

HJR

62

SCRIPT

HOUSE RESOURCES COMMITTEE

March 13, 1996

"We will now take testimony on House Resolution 62. It is my intent to move this bill today. I will have my aide give the sponsor statement and then we have Janice Adair from the Department of Environmental Conservation and then Jim Yonker from Ocean Beauty Seafoods. After that we will take other testimony from the teleconference sites and here in Juneau."

"I would like to move consideration of House Bill 118 to tomorrow's calendar."

Cheryl

Janice Adair, Director, Environmental Health, DEC

Jim Yonker, Ocean Beauty Seafoods

Teleconference sites

Juneau testimony

"I would entertain a motion to move HJR 62 from committee."

(Turn meeting back to Joe.)

LEGISLATIVE REFERENCE LIBRARY

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3808
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 400
Juneau, Alaska 99801-2105

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

Mary Pagenkopf

House Resources
3-13-96 8:10am-
HJR 62

Alaska State Legislature



Representative William K. Williams

Committees:
House Resources
Co-Chairman
World Trade &
State Federal Relations
Transportation
Rules
Oil & Gas

During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

SPONSOR STATEMENT

House Joint Resolution 62

Requesting the federal government to purchase surplus 1995 Alaska canned pink salmon.

The Alaska canned pink salmon industry is facing a serious problem caused by record harvests in 1995. The record pack of nearly 4 million cases on a 48 tall basis is seriously affecting the industry's ability to move these surpluses.

The pink salmon harvest forecast for 1995 was 76.1 million but actually turned out to be 128 million. This was 51.9 million over forecast. The strength is attributed to good ocean survival.

USDA has traditionally required that canned salmon be processed under NMFS Type-1 Continuous Inspection, even though neither the commercial marketplace nor the U.S. Food and Drug Administration (FDA) makes this requirement. The canned salmon industry does not normally contract NMFS inspectors to oversee the processing operation unless there is an indication that there will be a USDA purchase program. In 1995, a letter was sent by USDA to the salmon industry indicating that, based on the harvest level forecasts at the time, a purchase was not warranted. Consequently, the bulk of the industry did not assume the additional expense of NMFS inspection. When the size of the run became apparent, it was too late to bring inspectors to the plants.

The industry is prepared to have the National Marine Fisheries Service (NMFS) Inspection Services Division conduct lot inspections of product processed in 1995 to certify that the product meets the technical requirements of the Commercial Item Description for canned salmon. NMFS believes these assurances should be deemed adequate for USDA purchases for its various programs.

House Joint Resolution 62 requests the federal government to purchase 1995 Alaska canned pink salmon surpluses for their domestic and export programs. These programs, managed by the Agricultural Marketing Service, include school lunch programs, export programs, assistance to low income persons and the federal prison system.

The resolution also asks the Department of Agriculture to waive the National Marine Fisheries Service Type-1 inspection requirement. The canned salmon industry operates under federal and State of Alaska regulations as well as the guidelines of the "Canned Salmon Control Plan and Container Integrity Program" which were developed in conjunction with the National Food Processors Association and FDA. Alaska canned salmon is traded internationally on the assurances of these programs.

At present, at least six major Alaska seafood companies have notified fishermen they will not be buying pink salmon for the 1996 season because of the surplus. This situation poses economic disaster for our fishermen and processors.

The canned pink salmon surpluses offer a highly nutritious and healthful product for the federal government's programs. It is imperative that USDA make a decision quickly. Operating plans and commitments to purchase cans and packaging material must be made now to be manufactured and shipped for the 1996 season.

Alaska State Legislature



Representative William K. Williams

Committees:
House Resources
Co-Chairman
World Trade &
State Federal Relations
Transportation
Rules
Oil & Gas

During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

SPONSOR STATEMENT

House Joint Resolution 62

Requesting the federal government to purchase surplus 1995 Alaska canned pink salmon.

