially groundfish) and with the rapid changes in established fisheries, (increasing pink salmon supplies and farmed salmon competition) we have before us dramatic opportunities to turn small investments in research and development into large benefits for the commercial fishing industry and the people of Alaska.

As with many other areas of endeavor, Alaska finds itself in a dramatically different stage than the rest of the country when it comes to fisheries developement needs. We cannot afford to lose the opportunities that are now available because of a reduction in the Saltonstall-Kennedy Program. The Alaska Fisheries Development Foundation's Board of Directors has responded to this challenge by initiating an endowment to fund the operations of the organization. This endowment would allow the Foundation to operate independently of the reductions in federal industry grants, and continue to provide the fisheries development breakthroughs that foster

industry success.

The Foundation is pursuing private and public sources of funding for the endowment. The endowment revenues will be applied toward long-term funding of the Foundation so it may continue its integrated, cooperative approach toward fisheries development research. The total amount of funding needed to keep AFDF's efforts going is ten million dollars. Our request for State of Alaska funds is five million dollars. We are seeking matching funds from the food and seafood industry.

This level of endowment funding will allow the Foundation to maintain the optimum organizational structure, and to continue its tradition of gleaning maximum benefits from minimal administrative costs. The return on this investment for the people of Alaska can only be projected based on the past 14 years of accomplishments at the Foundation. These include bringing in more than $13 million in federal grant funds and initiating demonstration projects that have increased Alaska's fisheries wholesale value by at least $240 million annually.

The endowment is a small investment when one considers the benefit it will bring to Alaska.

FISHERIES DEVELOPMENT PROJECTS

OF THE

ALASKA FISHERIES DEVELOPMENT FOUNDATION

## 1. Analysis of Factors That Affect Groundfish Quality

This project produced the first solid baseline of data on the quality characteristics of Alaska groundfish through the entire year. This information allows processors to structure their production to achieve the highest quality product, and to respond with factual information to speculation about how intrinsic characteristics of Alaskan species compare to North Atlantic species. AFDF worked with International Seafoods of Alaska, National Marine Fisheries Service (NMFS), All Alaskan Seafoods and Oregon State University to analyze groundfish product samples for an entire annual cycle. Samples were analyzed for moisture content, yield, taste acceptability, storage stability, and enzyme activity. The resulting data on quality and flesh characteristics is available in both a poster and a full report.

## 2. Development of Improved Techniques for Bone and Parasite Removal

In a project involving many shore-based cod processors, the Foundation has been working with the University of Alaska Fishery Industrial Technology Center (FITC) to improve current methods of bone and parasite removal, and to develop new, better methods. First, we studied the use of light filters and how variations in light intensity affect candling efficiency. Other studies involved mechanical vision systems, and may include testing bioelectrical methods as well. The goal is to develop a less labor-intensive, more accurate way to remove fish parasites. This may eventually lead to completely automated parasite detection and removal.

## 3. Development of Surimi Process Quality Assurance

This project has given surimi producers better quality information and expanded market opportunities. It also helped pave the way for U.S. Department of Agriculture approval for HACCP-produced surimi to be used in processed meats--a first for any seafood product. AFDF, Alaska Pacific Seafoods and the FITC together introduced a cutting-edge Hazard Analysis and Critical Control Point (HACCP) program, a quality assurance technique at the food industry forefront. A complete multi-seasonal microbiological analysis of production samples was done, and critical control points in the surimi process were identified. This effort has resulted in much better quality control. USDA approval for HACCP-produced surimi in processed meats, a direct result of this program, has created a

multi-million-dollar opportunity for surimi producers. We are applying the HACCP concept into other Alaska seafood processing lines so that broader microbiological data will be available to industry. This information will help prepare the Alaska seafood industry for the expected mandatory federal seafood inspection program.

**4. Flatfish Processing Line Yield Improvements**

During the AFDF flatfish project in 1988, we recognized the need to reduce waste and increase profits by improving yields during processing. This project demonstrated a process that would recover the flesh left on filleted flatfish frames. The process used available technology transferred from the poultry deboning industry to the Alaska seafood industry. Results indicate that we can increase recoveries and returns to processors and fishermen. We are also testing a similar process to increase yields from other groundfish, especially gray cod and pollock.

**5. Development and Demonstration of Seafood By-Product Hydrolysis**

The Foundation, working with North Pacific Processors and Advanced Hydrolyzing Systems, addressed the crucial question of seafood processing by-product utilization. Conventional meal and oil processing, though effective enough in large plants, offered little opportunity for most of Alaska's smaller or seasonal processors because of high capital costs. We tested a prototype 1,000/lb. per hour automated hydrolyzer machine and produced more than 12,000/lbs. of meal from material that would normally be discarded as waste. The hydrolyzed product was analyzed for use in piglet starter feeds at the University of Alaska Fairbanks, salmon fry feeds at the Fort Richardson State Hatchery, and as foliar feeder/insecticide for commercial fruit trees in Oregon. If successful, this hydrolyzing technology will allow processors to use more of the raw material they buy from harvesters, and to minimize problems with effluent regulations. This project has been continued for one more year to further explore the hydrolyzing options available to Alaska processors and the applications for hydrolyzed products.

