

SB

255

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 255

Revision Date: _____
 Title: "An act relating to the types of seafood promotions and contracts
that can be made by the board of the Alaska Seafood Marketing Institute"
 Sponsor: ADAMS
 Requestor: Senate Resources

Department: Commerce and Economic Development
 BRU: Alaska Seafood Marketing Institute
 Component: Alaska Seafood Marketing Institute

COMPONENT SERIAL NO. 393

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

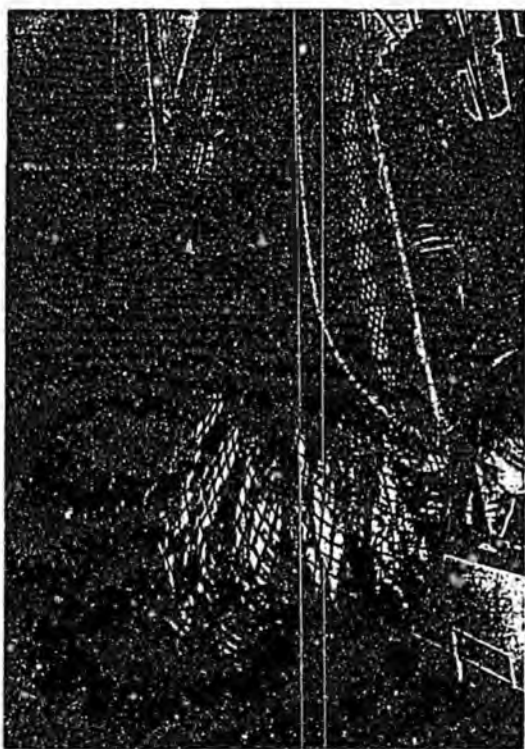
ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dwayne Peoples
 Division: Alaska Seafood Marketing Institute
 Approved by Commissioner: William L. Hensley, Commissioner
 Agency: Commerce and Economic Development

Phone: 465-5571
 Date: March 14, 1996
 Date: 3-14-96

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LOST IN A SEA OF SALMON



Steven Kazdowaki

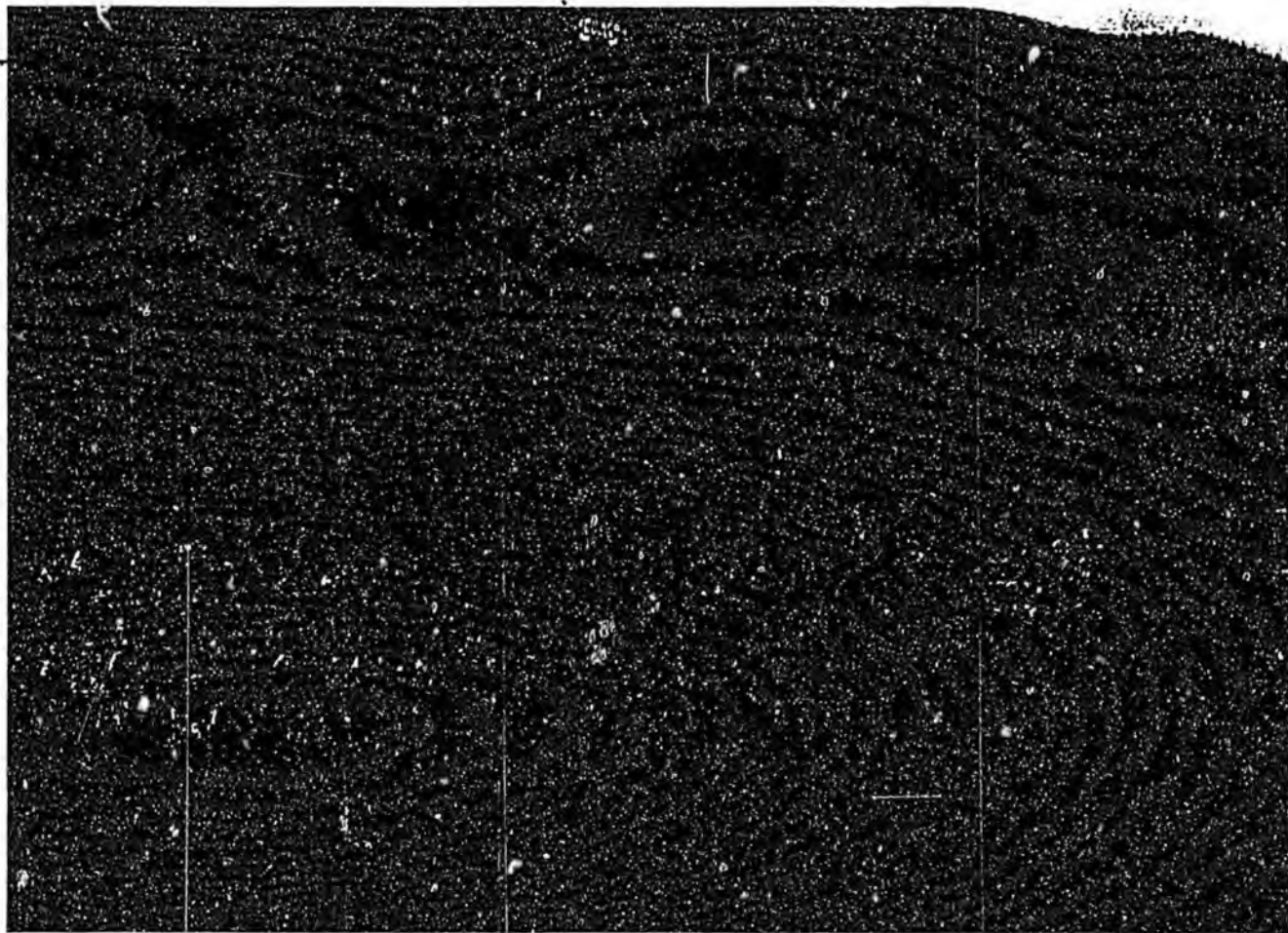
FROM LEFT TO RIGHT: A SEINER IN SOUTHEAST ALASKA HAULS UP A BIG BAG OF CHUMS COMPLIMENTS OF THE STATE'S PROLIFIC HATCHERIES. WILD CHUM SALMON FROM THE YUKON RIVER DRYING ON RACKS (NOTE THE OILY FLESH—IDEAL FOR SMOKING). YUKON FISHERMAN JOE REDINGTON JR. POSES ON A RACK OF DRYING CHUMS. FLORENCE FOLGER DOES A QUALITY CHECK ON SOME SALMON EGGS SOON TO BE TRANSFORMED INTO IKURA, THE WORLD'S BEST SALMON CAVIAR.

