

ALABAMA BAY HEARINGS

1653 SJ BRISTOL BAY HEARINGS

Fisherman #2, continued: That's gotta happen. I've seen guns pulled on this river before. And believe me, its no fun. So I hope that you will convince that Governor that the best thing for the industry is to close it down, until its settled. One way or another. We'll go home or they'll take the fish, one way or the other. That's a convention of the whole damned industry out here on this river, sir. Well, I thank you for listening and I hope that, uh, some consideration can be given to this under the light of calmness and good sense, because we do get a little wild out here at times. We're individuals. We're not regimented lunch buckets out here, and we're gonna protect this industry. Ah, rest assured,

Break

Fisherman #1: Rita Marie is watching a tender and callin' Casey...  
Going down river;  
Watch her, watch her, watch her.  
She's goin' down; headin right towards you, Dom.

Fisherman #2: See there, the Governor said he wouldn't do anything until he did see bloodshed.

Fisherman #3: Well, lets go get the guys that are catching them, that's right.

Fisherman #4: Somebody come up with a good idea.

Fisherman #5: The best idea is to go out and stop the fisherman.  
And you're not gonna get any...  
...stop the fisherman...

Fisherman #6 They're on the grounds at night, when its dark.

BREAK

Lockman: I agree with ya, its, ah, its sure got outta hand tonight. But, uh, ya know, we're doing what we can. We're a little outnumbered, OK.

I know, uh, what we're trying to do is, ah, stay in a neutral position here. We're trying to not, ah, actively support either faction, ah--our whole role here is to protect life and property. And we're bound by the law, which sometimes, uh, doesn't let us do it in the most effecient way, if that makes sense to you, OK.

Fisherman #1: Well, ya know, I heard there was a couple of shots last night...its not what I call protecting life and property...scow...nobody gets hurt.

Lockman: Ya know pardner, I ya know, I uh, I don't want to disagree with you. I don't have the authority to do that, you know. I can tell boats not to shoot at em, too, but it doesn't do a lot of good. I have three troopers on Sal-Sea Belle still, you know, they're not, their function is to prevent anymore shooting, uh, there's really no

Lockman, continued: way they can do that, until somebody shoots.  
I'm just hoping it doesn't get to that, OK.

BREAK

Lockman: It's a tough situation, but, uh, I can't do 'er all at once here, uh, ya know, I'd just be satisfied if, huh, if we don't have a more serious problem right here. Well, we're getting...they want us in the Nusigak, they want us in Egegik and they want us here and they want us outside in the anchorage...its just that time of year for us, I guess, OK.

PART 4.

REPORT TO  
JAY S. HAMMOND  
GOVERNOR

BY  
BRISTOL BAY TASK FORCE

MARCH 23, 1981

Bristol Bay is not only one of the largest fisheries in Alaska - it has historically been one of the most troublesome. Since the 1950s, the fishery has been rife with animosity and strife between fishermen and processors. Strikes have been common with resultant waste of the resource until price settlements are achieved.

In 1980, the situation became critical. Negotiations between the major marketing associations and individual processors were confused and bitter, resulting in very little fishing until a settlement was reached in early July. During the strike, threats of violence were directed by fishermen who refused to fish for the offered price against fishermen who wished to accept the offer. The threats were effective in reducing the effort until a price settlement was reached. The Department of Fish and Game estimates that as many as 21 million additional salmon could have been taken during the strike period, though cannery capacity probably would have reduced that number. Under any criteria, the loss in value was enormous; to fishermen, to canneries and to the state, which owns the resource. Moreover, coming on the heels of a strike in 1979, serious question has been raised as to how long other nations which presently are forbidden to take Bristol Bay salmon will remain quiet while millions of fish are wasted during domestic price disputes.

You requested that the task force review what happened in 1980, with a view toward recommending State action to ensure that whatever happened would not occur again. In an effort to do that, we have discussed the problem at length with nearly everyone involved. Either as a group or individually, we have spoken with representatives of most major processors, the directors and members of the major marketing associations, and a number of fishermen who are not committed to any marketing association. We have discussed the problem with legislators from the affected area. We also participated with the Legislature in holding hearings in Bristol Bay, both at Dillingham and Naknek, during which, residents of the area expressed their views. Final hearings were held in Juneau on the same subject.

The task force has met repeatedly to discuss the information available and to reach a decision as to concrete recommendations. The recommendations are contained in this report. Since they have already been discussed with you and with interested legislators, they will be outlined here only in their basic form. Moreover, since extensive reports have previously been prepared concerning Bristol Bay (particularly that done for the Legislative Affairs Agency last year), we will not spend time here with a lengthy historical review, except as it is necessary to explain the recommendations.

## The Nature of the Problem

The basic element which underlies the economic strife of Bristol Bay is the changes that have affected the fishery. A major change is the fairly recent shift from a cannery operated fishing fleet, subject to industry control, to a fleet of independent fishermen, less subject to that control. Independent fishermen have the right under federal law (15 USCA SS521, 522) to organize into marketing associations. These associations permit the fishermen to market their fish in a collective manner, a right, which but for the law, would be denied them under the anti-trust laws of the United States.

Marketing associations are not unions and do not have the powers granted to unions under the labor laws of the United States. They may not, for instance, establish prices which must be paid to all fishermen by processors [Hinton v. Columbia River Packers Association, (9th Cir. 1942) 131 F(2d) 88] or use traditional picketing and boycott methods against processors for that purpose. They may not, under law, interfere with the sale by non-members of the associations to processors with whom the associations are engaged in price disputes. They are exactly what the law states - marketing associations - and whatever power they have must come solely through the fact that they control a substantial supply of fish desired by industry.

In fact, however, the marketing associations in Bristol Bay have followed somewhat different patterns in negotiating prices for fish. While the leadership of the associations have made it clear that it is not official policy, there is no doubt that members of the associations individually and collectively, apply substantial pressure against both non-members and processors during negotiations, primarily to ensure that no fishing will occur in the absence of an association contract. In the absence of any legal power to accomplish this end, association members have adopted less sophisticated, but equally effective techniques - specifically those of intimidation. Association members are quite blunt about it - in their view, it is simply a part of the bargaining process - it always has been and it always will be. As a spokesman for the Bristol Bay Native Association put it in testimony to the Legislature: "Scare tactics...is a part of of a process of expression in the development of an agreement leading up to a price settlement."

The marketing associations are in a developing stage, and their procedures for negotiation are not very sophisticated. Aside from the "scare tactics," the procedures for adoption and ratification of contracts are unsettled. Last year, for instance, was the first time to our knowledge that any Bristol Bay marketing association (in this case AIFMA), did any kind of an economic study of the salmon market as a prelude to negotiation. The study suggested a settlement at

a certain level, but when the executive board of the association reached such a settlement, it was rejected in a mass meeting of the membership. Eventually, after much of the season went by, an approximately similar offer was accepted. The incident brings to light both the dearth of information on economic conditions available to the marketing association and the lack of any established procedures to analyze and ratify contract offers, short of what are bound to be tense and confused mass meetings.

The processors have equal difficulty in reaching settlement in a timely fashion. First of all, under law, since they are not dealing with unions, but with groups of independent fishermen, there can be no industry-wide bargaining. Any discussion or concerted activity between processors to reach a price settlement is a combination to set prices within the terms of the anti-trust laws. Since the processors have already been sued under these acts for collusion and are presently the subject of a federal investigation, they are particularly sensitive toward avoiding even basic communication between themselves. The result is confusion - the marketing associations deal with one processor, then with another in an attempt to set a price for the whole bay, but the processors have no real way of knowing what has been offered or the status of the negotiations elsewhere. There is also a great deal of historical animosity between processors and fishermen, dating from past times when fishermen

were employees of the canneries. Many fishermen feel that the processors have never come to accept them as truly independent, and that this failure is the root cause of the problem.

Whatever the cause, the bargaining process by which prices are set in Bristol Bay is primitive in nature. Communications are poor, the element of threat is constantly present, distrust is high. It is no surprise that the process often fails to produce a reasonable price settlement until the situation becomes absolutely critical.

In a traditional industry - union negotiation, the impact of failure in a bargaining process can be mitigated. For instance, if the steel industry and the steel union fail to agree on a price for labor, and a strike ensues, the economy is disrupted, but the disruption can be minimized by the fact that once the strike is settled, more steel can be made to make up the loss. In most fisheries, the impact of a strike of limited duration can also be rectified by increased processing at a later time. But in Bristol Bay, the season is so short, and the run of such a concentration, that the impact of a strike cannot be rectified. Once the fish are in the river, there is no way they can be recovered. The excess escapement may produce more fish five years hence, but according to our best biological assessment, it is not a one to one return, but wasteful over-escapement.

Moreover, unlike most industries, the product of the fishery, the salmon themselves, are a resource that belongs neither to the processors nor the fishermen. They belong to all the people of the State, and a loss due to a strike is not just limited to the participants in the strike. It is a waste of the public's resource.

The situation is further complicated by the fact that the State has, in essence, given the parties in Bristol Bay an exclusive right to develop and utilize this resource. The fishermen are protected against outside competition by the limited entry program, under which less than 3,000 gear licenses have been issued. The processors are protected by a series of State and federal statutes and regulations which prohibit foreign processors from entering the bay to compete directly for fish purchases. The State is presently completely dependent upon the reasonable efforts of fishermen and processors at price negotiation to ensure adequate harvest of a public resource.

There is, therefore, a clear State interest at stake in Bristol Bay. But at the same time, it has to be kept clear that the problems to be addressed are those created by the class of private interests in the economic marketplace. If these interests are unwilling or unable to solve their own problems, the State will have to take an active role in assuring that in some manner the salmon resource is adequately

harvested. Every opportunity, however, should be given the parties to deal with the problem themselves - primarily to develop a system of settling the price for salmon which alleviates the necessity of wasteful strikes. We see no role for the State in establishing the price to be paid for salmon or in telling the parties how to set the price. That type of intervention would have implications far beyond the price disputes in Bristol Bay. The whole thrust of the State's effort should be to create a climate within which the parties can work out their own disputes.

With few exceptions, all the parties involved in Bristol Bay recognize the need for some help in changing the present process of negotiation. Obviously, the suggestions as to what should be done differ. But out of all the discussion and hearings, two central themes have emerged, both of which have been endorsed by the task force for action. We will review them separately.

A. A Comprehensive Marketing Study for Bristol Bay Salmon:

The executive boards of all fishermen's marketing associations, plus all independent fishermen who have made their views known to the task force, have asserted that the key to a more sophisticated bargaining process is information, and that the key element necessary is a

comprehensive marketing study for Bristol Bay salmon. The marketing associations claim that they have no way of knowing the basic data concerning prices for which salmon can be sold on the wholesale market, trends in those prices, and other factors which affect the amount that processors can reasonably pay fishermen for the raw product. The canneries have this information available to them - the fishermen do not. If they did, the fishermen assert, the parties would commence bargaining from the same point, and would have an easier time reaching a settlement.

Even those recommending the marketing study recognize that there will be some initial difficulty in establishing the study as an aid to the bargaining process. The best marketing study in the world will tell little about the individual experience of a particular processor, so there is a risk that even if the study is done by an impeccable authority, processors will still refuse to concede its relevancy. Moreover, there is a question as to the impact it will have on the marketing associations themselves. Last year, AIFMA produced just such a study, and it predicted a level of settlement nearly identical to that eventually reached. But a tentative settlement at that level by the AIFMA Board was nonetheless emphatically rejected early by the membership.

In spite of these considerations, the task force recommends that the State obtain and finance the requested study. It is the basic proposal made by the fishermen most intimately involved in the problem, and they claim that if a marketing study is done by an authority of good credentials, it will be accepted by both sides, and will be helpful in the bargaining process. Moreover, the study has real public value. The fisheries are a long-standing, major industry in Alaska, and there is a legitimate public interest, both on the part of the Legislature and the Administration, in having an accurate picture of the trends in the industry. Accordingly, we believe that the study should be done, not only for Bristol Bay, but for all of Alaska's salmon fishery.

There is inadequate time available this year to have a comprehensive study done for the entire State. There is time, however, to accomplish the study for Bristol Bay, so that it may be of use in the bargaining process. The Department of Commerce has already contacted a number of consultants who can perform the work. To ensure the credibility of the effort, the selection of a consultant will be done with the advice of all marketing associations and industry spokesmen who will be afforded the opportunity to comment on the proposals before a contractor is selected. The scope of the work, as well as a timetable for its completion, is

attached. The study should be completed by the end of the first week in May and will not exceed \$50,000 in cost to be funded from existing appropriations to your office.

As we move forward toward a more comprehensive annual review of marketing conditions throughout the salmon industry, we will have available this year's experience with the study in Bristol Bay. This will afford the Legislature, which will be required to appropriate future funds, the opportunity to see how the study operates in practice, and of what real use it is, both to the bargaining procedure and to the public at large.