**6. Coordinate an International Seafood By-Product Conference**

The Foundation, together with The University of Alaska Sea Grant Program, Icicle Seafoods, and several other members of the seafood industry hosted this international conference in 1990. The conference featured speakers from major fish by-product producers, researchers and buyers, and attendance topped 200 people from 13 countries. The purpose of the conference was to expose the Alaska industry to the worldwide demand and opportunities for seafood by-products, and to expose the international seafood by-products industry to growing opportunities in Alaska. In the past, dominance of Alaska's industry by salmon and crab producers had led to a widely held belief that Alaska had little to offer in the way of high quality whitefish by-products. The fact that our waste

streams had changed and our by-product handling facilities had been upgraded was not widely known. The conference was very successful in achieving these goals.

### 7. Testing an Automated Vision-Based Flatfish Sorting System

During our recently completed flatfish production demonstration project, we discovered that one obstacle to profitable flatfish filleting was the sorting problem caused by the large size range of flatfish species. Hand sorting is extremely time consuming and expensive, but is necessary to effectively machine fillet the fish. A prototype vision-based sorting machine from Eastern Canada is being tested at All Alaskan Seafoods for its ability to correctly sort Alaska flatfish species. If the machine is successful, as it is with Atlantic flatfish species, we will have solved a major problem for automated flatfish filleting in Alaska.

### 8. Developing a Flatfish Gutting Machine

A second obstacle to flatfish industry development the presence of rocks and grit in the gut cavity of Alaska flatfish, which damages the blades of automated filleting equipment. To solve this problem, we have begun to develop a prototype machine that would clean the belly cavity before the fish is filleted. If successful, this machine would increase efficiency, profitability, and feasibility of flatfish processing in Alaska.

### 9. Researching Feasibility of Producing Arrowtooth Flounder Surimi

Working with the National Marine Fisheries Service (NMFS), Eagle Fisheries, Alaska Draggers Association, Alaska Pacific Seafoods, and All Alaskan Seafoods, the Foundation is attempting to document the feasibility of commercial production of surimi from arrowtooth flounder. Arrowtooth flounder have an intrinsic flesh softening problem that renders them useless for seafood processors. The Gulf of Alaska population is at very high levels, and both harvesters and processors go to considerable trouble to avoid--or, when encountered, discard--this species. Dr. Diana Wasson, a scientist with NMFS, identified an additive which, when applied in the laboratory to arrowtooth flounder flesh, effectively eliminated the flesh softening problem. This incredible breakthrough led to a production test of the additive, which demonstrated successful application. The additive seems to retain its effectiveness through frozen storage. Final results from this project have been released. The next step will be a full-scale demonstration project in 1992 so that the industry will be able to collect the information required to make educated decisions about the feasibility of arrowtooth flounder surimi processing on an industrial scale.

## 10. Modification of Crab Pots to Harvest Pacific Cod

In response to the recent development of modified crab pots for the harvest of gray cod, the Foundation--together with the Alaska Department of Fish and Game, Neptune Trap and Trigger, Gotyas and the M/V Enterprise--completed research into the effectiveness of pot gear in harvesting cod and avoiding halibut. Both processors and harvesters have been hard hit by the closure of groundfish fisheries when halibut limits have been reached. The use of inclusion devices, together with vertical dividers in pot entrances, offers a logical method to continue the harvest of gray cod while eliminating most halibut. This harvesting method could also allow many small crab vessels to enter the groundfish fishery without large capital investments. The field research for this project has been completed and a final report is available. The results give harvesters an objective look at the production possibilities of this new gear type. We are also planning to study various modifications of bottom trawl gear in an effort to identify changes that will reduce trawlers' catches of halibut in 1992.

## 11. Ongoing Program Development

Each year the Foundation's program development committee, board of directors and staff complete an effort to identify and select projects for funding proposals. This year's effort is just beginning and will be completed in late March. At the present time the following ideas are under consideration: expanded arrowtooth flounder surimi studies, continued trawl bycatch reduction studies, pink salmon surimi, mince and secondary processing studies, squid surimi production demonstration, recovery of proteins from surimi wastewater, continued byproduct processing efforts, a bycatch workshop, and automated removal of cod pin bones.

DATE

Mr. William Fox
Acting Assistant Administrator for Fisheries
National Marine Fisheries Service
1335 East-West Highway
Silver Spring, MD 20910
Routing F

Dear Mr. Fox,

As the 1993-94 Saltonstall-Kennedy Industry Grants Program cycle begins I would like to alert your office to a critical problem in our U.S. seafood industry that demands immediate attention. The wild salmon industry of the North Pacific, once the shining star of our nation's seafood industry, is suffering from some far-reaching problems that threaten the U.S.'s worldwide competitiveness and critically diminish the benefits the nation receives from these fisheries.

Alaska's salmon production has comprised a major share of the U.S. seafood industry through this century. Yet salmon has not received any industry development assistance, other than promotional, in any government program. The salmon industry needs such assistance now, and the potential benefits to the nation far outweigh the minimal costs for such an effort.

