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### Sponsor Statement

#### House Bill 504

An Act relating to the types of seafood promotions and promotional contracts that can be made by the board of the Alaska Seafood Marketing Institute.

House Bill 504 amends the current statutes governing the Alaska Seafood Marketing Institute by allowing the institute to promote Alaska seafood on a regional basis.

Currently, seafood promotions must be generic and statewide, such as Alaska salmon, Alaska sockeye salmon, Alaska king salmon, etc. The existing framework for marketing salmon produced in Alaska waters assumes that generic product promotions will increase overall sales thereby providing benefits to fishermen from all regions of the State. While this works to some extent and is a necessary part of an overall marketing program, regional disparities in the cost of production and transportation require that in certain areas niche marketing efforts be undertaken. HB 504 amends AS 16.51.110 to allow ASMI to promote seafood from specific regions, such as Yukon River chum salmon, Bristol Bay sockeye salmon, Copper River reds, etc. Promotion by brand names will still be prohibited.



**Testimony of  
Karl Ohls - Resources Development Specialist  
Division of Trade and Development  
Department of Commerce and Economic Development**

**House Bill 504**

**"An Act relating to the types of seafood promotions and promotional contracts that can be made by the board of the Alaska Seafood Marketing Institute."**

**Special Committee on Fisheries  
Alaska House of Representatives  
April 3, 1996**

Our understanding is that HB 504, and its Senate companion bill SB 255, were introduced in response to a serious problem with salmon markets in the Arctic-Yukon-Kuskokwim region of Alaska.

As you know, Alaska's salmon industry statewide is in a difficult situation. The problems associated with increasing international competition from farmed salmon have hit home. The industry will probably have lower prices and fewer buyers in 1996.

Because of higher transportation costs, the problems with salmon markets are multiplied at least several times in the AYK region. As profit margins narrow for Alaska salmon statewide, the AYK region has been the first region to feel the effects through loss of markets. This is especially unfortunate because AYK chum salmon — with their higher oil content and richer flavor — are an excellent product.

The administration is very concerned about the situation in the AYK region, and wants to work with people in the region and the legislature to try to address the problems.

One idea that has been discussed is trying new and creative approaches to marketing, such as creating a separate identity and demand for AYK salmon in the marketplace. The hope is that this demand could overcome the higher transportation costs involved in getting the product to market.

HB 504 is aimed at creating a separate identity and demand for AYK salmon by allowing the Alaska Seafood Marketing Institute to do regional marketing. Currently, ASMI is limited by statute to generic marketing. It promotes only Alaska seafood, not Alaska seafood by region.

This requirement is necessary for the successful operation of the current

ASMI program. It allows ASMI to create interest among potential buyers — retail and institutional — in Alaska seafood products and then for individual companies to come in and sell their specific products. It allows the 25 member ASMI Board of Directors to focus on a common goal — promotion of Alaska seafood sales — and avoid becoming a battleground over regional marketing allocations.

Regional or niche marketing could work in concert with ASMI's current program. Interest could be created in Alaska salmon. Then, in specific markets, the appropriate entity could sell higher-priced AYK salmon by promoting its advantages and attributes.

While the administration supports the goal of HB 504, it does not support the specific approach taken in this bill. Our concerns are that the bill could disrupt ASMI's current program at a very critical time. ASMI's strong generic marketing efforts should be maintained.

The administration shares the sponsor's interest in trying regional and niche marketing efforts as an additional approach to run parallel to and compliment ASMI's generic effort. We are interested in working with the bill's sponsor and people in western Alaska toward the development and funding of a pilot regional marketing project for the region to try this approach and test its potential effectiveness. There is one limited project of approximately \$50,000 now underway for a Yukon salmon targeted marketing project, conducted by the Yukon River Drainage Fisheries Association. This could be expanded upon.

We believe ASMI can play a meaningful role by providing assistance on developing strategies for regional marketing and on developing the technical materials necessary for marketing, as it has already demonstrated. ASMI now has broad authority (AS 16.51.100) to "promote all species of seafood and their by-products that are harvested in the state and processed for sale" and to "prepare market research and product development plans for the promotion of all species of seafood...."

Additionally, a marketing project contract funded by an outside source could be administered by ASMI or another appropriate entity. ASMI has expertise in marketing that should be utilized to the fullest extent possible.

The administration is reviewing grant and loan programs in DCED and DCRA as possible funding sources.

We should keep in mind that regional niche marketing is only part of the solution. Marketing programs take time to develop. Product development and business development needs to occur in the region.

*Transportation costs.*



We see no easy solutions to the problem. But we know that whatever the cost of addressing the problem now, the cost of not doing anything will, in the long run, be much greater. The development of new seafood markets is an expensive proposition, but the cost of dealing with social and economic dislocation in rural Alaska would exceed that sum many times over.

Again, the administration is committed to working with the committee and the sponsor of HB 504 and other legislators to find the most effective means of solving the problems in the AYK region.

# 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."

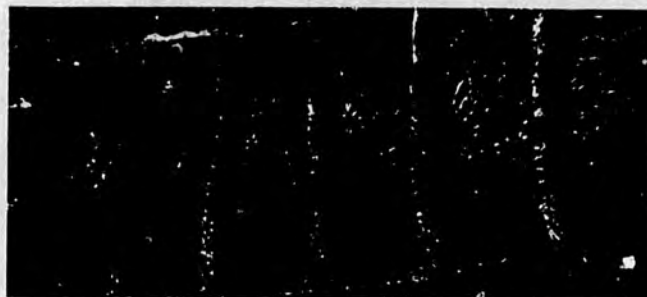
Another community affected by Whitney's closure is Bethel, which is already concerned about the coming season.

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.