B. Controlling the Climate of the Negotiations:

There seems to be no doubt that physical intimidation has been closely tied to the negotiation process in Bristol Bay for many years. As early as 1962, Governor Egan made a special trip to Bristol Bay to lower the tension that was building. Every strike since statehood, such as those in 1969 or last year, has had its own litany of threats by fishermen against processors or against other fishermen.

Much of the testimony before the legislative committee concerned how real the threats really were during last season's dispute. Many pointed out that no one was

killed or even seriously hurt and that there was no massive destruction of property. Others testified that the flash point was always nearby, that guns were present and that whatever the actual level of violence, the level of intimidation was real and sufficient to keep many fishermen who wanted to fish, on the beach.

It is difficult to determine how real the threats of violence really are - whether left alone, they would simply dissipate or have the potential to escalate into action. But, the key fact to us is that many fishermen and processing personnel who make their living in the Bay believe there is a real threat of violence and respond accordingly. Equally important, is the fact that what intimidation is taking place has been institutionalized. Many fishermen in the bay regard intimidation as an integral part of the bargaining process. So long as that is the case, threats of violence will attend any extended and difficult negotiation and the potential will always exist for real violence.

The pattern of intimidation goes back a long way and its not going to change overnight. But, it appears to us that the State must make a clear statement to the effect that intimidation cannot be a regular part of settling prices in Bristol Bay; that threats on life or limb are just as bad when they are made against fishermen

or processing personnel as when they are made against anyone else. To do this, we recommend that the Public Safety presence in the bay be increased substantially during this and probably future seasons until a new pattern of dealing with price negotiations emerges. Commissioner Nix has prepared a memo covering what he intends to do in the bay this summer. It is attached. In addition, assuming that adequate funds are appropriated, the Commissioner is planning to charter five vessels so as to be able to patrol the bay from the water.

If a price settlement is not reached early, which would avoid the necessity for the expenditure of contemplated funds, the full cost for this program would be \$320,000. A bill has been drawn for submission to the Legislature in the amount of \$270,000. The remainder of the necessary funds are contained in a supplemental budget request already submitted to the Legislature. Since members of both houses have participated in hearings on this subject, they will certainly be knowledgeable on the subject and we are sure will have their own views as to whether the program is necessary. In our view, it is.

Bristol Bay is a fishery very much in transition. Cooperatives are being seriously discussed. Some fishermen are investing in small processor facilities,

and new marketing techniques are being developed. More processing is being done by floating rather than onshore facilities. There are a host of State programs ranging from Alaska Renewable Resources Corporation to Alaska Industrial Development Authority that can and should assist development of those new and different means of harvesting and processing fish in the bay. But the development must be permitted to occur peacefully. We believe the increased presence of law enforcement personnel will have some effect in reducing the tension level.

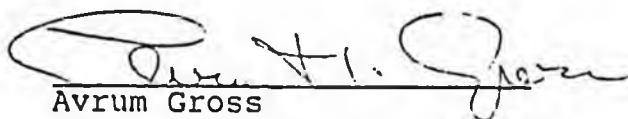
Some had suggested to the task force that additional steps should be taken as protection against violence on the fishing grounds--specifically the revocation of the limited entry permit belonging to anyone who was convicted of a violent act in connection with a fisheries price dispute. Aside from the very real difficulty in writing a satisfactory bill, we feel that this step is not appropriate at this time. Under present laws, there are substantial penalties for violence or threats of violence. What has been lacking is not so much the law as the ability to enforce it. That can be remedied directly and should be.

## Conclusion

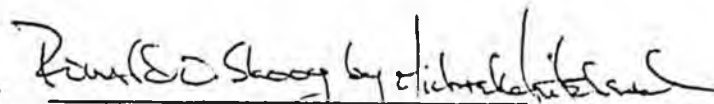
The basic approach of this task force has been to ask the parties involved what they thought would best help the situation, and then attempt to implement those suggestions into an effective government response. We did consider, along the way, more drastic government action, such as opening Bristol Bay both to foreign processors and all fishermen, limited entry permit or no, in circumstances where it appeared the parties would not reach a settlement. We concluded that such an approach is not called for at this time. There is no reason to assume that the fishermen and the processors in the bay cannot work this out by their own means with the assistance they have requested of the State.

We intend, as you suggested, to monitor what happens in the bay this year, and make a second report to you after the season. We should then be able to assess whether what we have recommended has improved the situation, and if not, what further steps will be required.

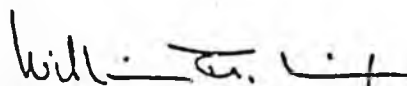
This report is respectfully submitted by members of the  
Bristol Bay Task Force, March 23, 1981.



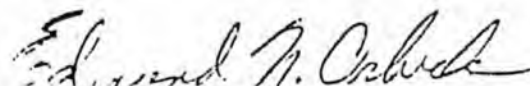
Avrum Gross  
Executive Director



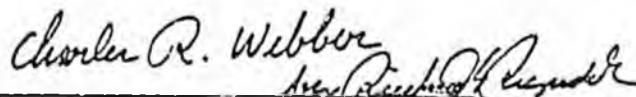
Ronald O. Skoog, Commissioner  
Alaska Department of Fish  
and Game



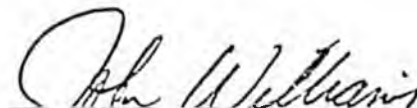
William R. Nix, Commissioner  
Alaska Department of Public  
Safety



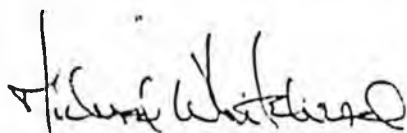
Edmund N. Orbeck, Commissioner  
Alaska Department of Labor



Charles R. Webber, Commissioner  
Alaska Department of Commerce  
& Economic Development

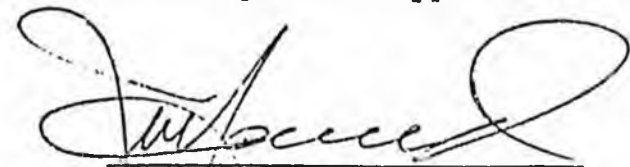


John Williams, Commissioner  
Commercial Fisheries Entry  
Commission



Michael Whitehead  
Special Assistant to the  
Governor

This report is approved:



Jay S. Hammond  
Governor

March 23 1981

Date

## Attachment A

### Request for Proposals

#### Project Topic

To evaluate market conditions related to the production of red (sockeye) salmon in Bristol Bay during 1981.

#### Purpose

Information generated as a result of this project is expected to provide a comprehensive and objective view of current and projected market conditions for Bristol Bay red salmon. The intention of the State is to make impartial basic market data and observation available for reference by fishermen and processors engaged in annual preseason price negotiations. The value of the project depends on the contribution such information actually makes toward the settlement of timely and satisfactory agreements in Bristol Bay.

#### Selection of Contractor

The Office of the Governor will contract with an individual or firm having substantial experience in the marketing of seafood products or is closely familiar with the business and has an understanding of current conditions and events occurring within the industry.

About five prospective contractors will be asked to personally present their qualifications and work plan to a project management committee on or about March 27, 1981, in Juneau. The project management committee will be composed of at least three people and, at a minimum, will represent the Office of the Governor and the Department of Commerce and Economic Development. With the concurrence of the Governor's representative, the committee will select the best apparent contractor and proceed to negotiate major terms of agreement. It is the intent of the State to have the contract written and fully executed within about five days of the contractor's presentation.

The project management committee will ask people from four or five organizations representing fishermen and processors to participate in an advisory role with the project management committee during the presentation and selection process.

Members of the management committee will rate each prospective contractor on the following basis:

- 20% Compensation required (the total amount budgeted for this project is \$50,000. If the compensation required exceeds about \$40,000, the scope of work and project feasibility will have to be reevaluated.)
- 40% Demonstrated ability of the firm to acquire accurate basic data and information (previous related work, familiarity with available sources, recognized subcontractors or associates and so on).
- 40% Demonstrated ability of the firm to organize and evaluate market information and data, present understandable written reports and meet the time deadlines imposed.

#### Scope of Work

The contractor will deliver to the Office of the Governor written reports which provide in careful detail the following information:

1. Describe the actual or relative magnitude of sales of Bristol Bay red salmon, by product form (canned, frozen, fresh and roe) in each country of final destination.
2. Describe the specific channels used to distribute red salmon products -- ending, if possible, at the point of actual consumption.
3. Identify, where possible, specific firms which handle or distribute major amounts of Bristol Bay red salmon. Concentrate on any important systems of vertical integration established by individual firms and points where actual ownership of products are transferred.
4. Explain how and when red salmon products are further processed, packaged and labeled after leaving Alaska. Describe the circumstances under which various red salmon products are purchased by the final consumer.
5. Describe as fully as possible the existing market demand for Bristol Bay red salmon products. Determine if any special efforts were or are being made to advertise or promote sales. Compare current prices and the movement of inventories with past years. Explain the attitude of major users of Bristol Bay red salmon toward these products. Evaluate the relative effect of alternative salmon supplies to demand.

6. Provide an explanation of how the prices of Bristol Bay red salmon products are established. Determine how prices might be influenced or dictated by seasonal financing conditions and mechanisms. Carefully document a significant number of actual prices paid at various stages in the distribution chain for various product forms and categories of quality produced during the 1979 and 1980 seasons. Relate prices to costs and margins at appropriate points (especially consider any major factors which are likely to influence production costs).
7. Present a well-reasoned analysis of expected market demand for Bristol Bay red salmon harvested in 1981 and, based on various possible magnitudes of supply, estimate an appropriate range of increases or decreases in current wholesale prices which might be expected.

#### Time Frame and Deliverables

- |              |  |
|--------------|--|
| May 1, 1981  | The contractor will deliver a readable draft report of progress and a press-type summary of important conclusions.   |
| May 15, 1981 | The contractor will deliver a final, complete report. The contractor will also provide a clear and objective summary of the final report. Depending on the information to be presented, the summary might be five or six pages. The summary will be widely distributed to people involved in the Bristol Bay salmon fishery. |
| June 1, 1981 | The contractor will monitor important market indicators and report any substantive changes in the form of a press-type summary.  |

## MEMORANDUM

State of Alaska

TO Commissioner W.R. Nix  
Department of Public Safety

DATE: January 16, 1981

FILE NO

TELEPHONE NO: 269-5642

FROM Colonel T.R. Anderson  
Director  
Alaska State Troopers

SUBJECT Bristol Bay  
Contingency Plan

Preface

During the past few years there has been a movement among fishermen to organize so as to be able to bargain collectively with the buyers.

Events Leading to 1980 Strike

During the 1979 season, the per pound price of red salmon was established at \$1.25. An excess of supply for that year resulted in diminished marketability of the large catch. Consequently, there were considerable quantities of unsold, frozen red salmon going into the 1980 season. This was a factor precipitating the drastic reduction in the per pound price offered in 1980 to 40¢.

A large run projection (50 million) in 1980 provided the fishermen with the opportunity to organize and strike over the price being offered. There would be no fishing until the price was raised.

The strike resulted in numerous threats of violence, some alleged assaults, and some instances of boat ramming, including one incident in which the Department of Public Safety vessel, Vigilant, was rammed by a fishing boat.

Several Troopers and Fish and Wildlife Officers were sent to Bristol Bay to quell any further acts of violence. The arrival of the Department of Public Safety personnel had the expected effect of reducing the potential for life and property threatening activities.

By the end of three weeks, the per pound price had been negotiated up to 60¢ and the fishermen returned to work.

The 1981 Contingency Plan

In an effort to minimize the possibility of a reoccurrence of unlawful activity on the fishing grounds, the Commissioner of Public Safety has directed that a 1981 Bristol Bay contingency plan be developed. At this time however, the preliminary indications are that the factors necessary for a strike this season will be absent, one of the more salient of these being the projection of a significantly reduced run of red salmon which means the fishermen will not have time to strike without significant and perhaps devastating financial losses.

DEPARTMENT OF PUBLIC SAFETY  
COMMISSIONER'S OFFICE  
Juneau, Alaska

FEB 03 1981

Preseason Intelligence

One of the more vital aspects of our preventative efforts will be the gathering and assessment of information from the field and from the participants of the Bristol Bay fisheries themselves prior to the season. To this end, a system has been established within the Department of Public Safety which links field activities with the Commissioner's office with a resultant two way flow of information.

Captain Marcourt Tew, Alaska State Troopers, has been assigned to coordinate the flow of information between the office of the Commissioner and the field under the following system:

All intelligence from the field will be directed to Lieutenant Jent, CIB, in Anchorage. He will be responsible for forwarding it to Captain Tew in Juneau with copies to Colonel Anderson, Colonel Stickles, and Captain Swackhammer, Detachment Commander of the affected area.