ALASKA'S PRIZED ARCTIC CHUMS LOSE OUT IN A MARKET AWASH WITH CHEAP SALMON

Standing next to a 50-gallon oil drum of boiling chum salmon, Bill Taylor will tell you he's in a dog-eat-dog kind of business. He catches chum salmon, and his dogs eat them. There are 120 sled dogs, coats as shiny as seals, tied on short chains around his trailer. "Dogs are my main business now," says Taylor, who has sold chums from Alaska's upper Yukon River for more than 20 years, but now finds himself without a market. "At least they're not going to waste," he says, stirring his salmon brew to a cacophony of canines.

A market crisis exists not only in Manley Hot Springs, a small Athabaskan village 90 miles west of Fairbanks where Taylor has set up a processing station, but across northern Alaska, from the Yukon River to Kotze-

BY ROGER FITZGERALD



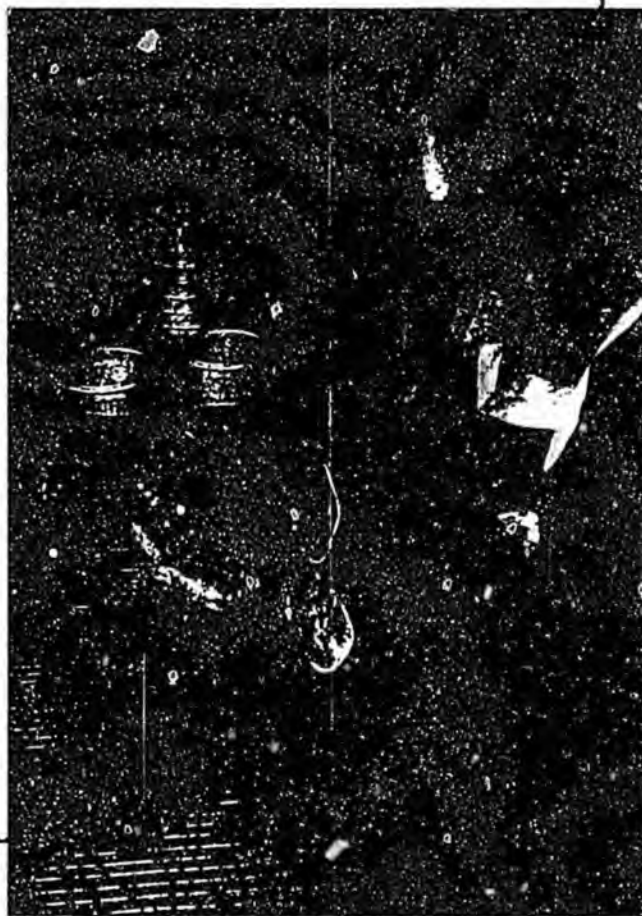
Linda Johnson

bue Sound above the Arctic Circle. In the Lower Yukon, for example, fishermen were getting a measly \$.12-\$.15 per pound this summer for what are regarded by many as the finest chum salmon in the world. In the Upper Yukon, the only market was for roe, resulting in tons of salmon being stripped of eggs and the carcasses fed to the dogs.

KNOCKED FROM THEIR NICHE

Back in a world of fewer salmon, Arctic and Yukon chums had a market niche based on their flesh color, high oil content (ideal for smoking) and competitive price. Where did it go? In the case of the Yukon, the season for fall chums was closed from 1991-94, reason enough to lose out, but that's only the beginning. According to producers, Chilean cohos and record sockeye runs have flooded the traditional market in Japan—and Japan (with its 200,000-ton chum returns in Hokkaido) has plenty of chums of its own. And what's left (if anything) is being swallowed up by Alaska's own nonprofit hatcheries, which are pumping out record numbers of chums.

The bitterest pill is the hatcheries. "Should the state be in the business of putting me out of busi-



Roger Fitzgerald

ness?" shouts Taylor over a din of barking dogs. "I had a market, now I don't. They went to Southeast to buy those cheap hatchery fish," he says, referring to Smith Brothers Food Service Inc., based in Port Washington, Wis., a company which had kept area fishermen busy until the river closed for fall chums in 1991.

Bruce Mitchell of Whitney Foods, in Seattle, a company that has pioneered Arctic salmon, says the hatcheries have been glutting the market for the last few years... "That's nothing new," he says. "What's new

per River] H&G cohos from Prince William Sound for \$1.60 per pound delivered—and we couldn't find a buyer...so we had to go to the freezer with them. We have H&G silver-brite Arctic chums for \$.90 per pound FOB Seattle and no takers. What can you do when you have Chile selling 3- to 4-pound sides of Atlantic salmon, pinbone removed, at \$3.25 per pound FOB Miami?

"Arctic chums are the best in the world: Yukon, Norton Sound, Kotzebue, even Kuskokwim chums, when they're handled right, there's no comparison for meat color and taste. People will contest that, but I've been buying chums for 35 years, and I know."

Taste means oil content, and the percent of fat in a Yukon fall-run chum is 11-13% compared to 5-6% in a hatchery chum. It all has to do with the length of the run: The longer the run upriver, the fatter the salmon. The Yukon River is 1,835 miles long, and while not every chum travels its length—and there are important distinctions to be made between different runs of fish—fall-run Yukon chums are without equal when it comes to flesh color and fat content.