Alaska once produced 40% of the world's salmon. Our share now is 30% and dropping. New salmon producers are springing up all over the world. To remain competitive, the North Pacific industry must improve its processing technology, investigate new value-added uses for salmon (especially the plentiful pink salmon), develop new quality assurance specifications, and open up new lines of communication between the salmon industry and the U.S. food processing industry, which represents a major consumer of North Pacific salmon.

To do this will require more financial and technical resources, and a more coordinated, industry-wide effort, than one company or organization can handle. It will require the support and participation of every sector of the salmon industry -- support that already is increasing rapidly. I believe it is just the kind of problem, and represents just the kind of industry development opportunity, that the S-K program was designed to address.

The potential benefits to the nation are legion: Hundreds of millions of dollars in increased revenues to this broad-based industry that feeds and supports several hundred thousand people in Alaska, the Pacific Northwest, and across the nation; a significant decrease in salmon processing waste, which has reached unacceptable proportions; increased competitiveness on the world food and seafood markets; and a greater economic return to the nation from the marine resources off its shores.

While other crucial problems also face the American seafood industry -- marine mammal concerns, and reducing incidental catch of non-target species, for example -- the salmon problem represents both a crisis for our industry's long-term world competitiveness and a tremendous opportunity for our future. It is a problem that needs immediate attention.

I would like to throw my wholehearted support behind naming North Pacific wild salmon industry development as a top national priority for the Saltonstall-Kennedy program in 1993 and 1994. I hope the seafood industry of the North Pacific can count on you to establish salmon as an immediate and critical priority for the Alaska region.

Sincerely yours,

# FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HJR 34

Revision Date: _____ Department Affected: Fish and Game

Title: Fisheries development project grants for the Alaska salmon industry BRU: Commercial Fisheries

Component: Commercial Fisheries

Sponsor: Representative Moses

Requestor: House Fisheries COMPONENT SERIAL NO. 459

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

| OPERATING | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 | FY 99 |
|---|---|---|---|---|---|---|
| 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 |
| REVENUE FUND SOURCE: | 0 | 0 | 0 | 0 | 0 | 0 |

**FUNDING:** (Thousands of Dollars)

| | | | | | | |
|---|---|---|---|---|---|---|
| 1002 Federal Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1003 GF Match | 0 | 0 | 0 | 0 | 0 | 0 |
| 1004 GF | 0 | 0 | 0 | 0 | 0 | 0 |
| 1005 GF/Program Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 1006 GF/MHTIA | 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 |

Estimate of current year (FY93) impact: $ 0

**ANALYSIS:** (Attach a separate page if necessary.)

Prepared By: Geron Bruce Phone: 465-6143

Division: Commissioner's Office Date: 3/9/93

Approved by Commissioner: Carl L. Rosier

Agency: Department of Fish and Game Date: 3/9/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

(Rev. 12/92) For further distribution information call the Governor's Legislative Office

*An invitation to attend*

# Alaska Salmon: The Next Generation

Chris Mitchell - AFDF -
last Oct - board wanted to try to bring attention to salmon.

salmon project - NMFS SK grant. program.
needs priority for funding.
build national support.
that this is a priority.
~~Jan.~~ Feb. 23 - annual brd meeting.

legislative resolution.

*A workshop on current issues, projects, problems and developments in the Alaska salmon industry*

Followed by a seafood reception at the Fiddlehead Restaurant

*Tuesday, February 23, 1993*

*Juneau, Alaska*

*Hosted by*
*Alaska Fisheries Development Foundation*

# *Alaska Salmon: The Next Generation*

- **The Salmon Game at a Glance**

How much is Alaska producing? Where is it going? Who are are primary competitors? What impediments and challenges to we face right now? This brief overview places Alaska's salmon industry in perspective with the rest of the world.

- **Which Alaska salmon industry?**

Four panel speakers from different industry sectors and different regions of Alaska review current progress, problems, possibilities and impediments from their points of view. We'll also discuss what problems the industry can address, and which require outside help.

- **The value-added vantage point**

A realistic look at value-added technology, economics and practicalities. What's the industry doing to add value to Alaska's salmon? What do we need to happen next?

- **The next step**

An update on AFDF's effort to bring together the needs, capabilities, strengths and expertise of all sectors of the industry to move Alaska salmon into the next generation. We'll also hear updates from ASMI and the Alaska Department of Commerce and Economic Development on their salmon projects.

**Workshop schedule:**
**2-5 p.m. February 23**
**Juneau Municipal Building**
**Assembly Chambers**

# *Then ...*

*Please join us for a seafood reception at the Fiddlehead Restaurant*

*7 - 9 p.m.*

*Please RSVP for the workshop and the reception to AFDF at 276-7315*

*The Alaska Salmon Workshop and Reception are sponsored by private industry donations from AFDF members, and we thank them.*

PROPOSED AMENDMENT TO HJR 34

BY MOSES

P. 1, line 13, change "products" to "markets"