The Alaska canned pink salmon industry is facing a serious problem caused by record harvests in 1995. The record pack of nearly 4 million cases on a 48 tall basis is seriously affecting the industry's ability to move these surpluses.

The pink salmon harvest forecast for 1995 was 76.1 million but actually turned out to be 128 million. This was 51.9 million over forecast. The strength is attributed to good ocean survival.

USDA has traditionally required that canned salmon be processed under NMFS Type-1 Continuous Inspection, even though neither the commercial marketplace nor the U.S. Food and Drug Administration (FDA) makes this requirement. The canned salmon industry does not normally contract NMFS inspectors to oversee the processing operation unless there is an indication that there will be a USDA purchase program. In 1995, a letter was sent by USDA to the salmon industry indicating that, based on the harvest level forecasts at the time, a purchase was not warranted. Consequently, the bulk of the industry did not assume the additional expense of NMFS inspection. When the size of the run became apparent, it was too late to bring inspectors to the plants.

The industry is prepared to have the National Marine Fisheries Service (NMFS) Inspection Services Division conduct lot inspections of product processed in 1995 to certify that the product meets the technical requirements of the Commercial Item Description for canned salmon. NMFS believes these assurances should be deemed adequate for USDA purchases for its various programs.

House Joint Resolution 62 requests the federal government to purchase 1995 Alaska canned pink salmon surpluses for their domestic and export programs. These programs, managed by the Agricultural Marketing Service, include school lunch programs, export programs, assistance to low income persons and the federal prison system.

The resolution also asks the Department of Agriculture to waive the National Marine Fisheries Service Type-1 inspection requirement. The canned salmon industry operates under federal and State of Alaska regulations as well as the guidelines of the "Canned Salmon Control Plan and Container Integrity Program" which were developed in conjunction with the National Food Processors Association and FDA. Alaska canned salmon is traded internationally on the assurances of these programs.

At present, at least six major Alaska seafood companies have notified fishermen they will not be buying pink salmon for the 1996 season because of the surplus. This situation poses economic disaster for our fishermen and processors.

The canned pink salmon surpluses offer a highly nutritious and healthful product for the federal government's programs. It is imperative that USDA make a decision quickly. Operating plans and commitments to purchase cans and packaging material must be made now to be manufactured and shipped for the 1996 season.

FISCAL NOTE

STATE OF ALASKA
996 LEGISLATIVE SESSION

BILL NO. HJR 62

Title: Requesting the federal government to purchase surplus 1995 Alaska canned pink salmon. Dept. Affected _____
BRU: _____
 Sponsor: HOUSE RESOURCES COMMITTEE Components: _____
 Requestor: HOUSE RESOURCES COMMITTEE Serial # _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

| OPERATING | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 | FY 02 |
|------------------------|-------|-------|-------|-------|-------|-------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants, Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | 00 | 00 | 00 | 00 | 00 | 00 |
| CAPITAL | 00 | 00 | 00 | 00 | 00 | 00 |
| REVENUE | 00 | 00 | 00 | 00 | 00 | 00 |

FUNDING: (THOUSANDS OF DOLLARS)

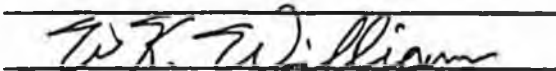
| | | | | | | |
|--------------|----|----|----|----|----|----|
| General Fund | | | | | | |
| Federal Fund | | | | | | |
| Other | | | | | | |
| TOTAL | 00 | 00 | 00 | 00 | 00 | 00 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-Time | | | | | | |
| Part-Time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

see attached analysis

Prepared by: HOUSE RESOURCES COMMITTEE
Representative Bill Williams


Date: March 12, 1996
 Phone: 465-3715
 Phone: _____

Alaska State Legislature



Committees:
House Resources
Co-Chairman
World Trade &
State Federal Relations
Transportation
Rules
Oil & Gas