# LOST IN A SEA OF SALMON



Steven Kazlowski

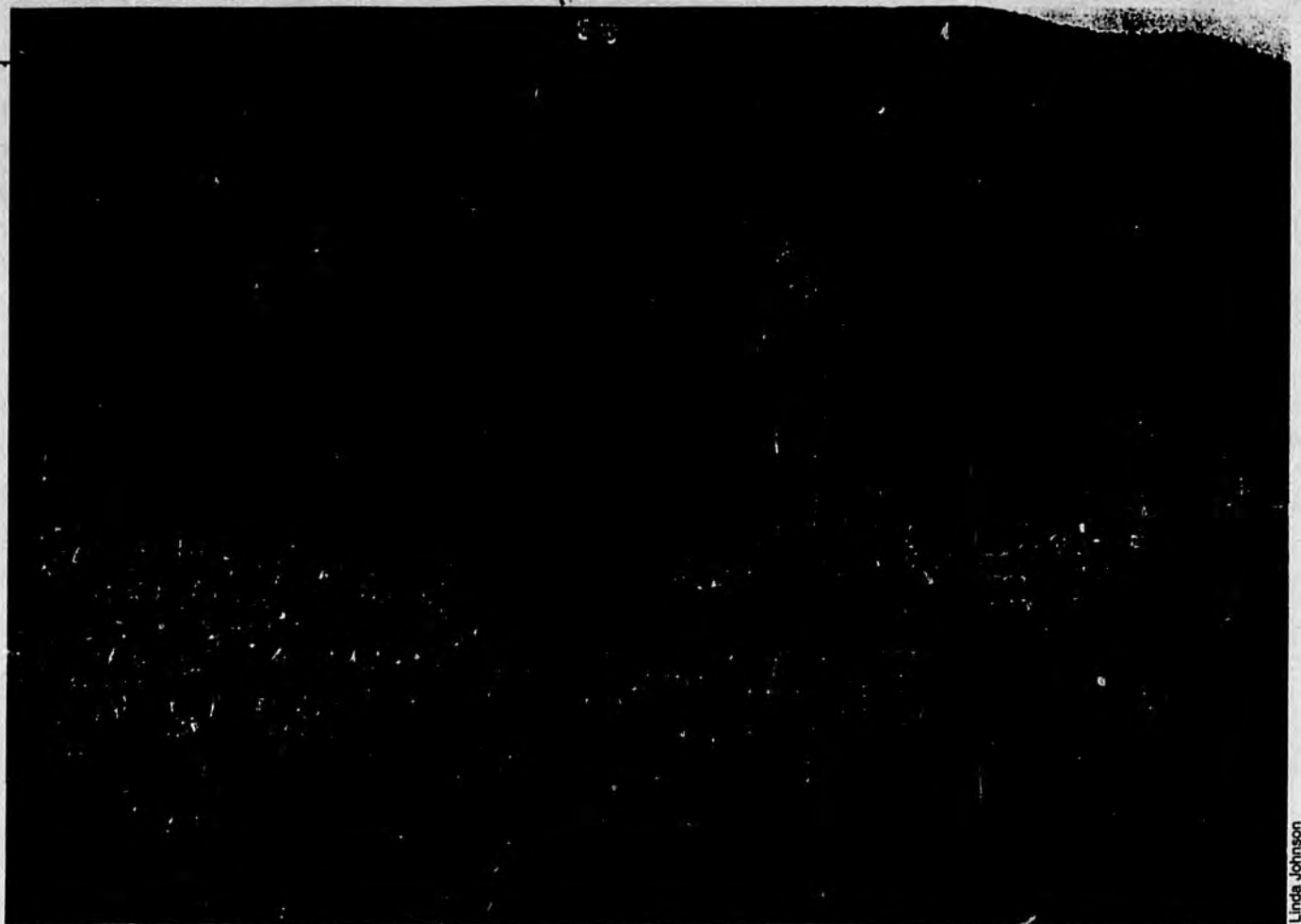
FROM LEFT TO RIGHT: A SEINER IN SOUTHEAST ALASKA HAULS UP A BIG BAG OF CHUMS COMPLIMENTS OF THE STATE'S PROLIFIC HATCHERIES. WILD CHUM SALMON FROM THE YUKON RIVER DRYING ON RACKS (NOTE THE OILY FLESH—IDEAL FOR SMOKING). YUKON FISHERMAN JOE REDINGTON JR. POSES ON A RACK OF DRYING CHUMS. FLORENCE FOLGER 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 Athabascan 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.

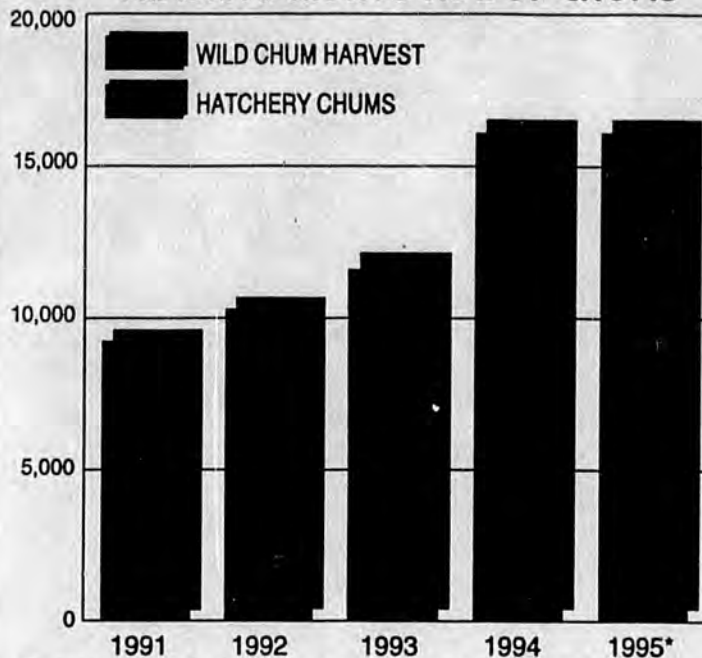
And the price of a fresh hatchery chum is under \$1 per pound FOB Seattle compared to an Arctic chum which, according to Dan Senecal-Albrecht, executive director of the Bering Sea Fishermen's Association, proces-

*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."

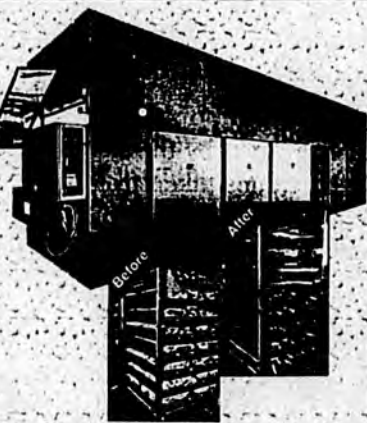
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sors would have to sell for around "\$1.25-\$1.50 per pound" if they're to survive.

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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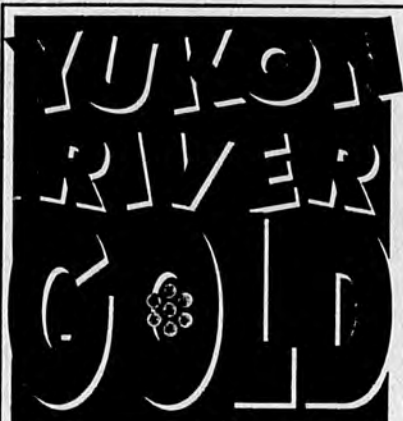
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# **Socioeconomic Overview of Salmon Fisheries in the Chignik, Alaska Peninsula, Bristol Bay, and A-Y-K Areas**

Division of Subsistence  
Alaska Department of Fish and Game  
March 1996

## **INTRODUCTION**

This report provides a socioeconomic overview of salmon fisheries in western Alaska. The report will cover several areas in western Alaska: Chignik, Alaska Peninsula, Aleutian Islands, Bristol Bay, Kuskokwim, Yukon, Norton Sound-Port Clarence, and Kotzebue areas (Fig. 1). The report is given to provide the socioeconomic context for the chum salmon shortage during the early 1990s in western Alaska. The report will cover several topics (Fig. 2):

- the type of economy in western Alaska;
- the employment provided by commercial fisheries in select communities; and
- the amount of food provided by wild fish and game, including chum salmon.