One night in Taylor's trailer in Manley Hot Springs, located 765 miles from the mouth of the Yukon River, I had a chance to taste these chums for myself—the same fish that Taylor was feeding to the dogs. It was the egg crew's dinner break. Chum eggs were being flown from different parts of the Yukon (only from upper-river fish, though, because the eggs must be mature), and everyone had been working almost around the clock. The work is simple, but backbreaking, essentially rubbing the roe over a grate to free the eggs from the skein, a quick brining and that's it—exactly the same method used to produce sturgeon caviar. The main market is Japan, but Taylor was selling heavily into large Eastern cities, where there are enclaves of Russians who apparently can't live without it. (*Ikura*, the name commonly used for salmon caviar, is a Russian word, not Japanese as most people assume.) "They even put it in their mashed potatoes," said Jim Freeman, who was running the egg operation. Whatever



Roger Fitzgerald

YOU CAN'T ALWAYS JUDGE A CHUM BY THE COLOR OF ITS SKIN. THESE FALL-RUN FISH FROM THE YUKON RIVER, WHILE DARK ON THE OUTSIDE, ARE STILL RICH IN OIL AND HAVE GOOD FLESH COLOR.

is Hidden Falls [a hatchery located on Baranof Island in Southeast Alaska] hitting the front of the season more aggressively than in the past. By the time our fish enter the [fresh] market forget it. There's nothing left."

A FLOOD OF FARMED...

While hatchery chums may seem like a stake in the heart of northern Alaska producers, it's only one nail in the coffin, says Bob Shelly, an owner of Great Pacific Seafoods Inc. based in Seattle, with processing facilities in Cordova, Alaska. Japan's burst-bubble economy, Alaska's record sockeye run in Bristol Bay, big hatchery returns in Hokkaido are others...but the big one, he says, is "the flood of farmed salmon on the world market."

"To give you an example," says Shelly, "in September, we had these beautiful [Cop-



Roger Fitzgerald

they do with it, fishermen were grateful because, at \$2-\$3 per pound for raw roe, it was the only game on the river. We had a bowl of ikura on the table to mix with our rice (Japanese style). Canned string beans rounded out the menu.

The chum salmon was very tasty; in fact, it would compare favorably with many Alaska kings. "You'd think we'd at least have a market for these," said one of the eggers, holding up a salmon collar, the tastiest part of the fish. Of course, you wouldn't believe these chums would be that good from looking at them.

The old adage, "You can't judge a book by its cover," applies here. Neither can you judge a chum by the color of its skin. Darker fall chums taken from the Upper Yukon are richer and redder than most silver-brites taken elsewhere. (Yet at the first blush of color on the skin, the price dramatically drops!)

THE REAL CULPRIT

But if Arctic chums are so good—and the producers so desperate for a market—why can't they move any fish?

And there's the rub, say many producers: moving fish. The problem with Arctic chums is the cost of moving them out fresh from remote areas to processing facilities. "Bush carriers are taking the fun out of buying fish in the Arctic area...40-50 cents [to Anchorage] is ridiculous," says Shelly.

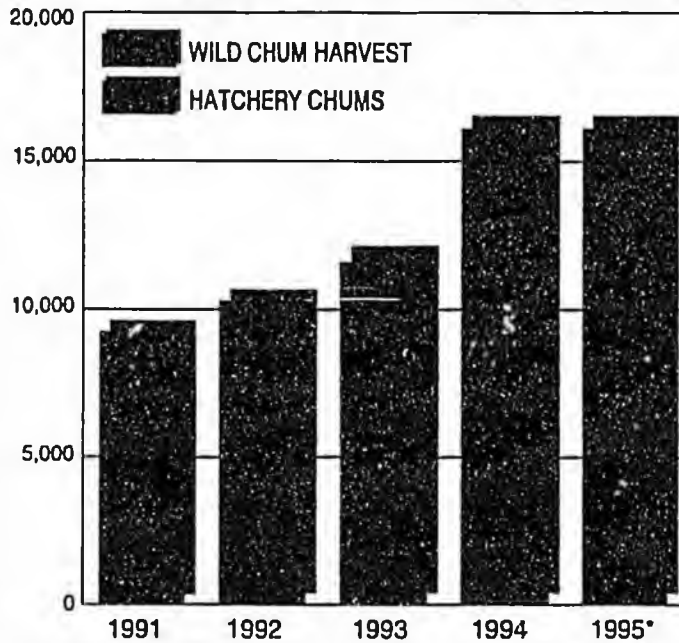
The added transportation cost makes it almost impossible to compete. Historically Arctic chums held a niche based on superior quality (when it wasn't lost through poor handling), but in a glutted market all distinctions tend to fade—except price.

And the price of a fresh hatchery chum is under \$1 per pound FOB Seattle compared to an Arctic chum which, according to Dan Senecal-Albrecht, executive director of the Bering Sea Fishermen's Association, proces-

Continued on page 93

*CLUBBING
CHUMS AT
PRINCE WILLIAM
SOUND'S WALLY
NORENBERG
HATCHERY. THE
FEMALES WILL BE
STRIPPED OF
EGGS, WHICH
WILL THEN BE
FERTILIZED AND
INCUBATED IN
THE HATCHERY.*

ALASKA'S RISING TIDE OF CHUMS



Figures represent actual numbers of chum salmon in thousands of fish harvested.
 * Estimated. The hatchery harvests include both cost recovery and common property catches. Source: ADF&G.

THE FOUNTAIN OF SALMON

Peter Esquiro, a mild-mannered Alaska native, is general manager of Hidden Falls hatchery in Southeast Alaska. While the hatchery is frequently described in the terms of its prodigious production—from a harvest of 700,000 chums in 1988 to 2.9 million this year—it's the quality of the harvest that he seems most proud of. "We harvest earlier than we did in the past. We don't let the salmon build up the way we used to. When new fish come in, we harvest them aggressively. This

gives us a jump on the market as well as our good reputation," says Esquiro.

Esquiro estimates that about 60-80% of Hidden Falls chums are harvested as silver-brites, at an average weight of 7-8 pounds. The harvest starts the last Sunday of June and ends the first week of August, with a production peak on about the 10th of July. Seiners got \$.35 per pound this year. Hidden Falls sells a percentage of the return to cover its operating costs; this year it was 7% of the harvest (bid out at an average price of \$.75 per pound FOB hatchery).