Representative William K. Williams

During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

February 22, 1996

Mr. Lon Hatamiya
Administrator, Agricultural Marketing Service
U.S. Department of Agriculture
Room 3071 South Building
14th and Independence Avenue, S.W.
Washington, D.C. 20250

SENT BY FAX TRANSMITTAL

Dear Mr. Hatamiya:

The U.S. pink salmon industry is facing a serious problem caused by near-record harvests in 1995. Over 117 million fish were landed resulting in a record pack of nearly 4 million cases on a 48 tall basis. Had the State of Alaska known the individual component strength of the returning salmon, we may have acted more pro-actively than re-actively.

The seafood processing industry and the fishermen of Alaska are now seeking an emergency purchase of canned pink salmon to alleviate a huge surplus situation.

As I understand the process, your department has traditionally required that fish products be processed under NMFS Type 1 - Continuous Inspection. Neither the commercial marketplace nor the U.S. Food and Drug Administration (FDA) demand this requirement. The canned pink salmon industry does not normally engage NMFS inspectors to oversee the processing unless there is an indication that there will be a USDA purchase program. Last summer, a letter was sent by USDA to the salmon industry indicating that, based on the best knowledge at the time, a purchase was not warranted, therefore the bulk of the industry did not assume the additional cost of NMFS inspection. When the size of the runs became apparent, it was too late to bring inspectors to the plants. As a result, only a small quantity of salmon was processed under Type 1 inspection. The amount of product was held by only one company and was determined to be too small to warrant a USDA program.

The industry is prepared to work with USDA and the NMFS Inspection Services Division to provide lot inspection if necessary. It should be known that the canned salmon industry operates under the regulations of the State of Alaska as well as guidelines of the "Canned Salmon Control Plan and Container Integrity Program" which were developed in conjunction with the National Food Processors Association and FDA. U.S. canned salmon is traded internationally on the assurances of these programs.

Mr. Lon S. Hatamiya
Page 2
February 22, 1996

I am very concerned with what will happen to our fishermen, processors, cannery workers and the State of Alaska this coming season if we cannot find relief. I request that you reconsider the decision to not purchase the 1995 pack of canned salmon and that you immediately begin a program to purchase canned pink salmon for your various programs. I appreciate your consideration of my request and look forward to hearing from you.

Sincerely,



William K. Williams
HOUSE OF REPRESENTATIVES

WKW:cs



UNITED FISHERMEN OF ALASKA

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

February 26, 1996

FAX: 202/720-2166

The Honorable Dan Glickman
Secretary of Agriculture
Office of the Secretary
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Secretary Glickman:

United Fishermen of Alaska is a private, non-profit organization that represents all of the salmon gear types, longline fisheries, crab fisheries, vessel owners associations, and aquaculture associations. The interaction of these groups, as well as the pooling of their resources and expertise, makes for a formidable organization to address the issues that affect our industry. UFA works hard to promote the entire seafood industry. A large portion of UFA's commitment is basic education as to the facts and benefits of the seafood industry.

The U.S. pink salmon industry is facing a serious problem caused by near-record harvests in 1995. Over 117 million fish were landed resulting in a record pack of nearly four million cases on a 48 tall basis. Had the State of Alaska known the individual component strength of the returning salmon, it may have acted more pro-actively than reactively.

The seafood processing industry and the fishermen of Alaska are now seeking an emergency purchase of canned pink salmon to alleviate a huge surplus situation.

It is my understanding that the U.S. Department of Agriculture requires fish products be processed under NMFS Type 1 - Continuous Inspection. Neither the commercial marketplace nor the U.S. Food and Drug Administration (FDA) demand this requirement. The canned pink salmon industry does not normally engage NMFS inspectors to oversee the processing unless there is an indication that there will be a USDA purchase program. Last summer, a letter sent by USDA to the salmon industry indicated that a purchase was not warranted; therefore, the bulk of the industry did not assume the additional costs of NMFS inspection. When the size of the runs became apparent, it was too late to bring inspectors to the plants. As a result, only a small quantity of salmon was processed under Type 1 inspection. The amount of product was held by only one company and was determined to be too small to warrant a USDA program.