The information comes from the 1990 federal census, the 1995 Alaska Department of Labor Population Overview, and household surveys conducted by the Division of Subsistence in selected communities within each area. Three or four case communities are presented for each area. Communities were selected if there had been complete household surveys conducted by the department. Not all surveyed communities are presented for each area because of limitations of space. However, information for other communities in western Alaska is available by request.

## **TYPE OF ECONOMY**

Most small communities of southwest, western, and interior Alaska have a distinct type of local economy, which we call a "mixed, subsistence-cash economy." A mixed economy is an historically old type of economic system in Alaska, in various stages of historic change, depending upon the community. This type of economy has several characteristics (Fig. 3):

- Subsistence hunting, fishing, and gathering provide a major part of the local food supply.
- Subsistence is organized by family units, where most food is produced by core households and shared with others through non-commercial sharing networks.
- Harvesting and processing technologies usually are small scale, modern, and purchased.
- The cash sector is typically limited and insecure.

- Historically, income has been earned through commercial sale of fish and furs.
- Income also is obtained through wage employment, commonly in public sector employment.

Because of the mixed economy, shortages of fish can impact communities in two ways: (1) shortages can impact the local food supply, and (2) shortages can impact commercial fisheries, reducing cash incomes for families.

## **EMPLOYMENT AND INCOME PROVIDED BY COMMERCIAL FISHERIES**

There is substantial variation between communities in this general economic pattern. To illustrate this, we have divided the regions into seven areas (Chignik, Alaska Peninsula, Aleutian Islands, Bristol Bay, Kuskokwim, Yukon, and Norton Sound-Kotzebue). Within each area, we have chosen three or four communities where the department has conducted complete household surveys of the local economy. Comparisons of these case communities illustrate the roles of commercial and subsistence fishing in the local economy.

The next several overheads illustrate the role of commercial fishing in the local economies of communities.

Fig. 4 shows the percent of surveyed households involved in commercial fishing in each community. In areas with commercial salmon fisheries, there is a high percentage of households who commercial fish, such as 72% in False Pass in the Alaska Peninsula, 96% in Egegik in Bristol Bay, 61% in Nunapitchuk in the Lower Kuskokwim Area, and 88% in Mountain Village in the Lower Yukon Area. Communities in the middle and upper Yukon areas have small or no developed commercial fisheries, shown by the smaller percentage of surveyed households who reported commercial fishing the year of our study: 16% in Galena, and none in Fort Yukon and Minto.

Fig. 5 shows the percent of jobs in commercial fisheries in each community, based on surveys of households. For areas with commercial salmon fisheries, a substantial percent of the jobs reported by households were in commercial fisheries, such as 39% in Sand Point, 55% in Egegik, and 28% in Kwethluk. For areas with small or no commercial fisheries, the percentage of jobs was smaller or not reported by surveyed households.

Fig. 6 shows the per capita incomes by community, based on the 1990 federal census of households, which pertains to the year 1989. Per capita incomes illustrate the size of the cash sector of the community's mixed economy. As shown in Fig. 6, incomes vary between communities within an area and between areas. The communities with the largest incomes are those with relatively large-scale commercial fisheries, such as Sand Point (\$20,218 per person), King Cove (\$18,228), and Egegik (\$15,137), or communities with public sector employment opportunities, such as Galena (\$14,643) where there was a neighboring air installation in 1989 (it has been subsequently closed) and Kotzebue (\$13,906), which is a service center for the northwest region. Per capita incomes are low for many communities in western Alaska where commercial fisheries are smaller or do not exist. Communities with per capita incomes of between about \$5,000 to \$8,000 are among the lowest anywhere in the state. This illustrates the small, insecure cash sectors of the local, mixed economies of many communities that rely on salmon.



## **SUBSISTENCE HARVEST LEVELS**

The next overheads describe the subsistence sector of the economies of communities in southwest, western, and interior Alaska.

**Fig. 7** shows total annual subsistence harvests within each community. The harvest is shown as a mean per capita harvest, that is, the pounds of subsistence foods produced per person the year of our survey. The pounds are in usable weights, the amount brought into the kitchen for use. They include fish, game, marine invertebrates, marine mammals, birds, and plants. The harvests are for feeding people and, in some areas, for feeding sled dogs.

Subsistence fishing, hunting, and gathering provide a major part of the food supply in all surveyed communities shown in **Fig. 7**, ranging from about 194 lbs per person in Unalaska to as high as 1,015 lbs in Minto.

These subsistence harvests are substantial. The average American in the continental U.S. consumes about 222 lbs of store-bought meat, fish, and poultry per year (out of a total of 1,370 lbs of food consumed annually). The wild food harvest by almost all these communities is greater than the U.S. average consumption of store-bought meat, fish, and poultry. All the protein requirements of these communities are contained in harvests at these levels.

The subsistence harvests of some communities are greater than others. Communities with lower per capita incomes tend to have higher per capita subsistence harvests. Communities with larger numbers of sled dogs also have larger harvests. However, information on the percent of the subsistence harvest used for dogs has not been systematically gathered in communities, so we cannot present the information here.

As shown in **Fig. 8**, chum salmon is one species among many that contributes to the subsistence harvest of communities. **Fig. 8** shows the annual per capita subsistence chum salmon harvests in pounds per person per year. All communities used chum for subsistence the year of the survey. The largest uses were by communities in the Yukon area, particularly in the middle and upper Yukon River. Communities in other areas also show substantial subsistence chum uses. Our next report will present information on subsistence chum salmon use in those areas.