Tentative Schedule of Events

The foregoing dates are merely to establish a general time frame and are not intended to portray the actual days on which these events will occur.\* This will be progressively "fine tuned" as the fishing season approaches and more information is received.

May 10 Local and some out of state fishermen prepare boats and equipment.

May 1 The Public Safety Academy will have completed and distributed a 60 minute training tape on various safety aspects of water borne enforcement. This tape will be viewed by all personnel participating before departing for Bristol Bay. The tape will include such things as: vessel boarding procedures, use of survival gear, small boat handling in rough seas, and officer safety related to on board contact with fishermen.

May 25 The Field Operations Commander arrives in Bristol Bay. Captain Swackhammer, Commander of the Detachment which includes the Bristol Bay fishing grounds, is assigned the responsibility of acting as the Field Operations Commander (FOC) and will coordinate activities in the field such as:

- intelligence
- communications
- logistics
- equipment/supply needs
- general supervision
- other

\*Some activity dates are firmly established at this time. These events will be noted with the word 'will' being underlined.

January 16, 1981

The Field Operations Commander will remain in the Bristol Bay area as long as needed.

May 29 All personnel will have viewed the training tape by this date.

June 1 Corporal Schadle and Trooper Whitaker, Alaska State Troopers, will arrive in Bristol Bay (Schadle to King Salmon, Whitaker to Dillingham). They will each fly a Department of Public Safety Super Cub throughout their respective areas. It is expected that they will make considerable personal contact with the people in the area while in uniform. They will be gathering and giving information during their travels with the main objective being high visibility of uniformed Troopers.

June 1-7 Commercial king salmon fishing starts in the Dillingham area. The increased fishing for kings last year is believed to have been a result of the forecasted strike. No strike related problems developed during this period last year.

June 8-10 Alaska State Trooper personnel selected to participate in the effort will begin to arrive in Anchorage for staging and eventual en masse movement to Bristol Bay.

June 1-10 Fish and Wildlife Protection will be utilizing an Alaska Department of Fish and Game 32' vessel for enforcement in Bristol Bay. The vessel will be available only until June 10 as of now.

June 10 Red salmon fishery opens.

June 10 Eight Troopers will be sent to Bristol Bay if needed. Selected personnel will fly as a unit in a chartered twin.

June 10 Two chartered float equipped helicopters will be sent to Bristol Bay from Anchorage. On board will be three additional Alaska State Trooper personnel:

- Trooper G. Hooper; video
- Trooper G. Lewis, video
- Trooper J. McGhee, MEDIVAC

Department of Public Safety video equipment will be used continually in the area and the taping of fishing related activities will be made obvious in an effort to prevent potential violent conduct. Trooper McGhee will serve as the Department of Public Safety on site medical technician.

June 15-18 MV Vigilant will arrive in Bristol Bay.

- June 22      Projected run will start to peak.  
July 4-7     Actual run peaks (based on past years).

#### Aircraft Transportation to Bristol Bay

Of the fixed wing equipment available, Ray Tremblay has recommended utilizing the Volpar twin to transport the eight Alaska State Trooper personnel to Bristol Bay. This aircraft can be chartered from Troy Air in Anchorage. It will carry eight passengers plus gear to the area in approximately one hour at a cost of \$430.00 plus 5% tax.

One Department of Public Safety Grumman Goose will remain on standby in Kodiak for use in the area as needed.

#### On Site Aircraft Transportation

Two Department of Public Safety Super Cubs will be available for use by Alaska State Trooper pilots as needed. Fish and Wildlife Protection will make the necessary provisions to see that the 100 hour maintenance requirements, if needed, can be performed in the field with no more than approximately six hours "down time."

#### Helicopters

Bell Jet Rangers on floats can be obtained through Alaska Helicopter at a cost of \$375.00 per hour plus fuel (burn rate approximately 35 gallons per hour). A minimum of three hours per day must be guaranteed. Flight time to King Salmon is one and one half hours.

All aircraft used in the operation will be clearly marked as State Trooper aircraft.

#### Watercraft

There will be three Boston Whalers (17, 19, and 21 feet) available. The Vigilant will be carrying a shore boat also.

#### Liaison with U.S. Coast Guard

Commissioner Nix is presently working on identifying the role which the Coast Guard expects to play.

#### Communications

Presently there is a VHF transceiver at the Fish and Game facility in King Salmon. There is also a single side band unit. Captain Swackhammer is working with the Division of Communications in assessing the engineering/labor needs in order to make existing Department of Public Safety equipment (i.e., MX 360 portables) compatible with the King Salmon repeater.

Ground Transportation

Captain Swackhammer will arrange for needed vehicles.

Meals/Lodging

Existing costs and insufficient dining facilities in the area may necessitate providing one meal charge per day in addition to allowing a \$21.00 per day meal allowance.

An Alaska Department of Fish and Game bunkhouse in King Salmon will adequately house all participating Alaska State Trooper personnel. Department of Public Safety has been authorized priority use.

The availability of facilities at Clark's Point and Egegik will be assessed by Department of Public Safety personnel.

Dillingham Fish and Wildlife has a three bunk facility which may have one bunk available to Alaska State Troopers during the period in question.

While it appears now that the likelihood of another strike by fishermen in Bristol Bay is minimal, the preparations and planning now underway by the Department of Public Safety should have a substantial impact on minimizing the ability or desire of participants in the fishery to generate violent or other unlawful conduct should a strike occur.

Prisoner Handling

## I. Felony Arrests

Individual(s) arrested for a strike related felony will be flown to Anchorage as soon as possible to minimize the risk of such a person being able to incite others to violence. Corporal Schadle is the designated pilot should this be necessary.

## II. Misdemeanor Arrests

Misdemeanor arrests will be handled by either the King Salmon or the Dillingham magistrate.

## III. Mass Arrests

Captain Swackhammer will have a twin aircraft on standby to be utilized for mass prisoner movements. This aircraft may be as large as a ten place Navajo but no smaller than a Beech Baron. In the event of mass arrests, the prisoners will be flown directly to Anchorage.

January 16, 1981

IV. Existing Prisoner Holding Facilities

Presently there is a four prisoner facility at the Dillingham Jail and a two prisoner facility in Naknek.

V. District Attorney's Office

District Attorney Larry Weeks will assign one member of his staff to Bristol Bay if needed.

Attachment

ATTACHMENT

Additional Equipment:

Based on the projected use of fourteen Alaska State Trooper personnel, the following additional equipment will be needed:

03 Float coats	@ \$46.45 each	\$139.35
06 Pair hip boots	@ \$30.45 each	\$182.70
*14 Heavy duty rain trousers	@ \$44.95 each	\$629.30
*14 Heavy duty rain jackets	@ \$48.95 each	\$685.30

The Imperial survival suit is available through Alaska Marine at \$299.00 each. They normally carry 12 suits in stock during the spring. Allow one week for delivery from Seattle.

\*Helly-Hanson (Norwegian Made)

Alternative Fixed Wing Twins:

Troy Air:

Navajo six plus gear, \$97.00 plus 5% tax.

Anchorage Airways:

Cessna Titan, up to eight passengers but limited gear, \$325.00 per hour dry. Burns 30 gallons per hour, two hour trip.

Evergreen:

Twin Otter 15 passengers, \$2,400.00, one and one half hour flight time.

Jet Alaska:

Lear, six passengers, \$1,800.00, 45 minutes.



PLEASE NOTE: THE PRECEDING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT.



# UNITED FISHERMEN OF ALASKA

MAILING ADDRESS & OFFICE  
197 SOUTH FRANKLIN ST  
JUNEAU ALASKA 99801  
907 586-2820

Rodger Painter  
Executive Director

1. Develop a wholesale price index for frozen salmon based on figures supplied by Alaska processors in time for the 1982 salmon negotiations, if at all possible. The frozen salmon wholesale price index should be patterned after the state's wholesale price index for canned salmon.
2. Support long-range approach to solving problems of the Bristol Bay fishing industry suggested by the Senate Judiciary Committee in recommendations 2,3,4,5,6, and 7 in March 27, 1981 report. Particular emphasis should be placed on financing and marketing mechanisms designed to support vertical integration by fishermen (cooperatives and small scale processing operations).
3. If a strong public protection presence in Bristol Bay is deemed necessary, then the best approach is the Judiciary Committee recommendation number 8. State Troopers should not appear to be private guards for processors and non-boycotting fishermen.
4. Organize a series of meetings of all parties involved in the Bristol Bay price dispute ~~to~~ discuss methods of arriving at long and short term solutions. Parameters of the meetings should be set by an analysis of the effects of antitrust litigation on the ability of the industry to jointly discuss mechanisms for arriving at a fair price settlement in which fishermen and processors share in the risks and benefits of the marketplace (profit sharing schemes, sliding price scales and model price indexes). Thought should be given to developing a mechanism aimed at ensuring both sides--fishermen and processors--are satisfied with the validity of the final figures, i.e. ongoing market analysis by the state coupled with an industry-supported confidential audit of processing costs and wholesale prices by an independent auditing firm.
5. Study effects of lifting Alaska's primary processing regulations and laws on all parties involved: fishermen, processors and the general public. If it is determined that Alaska should have such a law on the books, then the state should explore methods of implementing a legally safe statute taking into account the need for a flexible system allowing full utilization of the salmon resources when domestic processors are unable to handle harvestable surpluses.

BBFA, WAFMA, AIFMA  
CHUCKWOK, HORTMAN







M E M O R A N D U M

TO: Kevin Bruce  
From: Oleta Simmons  
Date: February 18, 1981  
Subject: TRAVEL ARRANGEMENTS TO BRISTOL BAY

The following travel arrangements have been made:

Open Ticket - Juneau/Anchorage

Saturday, February 28, Anchorage/Dillingham

Wien Flight #25  
Depart 3:15 p.m., arrive 4:15 p.m.

Meeting tentatively scheduled in Dillingham for 6:30 p.m. to 10:00 p.m. in the Dillingham City Hall.

Hotel Reservations: Dillingham Hotel (842-5316)

Sunday, March 1, Dillingham/Naknek

Charter: Southwest Airways (842-5464)

Meeting scheduled in Naknek for 12:00 noon to 5:00 p.m. in the Bristol Bay Borough offices

King Salmon/Anchorage (Sunday): Wien #25  
Departs 6:15 p.m., arrives  
Anchorage 7:05 p.m.

Monday, March 2, Anchorage/Juneau

Wien #86, Departs 8:00 a.m., arrives 11:30 a.m.

Tickets will be available at the Wien ticket counter (airport) or may be picked up at the downtown ticket office (Baranof Hotel, between 8:30 a.m. and 5:00 p.m., Monday through Friday).



Official Business

# Alaska State Legislature

Senate

Committee on Judiciary

Pouch V  
State Capitol  
Juneau, Alaska 99811

## MEMORANDUM

TO: Senator Sturgulewski  
FROM: Kevin K. Bruce  
DATE: February 20, 1981  
SUBJECT: BRISTOL BAY HEARINGS  
February 28-March 1, 1981

The following individuals have been confirmed as witnesses before the hearing committee in Bristol Bay:

### Dillingham

Trumen Emberg - Western Alaska Cooperative Marketing Association  
Harvey Samuleson - Western Alaska Cooperative Marketing Association  
William Nicholson - Individual  
Val Angasen - Bristol Bay Native Association  
Andy Golia - Individual  
Jack McBride - Imapik Aquaculture Association  
Representative from City of Dillingham

### Naknek

Stuart Bowdoin - Bristol Bay Borough  
George Gottchalk - Individual

Senator Sturgulewski

2.

February 20, 1981

Some difficulty exists in determining the actual number of individuals who wish to testify in both Dillingham and in Naknek. Many of the persons listed are securing additional individuals to appear before the Committee, and the list should not be considered anywhere complete. The local radio station is playing public service announcements regarding the hearings and plans to broadcast portions of the hearings on Saturday night. This should also increase the participation in the Sunday meeting in Naknek.

Additionally, I have been informed that the presence of Commissioners Nix and Skoog will greatly increase the local participation.

I have been informed by Representative Chuckwuk's office that several individuals will be present who are bilingual, in the event a translator is needed.

For your information, I have attached newspaper articles, chronicling the events in Bristol Bay.

KKB/ods  
Attachment

STATE OF ALASKA  
THE LEGISLATURE  
LEGISLATIVE AFFAIRS AGENCY

POUCH-Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-461 3500

IN-SESSION TRAVEL AUTHORIZATION

Authorization for travel for Senator Sturgulewski, Senator Hohman, Kevin K. Bruce-Judiciary Committee Aide and including per diem if a staff member. Travel destination Dillingham & Naknek and date Feb. 28-March 2, 1981.