The industry is prepared to work with USDA and the NMFS Inspection Services Division to provide lot inspection if necessary. The canned salmon industry operates under the regulations of the State of Alaska as well as guidelines of the "Canned Salmon Control Plan and Container Integrity Program" which were developed in conjunction with the National Food Processors Association and the FDA. U.S. canned salmon is traded internationally on the assurances of these programs.

MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Longline Fishermen's Association • Alaska Trappers Association • Area K Seiners Association
Bristol Bay Driftnetters Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association
Cordova District Fishermen Union • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association
North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Peninsula Marketing Association
Petersonburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association
Seafood Producers Cooperative • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association • United Cook Inlet Drift Association

The Honorable Dan Glickman
U.S. Secretary of Agriculture
U.S. Department of Agriculture


February 26, 1996
Page Two

Unless some relief comes this year, several companies that have existing high inventories will not open their canneries this season; in fact, some have already announced severe cutbacks in their operations and cancelled plant openings. The canned salmon industry is the largest private employer in the state of Alaska with over 39,000 employees. Another 35,000 people are employed in Washington state canneries and industry-related jobs. The existing surplus and plant closures or cutbacks will result in serious problems for the fishermen as well as the cannery workers and, ultimately, the entire salmon industry in the Pacific Northwest and Alaska.

United Fishermen of Alaska requests that the surplus removal programs managed by the Agricultural Marketing Service include purchases of canned pink salmon packed during the 1995 season. This is of critical importance to both the fishermen and the processors because operating plans and commitments to purchase cans and packaging material must be made in March 1996 to be in place for use during the 1996 Alaska salmon fishing season between June and September. A decision on this issue needs to be made as soon as possible and conveyed to the industry.

We look forward to hearing from you next month as to the decision made.

Sincerely,


Jerry McCune
President

cc: Senator Ted Stevens (FAX: 202/224-2354)
Senator Frank Murkowski (FAX: 202/224-5301)
Congressman Don Young (FAX: 202/225-2009)
Governor Tony Knowles (465-3523)

bcc: Art Scheunemann, Executive Director - ASMI (465-5572)
Debby Sedwick, Assistant Commissioner
Alaska Department of Commerce & Economic Development (907/269-8125)
Mary McDowell, Governor's Office (465-3532)
UFA Board of Directors

OCEAN BEAUTY SEAFOODS, INC.

VIA CERTIFIED MAIL

February 13, 1996

Mr. Lon Hatamiya
Administrator
Agricultural Marketing Services
U.S. Department of Agriculture
P.O. Box 96456
Washington D.C. 20090-5456

Subject: USDA Purchase of Surplus Alaska Canned Pink Salmon

Dear Mr. Hatamiya:

I have had the opportunity to review the discussions your division, the Agricultural Marketing Service (AMS) of the U.S. Department of Agriculture, has been involved in, with representatives of Alaska's canned salmon industry, since October 1995.

Evaluation of recent inventory figures indicates that Alaska's canned salmon industry will have a carry-over inventory from last year (June 30, 1995 - July 1, 1996) of approximately 1.7 million cases on a 48-can basis of canned pink salmon. This is almost double the previous inventory year. To further complicate matters, the pending production cycle for canned pink salmon shows no sign of letting up. Based on early projections for the 1996 harvest, Alaska's canned salmon industry could potentially have a carry-over inventory of 2.5 million cases of canned pink salmon by July 1, 1997.