## SUMMARY

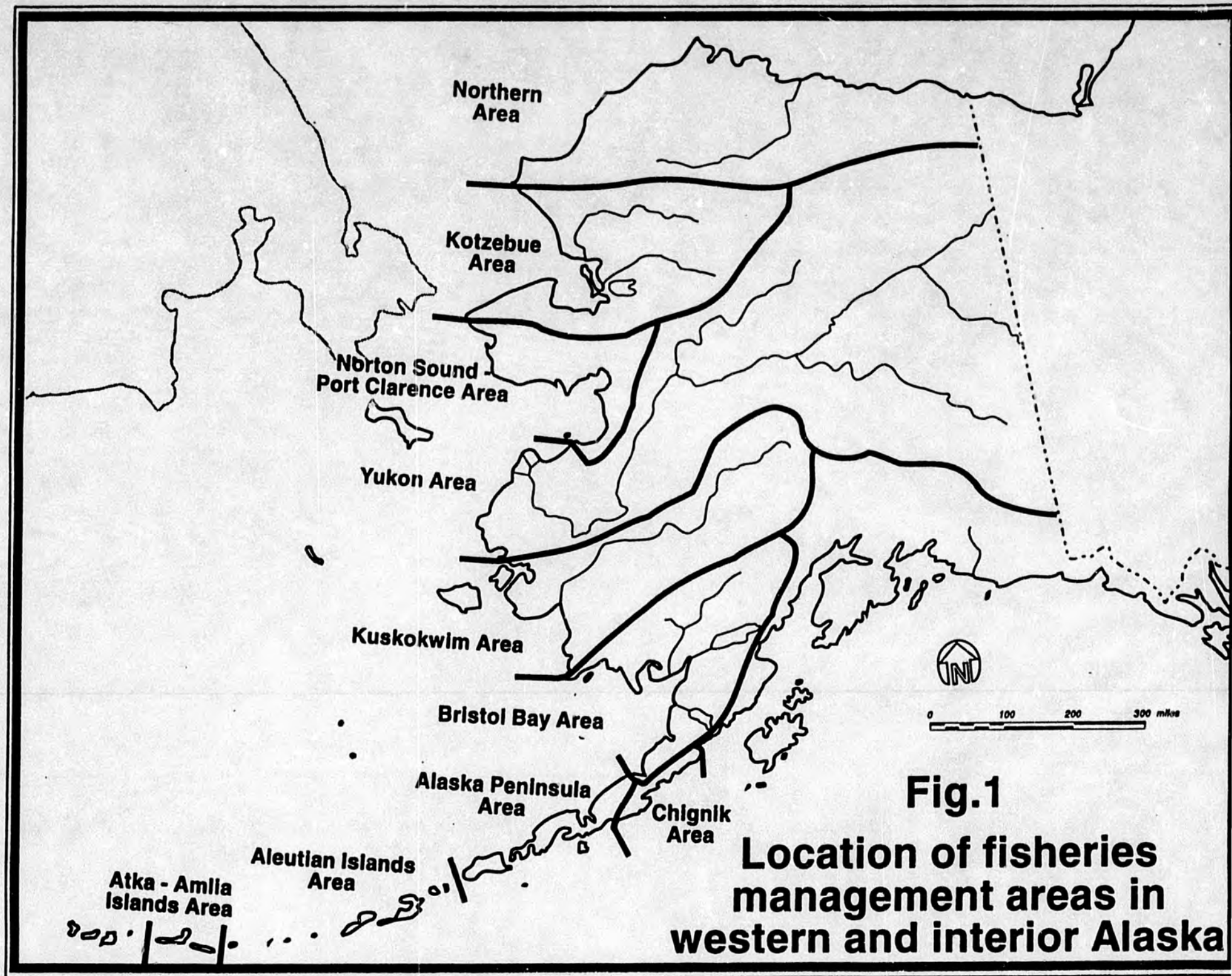
In summary, this overview described the mixed, subsistence-cash economies of case communities in the southwest, western, and interior regions. The case communities illustrated several things about the local economies (Fig. 9):

- Most small communities in this area of Alaska have local mixed, subsistence-cash economies, where families rely on both cash and subsistence during a year.
- Subsistence fishing, hunting, and gathering provide a major part of the food supplies of most small communities in the area
- Commercial salmon fishing provides a major part of the employment in many communities.
- Subsistence chum salmon catches are largest in the Yukon River drainage.



**Table 1**  
**Socioeconomic Characteristics of**  
**Selected Alaska Communities**  
**Source: Division of Subsistence, ADF&G**

<b>Region and Community</b>	<b>1995 Population</b>	<b>1990 Percent Alaska Native</b>	<b>Per Capita Income 1989</b>	<b>Household Survey Year</b>	<b>Percent of Households Commercial Fishing</b>	<b>Percent of Jobs in Commercial Fisheries</b>	<b>Per Capita Subsistence Harvest (Lbs)</b>	<b>Per Capita Chum Harvest (Lbs)</b>
<b>Chignik Area</b>								
Chignik Bay	188	45%	\$13,188	1991	53%	40%	353	1
Chignik Lake	133	92%	\$7,765	1991	82%	52%	442	2
Ivanof Bay	35	94%	\$5,959	1989	86%	35%	490	67
<b>Alaska Peninsula Area</b>								
Sand Point	689	63%	\$20,218	1992	75%	39%	255	15
King Cove	488	82%	\$18,228	1992	67%	53%	256	16
False Pass	68	77%	\$7,858	1988	72%	32%	429	37
<b>Aleutian Islands Area</b>								
Akutan	88	91%	\$13,750	1990	75%	35%	466	2
Atka	77	93%	\$8,477	1994	61%	24%	439	7
Unalaska	4,083	8%	\$20,055	1994	9%	14%	194	2
<b>Bristol Bay Area</b>								
Manokotak	402	96%	\$6,468	1985	94%	67%	384	6
Egegik	143	71%	\$15,137	1984	96%	55%	384	3
Koliganek	208	96%	\$5,040	1987	81%	40%	830	42
<b>Kuskokwim Area</b>								
Quinhagak	549	98%	\$5,842	1982	58%	65%	768	79
Nunapitchuk	456	97%	\$6,262	1983	61%	24%	802	101
Kwethluk	649	96%	\$5,008	1986	72%	28%	836	129
<b>Yukon Area</b>								
Mountain Village	758	91%	\$7,763	1980	88%	no data	822	183
Galena	527	71%	\$14,643	1985	16%	14%	787	483
Fort Yukon	597	85%	\$10,055	1987	0%	0%	999	380
Minto	245	97%	\$5,718	1984	0%	0%	1015	630
<b>Norton Sd-Kotzebue Areas</b>								
Brevig Mission	265	92%	\$5,539	984, 198	0%	0%	579	29
Kotzebue	2,947	75%	\$13,906	1991	26%	13%	589	73
Golovin	148	93%	\$6,772	982, 198	61%	no data	605	58