Add the production of Southeast's other nonprofit hatcheries this summer and you have a total of 5.2 million chums. Add Prince William Sound's Wally Norenberg Hatchery and that's another 800,000 chums. Add in the wild harvest and you have a record total of 15.4 million chums—up by about one-third from Alaska's traditional 9-10 million.

"That kind of volume is new," observes Graham Redmayne, owner of North Beach Seafoods Inc. in Seattle, a distributor of fresh Alaska salmon. "The overall size and quality [of hatchery chums] is very acceptable, and they hit at an optimum time to meet retail demand in the Lower 48. Now the onus is on marketers to build on this growing supply and pass the confidence on to retailers, who can now get very aggressive on their promotions, knowing there's a consistent supply of good quality, reasonably priced fish."

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sors would have to sell for around "\$1.25-\$1.50 per pound" if they're to survive.

Even more of a problem than price is timing. In late June, buyers are paying nearly \$2 per pound for chums FOB Seattle for July 4th holiday promotions, but once Hidden Falls hatchery kicks into gear (their production peaks on July 10), prices go through the floor. Unfortunately, that's when the harvest of prime Arctic and Yukon chums is just cranking up.

While Albrecht sees great problems from within the state and without (hatchery salmon, farmed salmon), he sees a way out. "It's a question of educating the market. If you're looking for a good-tasting salmon that compares with a coho or a sockeye but is cheaper, an Arctic chum is worth the price. They have higher oil content, a richer taste, larger sizes [6-9 pounds] and they're wild fish. But if you're looking for the cheapest chum available, they're not for you," he says.

Clearly, the name of the game is no longer production, but marketing. And

CLEARLY, THE NAME OF THE GAME IS NO LONGER PRODUCTION, BUT MARKETING.

while there are some who curse the success of hatcheries like Hidden Falls—and no doubt there are real hardships being felt as a result of their efficiency—there's no going back. Price is the only god in a glutted market. Alaska's hatchery production is just a drop in a sea of salmon compared to the production of farmed fish from Chile, Norway and Canada.

And there are those who love it: "The prices [for chums] are ridiculously low," says Bert Smith, of Smith Brothers Food Service Inc. (Bill Taylor's former market): "That's good for us in the fish business because we can expand our markets. We sell to supermarkets, where all they care about is price."

For buyers, it just can't get any better than this. Or can it? A lot of producers are wondering.

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WORLDWIDE

Fish plant closes

Salmon prices cinch decision

By HELEN JUNG
Daily News reporter

The owners of Anchorage fish processor Whitney Foods Inc. have closed the company and put it up for sale, saying the flood of salmon worldwide has driven prices too low for the processor to compete.

Whitney Foods has run an Anchorage processing and cold-storage plant under the names Whitney Foods and Whitney Fidalgo Seafoods Inc. during the salmon season since 1971.

The closure is another sign of the drastic changes in the world's salmon market, which in Alaska have already contributed to one processor's bankruptcy protection filing and another's shutdown. In the past seven years, Alaska wild salmon producers have lost market share and dominance while salmon farms in Norway, Chile and Canada have grown rapidly from small-fry contenders into fearsome competitors.

Whitney's Japanese parent company, Kyokuyo USA, decided after last year's salmon season to sell the company, said Bruce Mitchell, Whitney's vice president of operations. A number of processors lost money when a glut of fish crashed prices for most salmon species to basement levels. Mitchell said Whitney Foods was not in financial trouble; rather, the parent company was looking ahead when it made the decision to close.

Please see Back Page,
WHITNEY

Anchorage Daily News
February 23, 1996

WHITNEY: Fish processor shuts down

Continued from Page A-1

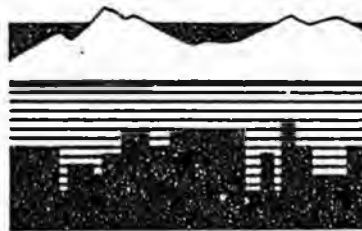
"They don't believe it's going to be worth it in the future," he said.

The Whitney plant near Anchorage International Airport employed more than 300 people, mostly from the Anchorage area, during its peak operations, Mitchell said. The company ran stations in areas including Bethel and Kotzebue and along the Yukon River to buy salmon and fly it to the Anchorage plant for processing.

But state-funded hatcheries in Southeast are producing large runs and can keep transportation costs low, an advantage Whitney did not have, Mitchell said. In addition, Alaska waters are producing record and near-record runs of wild salmon, while salmon farms are stepping up production each year, driving down prices buyers need to pay for fish.

"It's straight supply and demand," he said.

The new Individual Fishing Quota system for halibut and black-cod fishing also hurt the company to a degree, Mitchell said.



The system, which began last year, created an eight-month-long season during which selected fishermen could catch their guaranteed shares of halibut and black cod. The company received much less halibut and black cod to process this year, he said.

Although Kyokuyo has no other investments in Alaska, it wants to continue to buy and sell Alaska fish through other processors and joint ventures, Mitchell said.

Communities that did business with Whitney, including Kotzebue, are going to be hurt by the loss of a longtime buyer, said Ron Hogan, president of Kotzebue Commercial Fishermen Inc., which buys fish from Kotzebue area fishermen and has sold it to Whitney for several years.

"Whitney has been a

very good company to work with over the years. They've been dependable and have always done what they said they were going to do," he said. "They were always there for us and the fishermen and it's going to be a real loss."

Another community affected by Whitney's closure is Bethel, which is already concerned about the coming season.

Inlet Fisheries, which does business as Inlet Salmon in Bethel, Kenai and Naknek, filed for bankruptcy protection in December. The Alaskan owned processor said it will continue running its Kenai and Naknek plants but is assessing whether it can afford to operate this summer in Bethel, said president Vince Goddard.

Another processor, Pelican Seafoods Inc. in the small Southeast town of Pelican, shut down this month, saying it was not making any money. The investment banks refused to let the owners keep the plant open, according to Pelican vice president Peter Trost.



YUKON RIVER DRAINAGE FISHERIES ASSOCIATION

Salmon runs strong but glutted markets make for tough year for fishermen and processors

It was another tough year for most fishermen and processors on the Yukon. Despite strong returns of kings, summer chums and fall chums, poor ex-vessel and wholesale prices made for a disappointing season. Only in sub-district 4A did prices (for roe) remain stable and fishermen their reached the upper end of the summer chum guideline in both the mainstem Yukon and the Anvik special management area.