PURPOSE OF TRIP:

To hold hearings in Bristol Bay regarding the 1980 salmon strike and related public safety problems per Senator Kerttula's request.

\_\_\_\_\_  
President of Senate

Date: \_\_\_\_\_

For Accounting Use Only

Account Code \_\_\_\_\_  
Advance \$ \_\_\_\_\_ FW# \_\_\_\_\_  
Per Diem \$ \_\_\_\_\_ FW# \_\_\_\_\_  
Travel \_\_\_\_\_  
FW# \_\_\_\_\_ Date \_\_\_\_\_



Official Business

# Alaska State Legislature

## Senate

### Committee on Judiciary

Fouch V  
State Capitol  
Juneau, Alaska 99811

#### MEMORANDUM

TO: Senator Hohman  
Senator Mulcahy

FROM: Kevin Bruce  
Committee Aide

SUBJECT: Status of Bristol Bay Hearings

DATE: February 16, 1981

On January 28, Senator Kerttula requested that the Senate Judiciary Committee examine the public safety problems which surfaced in Bristol Bay during the 1980 salmon season.

After some examination, two aspects became clear:

- 1) Public safety concerns could not be divorced from the negotiating process since the former is a function of the latter; and
- 2) Since State Resources played a vital role, a representative from that Senate Committee should also be involved in the hearing process.

Senator Rodey was contacted by Avrum Gross, the Governor's personal representative on the Bristol Bay Task Force, about working together on the problem. Senator Rodey agreed to do so, in order to eliminate unnecessary duplication of effort.

Several House members have also expressed an interest in participating in the hearings, including Rep. Chuckwuk, Rep. Vaska, and Rep. Zharoff.

In conversations with Rep. Chuckwuk's staff, we have tentatively agreed that the Legislative Committee should be comprised of:

Senator Hohman	Representative Chuckwuk
Senator Mulcahy	Representative Zharoff

In addition, Avrum Gross would participate as the representative of the Task Force, and myself as staff to the committee.

The Senate Resources Representative is not yet firm, and Chairman Fahrenkamp may select a different senator based on scheduling conflicts.

The Bristol Bay hearings will be primarily a fact-finding and needs-assessment hearing. Three primary concerns have already surfaced in discussions with fishermen:

- 1) The Administration's repeated plans to revoke limited entry permits for individuals convicted of violent acts on the fishing grounds; and
- 2) The expressed need for reliable information source on salmon market conditions, processing capabilities, run size, etc., for a base from which to negotiate; and
- 3) The perception that public safety officers kept the peace largely at fishermen's expense during the 1980 season.

Undoubtably, other concerns will also be voiced by residents of Bristol Bay.

The dates for which we are shooting are February 21, for Dillingham, and February 22 for Naknek (see attached schedule). Additional hearings will be scheduled in Juneau in the following weeks to hear testimony from the Administration, marketing associations not represented in Bristol Bay, and for processors.

At this point, hearing facilities are being arranged by Rep. Chuckwuk's office. I will make the travel arrangements and generally coordinate the affair.

If you have any questions, suggestions, or requirements concerning this, please let me know.

M E M O R A N D U M

To: Kevin Bruce  
From: Oleta Simmons  
Date: February 16, 1981  
Subject: TRAVEL ARRANGEMENTS TO BRISTOL BAY

Travel arrangements have been made as follows:

Open Ticket - Juneau/Anchorage

Saturday, February 21, Anchorage/Dillingham

Wien Flight #25  
3:15 p.m., arriving 4:15 p.m.

Meeting tentatively scheduled in Dillingham for 6:00 p.m. to 10:00 p.m.

Hotel Reservations: Dillingham Hotel 842-5316 (3 rooms reserved)

Sunday, February 22, Dillingham/Naknek

Charter: Stovall Air Charter Service (842-5316)

Meetings tentatively scheduled in Naknek for 12:00 noon to 5:00 p.m.

King Salmon/Anchorage (Sunday): Wien #25  
6:15 p.m., arriving Anchorage 7:05 p.m.

Monday, February 23, Anchorage/Juneau

Wien #86 Departing Anchorage 8:00 a.m., arriving Juneau 11:30 a.m.

Tickets will be available at the Wien ticket counter (airport), or may be picked up at the downtown ticket office (Baranof Hotel, between 8:30 a.m. to 5:00 p.m., Monday through Friday.

*Handwritten notes:*  
Arrangement (Anchorage)  
Wien #25 - 3:15 p.m. (21) 4:15 p.m. (21)  
Wien #86 - 8:00 a.m. (23) 11:30 a.m. (23)

NOTE:

THIS SUMMARY OF THE BRISTOL BAY MARKETING STUDY HAS BEEN MAILED TO ALL BRISTOL BAY LIMITED ENTRY PERMIT HOLDERS. COPIES OF THE FINAL REPORT WILL BE AVAILABLE IN JUNEAU, MAY 29TH OR JUNE 1ST.

DRAFT COPIES HAVE BEEN IN THE HANDS OF PROCESSORS, NEGOTIATORS FOR FISHERMEN'S ORGANIZATIONS AND OTHER INTERESTED PEOPLE FOR ABOUT TWO WEEKS.

RICHARD REYNOLDS

A handwritten signature in dark ink, appearing to read 'R. Reynolds', is written over the typed name 'RICHARD REYNOLDS'.

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D

JUNEAU, ALASKA 99811

Phone: 465-2500

May 22, 1981

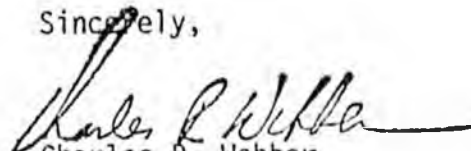
Bristol Bay Limited Entry Permit Holder:

Last winter, Governor Hammond appointed a special task force to deal with issues related to the salmon fishery in Bristol Bay. The task force recommended to the Governor several actions that the State should take this year. These recommendations included a study to evaluate current market conditions for red salmon. A contractor was selected, and the study was initiated about the first of April.

The intention of the State is to make basic market data and information available for reference by fishermen and processors engaged in annual preseason price negotiations. Additionally, the consultant was asked to begin development of a supply/demand formula that might, with further refinement and better data, be used in the future to help forecast market prices. The practical value of the project will rest on the contribution such information actually makes toward the settlement of timely and satisfactory price agreements.

Enclosed is a summary of the consultant's work. The full report will be distributed next week to fishermen's organizations, Department of Fish and Game field offices in King Salmon, Dillingham and local processors.

Sincerely,

  
Charles R. Webber  
Commissioner

CRW/tt5/8

BRISTOL BAY RED SALMON - PROJECTED 1981 MARKET CONDITIONS

1.0 SUMMARY

1.1 Background

In 1980, a fisherman-processor price dispute in the Bristol Bay red (sockeye) salmon fishery lasted until July 3 (one day before the traditional peak of the season). An escapement of approximately 20 million fish over the Alaska Department of Fish and Game's goal occurred. This dispute and the lack of processing capacity caused a loss in revenues to the fishermen, processors, and the State alike. Total loss at the fisherman level was in the \$35 million range and at the wholesale level in the range of \$70 million.

Because of this dispute and the concern that the upcoming 1981 season could be a repeat of 1980, the Governor's Special Task Force on Bristol Bay recommended this study of the Bristol Bay red salmon market. The purpose of the study was to provide an evaluation of market conditions related to the production of red salmon in Bristol Bay for 1981. The time frame for the analysis was very short with only about one month to complete the study, but, more complete information on the markets for Bristol Bay red salmon was considered a step towards the successful conclusion of price negotiations in 1981.

The Bay fishery is in a period of transition with major changes occurring in the following market conditions. The harvest has increased from a low of 741 thousand fish in 1973 to 23.7 million reds in 1980. The Japanese have become heavily involved to ensure their supplies of fishery products. Prices dropped radically in 1980 for frozen product as the Japanese consumer refused high retail prices for salmon. The fisherman-processor relationship has changed with the fisherman becoming more independent though processors still provide substantial support in the way of boat storage, bunkhouses, food, fuel and supplies. The remote location of the Bay and its lack of support facilities also add to the production and marketing costs.

For the 1981 season some of the uncertainty of the past in terms of production capacity and markets has been reduced. Markets for frozen red salmon are stronger than last year as the Japanese frozen market has matured. Markets for canned salmon are steady.

1.2 Supplies of Red Salmon

Supplies are estimated by adding production and carryover or inventory from the preceding year.

The Alaska Department of Fish and Game estimates a red salmon harvest of 21.2 million fish in 1981 for Bristol Bay. For the U.S. a decrease in production of canned red salmon from 10 to 15 percent is expected.

Based on a canned production of 1.6 million cases of red salmon in 1980 this translates to 1.4 million cases in 1981. Inventories are also variable, so since no trend was evident an average of the past five years was computed. This implies a preseason inventory of 12.3 million pounds of canned salmon. Total canned supplies are estimated to be a total of inventory and production or approximately 78 million pounds. Imports, which are minor, were not included. Based on the fluctuations in forecasted production in the past, production was varied by a plus or minus 15 percent while inventories were left constant to develop a calculated range of expected prices. This range of supplies was from 68 million pounds to 88 million pounds of canned red salmon.

Data to make an objective estimate of frozen supplies were not available; however, red salmon cold storage holdings both in the U.S. and Japan are reported to be significantly lower this year than in 1980. For example, as of February, 1981, Japan's cold storages held 6,150 metric tons of salmon versus 28,400 metric tons for the same period last year.

### 1.3 Demand for Red Salmon

Demand for red salmon includes fresh, frozen, canned and cured salmon for consumption in domestic and export markets.

Domestic per capita consumption of canned salmon has varied little over the past decade with 0.5 pounds reported for 1980. Frozen salmon consumption in the U.S. is currently less than 0.1 pounds per capita.

Fresh and frozen products account for from two-thirds to three-fourths of the total volume of U.S. salmon exports. Japan is the major export market for frozen product normally taking from 50-75 percent of the total. France is the second leading market followed by the United Kingdom, Sweden and Canada. The United Kingdom is the major export market for canned salmon accounting for about one-third of canned salmon exports. Canada and Australia account for 20 percent and 12-16 percent of canned exports, respectively.

Demand is affected by a variety of factors including basic changes in consumer preferences or dietary patterns. Others are changes in population, disposable income, prices of substitutes, product form and domestic/export markets.

The 1981 demand for red salmon is summarized below by major trend:

- (1) Domestic demand - Slightly weaker for canned salmon in 1981 due to U.S. consumer resistance to "high" salmon prices. At the retail level the price of solid white tuna at \$3.45 per pound overtook canned red salmon at \$1.33 in 1981. But consumers still perceive that salmon is a luxury item. Also, canned tuna consumption decreased significantly in 1980 meaning that consumers purchased lower priced substitutes.
- (2) Export demand - Steady to slightly stronger for canned salmon as evidenced by recent increases in U.S. exports. The demand for

frozen salmon in Japan is gaining strength and at current prices is relatively cheap compared to other Japanese foodstuffs.

- (3) U.S. dollar position - A relative stronger dollar and a decline in the value of the Japanese yen, English pound and French franc in relationship to the dollar is expected which weakens the export demand for U.S. canned salmon.
- (4) Inflation - Inflation continues high in all countries eroding consumer purchasing power and having a weakening effect on demand.
- (5) Economic conditions - Expected weaker conditions in the U.S. and abroad. Japan will feel the impact of curtailed auto exports to the U.S. These conditions will weaken demand for canned red salmon.

#### 1.4 Prices for Red Salmon

Prices for all product forms of red salmon have been highly variable in the past due to the significant changes in supply and demand discussed above. Canned salmon has ranged from \$1.72 per pound in 1976 to \$2.26 per pound in 1980 at the Seattle wholesale level. Frozen salmon FAS Japan (free alongside Japanese ships U.S. port of origin) ranged from \$1.63 per pound in 1976 to \$2.25 in 1978. The 1980 price for frozen salmon dropped to \$1.57 per pound. This was due to Japanese consumer resistance to high retail prices and the resultant dumping of 85,000 metric tons of salmon from cold storage on to the market. Sujiko or salmon roe prices for all species varied from \$7.20 per pound in 1976 to \$10.09 per pound in 1978 then declined to \$7.39 per pound in 1980 on the Tokyo wholesale market. During the past five years prices within a year have shown trends of upward, downward and constant prices. This complexity makes it very difficult to predict future prices.

An evaluation of supply and demand relationships suggested the following conditions and factors are instrumental to salmon price formation.