**Fig.1**  
**Location of fisheries management areas in western and interior Alaska**



**FIG. 2.**

**SOCIOECONOMIC OVERVIEW**

**The type of local economies.**

**The employment provided by commercial fisheries.**

**The amount of food provided by wild fish and game,  
including chum salmon**

**FIG. 3.**

**MIXED ECONOMIES**

**Subsistence harvests provide a major part of the food supply.**

**Subsistence is organized by families.**

**Harvest and processing technologies are small scale, modern, and purchased.**

**The cash sector typically is limited and insecure.**

**Families commonly earn income through commercial sale of fish and furs.**

**Income is commonly obtained through public sector employment.**



**Fig. 4**  
**Percent of Surveyed Households**  
**Involved in Commercial Fishing,**  
**Selected Alaska Communities**

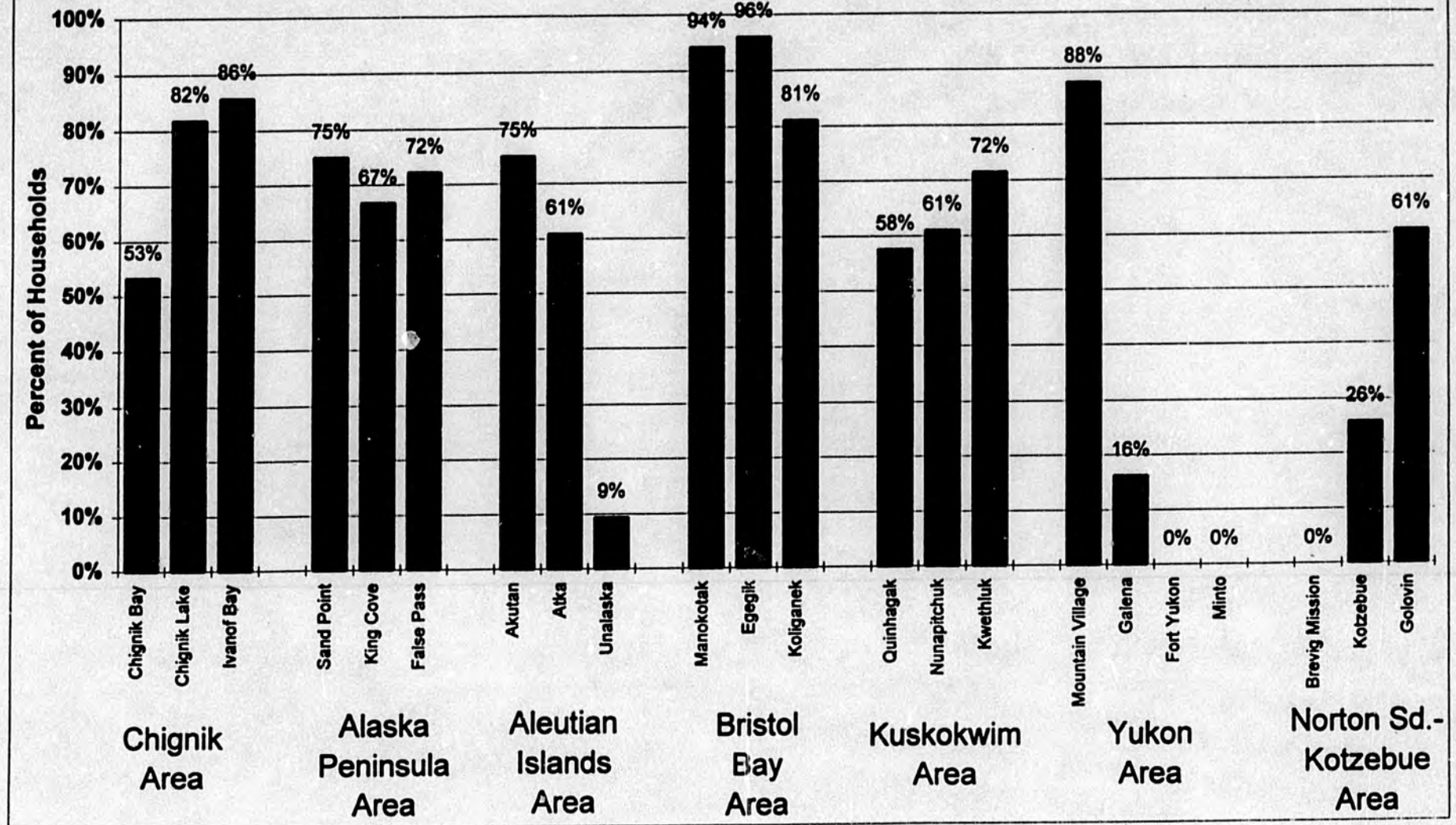


Fig. 5  
 Percent of Jobs of Surveyed  
 Households in Commercial Fishing,  
 Selected Alaska Communities