Per your division's letter to the Alaska Seafood Marketing Institute's (ASMI) Executive Director, Art Schennemann, on June 29, 1995, the National Marine Fisheries Service (NMFS) "has not recommended that USDA purchase canned pink salmon this season." In this same USDA letter, the agency, through your Agriculture Marketing Service, agreed to monitor the salmon harvest and market conditions, and that "AMS will request that the secretary make funds available for a Section 32 contingency purchase program, if the situation warrants" it.

This letter is to advise you that the situation for Alaska's canned salmon industry now warrants a USDA "buy" for all programs monitored by the AMS. This includes whenever surplus food is purchased with federal funds under USDA auspicious; i.e., the federal prison system, federal export programs, school-lunch programs, or federal assistance programs for low-income parties. The Alaska canned salmon industry's request for AMS and USDA to meet the agency's own agreement, in their June 29, 1995 letter, is supported by:



C:\Marketing\Hj\021296.doc

1100 W. EWING ST. • P.O. BOX 70739 • SEATTLE, WASHINGTON 98107 • (206) 285-6800 • FAX (206) 281-5897

OCEAN BEAUTY SEAFOODS
Feb. 15, 1996 5:33PM

- On October 11, 1995 staff from the Pacific Seafood Processors Association met with AMS in Washington D.C. and explained the necessity of a USDA buy for Alaska's canned pink salmon. At the same meeting PSPA staff requested a waiver by AMS from their requirement for a NMFS type-1, in-plant inspection for the 1995 carryover;
- On October 21, 1995 ten members of Congress wrote USDA's Secretary Glickman requesting the agency to purchase "this year's unexpected surplus of canned Alaska pink salmon. These ten representatives of Congress requested USDA to grant a waiver from the in-plant NMFS type-1 inspection for the 1995 carryover;
- On November 2, 1995 four members from the United States Senate Committee on Appropriations wrote Secretary Glickman and requested a "(USDA) purchase, under its various programs and authorities, or significant quantities or a large and unanticipated surplus of canned pink salmon." Also, the Senators requested a waiver from the NMFS type-1 inspection program on behalf of the industry;
- On December 14, 1995, a representative from ASMI's Washington D.C. legal staff met with you regarding USDA "buy" of canned pink salmon. AMS advised "they didn't feel they could do much now in the short-term period"; and
- On January 30, 1996 you and your staff met with ASMI's executive director in Washington D.C., and you advised that "USDA now acknowledges that fact that there is a surplus of canned salmon." You and your AMS group concluded you have all the data you need to make your recommendation to secretary Glickman.

On June 29, 1995 you stated that AMS would monitor "salmon harvest and market conditions." However, it has taken three and a half-months by AMS, before the agency has concluded that it is necessary, that they step forward, for a purchase of excess Alaska canned salmon. This is not acceptable to me on your part. Already one Alaska seafood company has filed for Chapter 11; another has announced it will not operate in 1996; and a third has advised their fisherman they will not purchase pink salmon to be canned in 1996.

You have not addressed the industry's and Congress' request for a waiver from the NMFS in-plant Type-1 inspection program. Rather you have on three occasions provided answers that are no answers. In fact by AMS's unwillingness to delete the necessity of a NMFS in-plant Type-1 inspection program, you have failed to respond to the President's Regulatory Review Initiative. By the Alaska canned salmon industry's regulatory compliance with the Food and Drug Administration, the State of Alaska, and the "Canned Salmon Control Plan and Warehouse Integrity Program" monitored by the National Food Processors Association, the validity and necessity of a NMFS in-plant, Type-1 inspection by you and the USDA is not even debatable. Rather AMS/USDA should address your concerns about quality control issues, through the use of a "lot inspection" program conducted in Seattle prior to labeling. It's unnecessary for AMS to adopt HACCP regulations for seafood, with FDA's new 123.0 "Seafood HACCP" regulation already published.