- (1) Wholesale and exvessel prices are dictated by retail prices. Consumer preferences for salmon and the associated retail supply demand conditions effectively constrain wholesale and exvessel demands. (For example, as presented above, consumers have reduced their consumption of tuna due to high retail prices.)
- (2) Since wholesale and exvessel demands are determined by retail demands, neither wholesalers (processors) nor fishermen can effectively control prices once supplies (pack plus carryover) are established.
- (3) During periods of relatively "high" real prices (caused by large increases in demand or decreases in supply), the retailers, wholesalers, and fishermen generally receive higher gross margins. Prices were converted to real or constant dollars by deflating by the wholesale price index so that "real" changes in prices could be observed versus changes caused by inflation. During period of relatively "low" real prices, the reverse is generally true, i.e.,

they each have reduced margins. Typical margins under moderate price conditions based on real exvessel price of 22 cents are 60 cents for the wholesaler and 41 cents for the retailer in real terms. The wholesale price index for 1981 is 250. (No evaluation was possible of the equity in the relative shares of the gross margin among retailers, wholesalers and fishermen. However, no statistically significant change in component margins was discerned in the aggregate data analyzed.)

- (4) Balanced and proportional growth in supply and demand over time is critical to maintaining stable wholesale and exvessel prices. Prices along a demand curve may vary sharply if shifts in supply and/or demand occur.
- (5) Historically, the inability to control supply (principally a biological process) has probably been the most responsible factor affecting equilibrium price levels from year-to-year. As suggested both the wholesalers and the fishermen are then rather locked in to resultant retail price conditions and corresponding wholesale and exvessel prices.
- (6) While supplies of salmon are not readily controlled, rather marked demand shifts can and have occurred also. Many factors may be involved, few of which are accurately documentable. Such factors as population, disposable incomes, prices of substitute products, exchange rates (export impacts), changes in consumer tastes, promotional/marketing programs, product forms (e.g. frozen vs. canned) and other affect the demand levels over time. Subjective judgments as well as quantitative analysis are needed to forecast demand shifts.
- (7) Relatively small shifts in supply and demand affect prices (as presented in the price table for canned salmon below).

A procedure was then developed to estimate the wholesale canned salmon price at Seattle for 1981. Wholesale is defined as the price received by primary wholesalers (processors, importers, brokers) in customary quantities f.o.b. warehouse. For this analysis, National Marine Fisheries Service (NMFS) wholesale prices were used even though it is apparent that wholesale prices will vary. This procedure takes into account the supply demand relationship considered above. Locational factors such as transportation costs and spoilage will affect Bristol Bay prices.

The 1981 Seattle wholesale price is forecasted to be \$2.33 per pound can based on a supply of 78 million pounds. Assuming alternative supply demand relationships the following price table was developed:

	Supply		
	68 million lb. (-15%) price per lb.	78 million lb. (Base) price per lb.	88 million lb. (+15%) price per lb.
-5%	\$2.70	\$2.08	\$1.45
Base (time/trend)	2.95	2.33	1.70
+5%	3.20	2.58	1.95

These prices are most reliable at the target price of \$2.33 and become less so as supply-demand shifts are projected. Also, an estimated slope for the demand curve was used because of insufficient data. Further discussion of these details is presented in the report.

A five percent, or 3.9 million pound, reduction in demand and a supply of 88 million pound would produce a price of \$1.45 per pound. At the other extreme an increase of 5 percent in demand and a supply of 68 million pounds of canned salmon would produce a wholesale price at Seattle of \$3.20 per pound for canned salmon.

The \$2.33 price converts to a case basis by multiplying by 48 pound cans to obtain a case value of \$111.84.

Using the same procedure 1981 prices for one-half pound cans of \$1.53 and one-quarter pound cans of \$.95 were computed.

Insufficient data were available to make a comparable, independent analysis of frozen salmon prices. Therefore, the estimate was made based on the relationship of canned salmon and FAS prices for Japan for frozen salmon. Using an average of the past five years the frozen price was 94 percent of the canned salmon price. A four year average of 102 percent was also calculated excluding the abnormal year of 1980 (when prices were lower in Japan as explained above). These compute to a range for frozen salmon of from \$2.19 to \$2.38 per pound FAS Japan. Converting this range to a comparable wholesale price would mean a Sapporo wholesale price of \$2.69 to \$2.93 per pound.

These prices are average prices and do not consider differences such as quantity sold, quality and brand preference.

### 1.5 Markets for Red Salmon

The prices presented above are sensitive to other factors such as the specific market for the product and the market channels through which the product is distributed. These factors vary for each sales transaction, thus a specific price becomes very complex. In addition, it must be recognized that prices vary within a year, by location, by type and quality of product and as supply/demand conditions change. Thus, the use of a single average price can be misleading in terms of actual prices received for specific shipments. However, such single-value prices are indicative of the general levels anticipated.

Markets for red salmon vary significantly by year. However, some generalizations can be made on the utilization based on 1980 product form. These are reported below:

- (1) Canned - Approximately 60 percent of the canned red salmon was distributed to the United Kingdom and other British Commonwealth nations. The bulk of the remaining 40 percent is marketed domestically with small quantities sold to Japan, France and other foreign countries.
- (2) Frozen - Almost all frozen red salmon is directly delivered to the Japanese at dockside in Bristol Bay. Small amounts are distributed through Seattle area cold storages to Japan and domestic markets. Besides being the traditional market for frozen product, Japan can compete favorably for Bristol Bay product because of its location in respect to Alaska. Prior to the imposition of the 200 mile limit, the Japanese high seas fishing fleet operated extensively in Alaskan red salmon fisheries. As a result, frozen red Alaskan salmon has been a recognized fishery product in Japan for many years and is readily accepted by Japanese consumers.

Relatively smaller amounts of frozen red are marketed in Europe, but its color and recovery are not preferred by smokers which import 50-55 percent of the frozen product.

- (3) Fresh - Fresh product is marketed domestically. Growing markets are reported by wholesalers, but sales are still small relative to total salmon production.
- (4) Salted and Cured - The products are minor and will probably remain so for 1981.
- (5) Roe - All of this product is marketed directly to Japan.

Market channels for salmon vary from country to country and between different product forms.

#### 1.5.1 Japan-Frozen Salmon

Japan is a major export market for frozen U.S. salmon. In addition to frozen salmon, Japan is a major consumer of salted salmon and salmon roe. The market in Japan is dominated by the large trading companies, estimated to control 75 percent of the trade. The strongest consumption area for red salmon is in Westerr Japan, particularly centering around Osaka and Kyoto. Chum is a major species in the Tokyo and Yokohama areas although red has become much more popular recently. Consumption of red salmon in Hokkaido is said to be quite high.

Imported round salmon is primarily sent to Hokkaido or Northern Honshu, the areas that have traditionally been the salmon processing centers, to remove and prepare the roe into sujiko and the parent fish into salted salmon. These products are then moved to the market by either the processing company or by shippers who then resell to wholesalers or major trading companies.

Dressed and semi-dressed salmon move directly from the importer to wholesale middlemen or trading companies who slice and repack the product for sale to retailers.

### 1.5.2 United Kingdom-Canned Salmon

The United Kingdom is the major market for canned salmon and its importance, in actual volume taken, has increased substantially since 1978. In 1978 the UK imported 9.8 million pounds of U.S. canned salmon, in 1979 18.3 million pounds and in 1980 33.0 million pounds.

Red salmon is the preferred canned species in the UK. The big three canned salmon distributors in the United Kingdom are John West Foods (a Unilever subsidiary), Berisford Foods and Princess Foods. John West Foods is the price leader. Importer-wholesalers, brokers and major retail chains are important factors in the market.

### 1.6 Other Marketing Factors

Marketing costs for Bristol Bay red salmon account for a significant proportion of the increased values for the product at the various marketing levels such as wholesale and retail. Pack financing rates based on a prime interest rate of 19 percent and a 2 percent risk premium could total 21 percent. Transportation rates to Seattle range from 40 to 46 cents per pound for air transportation and from 7.5 to 17 cents per pound for sea transportation depending on whether dry or refrigerated containers are used. Direct storage costs are 3 cents per pound for canned salmon and 2.9 cents per pound for frozen product based on average holding periods. Significant promotion or advertising costs have also been incurred. Import duties for salmon are 5 percent for Japan and 3.5 percent for the European Economic Community (EEC). The EEC is considering setting minimum reference import prices for salmon by using market prices of European salmon. This could affect the sales of Pacific salmon which is generally less expensive than European salmon. Also, for exported product significant reprocessing, packaging and labeling occurs adding value to the product at the various marketing levels. For example, in Japan the salmon is thawed and sliced for raw consumption.

# MEMORANDUM

# State of Alaska

TO: Mike Whitehead  
Special Assistant  
to the Governor

DATE: March 17, 1981

FILE NO:

TELEPHONE NO: 465-4322

FROM: William R. Nix *WNM*  
Commissioner  
Department of Public Safety

SUBJECT: Bristol Bay  
Approximate Costs

Following are the approximate costs for the five (5) boat charters concerning the Bristol Bay contingency plan:

### Boat Charters 6/8/81-7/7/81

\$1000.00 per day x 30 days x 5 boats =	\$150,000
Actual fuel costs only for those boats in transit to and from Bristol Bay, not to exceed 5000.00. 5 x 5000.00 =	25,000

If contractor provides operator during charter 6/8/81-7/8/81 cost for operator, not to exceed 5000.00. 5 x 5000.00 =	\$ 25,000
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Total	\$200,000
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### Department Costs

15 Troopers at Sea Duty Pay rate of pay Overtime only =	\$ 51,000
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Transportation to/from Bristol Bay =	8,900
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Per Diem, travel status only	4,400
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Equipment - rain gear, survival suits, boots, 385 x 15 =	\$ 5,800
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Total	\$ 70,100
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GRAND TOTAL	<u>\$270,100</u>
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# Challenge in Bristol Bay

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The Issues of Salmon Marketing



Excerpts from the Governor's Bristol Bay Task Force  
Public hearings held in Dillingham, Naknek and Juneau

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The staff would like to acknowledge the enthusiastic support and technical knowledge received from Mr. Jim Deagen of the Alaska State Department of Commerce and Economic Development.

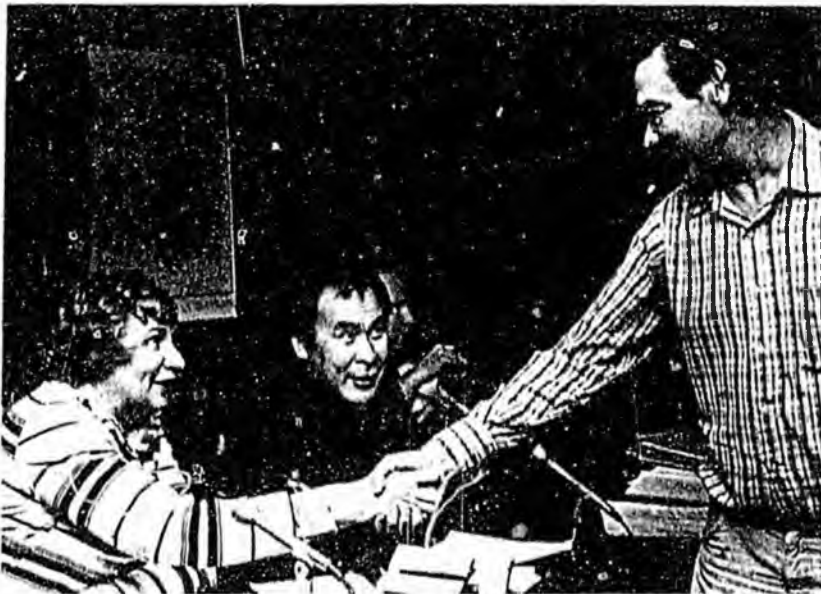
The names of cities in parentheses denote the city where the person spoke and not necessarily the city where they live.

Unless otherwise noted all photographs in this text are by Chris Arend of Anchorage, Alaska.

## Introduction By Andy Golia



Committee



Senator Sturgulewski-Orrin Welch



This brochure contains excerpts taken from public testimony presented to an "advisory committee" to Governor Hammond and Senate President Jay Kertulla. The committee has recently held public hearings in Dillingham, Naknek, and Juneau. The committee's responsibility was designated to examine the "violence" that occurred in the 1980 commercial salmon season of Bristol Bay, and examine what role the

State should play in the marketing problems of Bristol Bay salmon, as well as examine the possibility of the State becoming involved in an early price settlement for the upcoming 1981 season.

The committee held public hearings in Dillingham on February 28, 1981, and in Naknek on March 1, 1981. Then on March 16 and 19, 1981, the committee held the same public hearings in Juneau. Approximately 70 participants, mostly fishermen, attended the public meeting in Dillingham, and about 30 attended the public meeting held in Naknek. About 40 participants attended the March 16, 1981 meeting in Juneau, and then on March 19, 1981, about 20 participants attended the last public meeting.