Once again, strong production of hatchery chums from southeast and Prince William Sound began to flood the market at the end of June and July driving the price for H&G fresh chums delivered to Seattle to below 80 cts per pound. Despite paying fishermen less than 20 cents per pound, Yukon processors needed wholesale prices of at least \$1.15 to cover the costs of operations, labor and especially air freight. Once lower Yukon processors reached their poundage on their king salmon contracts with Japanese buyers, there was little incentive for them to stay around and buy summer chums. Fishermen on the

the lower Yukon caught only about 225,000 summer chums although with a strong run strength of over 3 million fish they could have easily harvested 700,000 had there been a market.

While the lower Yukon fared poorly due to poor H&G markets, the roe market remained stable and as a result, summer chum harvests in each upper Yukon district reached or exceeded the guideline level. A total of 586,342 summer chums were caught, mostly sold for roe with the carcasses used for subsistence feed to dog teams. The king harvest was also strong with high catches in District 5 and 6 but poor catches in subdistricts 4-B&C.

The fall chum run was extremely strong at close to 1.5 million fish, nearly double the preseason projection of 802,000. In the lower Yukon Bering Sea Fisheries, Whitney and Boreal Fisheries (for Inlet) bought fall chums and coho. Fishing effort was down significantly due to low prices but ADF&G worked closely with the buyers to set short but frequent openers to fit air-freight schedules (*gc to page 2*)

1995 Yukon Area Commercial Harvest Statistics

Summer Season

District	Permits per period	Periods	Total Hours	Kings	Summer Chum
1	43 to 406	11	62	76,102	142,266
2	203 to 225	5	39	41,430	83,817
4-A	49 to 53	6	78	0	409,437
Anvik	2 to 19	6	66	0	55,645
4-B & C	8 to 17	6	288	481	83,176
5-ABC	17 to 20	3	72	2,753	316
5-D	2 to 3	4	144	489	0
6	14 to 17	4	168	2,748	37,768

Fall Season

District	Permits per period	Periods	Total Hours	Fall Chum	Coho
1	29 to 112	10	62 drift / 83 set	79,345	21,825
2	84 to 140	6	35	90,831	18,488
4-B & C	1 to 3	15	720	8,884	0
5-A, B & C	2 to 8	12	288	25,505	0
5-D	1	7	294	3,979	0
6	17 to 19	4	96(A) / 168(B/C)	74,066	6,912

Strong runs but poor prices make for tough year for fishermen and processors

and processing capacity. By the end of the season on August 21 the lower Yukon had harvested a respectable 170,176 fall chum and 40,113 coho.

Poor markets also impacted the upper Yukon fall season. Effort was down substantially in District 4 and 5 and most sales were of roe only. District 6, however, with road-connected processors, had a record fall chum harvest of 74,066 plus 6,912 cohos.

For the whole season, a total of 806 permits were fished. In the lower Yukon, 664 fishermen earned an average of \$8,776 for a total of \$5.83 million. In the upper Yukon 142 fishermen earned an average of \$9,342 for a total of \$1.33 million.

With the strong runs spawning escapements for all salmon species were excellent including in Canada.

KODIAK — Western Alaska fishermen believe that putting limits on salmon production at state hatcheries would help remove pressure from a plugged world market.

Alaska's hatchery program began in 1974, during a period of low statewide salmon returns, especially for pinks. Since then, the numbers of juvenile salmon released into state waters by about 35 hatcheries have increased every year.

Now, Yukon River fishermen claim that hatcheries are starting to put them out of business.

"Hatchery production has increased in Southeast and in Prince William Sound, to some extent, and those fish hit the market earlier and in larger volumes. Our fish simply can't compete," said Dan Albrecht, director of the Yukon River Drainage Fishermen's Association. Western Alaska fishermen have also lost out on their most lucrative market, chum roe, he added.

Yukon fishermen believe state subsidies to hatcheries are unfair because it gives them an advantage over other fisheries. The association wants the state to set production goals for hatcheries, which currently set their own levels. "We can't control farmed salmon production, or the Japanese going into Russia or buying fish from Chile or Norway. But we can control what goes on in our own state. So we're looking at things that Fish and Game (Department) and the governor's office can actually effect, and the hatchery program is one of them," said Albrecht, adding his group is formulating a five-year plan to reduce the number of fish.

Others argue that the world's numerous salmon producing countries would easily fill any void left by fewer Alaska fish, and that boosting consumption of salmon is the best long-term solution to the oversupply problem.

Uniting against sport-fishing initiative. More communities are uniting behind Alaska's commercial fishing industry.

Prompting the push is the controversial FISH Ini.



LAINE WELCH

and support businesses. It's never been attempted to bring them all together as one, so we can have a bigger voice in the Legislature. We need to protect ourselves from some of the things we see happening to our industry, because we're so fractured and speaking from so many different areas," McCune said.

Monitoring the Tanner crab catch. Crabbers in Southeast Alaska are gearing up for the Tanner crab season, which kicks off on Thursday. A hundred or so boats and 100 ringnetters have nine days to compete for the 2 million pound catch quota.

Southeast crabbers have topped the 2 million pound maximum for the past five years, and fishery managers have been pushing for stricter pot limits. As a compromise, for the first time managers and crabbers will try to monitor the Tanner fishery electronically. Crabbers will call in catch stats or fax their logbooks to Fish and Game Department offices every day. "It could be an alternative to reducing gear. We'll see how it goes, and then report back to the Board of Fish later this year," said shellfish manager Tim Koeneman at Petersburg.

The Tanner season was worth nearly \$9 million last year to Southeast crabbers. But, as with other crab species, prices this season are expected to be well below last year's \$2.5 a pound. A handful of crabbers at Yakutat were getting \$1.50 a pound from local processors, while others selling into niche markets were getting up to \$1 a pound for their bait

ADN 2/11/96

muks

Alakanuk Native Corporation
P.O. Box 89
Alakanuk, Ak 99554

February 13, 1996

The Honorable Tony Knowles
Governor of Alaska
P.O. Box 110001
Juneau, Ak 99811-0001

Dear Governor Knowles,

On behalf of the Shareholders of the Alakanuk Native Corporation, most of which participate in the commercial salmon fisheries on the Yukon River, we urge you to support Senate Bill 255 and its companion House Bill.