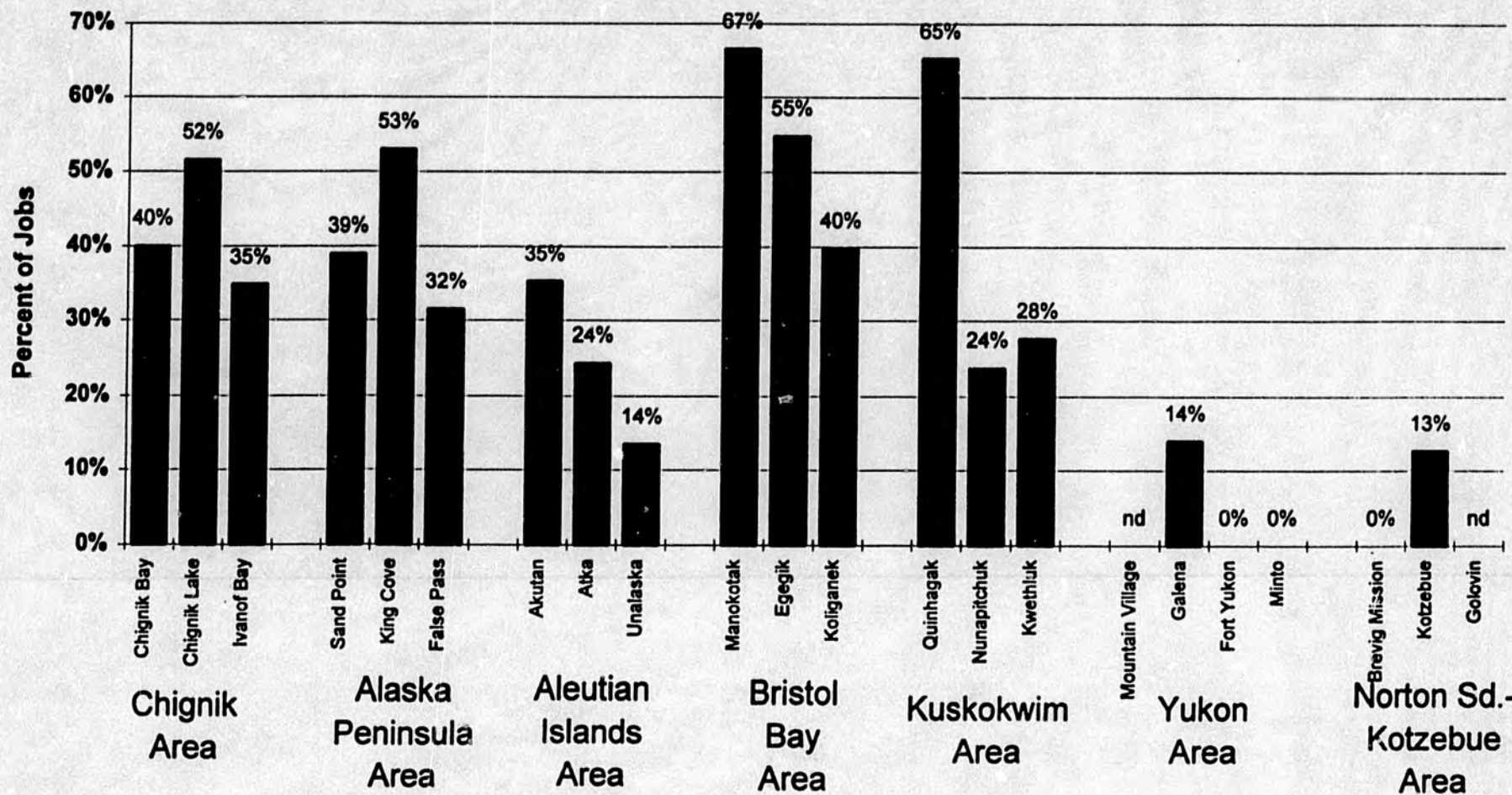




Fig. 6  
Per Capita Incomes (1989)  
Selected Alaska Communities

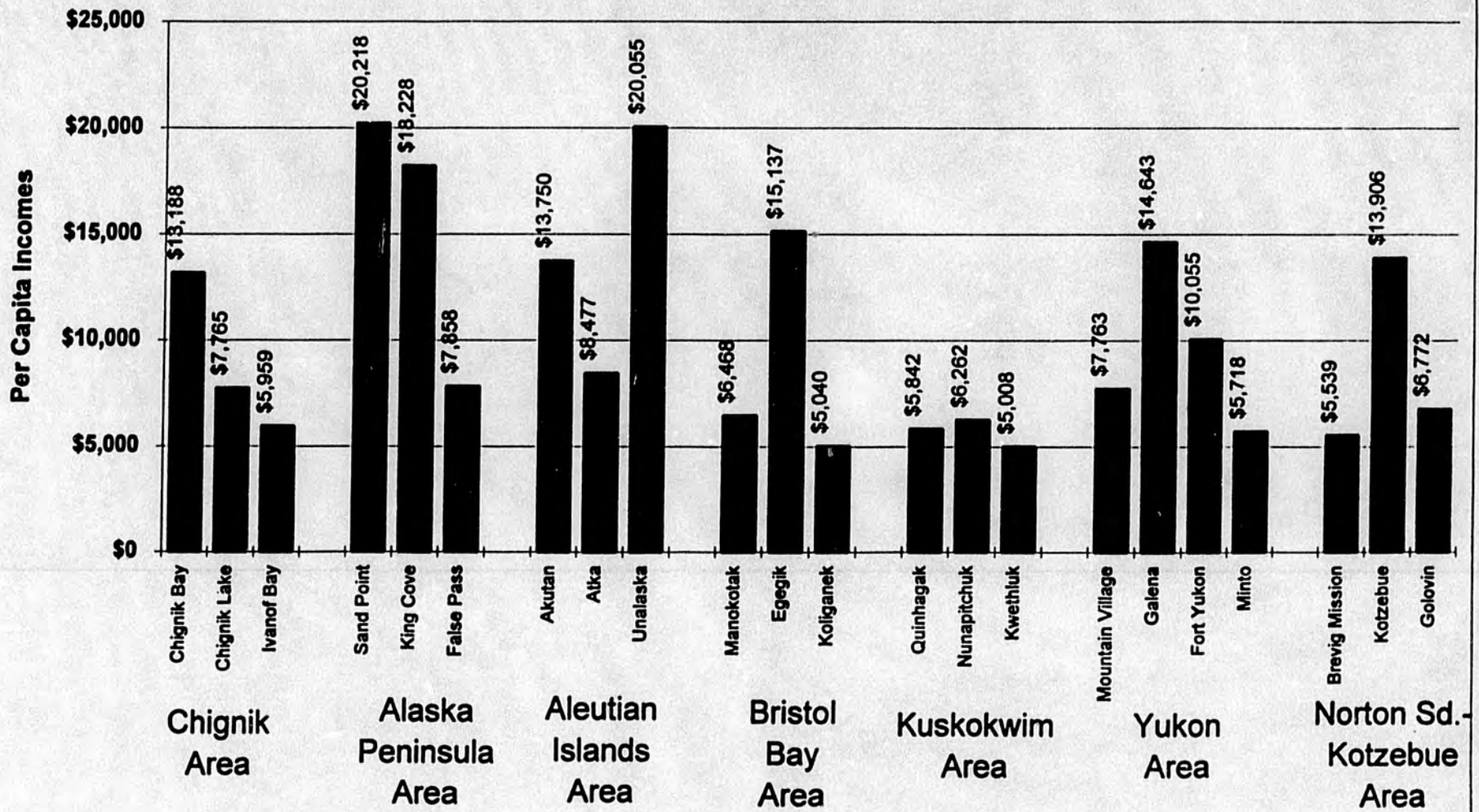


Fig. 7  
 Annual Subsistence Harvests  
 (Lbs per Person per Year)  
 Selected Alaska Communities