The "advisory committee" members who attended the public hearings held in Dillingham and Naknek were:

- Senator Arliss Sturgulewski, Anchorage, Chairperson.
- Representative Joseph Chuckwuk, Dillingham
- Representative Vernon L. Hurlbert, Sleetmute.
- Avrum Gross, Executive Directors of the Bristol Bay Task Force and former Attorney General.
- Mr. Ronald O. Skoog, Commissioner of the Department of Fish and Game, and member of the Bristol Bay Task Force.
- Mr. Charles R. Webber, Commissioner of the Department of Commerce and Economic Development, and member of the Bristol Bay Task Force.
- Mr. William R. Nix, Commissioner of the Department of Public Safety, and member of the Bristol Bay Task Force.
- Mr. Mike Whitehead, Special Assistant to the Governor, and member of the Bristol Bay Task Force.

Staff members of those related to the committee in attendance at the public meetings held in Dillingham and Naknek were:

- Mr. Glen Svendsen, Member of Staff, Senator Sturgulewski
- Mr. Kevin Bruce, Member of Staff, Senator Rodey.

# Introduction



Val Angavan/John Williams



Leon Braswell/Commissioner Ron Skoug

Mr. John Williams, Commissioner with the Alaska Commercial Fisheries Entry Commission, Juneau, also attended the public hearings held in Bristol Bay. Mr. Williams has been appointed an ex-officio member of the Bristol Bay Task Force by Governor Hammond.

The radio station, KDLG of Dillingham, provided live coverage of the Dillingham public hearing. KDLG also provided an excellent prehearing coverage by publicly announcing the hearings to be held and issues to be discussed. KDLG's live coverage also provided an opportunity for listening villages to telephone and ask any question or give comments to the advisory committee.

On March 16, 1981, Senator Sturgulewski chaired the public hearing in Juneau, with Representative Chuckwuk and Representative Hurlbert both in attendance throughout the meeting. Senator Rodey appeared at the hearing later in the session, and Avrum Gross and Commissioner Nix were in attendance at the hearing but left later in the session due to other commitments.

On March 19, 1981, Senator Rodey presided as Chairman of the last public hearing. Senator Sturgulewski, Representative Chuckwuk, and Representative Hurlbert were also present.

Several reasons have led to the formation of the "advisory committee" and its resultant hearings in Dillingham, Naknek, and Juneau. After the collapse of the Japanese market of fresh frozen salmon in late 1979, and talk of a potential prolonged price dispute in the 1980 salmon season in Bristol Bay, Governor Hammond appointed what is known as the Bristol Bay Task Force in hopes to offset any drawn out price dispute. The task force met several times, months before the 1980 season, attempting to devise a plan to avoid a late settlement. All in vain, the prolonged dispute occurred, and then another issue surfaced after the 1980 season—talk of too much violence, which occurred on the fishing ground in Bristol Bay.

An estimated total of 21 million harvestable salmon escaped during the 1980 season, with most of the overescapement resulting from the price disagreement that lingered on until July 3, 1980. Because of the massive escapement of harvestable salmon, and subsequent reports of violence and public safety concerns, Governor Hammond reactivated the task force to make another attempt to resolve such problems, and provide recommendations on what should occur prior to the 1981 season.

Then on January 28, 1981, Senate President Jay Kerttula requested Senator Pat Rodey, the Judiciary Committee Chairman to examine the reports of "violence" which might have occurred in the 1980 season, and report the results of the hearings to be held in Dillingham, Naknek, and Juneau.

# Introduction



Dillingham Meeting



Dillingham Meeting

Senator Sturgulewski, Chairperson of the Legislative Budget and Audit Committee, was appointed to preside over the public meetings held in Bristol Bay. Senator Rodey chaired the later hearing held in Juneau.

Avrum Gross, former Attorney General, was selected by Governor Hammond to direct the Bristol Bay Task Force. Mr. Gross and Senator Rodey decided that since both committees were dealing with related issues on Bristol Bay, joint public hearings should be held by both committees to avoid any duplication of effort. Hence, the joint advisory committee was formed.

Funding for this brochure has been derived from the Imapik Regional Aquaculture Corporation (Imarpik) based in Dillingham, Alaska. The staff members of Imapik, Mr. Jack McBride, General Manager, and Mr. Val N. Angasan, Assistant Manager, have both developed this brochure, with assistance from Mr. Andrew Golia, staff member of the Bristol Bay Native Association, Dillingham. The Imapik staff members were also active in assisting the advisory committee staff members in preparing for and arranging the public hearings in Dillingham and Naknek.

Imarpik was formed in late 1977 under the Alaska Private Non-profit Salmon Enhancement Program of 1974. The local aquaculture corporation serves most of the Bristol Bay region, and although its initial formation has been designed for salmon enhancement, Imapik has recently received a \$192,000 contract from the State Legislature to examine the salmon quality control and marketing problems inherent in the Bristol Bay region due to the rapid expansion of the fresh frozen salmon market. Imapik obtained the contract to assist in overcoming both major marketing problems in the Bay. The Executive Committee of Imapik strongly feels that both marketing problems must be alleviated before any major effort occurs to enhance the local salmon runs.

In conclusion, this report has been designed to inform the people of Bristol Bay about the issues confronting local fishermen, in hopes that it will create a greater awareness of the more important issues that directly confront the fishermen of the Bay.

# Introduction



Naknek Meeting



Joe Clark/Harvey Samuelson



Naknek Meeting

## The Bristol Bay Fishery—Background Information



### **Av Gross (Dillingham)**

*"It made sense that before the government told you what it was going to do, it was generally wise to ask you what you wanted the government to do.*

*"I started in January and met with Mitch and his board (AIFMA) down in Seattle. I talked to the Icicle group of fishermen (EBFA). I've talked to the Board of Fish and Game. The Task Force has been meeting on a regular basis. I've felt very strongly that it was impossible to*

*come up with any firm conclusions in terms of what was going to be recommended to the Governor or to the Legislature or to anybody else until we come out here and talked to the people."*

### **Phil Daniel (Juneau)**

*"One of the State's overwhelming interests in Bristol Bay is to see that the resource is harvested. In the last two years, we've put 150 million pounds of salmon up the river that could have been harvested—that's 10 million fish in 1979 and 20 million last year. The value of that product at prevailing prices is, perhaps, \$90 million, that could have gone into the hands of the fishermen.*

*"The average income probably to the average fisherman in the bay last year was around \$28,000. That just simply isn't enough. You do not make your payments on that basis.*

*"The thing that makes me nervous, is the decision, of whether or not the Japanese will ever be allowed to harvest more of those fish is not in our hands; it's in the hands of the Department of Commerce at the federal level and I'm not convinced that we have always been treated as well as we could be treated by the federal people. I think that there are grave implications, if we continue to put large numbers of fish up that river, as far as the 200-mile limit is concerned."*



### **Mitch Kiak (AIFMA) (Dillingham)**

*"We have approximately seven hundred members. Thirty-three percent of these people come from Alaska. Approximately one hundred twenty of those people come from the Watershed. The people that we represent in the watershed represent about 1,200 years of experience."*

# The Bristol Bay Fishery—Background Information

## Alaska Independent Fisherman's Marketing Association

### PRICE PER POUND

Year	Reds	Duration of Contract	Date of Settlement
1969	.24	2 years	7/03/69
1970	.24		
1971	.26	2 years	6/18/71
1972	.27		
1973	.35	1 year	6/14/73
1974	.49	1 year	6/14/74
1975	*.37	1 year	6/18/75
1976	.52	1 year	6/28/76
1977	.595	1 year	6/28/77
1978	.68	1 year	6/26/78
**1979	.80-1.25	1 year	6/27/79
1980	.57	1 year	7/03/80

\* 1975 sliding price scale

\*\* 1979 two price system for reds



### Kay Larsen (Dillingham)

*"Bristol Bay fishermen have made many sacrifices in the fishery through the years. When the resource was down, they sat on the beach and tightened their belts the following winter. In those years, market prices were up and margins of profit to processors were large. In 1977, the price of fish was \$.59½ per pound and the price of gasoline was \$.60 a gallon. During that time, a fisherman could buy a good, new boat for \$50,000. In 1980, fish were bringing \$.57 a pound, but gasoline had gone up to \$1.25 a gallon and boats were up to \$80,000 and \$100,000. The price of fish has not kept up with our expenses. We have a list out at our (BBNA) office of two hundred fishermen who had no markets in the spring (1980)."*



Senator Atlin Sturgulewski and Representative Joe Chuckwuk

## The Bristol Bay Fishery—Background Information



### Robin Samuelson (Dillingham)

*“(1979) There was talk around town of cash buyers coming in paying \$1.00 up to \$1.25 a pound for fresh red salmon. People were getting paid to sign up fishermen. A guy would get \$50 to \$100 for submitting your name. The union settled that year for \$.80 a pound with the canneries. When the fishing season was on anything that could float, fly or haul fish was activated. The major cash buyers out at the grounds were having a fierce battle. They all wanted as much fish as possible at any price.”*



*“Then in the fall when this fish finally reached the market in Seattle and Japan, ‘the weather worsened.’ The Japanese yen started to fall. The big Japanese fishing companies started shaking. Then came our high priced salmon—a glutted market and a lot of salmon of real poor quality, mostly due to the greediness of the processors who were pumped up by the Japanese.”*



*“The major fresh fish processors couldn’t get rid of the fish, so wholesale prices started to fall. A lot of them went ‘belly up,’ or walked a thin line as far as bankruptcy was concerned. A lot of money was lost on the pack that year.”*

## Infrastructure Needs In Bristol Bay



### Laura Schroeder (Dillingham)

*"Unless you've really lived in Dillingham and been here during fishing season, you really don't know how handicapped the fishermen are in Dillingham, or a processor, or a new processor trying to come into Dillingham. All of our beachfronts and the entrance to our streams were taken up years and years ago by canneries who realized that these were valuable sites. This land is still owned by these canneries.*

*"We have one public dock that goes dry at low tide. We had 15 to 20 cargo barges last season—they tie at the dock from 24 to 48 hours even though we unload them around the clock. They tie up the entire clock—a fisherman and a*

*processor can't possibly use that dock while there's a cargo barge in—we've had vessels tied up four abreast on the city dock—we've had fish passed over cargo barges three stories high.*

*"There are no services, such as boat storage and repair if you go independent—we have a 100 boat harbor and we have 539 users. If you want to see impediments, try to get out of there when there are 17 abreast and you want to go fishing and your neighbor doesn't. Except for 50 feet on one side and 250 feet on the other side of the boat harbor, the land is owned on either side by processing companies.*

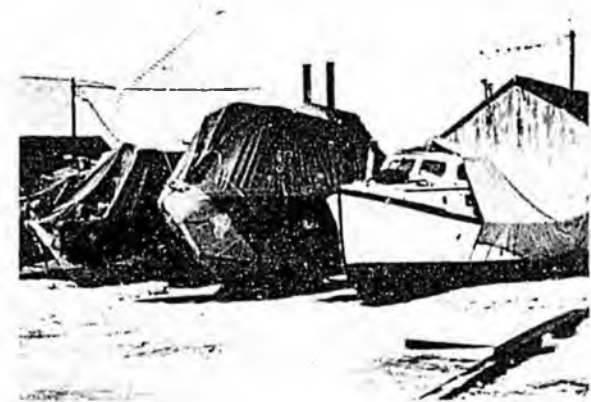
*"There is no fire protection to the small harbor. The processor/owner has not seen fit yet to give us permission to cross their property with a waterline."*

### Sidney Smith (Juneau)

*"Anybody who tries to come in who is new or with a new idea is going to have a tough time to compete."*

### Val Angasan (Dillingham)

*"It's pretty obvious that the fresh frozen market in Bristol Bay is going to be playing a pretty serious role here in the future and the Dillingham airport needs to be lengthened.*



Boats Stored Outside

### Monty Handy (Naknek)

*"I think one thing that would help in this price negotiation is to get some local people in here buying fish."*



## Infrastructure Needs In Bristol Bay



### Kay Larsen (Dillingham)

*"In America, there is interest in buying our fish, but you get a guy in here and you start showing him what he has to work with and right away they start wondering how they're going to overcome the problems. I really support the State developing those airports and those docks to encourage industry to come in.*

*"The airport—I've heard that if it were longer then they could get off with payloads and fly them straight to the market.*

*"There are no docks to move fish across. The city dock is available some, but when a barge comes in here to unload freight, then that processor can't depend on that dock.*

*"If the State will build new docks and improve airports and will loan money to new processors, development of the fishery would be greatly encouraged."*

### Jack McBride (Dillingham)

*"Finding way of lowering costs such as transportation is certainly another positive action. Providing easily accessible docks, improved runways and reasonable road systems would lower the cost of production."*

### Lyman Smith (Dillingham)

*"The key thing here that keeps our fresh market fishery from really going is the lack of airport facilities.*