Other AMS Concerns

- Environmental - Alaska's canned salmon is packaged in steel containers that are tapered. This allows for easy stacking, one inside another, after use. More importantly, these containers have the highest rate of recycling of any material -- 40.9 percent;



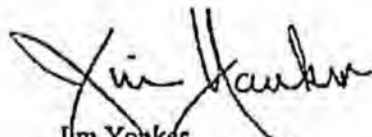
- Menus - ASMI is more than willing to work with any USDA program and its chefs and cooks in menu preparation/option; and
- "Shelf-life" - Per the National Food Processors Association, the acceptable shelf life for canned salmon is 72 months. As for an additional insurance buffer, as we use 60 months, this exceeds the USDA guidelines on "shelf-life" for canned meat which is nine months and includes an additional 12 - 14 months to cycle these products through various USDA channels of distribution.

In closing I would like to comment that scientific information provided by the Alaska Seafood Marketing Institution, the National Food Processor Association, the National Fisheries Institute and the National Marine Fisheries Service all document that Alaska's canned pink salmon products are an excellent source of high-quality protein, contain nearly all the essential amino acids, vitamins A and D, niacin and riboflavin from the B complex group with iron, zinc, magnesium, and phosphorus in appreciable amounts. Fats in canned salmon are predominately unsaturated, and recent tests have show that they slow the development of artery disease.

Please advise me of any reason why AMS cannot recommend and oversee a major buy by USDA of Alaska's canned pink salmon inventory from 1995 production.

Sincerely,

OCEAN BEAUTY SEAFOODS, INC.



Jim Yonker
Director, Corporate Quality Assurance
and Government Relations

cc: Honorable Dan Glickman, Secretary, USDA
Honorable Ted Stevens
Honorable Frank Murkowski
Honorable Slade Gorton
Honorable Patty Murray
Honorable Jim McDermott
Honorable Norm Dicks
Honorable Linda Smith
Honorable Rick White
Honorable John Breaux
Honorable Larry Craig
Honorable Helen Chenoweth
Honorable Michael Crapo
Mr. John Cady, President & CEO, NFPA
Mr. Lee Weddig, Executive Vice Pres., NFI
Mr. Art Schennemann, ASMI





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
1335 East West Highway
Silver Spring, MD 20910
THE DIRECTOR

FEB 23 1996

Mr. Lon S. Hatamiya
Administrator, Agricultural Marketing Service
U.S. Department of Agriculture
14th and Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. Hatamiya:

The Pacific northwest and Alaska salmon industry is seeking an emergency purchase of canned pink salmon to alleviate what has become a huge surplus situation. The National Marine Fisheries Service (NMFS) supports this request and recommends that a program to purchase product processed in 1995 be initiated as soon as possible.

The U.S. pink salmon industry is facing a serious problem caused by record harvests in 1995. More than 128 million fish were landed resulting in a record pack of nearly 4.0 million cases (48-tall basis). U.S. cold storage inventories of frozen pink salmon as of December 31, 1995, were reported to be 588 percent higher than a year earlier. Had NMFS known the magnitude of the salmon returns and the salmon pack early in the summer of 1995, we would have recommended that the U.S. Department of Agriculture (USDA) initiate a surplus removal program for canned pink salmon. Unfortunately, neither we, nor anyone in the salmon industry or in the Alaska Department of Fish and Game (the source of the estimates of returns), foresaw the magnitude of the pink salmon runs.

Unless some relief comes this year, several companies that have existing high inventories will not open their canneries next season; in fact, some have already announced severe cutbacks in their operations and canceled plant openings. The canned salmon industry is the largest private employer in the State of Alaska with over more than 39,000 employees. Another 35,000 people are employed in Washington in canneries and industry-related jobs. The existing surplus and plant closures or cutbacks will result in serious problems for the fishermen as well as the cannery workers, and ultimately the entire salmon industry in the Pacific Northwest and Alaska.