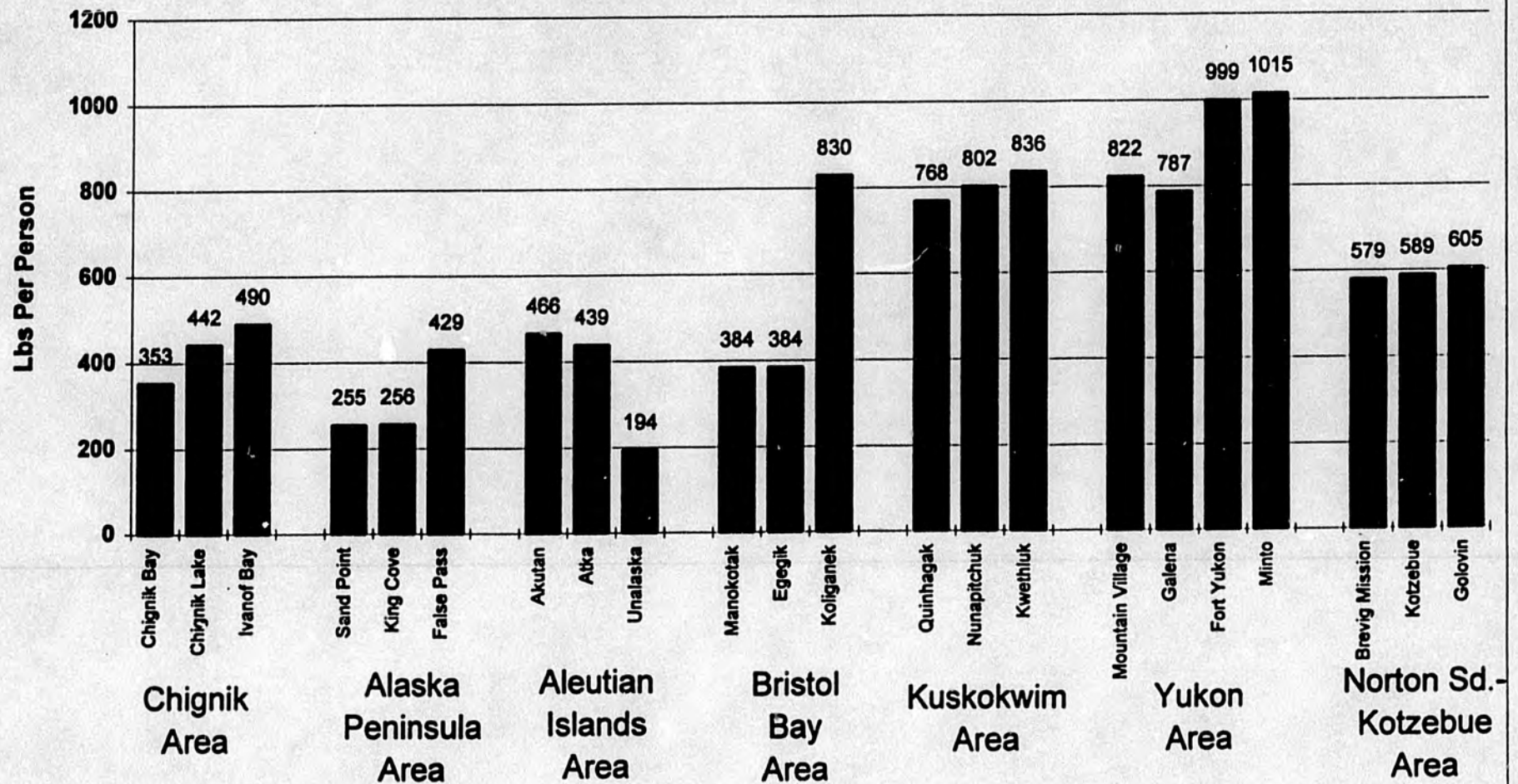
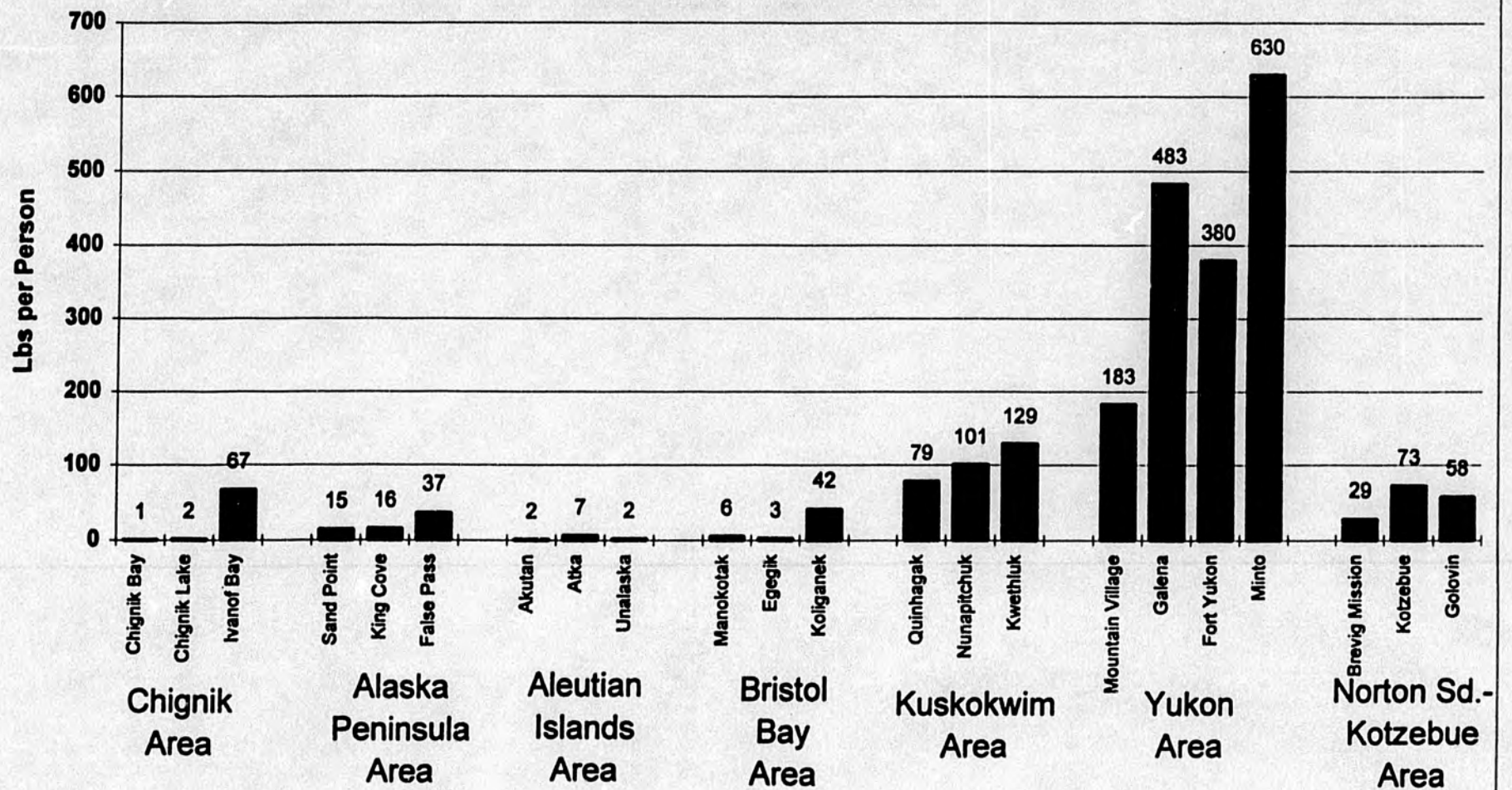




Fig. 8  
 Annual Subsistence  
 Chum Salmon Harvests  
 For People and Dogs,  
 Selected Alaska Communities



**FIG. 9.**

**SUMMARY**

**Most small communities in western Alaska have mixed, subsistence-cash economies.**

**Subsistence harvests provide a major part of the food supply**

**Commercial fishing provides employment in many communities.**

**Subsistence chum catches are common, and largest in the Yukon area.**





# KAWERAK, INC.

P.O. BOX 948 • NOME, ALASKA 99762

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

SERVING THE  
VILLAGES OF:

- BREVIK MISSION
- COUNCIL
- DIOMEDE
- ELIM
- GAMBELL
- GOLVIN
- KING ISLAND
- KOYUK
- MARY'S IGLOO
- NCME
- SAVOONGA
- SHAKTOOLIK
- SHISHMAREF
- 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

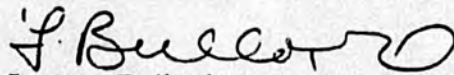
Dear Governor Knowles,

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



## FISH MARKETING CO - OP, INC.

SEATTLE  
1 Market Place, Suite 400  
2003 Western Avenue  
Seattle, Washington 98121  
Ph. (206) 441-7994  
FAX (206) 441-7961

ANCHORAGE  
404 E. Fireweed Lane Ste. 203  
Anchorage, Alaska 99503  
Tel. (907) 274 - 6202  
FAX (907) 274 - 6283

EMMONAK PLANT  
P.O. Box 128  
Emmonak, Alaska 99581  
Ph. (907) 848 - 1512  
FAX (907) 848 - 1314

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 Emmonak, 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,

A handwritten signature in black ink, appearing to read "Pio Y. Park", is written over a horizontal line.