Senate Bill 255 would allow the Alaska Seafood Marketing Institute (ASMI) to promote Alaskan seafood on a regional basis. We feel that this promotion is necessary in our region here on the Lower Yukon River due to the very low prices our fishermen have received for their fish in recent years. It is important to note that money made in the commercial salmon fishery is used to purchase the necessary fuel and equipment to allow for the gathering of our subsistence fish and game.

The Yukon River King, Chin and Silver Salmon have the highest oil content of all salmon in the world and therefore are very rich in taste. To put it simply the finest salmon in the world comes out of the Yukon River and the sad part of it is that no one knows this fact. We feel this uniqueness should be promoted and we feel that a market niche can be developed with the proper promotion. Allowing ASMI to promote seafood on a regional basis would allow them to promote Yukon Salmon and eventually bring about a better price to our fishermen.

Please support Senate Bill 255.

Thank you, John Ayuneraf
John Ayuneraf
President
Alakanuk Native Corporation

Yupiit of Andraefski

P.O. Box 368
ST. MARY'S, AK 99658
(907) 438-2312

VIA FACSIMILE

February 9, 1996

Honorable Governor Tony Knowles
STATE OF ALASKA
P.O. Box 110001
Juneau, AK 99811

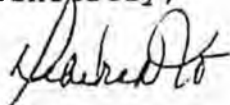
Dear Governor Knowles:

I am writing this letter to ask for your support for Senate Bill 255 and its companion bill in the House, being introduced by Senator Adams and Representative Nicholia respectively.

Currently, as I understand, the 1% fish enhancement tax is being used by the Alaska Seafood Market Institute (ASMI) to promote Alaska salmon produced in Alaska's waters. While this does work to some extent, it does not take into account the costs of production and transportation of fish from our region. As you know, St. Mary's lies in the Arctic-Yukon-Kuskokwim (AYK) River region, and has been experiencing very low prices for our catch these past few years. Additionally, the salmon market is being flooded with salmon from all over the State, and Pacific-rim countries. Through the passage of this bill, it will allow our fishermen in the AYK region to develop special niche markets for our fish because of its unique qualities. Presently, ASMI efforts to market our fish takes on a generic approach, and new innovative approaches need to be implemented to market our regional fish.

Thank you for your consideration and I hope for your continuing support.

Sincerely,



Deborah Vo
Tribal Administrator

cc: Senator Al Adams
Representative Irene Nicholia



Brewer, Mission, Chignik, Elm, Gambell, Golovin, Kotzebue, Nome, Saint Michael, Savoonga, Shaktoolik, Stehbins, Teller, Unalakleet, Valdez, White Mountain

February 21, 1996

The Honorable Tony Knowles
 Governor of Alaska
 P.O. Box 110001
 Juneau, Alaska 99811-0001

Re: Senate Bill #255

Dear Governor Knowles:

The Board of Directors of Norton Sound Economic Development Corporation enthusiastically supports the Senate Bill #255 sponsored by Senator Al Adams and the companion House Bill introduced by Representative Irene Nicholia.

As you know, Governor, the State of Alaska is a vast land characterized by regions that are unique, individualistic and each having differences that make each region stand out amongst the whole of our great state. Although the intent of the original bill was well-intended to sell the whole state, we feel that the amendment to this bill would sell the parts of the whole enabling the whole state of Alaska to benefit collectively.

The SB 255 will allow our Bering Straits/Norton Sound fishermen and others to develop markets that will purchase our Salmon due to its unique qualities. ASMI can currently only market fish on a generic basis. This amendment sponsored by Senator Adams and Representative Nicholia will enable our fishermen to develop our own unique markets.

Very truly yours,

Eugene F. Asicksik
 President & CEO, NSEDC

CF:

Mr. Henry Ivanoff, Chairman, NSEDC
 Senator Al Adams; Representative Irene Nicholia; file *DAN LONG*



KAWERAK, INC.

P.O. BOX 948 • NOME, ALASKA 99762

TELEPHONE: (907) 443-5231 • FAX: (907) 443-3708

SERVING THE
VILLAGES OF:

- BREVIK MISSION
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- MARYS IGLOO
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- SHAKTOOLIK
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- SOLOMON
- STEBBINS
- ST. MICHAEL
- TELLER
- UNALAKLEET
- WALES
- WHITE MOUNTAIN

February 13, 1996

The Honorable Tony Knowles, Governor
State of Alaska
PO Box 110001
Juneau, AK 99811-0001

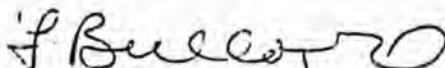
Dear Governor Knowles,

I am writing to urge your support for SB 255, introduced by Senator Al Adams, and the companion HB 504, introduced by Representative Irene Nicholia. These bills will allow the Alaska Seafood Marketing Institute (ASMI) to promote Alaska seafood on a regional basis.

Production costs and transportation for salmon harvested in rural, Western Alaska areas are higher, and often times, the Western Alaska product cannot compete with the less costly salmon being produced in areas such as Bristol Bay, Cook Inlet, Prince William Sound, or Southeast Alaska. However, the quality of the Western Alaska product is much higher than salmon from other areas of the State, and we need to identify and pursue niche markets for Western Alaska fish. Currently, ASMI cannot promote anything other than generic "Alaska Salmon".

Improving the markets for Western Alaska salmon will provide a much-needed boost to the sagging markets for these fish, and possibly a shot in the arm for the economy in rural areas of Alaska.