USDA has traditionally required that canned salmon be processed under NMFS Type I - Continuous Inspection; though neither the commercial marketplace nor the U.S. Food and Drug Administration (FDA) makes this requirement. The canned salmon industry does not normally contract NMFS inspectors to oversee the processing operation unless

THE ASSISTANT ADMINISTRATOR
FOR FISHERIES



. 2

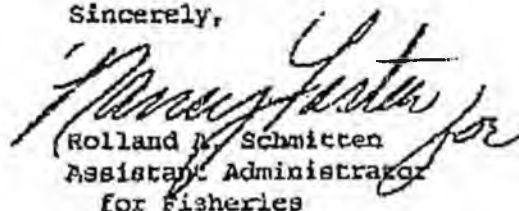
there is an indication that there will be a USDA purchase program. In 1995, a letter was sent by USDA to the salmon industry indicating that, based on the harvest level forecasts at the time, a purchase was not warranted, therefore the bulk of the industry did not assume the additional cost of NMFS inspection. When the size of the runs became apparent, it was too late to bring inspectors to the plants. As a result only a small quantity of salmon was processed under Type I inspection. This was held by only one company and was deemed to be too small to warrant a USDA program.

The canned salmon industry operates under Federal and State of Alaska regulations as well as the guidelines of the "Canned Salmon Control Plan and Container Integrity Program" which were developed in conjunction with the National Food Processors Association and FDA. U.S. canned salmon products are traded internationally with the assurances of these programs and in some cases, lot inspections. The industry is prepared to have the NMFS Inspection Services Division conduct lot inspections of product processed in 1995 to certify that the product meets those technical requirements of the Commercial Item Description for canned salmon, that can be verified by end item evaluation. We believe these assurances should be deemed adequate for USDA purchases for its various programs.

We request that the surplus removal programs managed by the Agricultural Marketing Service include purchases of canned pink salmon packed during the 1995 season. It is imperative that a decision be made and conveyed to the industry as soon as possible. This is of critical importance to both the fishermen and processors because operating plans and commitments to purchase cans and packaging material must be made in March of this year to be manufactured and shipped north to be in place for use during the 1996 Alaska salmon fishing season between June and September.

We are ready to offer whatever assistance your offices require to consider steps to reduce this serious surplus of canned pink salmon. We would welcome the opportunity to discuss implementation of an emergency purchase program with you at your earliest convenience.

Sincerely,


Rolland A. Schmitten
Assistant Administrator
for Fisheries

Feb. 27, 1996

11:43AM OCEAN BEAUTY SEAFOODS 2062815897

PO02/DNo. 1039 P. 2/4

ALASKA

COMMITTEES:

CHAIRMAN

ENERGY AND NATURAL RESOURCES

FINANCE
VETERANS' AFFAIRS
INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510-0202

(202) 224-6665

February 26, 1996

(907) 271-3736

101 12th Avenue, Box 7
Fairbanks, AK 99701-6278
(907) 456-0232

P.O. Box 21647
Juneau, AK 99802-1647
(907) 584-7484

128 Trading Bay Road, Suite 310
Kenai, AK 99541-7716
(907) 263-8400

100 Main Street
Ketchikan, AK 99901-6425
(907) 225-8200

The Honorable Daniel R. Glickman
Secretary of Agriculture
14th Street and Independence Avenue, S.W.
Room 200-A
Washington, D.C. 20250

Dear Secretary Glickman:

I am writing to urge your immediate approval of a much-needed surplus commodity purchase of canned pink salmon through the Agricultural Marketing Service. I cannot overemphasize how critical this matter has become for the Alaska salmon industry since the first request for a purchase was made to the Department last year. I am attaching for your information a letter from a major Alaska fishing organization which is characteristic of those I have received.

As you may recall, several members of the Senate wrote on this subject last year. We are still waiting for the agency to act.

Last year's harvest of over 117 million pink salmon was much larger than had been predicted. In all, the equivalent of four million cases of 48 1-lb. cans was packed. Despite very low prices, there is a significant inventory carryover, projected to remain as high as 1.7 million cases by this coming July, well into the 1996 harvest/packing season. This has very seriously affected prospects for the coming year.