Pio Y. Park  
Executive Director

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





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 complete 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

# *Yupiit of Andreafski*

---

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

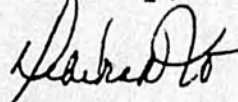
Dear Governor Knowles:

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 it's 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



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

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 toe 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 ML Village is actively searching for funding to explore value added products and markets for our King and chum salmon. ML 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
	Tyman 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



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,

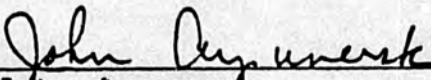
On behalf of the Shareholders of the Alakanuk Native Corporation, most of which participate in the commercial salmon fisheries on the Yukon River, we urge you to support Senate Bill 255 and its companion House Bill.

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, Chum 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  
President  
Alakanuk Native Corporation

02/29/96 THU 10:04 FAX 907 757-6212 KWETHLUK INC.

# 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 orb*  
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 # 96-02-23**

**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 26<sup>th</sup> Day of February, 1996.

Mrs. Nicolai President  
Kwethluk IRA Council

Attest: [Signature]  
Administrator / Secretary

[Signature] Mayor  
Kwethluk City Council

Attest: [Signature]  
Administrator / Clerk

[Signature] Chairman  
Kwethluk, Inc.

Attest: Mrs. Nicolai  
Secretary / Treasurer





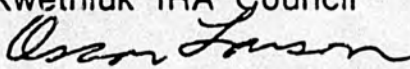
ORGANIZED VILLAGE OF KWETHLUK  
KWETHLUK IRA COUNCIL  
P.O. BOX 129  
KWETHLUK, ALASKA 99621-0129  
PHONE NO. (907) 757-6714  
FAX NO. (907) 757-6328

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



Uveg Mivon Dinmede tlim Gambell Golovin Kovuk Nume Saint Michael Yavvanga Shukrofik Stebbins Teller Unalakleet Wales 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*



Feb 12, 1996

TO: Senator Al Adams  
Pouch V  
Juneau, Alaska 99801

Dear Al,

We support your efforts to attempt to address some of the inequities in commercial fishing.

In looking at Senate Bill 255 and understanding its intent to spread the funding more equitably for current statewide ASMI funding levels, it seems that there is still considerable inequity in regards to the Alaskan commercial fisheries industry in the big picture.

Foremost is the nature of how the fisheries industry is set up (or not) in the State as a whole. The unfortunate situation is that for the most part, there is little incentive for any long term investment in fisheries not only by big business but more importantly the small fishermen who made up the backbone of the fishing industry when it was healthier in the good old days simply because the commercial fishing system is faced with some rather obvious problems. We need only to look as far as our own backyards like Kotzebue in rural Alaska to get the picture.

First, fishery prices are determined by market conditions usually dictated by the market itself, (mostly Japanese) which is compounded by the middleman system problem that prevails which results in the rather wild fluctuations of fish prices out of any real orderly control, let alone any stability of the short or long term from the perspective of an investment.

Secondly, the fact of life that farmed fish which is displacing an incrementally larger market share each year would suggest to someone that the wild west approach to current systems of fish marketing is going to require a more organized effort to sell Alaskan fish at competitive prices which would also include the advertised benefit of the wiser choice by consumers for healthy wild fish stocks rather than farmed fish to be planned and implemented in some form.

The ultimate failing of the current fisheries management and marketing system, however, is the lack of regional management plans for long term investment. Theoretically speaking, a statewide management and marketing approach, species based, fair to all fisheries and controlled by the State, could require some fair market prices that would share the after-season profits on an organized basis. Perhaps a scenario could include some mechanism that would develop a statewide plan that would

be similar to power cost equalization or some form of subsidy that would require membership in a profit sharing approach on a statewide basis paid for by the fishery itself, including marketing, and including out of state fishermen.

The current system of commercial fisheries management does not deal well with the survivability of the whole of fish stocks in the long run. (Norton Sound is an example) That means that the cutthroat competition which prevails today not only in the fishing effort itself but also in developing markets including value-added is going to eventually kill the fishery statewide as a whole. There is absolutely no concern for other smaller and single-species fisheries simply for that reason, and the poorer fisherperson on the seasonal tail end (which coincidentally is us in the AYK region) gets screwed year after year.

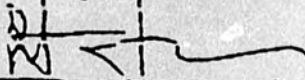
It would seem that the Legislatures' and Administrations' prerogative could put in place some method of equity that would give some hope that fishing could be a profitable venture to more than a minority who make a bulk of Statewide fishing profits. If it comes down to politics in the end as far as the survivability of Alaskan fisheries in the future, those few will find no friends to protect our fishing industry if fishing is to remain in its present form. The problem in Northwest Arctic, for example, is the virtual collapse of Chum prices which aggravates an already economically depressed region. There are few other readily developable natural resources that could create or supplement incomes here.

The other threat to Alaskan fisheries is the development of new systems and marketing of eastern Russian salmon and other species which will have significant impact once they get their resource development act together. The problem is that the Russians, with some measure of desperation, along with the technical and funding issues they have to deal with, they are going to be in less restrictive political and marketing position to make system changes in a global market much more readily than we will if we expect to hold some sort of competitive edge to survive in the long term with our current way of doing business.

Please excuse the political incorrectness of what I suggest. This issue, however, is one of great importance if the Alaskan wild fish industry is going to survive in the long term. I am also sure that there are significant legalities and politics that will provide hopefully temporary barriers to the development of some sane reaction to plan and do something for today's fishery problems. Otherwise, like a leaky boat, the entire fishery in Alaska as it exists now could sink faster and possibly forever if nothing substantial is done soon.



Sincerely,

A handwritten signature in black ink, appearing to be 'Pete Schaeffer', written over a horizontal line.

Pete Schaeffer  
P.O. Box 6  
Kotzebue, Ak 99752

cc: Chuck Greene, Mayor NW Arctic Borough  
Rep. Don Long  
Rep. Irene Nicholia  
Governor's Office

LOWER KUSKOKWIM ECONOMIC DEVELOPMENT COUNCIL  
BOX 2021, BETHEL, ALASKA 99559 \* 907 543-5967

MAR. 6, 1996

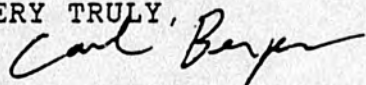
REP IRENE NICHOLIA  
ALASKA STATE HOUSE  
JUNEAU, ALASKA

DEAR REP NICHOLIA:

THIS LETTER IS WRITTEN IN SUPPORT OF YOUR HB 504, TO ALLOW THE ALASKA SEAFOOD MARKETING INSTITUTE TO ASSIST IN NICHE MARKETING OF SALMON IN THE A-Y-K REGION OF WESTERN ALASKA.

WITH THE CHANGING ECONOMICS OF THE WESTERN ALASKA SALMON FISHERY AND THE POSSIBILITY THAT THERE WILL BE NEITHER A BUYER NOR A PROCESSOR HERE FOR THE UPCOMING SEASON, IT IS IMPORTANT THAT ALL STATE RESOURCES BE MADE AVAILABLE AS APPROPRIATE TO HELP SOLVE THIS DIFFICULT PROBLEM OF HOW TO RESURRECT OUR FISHERY.

VERY TRULY,



CARL BERGER  
EXECUTIVE DIRECTOR