Respectfully,
KAWERAK INCORPORATED


Loretta Bullard,
President

cc:
Senator Al Adams
Representative Irene Nicholia

Mathew J. Waskey Sr.
PO Box 32355
Mountain Village, Alaska 99632
V: 907-591-2340 F: 907-591-2369

*make
Reply Re: SBCs.*

Kristin Schultz, Communications Director
Alaska Seafood Marketing Institute
111 West 8th Avenue, Suite 100
Juneau, Alaska 99801
V: 1-800-478-2903
F: 907-465-5502

Dear Ms Schultz:

I am certainly impressed with the institute's effort to identify value added products and markets for Alaska's seafood *Alaska Seafood Vol. II Issue 1, Jan. '96*. However, I have to ask how does the Institute propose to deal with the current situation of the Alaska seafood industry with salmon in cold storage, processors going bankrupt, and plants closing or downsizing. The fishers on the Kuskokwim may not have a market for their fish if something isn't done soon. Interest in our King salmon on the lower Yukon is declining and our chum salmon is virtually worthless. The two major western Alaska processors-Inlet Salmon and Whitney Foods-will not be operating this season which leaves only two buyers on the Lower Yukon and no buyer on the Kuskokwim. These buyers have already sent out signals that they will be paying less and buying less.

Anvik, a community on the upper Yukon, is trying to acquire grant funds to construct a salmon roe processing plant. Anvik hopes to establish a value added product and market for chum salmon. The future of this project is unclear since DCRA may not give priority to economic development proposals.

My community of Mt. Village is actively searching for funding to explore value added products and markets for our King and chum salmon. Mt. Village has a history of fishing and fish processing. We have an old fish processing plant that could be rehabilitated or recycled in some manner that could be productive economically for the future. My point here is that both these communities (and I believe other communities as well) want to help themselves. We are not looking for corporate welfare. We do need advise, marketing expertise, and start-up aid to make a realistic attempt for economic development. We and small communities like us are alone in this search and struggle to escape poverty.

I have heard a lot of talk about value add processing and value added products over the past years. However, I haven't seen a real effort to get a value added product from our area to the market on a large scale. I feel the state and its various agencies give double messages. Budget cuts, welfare reforms, state income taxes are ideas that swirl around with the unsaid suggestion that some communities or peoples are financial drags. At the same time agencies with smaller and smaller grant monies solicit applications

that are denied or delayed. ASMI should be leading the support for communities that want to develop fish products and markets using the state system of grant funding. Instead we see lots of newsprint about new CEO's and fabulous contracts to Outside public relations firms while grant proposals like Anvik's are abandoned without support during the state agency review process.

Time is important. We have only a few weeks to make orders in time to meet barge and transportation schedules. Otherwise, we are faced with enormous shipping costs. How can you think of establishing markets when you haven't figured out how to produce what you will market? Your fancy *Alaska Seafood* newsletter is meaningless if the fish cannot be delivered. I have to wonder if you feel comfortable because you are basically only interested in marketing the Southeast product? The rest of the State and western Alaska is part of this state's fishing industry. How can we supply European or domestic markets with value added products without the infrastructure to produce these products? How do you propose we build the value added processing infra-structure in the few months we have left before this summer's fishing starts?

Western Alaska and other communities like the Upper Cook Inlet are completely ignored. If ASMI feels they are only able to service Southeast Alaska fishers and politicians and wealthy Outside Bristol Bay drifters, the newsletter should be retitled *Southeast Alaska Seafood*. The rest of us could stop paying the ASMI taxes. ASMI must be responsive to all fishers and their attempts to become economically competitive.

Sincerely,

//

Matthew J. Waskey, Sr.

cc.	Tony Knowles, Governor	fax: 907-465-3552
	Mike Irwin, Commissioner DCRA	fax: 907-465-2948
	Richard Foster, Rep.	fax: 907-465-3242
	Ivan Ivan, Rep.	fax: 907-465-4589
	Irene Nicholia, Rep.	fax: 907-465-2197
	Lyman Hoffman, Senator	fax: 907-465-4523
	Al Adams, Senator	fax: 907-456-4821
	Georgianna Lincoln, Senator	fax: 907-465-2652
	Laurie Thompson, Director, ESFO	fax: 540-371-3505
	Ken Chase, President, Bonasila Inc.	fax: 907-663-6355
	Robert Beans	fax: 907-591-2631



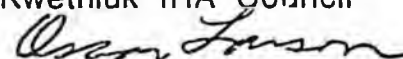
ORGANIZED VILLAGE OF KWETHLUK
KWETHLUK IRA COUNCIL
P.O. BOX 129
KWETHLUK, ALASKA 99621-0129
PHONE NO. (907) 757-6714
FAX NO. (907) 757-6328

The Honorable Tony Knowles
Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Knowles,

The Kwethluk Joint Group is asking you to support Senate Bill 255 and its companion bill introduced in the House. The Kwethluk Joint Group Supports these bills because:

- * the salmon market is so flooded with cheap salmon that we need to be able to market our fish separately;
- * this bill will allow AYK fishermen and others develop markets that will purchase our AYK salmon due to its unique qualities;
- * ASMI can currently only market fish on a generic basis. AYK fish are always going to cost more due to our remote location therefore we need to develop markets that will buy our fish even though it cost more.
- * our prices are low and we need to change the way we market our fish.

Sincerely,
Moses Nicolai, President
Organized Village of Kwethluk
Kwethluk IRA Council

Oscar Larson, Natural Resources Specialist

c.c. Senator Al Adams
Representative Irene Nicholia

mark

Kwethluk Incorporated

P.O. Box 109 Kwethluk, AK 99621

Phone: (907) 757-6613

Fax: (907) 757-6212

February 29, 1996

Honorable Senator Al Adams
State Capitol, RM 417
Juneau, AK 99801

Via fax: (907) 465-4821

Re: S.B. No. 255 and H.B. No. 504

Ching-ching bob
Dear Honorable Adams, Senator:

The Kwethluk Joint Group readily supports both your proposed S.B. No. 255 and Irene's proposed H.B. No. 504 as indicated in the enclosed Resolution #96-02-03 sent to Governor Knowles,

Your efforts to help our rural area commercial fishermen through the Alaska Seafood Marketing Institute is most appreciated.