*"We need a longer runway that's surfaced so that we can handle any kind of aircraft that wants to come in here, and we also need the ramp space and the support areas which will allow the helicopters to come and the trucks to come unload and deliver that fish.*



*"It should leave the airport in no worse condition than when it arrives there. Airport development has got to be a critical part of this whole thing. It's vital and we've got to address it.*

*"In addition to the runway, we also need a parallel taxiway so there can be more than one aircraft operating on the airport at a time."*



### Robin Samuelson (Dillingham)

*"Some of them—hailed them up the river, 25 hours later—let them sit for another 24 hours; unloaded and took them out to the airport and let them sit another 12 hours because their totes were full or they couldn't get enough totes or their planes were too busy, and then they finally flew them off to some other place. Thank God they didn't sell them here in town."*

## Processing Inabilities In Bristol Bay

### Mitch Kink (Dillingham)

*"They (processors) don't want all the fish. I think they said they could handle all the fish—if anybody here believes that if we would have went out on the first day of fishing, that we would have caught 21 million (more) fish, I think they would be a little wrong."*

### Kay Larsen (Dillingham)

*"Last year there was a lot of talk that fishermen should have been willing to take a low price for their fish and make up the difference in quantity. As fishermen, who have worked with the canneries for many years, we knew this possibility would not be open to us. We knew that canneries would not increase their production, and this has proven true. Even though Fish and Game have predicted these good years, we have not seen a great deal of gearing up by the processors so that they would be ready for them."*

*"Perhaps more competition on the processing side would make for a healthier industry. Competition in any industry is healthy. State funding which would encourage the development of this competition would be a possible solution. State funding should also include loans to developing processors."*



### John Eckert (Naknek)

*"The processors in the bay here can only process approximately 25 million fish on large run years."*



### Mike Hakala (Naknek)

*"You will also hear the argument that you can get a low price and a lot of volume here in Bristol Bay but the (the processor) can't handle the fish. The day it opens, they put us on a 6,000 pound limit—if that's handling fish, I sure in hell don't know what to say about that."*

### Allen Aspelund (Naknek) [setnetter]

*"What they do, is put us on one half of what the boats get when they are on limits."*

### Robin Samuelson (Dillingham)

*"Six hours after it opened (fishing after the strike), the biggest cannery on this side of the river shut down."*



### Jim Bingman (Dillingham)

*"I know the Japanese have taken over most of the canneries—I've watched them take over Togiak. They financed and got the processor—to swallow the hook, then they jerked hard to set the hook. There's nothing the processor can do but step out and let the Japanese have it."*

## Processing Inabilities In Bristol Bay

### **Mitch Kink [AIFMA] (Dillingham)**

*"We are saying that maybe they don't want all the fish and I think they said that they could handle all the fish."*

### **Thomas Crandell (Dillingham)**

*"The marketing facilities are essentially controlled by the Japanese. There isn't an extensive marketing path for very much salmon into the domestic market."*

### **Archie Gottschalk (Juneau)**

*"The marketing, financing and processing aspects of the fisheries are predominantly controlled by foreign corporations; especially Japanese corporations—they determine the volume of salmon they want to pack and, as we have seen over the years, the price that they want to pay."*

### **Jim Beaton (Juneau)**

*"Everything is on the side of the processor, don't kid yourself there—the longer they go, the less volume, the better they are going to come out on their pack. The whole thing is a stacked deck."*

### **Phil Daniel (Juneau)**

*"We were looking at 40 million sockeye coming back to Bristol Bay to harvest (1980)—there's every reason to suspect that many processors simply didn't want to harvest all that product."*



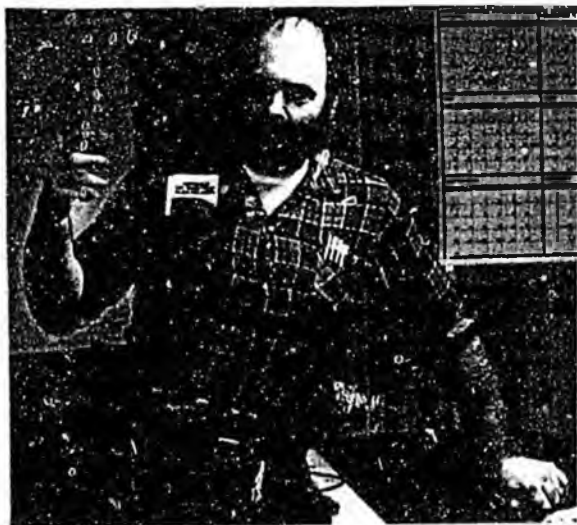
### **Representative Chuckwuk (Juneau)**

*"Last summer, my father who has fished faithfully for one of the processing companies was limited to 5,000 pounds a day—for ten days, that would mean only 60,000 pounds. He would only have grossed \$24,000 and out of that \$8,000 goes to the puller."*

### **Chip Toma (Juneau)**

*"I think we've all learned that the inability to process is directly related to the price."*

## Quality Control Problems



### Lyman Smith (Dillingham)

*"I think the State can go a long way toward educating the fishermen if they set up training seminars in handling techniques because, after all, this is a remote area and it's hard to get information out here. Since the State is in the business of loaning money, there may be a way to update equipment that fish cannot be handled properly in—be it slush tanks, or whatever the fishermen decides he should do to improve this handling."*

### Robin Samuelson (Dillingham)

*"The processors have never changed their ways here—the canning processors. They still stack them six feet deep, use shovels, water—anything to push the salmon."*



### Representative Hurlbert (Dillingham)

*"If one area of the State ships bad quality fish, it certainly reflects on the State in other areas. So it affects the State on the whole when one area might taint another area."*

### Jack McBride (Dillingham)

*"You, as the Legislature, may have to deal with this. Quality is what the customer is willing to pay for and buy at the other end—the final customer. What is quality in Europe may not, at all, be the same product in Japan, so be real careful with any quality control legislation. It's really a marketing question."*

## Pack Loans



### Val Angasan (Dillingham)

*"Personally, I don't mind the State of Alaska loaning money to processors that have incorporation papers filed in other states, or for that matter, even other countries, however, last year we have seen a perfect example of processing companies, either invested in by ARRC, or loaned to by ARRC, and paying their fishermen drastically low prices—it's unfair. Fishermen should be the first leinholder on all their sales, not the last. I would even recommend that you tie in the processing loans to the price settlement."*

### Robin Samuelson (Dillingham)

*"(1979) How could the price fall that way—who's doing it? It all pointed to the Japanese. The Japanese control us in Bristol Bay. Who owns Peter Pan? Not the Natives anymore—the Japanese! It wasn't Icicle's fault. Icicle would be 'belly up' because the State wouldn't dish*

*them over enough money—go 'belly up' or sign a preseason contract. If I was backed up against the wall, I guess I'd have to sign a preseason contract, too.*

*"One company borrowed four or three million dollars from ARRC—from the State—my money, and paid 35 cents and they still haven't paid off their fishermen—I think that's criminal."*



### Joe McGill (Dillingham)

*"In the first place, they financed a bunch of the packers that wouldn't pay the price, and we couldn't even get them to the negotiating table to talk to them and discuss prices.*

*"I know that the State is financing some of these processors this year and think there is one stipulation they can make in their contract that they do negotiate and pay the going price for fish.*

*"I believe that from what information that I have, through the State bank, the State owns controlling interest in one of the packers that they had a lot of trouble with last year."*

### Representative Chuckwuk (Juneau)

*"Could there be a possibility that the State may be in conflict with its own fishermen because of their investment in processing."*

### Hank Ostrosky (Juneau)

*"We were directly interferred with last year by the State by its loaning policies. They would not loan to any group that agreed to pay over 40 cents a pound to the fishermen."*

### Jim Bingman (Dillingham)

*"I think that a good way for the State to help us is to establish a base price and the processors could depend on this money (for pack loans)."*

### Stan Small (Dillingham)

*"The money should go to the real American processors, not our buddies across."*

## Pack Loans

### George Gottschalk, Sr. (Naknek)

*"I think the State should quit backing the processors up here buying 30-cent 'scab' fish before the price is settled—the State backed Icicle Seafoods and I don't know how many other foreign processors they backed."*



### Harvey Samuelson (Naknek)

*"It (pack loans) should go to real American processors, not their buddies from overseas—after they caught 700,000 fish (Japanese, 1981 high seas catch), Jay Hammond shouldn't give them one penny."*



## Marketing—Generic Promotion



**Eric Eckholm (Juneau)**  
**Executive Director of the Alaska Seafood Marketing Institute**

*"We are proposing a joint effort between the fisherman, the processors, and the State of Alaska to help develop markets through generic advertising and promotion to create more demand throughout the world."*

*"One hundred million pounds of fish were wasted because the fish simply weren't worth enough in the world's market to either the fishermen or the processors to harvest for a profit."*

*The State's role in helping support this organization (Alaska Seafood Marketing Institute) would avoid a disaster such as one that occurred in 1980 and will occur again in 1985. If we are able to broaden the market base to allow market development in several countries around the world, including America, then a situation occurring in a single market won't cause the kind of disruptions that occurred last year."*



Naknek Residents

**Kay Larsen (Dillingham)**

*"The State's idea of a market campaign to sell more Alaskan seafoods is a good one."*

## Marketing—Generic Promotion



Charles Webber

### Jack McBride (Dillingham)

*"Funding of programs such as the Alaska Seafood Marketing Institute is another positive way the State can involve itself. Obviously if the demand for salmon is high, the price will also be good."*

### Lyman Smith (Dillingham)

*"I think the State's getting involved in promoting the marketing of these fish (fresh) is going to go a long way toward alleviating these problems."*

*"There's enough people in the United States and enough money to absorb all this fish and if the U.S. people start eating salmon, the Japanese are going to have to come over with their hats in their hands and bid for these fish. They're not going to come in and dictate to us what they'll pay for them."*



Representative Hurlbert



### Richard Johnson (Naknek)

*"The State needs to start looking into other available markets. Look for somewhere else to sell our fish. There is a big market in the United States and we have not looked into this market."*

## Marketing Alternatives

### Jack McBride (Dillingham)

*"Marketing alternatives should be explored that fishermen could apply in attempting to solve their marketing or market-related problems. These would include organized exchanges, vertical integration and joint ventures, marketing boards and others."*



Photo/Jack McBride

### Sidney Smith (Juneau)

*"The big issue that I see happened in 1980 was, all of a sudden, you've got a scare of saying that the market was going to be over-flooded, which was correct. Japan only needs about 22 million fish to provide for their whole marketing system. Anything above that is excess."*

*"I'm not saying change the world, but I think we should start by recognizing those new attempts to market the fish. In 1980 we had about 128 fishermen without a market. I think there has to be a starting place. Our group (a co-op) only takes care of about 30. The State should roll up their sleeves and work with us."*

### Lyman Smith (Dillingham)

*"(Addressing co-ops) One thing that has to happen is you have to have a source of capital."*

### Carl Heyano (Dillingham)

*"There is an organization in the bay area called the Nushagak Fish Producers Cooperative, which we formed a couple of years ago. We requested from the Legislature some funds to help us."*

### Jim Beaton (Juneau)

*"If you're going to share the profit, then you're going to share the loss and, of course, that's what a co-op is all about."*

*"I frankly would like to see the other things mentioned—vertical integration, the cooperative venture, the check and balance system that would prevent all of this stuff from happening in lieu of the police force going up there."*



Photo/Karl Ohls

### Phil Daniel (Juneau)

*"Perhaps the most desirable thing that should happen in Bristol Bay is vertical integration—co-ops. I think the State should look at that. Why can't we (State) put up money and make it available so fishermen can process their own fish."*

*"In addition, we should look at commodities marketing. I think that has a real possibility for the State of Alaska, when it comes to this glut of fish, because even though you have a glut of fish in a given time period, you still have the ability to control the flow of product, so you don't dump them on the market all at once."*

## Marketing Alternatives



Senator Arliss Sturgulewski

### Hank Ostrosky (Juneau)

*"The structure of CFAB is a cooperative bank—not for cooperatives. That means it comes under different banking laws. A legitimate bank for co-ops should be formed in the State of Alaska and it would just take a minor adjustment to the present co-op law in order to facilitate direct production credit financing to the fishermen, so that they, in turn, can contract with legitimate processors and legitimate transportation companies and with legitimate bonded warehouses, so they can then deal with agents of the consuming section and return the maximum capital gains, in the form of increased dollars to the fisherman, and the maximum capital gains to the consumer, as a reduction in price."*

### Henry Strub (Dillingham)

*"The obvious solution to the marketing problem on the long term would be the stabilization and the enhancement of runs."*

*"If we had ten million fish swimming up every year, somebody's going to buy them. It seems like that in the last few years since we've had good runs, the interest in the hatchery and other enhancement programs has kind of dropped off."*