Shock waves have already started to ripple through the industry. Several companies have closed their doors or filed for bankruptcy protection, including Whitney Foods, Inlet Salmon, and Pelican Seafoods. Others, according to rumors within the industry, are likely to follow suit. Still others have already informed fishermen that they will not purchase pink salmon this year, or have let it be known that prices will be \$00.05 per pound or lower.

The Alaska seafood industry is Alaska's largest private employer, and a key component of our economic base. Make no mistake, Mr. Secretary, the current situation is a disaster in every sense of the word. Worse, the most extreme effects will be felt in the smallest and most remote of our communities, where the fishing industry is often the ONLY source of earned income for the predominately Native American residents.

The Honorable Daniel Glickman
Page 2

February 26, 1996

Alaska has the largest and healthiest salmon population in the world. Unfortunately, the world market has been glutted with salmon both from our large harvest of wild salmon, and from uncontrolled growth in the pen-reared salmon industry, which is heavily subsidized by some foreign governments.

Alaska's canned pink salmon products are an excellent source of high-quality protein, contain nearly all the essential amino acids, vitamins A and D, niacin and riboflavin from the B complex group with iron, zinc, magnesium, and phosphorus in appreciate amounts. Fats in canned salmon are predominately unsaturated, and recent tests have shown that they slow the development of arterial disease. Further, according to the National Food Processors Association, the acceptable shelf life for canned salmon is 72 months. This exceeds the USDA guidelines on shelf life for canned meat which is nine months and includes an additional 12-14 months to cycle these products through various USDA channels of distribution.

I understand that USDA normally requires the salmon products it purchases to have been packed under the Department of Commerce, National Marine Fisheries Service (NMFS) "Type 1" inspection program, for which costs are borne by the individual processor. However, at the time of last year's harvest, neither NMFS nor the State of Alaska, nor the industry, were able to predict the strength of the 1995 pink salmon run, and because no USDA purchase was planned, most processors decided against the additional expense. By the time the size of the run became clear, it was too late to bring NMFS inspectors to the salmon canneries.

A waiver of the Type 1 requirement is clearly needed. Let me assure you, however, that all the fish packed in Alaska is subject to rigid safety standards, and under state-of-the-art Hazard Analysis/Critical Control Point (HACCP) processes developed by the Alaska Department of Environmental Conservation. Furthermore, all canned salmon is also subject to the guidelines of the Canned Salmon Control Plan and Integrity Program, developed in cooperation by the industry and the Food and Drug Administration. Together, these programs easily equal the safety standards of the Type 1 plan. Any further requirements of USDA product specifications can easily be accommodated and appropriate assurance provided to USDA through lot inspections, as has been done in the past.

In fact, I believe you may already have heard from the National Marine Fisheries Service that the existing combination of programs provides more than adequate assurance of safety, and suggesting the lot inspection alternative. I believe also that the Service has communicated that, had it known last summer that the 1995 pack was going to be of such magnitude, it would have strongly recommended that USDA initiate a major purchase at that time.

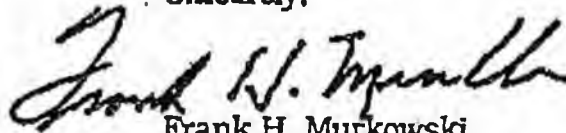
The Honorable Daniel Glickman
Page 3

February 26, 1996

Again, I strongly urge you to announce immediately your intention to purchase the remaining carryover of 1995 canned Alaska pink salmon. This purchase is critical to avoiding serious and widespread economic disruption as we enter the 1996 harvest season, which is now just a few months away.

Thank you for your consideration. In your response, please refer to file No. 94841.

Sincerely,



Frank H. Murkowski
United States Senator

Enclosure