Regards,

Kwethluk, Incorporated

Phillip Guy

Phillip Guy
Land Planner

PG:oe

Enc. 1

cc: Honorable Senator Lyman Hoffman - Juneau

Honorable Representatives Irene Nicholai and Ivan M. Ivan - Juneau
file

Kwethluk Joint Group
Kwethluk Indian Reorganization Act Council
Kwethluk City Council
Kwethluk, Inc. Board of Directors
Phone: (907) 757-6714
Fax: (907) 757-6328

Resolution # 96-02-25

A Joint Resolution In Support of Alaska Senate Bill No. 255 and its
Companion Alaska House Bill No. 504.

WHEREAS, the Kwethluk Joint Group has become aware that the above legislative bills have been introduced in the Alaska State Legislature with respect to amending current statutes governing the Alaska Seafood Marketing Institute (ASMI), and

WHEREAS, the known existing disparities in the costs of fishing, production, transportation demand that niche marketing efforts in certain areas is explored and, as appropriate, be undertaken, and

WHEREAS, the Arctic - Yukon - Kuskokwim (AYK) fishermen are in need of different ways to market their fish separately for the reason that the salmon market is overloaded with cheap salmon, and

WHEREAS, it is Kwethluk Joint Group's understanding that the ASMI presently is able to market fish on a generic basis even as when the remote AYK fish continues to cost more thus making it more urgent to develop markets that will buy AYK fish even at higher costs, and

WHEREAS, the AYK fish prices has been historically low, again, making even more urgent to find different ways to market our fish, and

NOW, THEREFORE , BE IT RESOLVED: that the Honorable Tony Knowles, Governor of Alaska is respectfully requested to support passage of S.B.255 and H.B.504, and

BE IT FURTHER RESOLVED: that the copies of the Joint Resolution is send to:
Honorable Senators Al Adams and Lyman Hoffman and to
Honorable Representatives Irene Nicholai and Ivan M. Ivan
Myron Naneng, President, Association of Village Council Presidents -
Bethel
Julie Kitka, President, Alaska Federation of Natives - Anchorage

Dan Albrecht, Yukon River Drainage Fisheries Association - Anchorage
Norman Cohen, Coastal Village Fishing Cooperative - Juneau

Passed and Adopted this 26th Day of February, 1998.

Miss Nicolai President
Kwethluk IRA Council

John J. Owen Mayor
Kwethluk City Council

John J. Owen Chairman
Kwethluk, Inc.

Attest: [Signature]
Administrator / Secretary

Attest: [Signature]
Administrator / Clerk

Attest: Miss Nicolai
Secretary / Treasurer



FISH MARKETING CO - OP, INC.

SEATTLE
 1 Market Place, Suite 400
 2002 Washington Avenue
 Seattle, Washington 98121
 Ph. (206) 441-7954
 FAX (206) 441-7981

ANCHORAGE
 404 E. Flowered Lane Ste. 203
 Anchorage, Alaska 99503
 Tel (907) 774-8282
 FAX (907) 274-8283

EMMONAK FISH
 P.O. Box 128
 EMMONAK, ALASKA 99541
 Ph. (907) 848-1512
 FAX (907) 848-1214

February 12, 1996

The Honorable Tony Knowles
 Governor of Alaska
 P.O. Box 110001
 Juneau, AK 99811-0001
 Tel: 1-907-465-3500
 Fax: 1-907-465-3532

Re: Senate Bill 255

Dear Governor Knowles:

Yukon Delta Fish Marketing Co-op, Inc., (YDFMC) enthusiastically support the Senate Bill 255 sponsored by Senator Al Adams and the companion House Bill introduced by Representative Irene Nicholia.

YDFMC is a 100% Native owned fish processing cooperative located in Emonak, Alaska. The cooperative is over 28 years old. This is the only functional, operating cooperative run by the Natives. We play a vital economic role in the lower Yukon region.

Our wild salmon product in the Yukon is a unique species and cannot be equated to the hatchery fish in South Central and South East Alaska. The salmon market is so flooded with cheap hatchery salmon, that we need to be able to market our fish separately.

Similar situation were for the Copper River Red. Working for Chugach Fisheries in 1986 and 1987, I helped promote the fresh and frozen Copper River Sockeye in Japan. They are now the bench mark salmon in Tsukiji market in Tokyo. Regional brand identity is important.

The SB 255 will allow our Yukon fishermen and others to develop markets that will purchase our Yukon Salmon due to its unique qualities. ASMI can currently only market fish on a generic basis. Our fish always cost more due to our remote location and labor intensive processing. Therefore, we need to develop markets that will buy our "Yukon Grade" Salmon, even though it costs more.

Very truly yours,

Pio T. Park
 Executive Director

cc: Senator Al Adams
 Representative Irene Nicholia
 Edward Andrews, President of the Board of Directors



SPFA

1577 "C" Street, Suite 304, Anchorage, Alaska 99501 • (907) 274-5400 • FAX (907) 263-9971
February 12, 1996

The Honorable Tony Knowles
Governor of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

Dear Governor Knowles,


The Alaska Village Initiatives supports Senate Bill 255 and its companion bills in the House. The bills introduced by Senator Al Adams and Representative Irene Nicholia will allow the Alaska Seafood Marketing Institute to promote Alaska seafood on a regional basis, rather than on a generic and statewide basis.

As the 1996 salmon season approaches Alaska fishermen are well aware of the worldwide surplus of salmon, and how it will affect their grounds price this year. Most concerned are the Arctic, Yukon and Kuskokwim salmon fishermen who received record low prices for their catch in 1995, and in some cases had no markets for their salmon.

The AYK fishermen's marketing problem will continue as long as there is an over abundance of salmon being produced by world fish farmers and our own fish hatcheries. If this trend continues, perhaps the only way that the AYK fishermen will be able to compete with other salmon producers will be through niche marketing, and by regional promotions from ASMI.

The Alaska Village Initiatives has extensive experience, and has invested a lot of time and money in the AYK region through its salmon marketing efforts, and through its Western Alaska Fisheries Boat Loan Program. We know that the AYK region has the highest cost of living, and that their fishermen have the highest transportation, production and fuel costs in our state. It is for this reason we support Senate Bill 255 and its companion bills in the House.

Sincerely,

ALASKA VILLAGE INITIATIVES

Perry R. Eaton
President & CEO

cc: Senator Al Adams
Representative Irene Nicholia