## State's Role In Negotiation Process



### **Avrum Gross (Dillingham)**

*"The real concern that the Governor has is simply that the fisherman basically have a monopoly to catch the fish through the limited entry system and the processors have a monopoly to purchase the fish because we don't allow foreign vessels into the bay. Through whatever process they engaged in, umpteen million fish went up the river last year that didn't get caught, that could have been caught and the fish don't belong to the people out here. They belong to everybody in the State and I think that the Governor is concerned basically that the resource was wasted. He just basically wants to explore whether or not there is some way to help the process so that doesn't happen anymore.*

*"I never envisioned, and I think the Governor didn't either—that the Task Force or the Legislature or anybody else was going to get in the middle of the collective bargaining process—and I realize*

*it's not collective bargaining, but it's like it.*

*"The basic approach was this—it's a private industry and a private enterprise problem. You have a product to sell and the industry has a product to buy. In the past, particularly last year, the process by which you sold and the industry bought worked in such a way that a lot of the resource got wasted.*

*"Now, can the State play any kind of a role in insuring that this thing don't happen again, short of sitting down and literally trying to negotiate the price for people, which everybody would be unhappy with by the time that was over with."*



### **Mitch Kink [AIFMA] (Dillingham)**

*"As the negotiator of one of the organizations, I feel the task force and this committee, or whoever it is, could help us out and get us to the table and*

*negotiate openly with integrity on both sides. Arbitration and mediation means absolutely nothing unless the two sides will agree to it."*



### **Robin Samuelson (Dillingham)**

*"I think it should be a two price system—one for canned and one for fresh.*

*"I think the State should set up a base price on the '81 red salmon. The only way we're going to get away from it (processor dominance), is when we get those food processors sitting out in front of Clark's Point and Governor Hammond will call up and say you can buy fish in one hour—then you're going to see these canneries and domestic processors start jumping. They'll start having airplanes in here—they'll have freezer ships—they'll do a lot more for these people."*

## State's Role In Negotiating Process



Kay Larsen/Herman Schroeder/Orris Welch

### Kay Larsen (Dillingham)

*"But the majority of our local fishermen have absolutely no other alternative available to them. Their entire year's income is derived from the commercial salmon fishery here in Bristol Bay. They're 100% dependent on the fishery because there is very little employment in the villages. The decisions you make about the fishery should be based on these 100% fishermen."*

### Joe McGill (Dillingham)

*"Last year, in my opinion and I think if you polled the audience, a lot of them think the same way—our worst enemy was the State."*

### Fred T. Angasan (Dillingham)

*"I think the State should pass some kind of law to prevent any fishing until the price negotiation is reached and then we prevent the so-called violence."*

### Richard Johnson (Naknek)

*"I think the State should get involved in the price setting."*



Photo Karl Ohls

### Rodger Painter (Juneau)

*"Give both parties a very strong message that if they don't resolve this on their own, then there will be some solutions enforced by the State."*

### Kay Larsen (Dillingham)

*"As fishermen, we are also concerned that canneries make a profit. But as fishermen, we too must make a profit."*



### Val Angasan (Juneau)

*"The State has not obligated itself, once again, to answer the real problem of prolonged price disputes and waste in Bristol Bay. The study that is going to be done will not put pressure on the industry to come to the table and settle the price by June 15th or so, which is probably a reasonable time. There's no strings attached to the study. The study can, and may, be thrown out by industry. I have heard that the only thing they (State) plan on doing this summer is increasing the public safety effort in the bay. They (the administration) haven't offered to step in to play a real part in the management of that resource."*

*"(State involvement) could be a two-edged sword—it could help you or it may not—except that we have a history of price disputes in Bristol Bay."*

## State's Role In Negotiating Process

### Lyman Smith (Dillingham)

*"There was a time back in 1964 that we got about a \$1.25 a piece for fish and in 14 years it went from a \$1.25 a piece to \$1.25 a pound. The State forced the canneries to start buying on a pound price and that was a major change in the outlook of the fishery."*



### Jim Beaton (Juneau)

*"One of the big problems in the whole negotiating process up there is they're trying to negotiate a broad brush price there—everybody pays the same thing—when, in reality, depending on their efficiency, how much interest they're paying and a hundred other things—there's actually all kinds of different prices that any given processor could afford to pay for these salmon—the facts are that a lot of processors lost a lot of money up there last year paying even 40 cents a pound because of the fact that they had to sell*

*early. I think that—if we don't do something about those fish, they're going to be allocated to the foreigners by law—under the federal mandate—not under the State's. We're going to have to do something about this."*

### Phil Daniel (Juneau)

*"It doesn't matter who is right last year. The important point is that it's not working for the fishermen. We're wasting an enormous amount of resource. The fishermen themselves have no take home pay when this scenario takes place as it did last year. The idea that we are going to have some prevailing, rational solution occur if it's simply left up to the fishermen and processors does not seem to be reasonable. I do not think we are going to reach a solution in Bristol Bay unless the State takes a real interest in the negotiating process."*



Panel in Nohneck

### Mitch Kink [AIFMA] (Dillingham)

*"Let me ask this question and I think it's an important question. We had in our contract that our fishermen could fish to the emergency period. The emergency period opening was approximately the 23rd of June. We had an agreement that they could fish on last year's price until the emergency period—what we call the free weeks. My question is this—why then was the emergency period rolled back all the way to June 9th instead of the 23rd when all the reports indicated that we were going to have a bumper year. That's an important question and I want it answered."*



### Mike Nelson—ADF&G Area Biologist (Dillingham)

*(In answer to above question by Mitch Kink.) "Prior to the emergency order period, we fish five days a week in Bristol Bay, especially on the east side of the*

## State's Role In Negotiation Process

bay—June 9th was a Monday. Our prior analyses of data on early catches of sockeye indicated that some proportions of the run could have been harvested prior to the 15th, so it was our intent by the emergency order period beginning on June 9 to allow continuous fishing over the weekend of the 14th and 15th at which point our data indicated that had there been no price dispute, the sockeye salmon catches would have begun to accumulate.”



### Commissioner Skoog (Dillingham)

(In further answering Mitch Kink's question.) “The intent of the Fish and Game in regulating our season is to provide the maximum amount of fish for the fishermen to catch when they are

available and the test fishing farther down the coast along the peninsula indicated that the salmon were coming in in sufficient numbers to warrant a harvest and on that basis then, we went for the earlier season.”

### Mitch Kink [AIFMA] (Naknek)

“I don't want to know what it costs them (the processors). I don't want to know how much profit they make. All I want to know is that the fisherman is worth so much of that fish.

“I'm willing to say that it takes seventy-two pounds to go in the case. I think that fishermen are worth fifty percent of the final price that that canner gets for this fish. This would make it a possibility to negotiate a multi-year contract, also.”

### Lyman Smith (Dillingham)

“I would like to offer as a suggestion to help this problem a shared risk situation—an initial price and after the fish are sold the fishermen gets a share. If the State gets involved in this shared risk idea and picks up a portion of the risk on this capitalization, it could go a long ways toward breaking this log jam on financing.”

### Jim Bingman (Dillingham)

“It's hard to negotiate a price at the beginning of the season that's going to hold true for the whole season. I like the comment of sharing price, however, somebody has to share in the expense too, and I think that a lot of the fishermen forget that both of these sides have to be looked at in the negotiations. On a base price, how can the processors then process and get the fish ready for market not knowing what their final figure is going to be without the fishermen also taking some of the risk.”

### Robin Samuelson (Dillingham)

“If a processor does not want to comply with the base price (obtained from the study) he should just be told flatly that you're not borrowing from the State. I think it should be at a subsidized interest just because it is a renewable resource and you're helping a wide range of people.”

### Mike Hakala (Naknek)

“I believe there should be base price for salmon and I believe in a sliding scale.”

### Jim Beaton (Juneau)

“...and this thing about profit sharing is the biggest joke in the world. Everybody talks about profit sharing, but nobody talks loss sharing—that's not business.”

## State's Role In Negotiation Process

### Val Angasan (Juneau)

*"What you can do is validate some prices by just going back and looking at the last ten years and finding out what fishermen got compared to what the processors got."*

### Phil Daniel (Juneau)

*"When I say, as a fisherman, that I will only fish at the point where the last penny has been negotiated, I'm passing every bit of the risk in the marketplace on to the processor."*

### Joe McGill (Dillingham)

*"If we do have a strike, I still think the Commissioner of Labor can help by coming in and mediating."*

### Chip Toma (Juneau)

*"I would like to see some aspects of binding arbitration come about."*



Mike Whitehead



### John Lundgren (Naknek)

*"Last year we voted for binding arbitration and the processors said, 'No'."*



### George Gottschalk, Jr. (Naknek)

*"I would like to see the federal government be the arbitrator in the negotiations. That would make sure there is fair bargaining, done in good faith."*

### Phil Daniel (Juneau)

*"Once you take from the Japanese, you've had it! Once you take the money from the Japanese, they've got a hammer lock on you and we've got to get away from that some way."*

### Hank Ostrosky (Juneau)

*(Referring to market structures in Japan) "What appears to be a wholesale price is not a wholesale price."*

## Public Safety Concerns



**Joe McGill (Dillingham)**

*"It's a sore point with a lot of the people here. They brought the Department of Public Safety in to act as—I don't know what it's called—a goon gang for a bunch of 'scab' fishermen—it did create a lot of hard feelings.*

*"I think that strike last year was mild compared to some of them we've had in the past. I know because I've been through quite a few of them and so has the rest of us."*

**Commissioner Skoog (Dillingham)**

*"I've had a couple of fishermen come into my office and tell me the threats that they were facing."*

**Joe McGill (Dillingham)**

*(Answering Commissioner Skoog)  
"Let's face it, if you want to get in a man's game you should act like a man instead of running crying for help from someone."*



**Joe Clark (Dillingham)**

*"During the 1980 price dispute Commissioner of Public Safety sent Trooper Carl Fraser to Clark's Point to inform Kay Clark, my son, and myself that if we harrassed the processors, we could be arrested; also they could confiscate our boats and might even be made to lose our limited entry permits.*

*"After Carl left, we had a meeting of our Clark's Point fishermen group and I pointed out the seriousness of this threat. The majority of the fishermen resolved to stand together in a peaceful, but resolute, civil defiance."*

*"The plan of action was to do these things: (1) demonstrate to Icicle Seafoods and the troopers that we had the same privilege to anchor our boats where we felt like anchoring; (2) we felt William Nix was unjust in his decree and threats; (3) to demonstrate to Icicle their tactics of hauling 'scab' caught fish from elsewhere and processing these fish under*

*our very noses. This was, then, harrassment to the fishermen. I believe it was on this date (June 30th), 15 troopers came to Clark's Point to observe the situation. I've not heard if Icicle was threatened by Nix."*



**Fred T. Angasan (Dillingham)**

*"I have been a commercial fisherman now in Bristol Bay for 28 years. Strikes related to salmon price settlements have occurred in Bristol Bay virtually every two or three years. Therefore a strike situation between the fishermen and the processor is not an unusual occurrence.*

*"In all the twenty-eight years of my experience fishing in Bristol Bay no outbreak of violence has ever occurred. Violent situations that have taken place were individual confrontations that usually took place in Naknek bars.*

*"Scare tactics by striking fishermen are mistaken by outside law enforcement officers and the press as acts of violence.*

## Public Safety Concerns

For example, striking fishermen talking on their radio transmitters saying things like telling how they would use guns if they had to, or possibly damaging a non-striking fisherman's net. These are not physical acts of violence but simple scare tactics, which is a part of a process of expression in the development of an agreement leading up to a price settlement. The most serious problem in a strike was the 'scabs,' not a direct confrontation with the processors.

"The Alaska State Troopers and the media create violent situations by over-reacting."

### Val Angasan (Juneau)

"The State is readying itself to voluntarily create and participate in a civil revolution—guns, boats and badges."



Photo: Jack McBride

### Dean Paddock (Juneau)

"I think there was a tremendous potential there for the lid to blow off; the

potential of threat was great. I'm just thankful nobody got killed and they could have. It was very close—I saw people behave irrationally and I saw mob psychology working."



### Representative Chuckwuk (Juneau)

"I have not been able to get any verification on the arrests and the violence that supposedly took place. I was not furnished with that information; I don't know why. Obviously the law enforcement was down there in great numbers and there was no evidence of mass arrests.

"I've continually asked for substantiating documents and to this day, nobody has been able to provide this, which leads me to believe that maybe there wasn't that much violence as the news media may have played it up to be."



### Commissioner Nix (Dillingham)

"He's legally licensed to fish and he's willing to fish for that number (price) yet other legally licensed fishermen are not willing to fish for that number (price) and you are suggesting that those persons who are not willing to fish should be able to keep that individual from fishing."