

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8450 SENATE RESOURCES

HJR

50

Alaska State Legislature

Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

CHAIRMAN
HOUSE SPECIAL COMMITTEE FISHERIES

MEMBER FINANCE SUBCOMMITTEES ON
DEPT. OF FISH AND GAME
DEPT. OF PUBLIC SAFETY

SESSION
CAPITAL BUILDING, ROOM 204
JUNEAU, ALASKA 99801-1182
PHONE (907) 465-4451
FAX (907) 455-3445

INTERIM
715 W. 4TH AVE. #630
ANCHORAGE, AK 99501-2133
PHONE: (907) 258-8167
FAX (907) 258-8468

HOUSE JOINT RESOLUTION 50

North Pacific Fishery Management Council Comprehensive Rationalization Plan

SPONSOR STATEMENT

House Joint Resolution 50 reaffirms the importance of the shore-based processing industry to Alaska and asks the North Pacific Fisheries Management Council to incorporate fairness, equal rights of access and equity to this sector of the commercial fishing industry as it considers its current comprehensive rationalization plan. Under this plan certain allocations of groundfish and crab will be made. HJR 50 simply acknowledges the important role of the shore-based processing industry in consideration of these allocations.

The investment of the shore-based processing industry in Alaska is substantial. Yearly contributions to the state through taxes, payrolls, goods and services, utilities and payments to fish harvesters add social and economic stability to coastal communities in particular.

The Alaska shore-based processing industry must be considered equitably in any actions pursued by the North Pacific Fisheries Management Council.

ADAK • ARUTAN • ANCHITKA • ATKA • ATTU • BELKOFF • CHERNOFEN • CHIGNIK • CHIGNIK LAGOON • CHIGNIK LAKE
COLD BAY • DUTCH HARBOR • EGEK • EKWOK • FALSE PASS • WAINIF BAY • KING COVE • KING SALMON • KOLIGANEK • LEVELOCK • NAKNEK
NELSON LAGOON • NEW STUYAHOK • NIKOLSKI • PEDRO BAY • PERRYVILLE • PILOT POINT • PORT HEIDEN • PORT MOLLER • SAND POINT
SHEMYA • SQUAW HAY

North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

605 West 4th Avenue
Anchorage, Alaska 99501



Mailing Address: P.O. Box 103136
Anchorage, Alaska 99510

Telephone: (907) 271-2809
FAX (907) 271-2817

#1-94

NEWSLETTER

01/25/94

North Pacific Fishery Management Council Meeting Summary

Discussion of comprehensive rationalization of the groundfish and crab fisheries dominated the agenda for the Council's January meeting held in Anchorage. The Council directed staff to concentrate on a license limitation management system for those fisheries at this time. Analyses of individual fishing quotas have not been completely abandoned but will be pursued more slowly. The Council also approved a regulatory amendment which will establish an early season "set-aside," with trip limits for halibut Area 4B. Superexclusive registration was also approved for the Norton Sound red king crab fishery. In addition, the Council received recommendations from its Halibut Charter Working Group on management measures for the halibut sports charter industry, and initiated an analysis of measures to monitor the high bycatch of chum salmon in the Bering Sea/Aleutian Islands groundfish fisheries. Details of these and other actions are included in this newsletter.

The Council will meet next the week of April 18 at the Hilton Hotel in Anchorage, Alaska. A draft agenda for that meeting should be available by April 1st. It is expected that issues on the agenda will include: final action on proposed management measures for the scallop fisheries, final action on proposed trawl closures around the Pribilof Islands, final details on the Sablefish/Halibut IFQ program, further discussion of a potential moratorium on entry to the halibut charter boat fisheries, potential increases in observer requirements to monitor chum salmon bycatch, a report on total weight measurement in the groundfish fisheries, and, further discussion of progress on the comprehensive rationalization program.

SSC Elections Held

The Scientific and Statistical Committee elected Terry Quinn as Chairman and Keith Criddle as Vice Chairman for 1994. Dr. Quinn, Professor of Population Dynamics at the Juneau Center for Ocean Sciences, University of Alaska, has been a member of the SSC for seven years and served as vice chairman for three years. Dr. Criddle, a Professor of Economics with the University of Alaska-Fairbanks, was appointed to the SSC in December of 1992.

IN THE NEWSLETTER

<i>NPFMC MEETING SUMMARY</i>	1
<i>SSC ELECTIONS</i>	1
<i>SABLEFISH/HALIBUT IFQs</i>	2
<i>COMPREHENSIVE RATIONALIZATION</i>	
<i>PLAN</i>	2
<i>DOCUMENTS AVAILABLE FOR REVIEW</i>	2
<i>NORTON SOUND KING CRAB</i>	3
<i>HALIBUT CHARTER ISSUES</i>	3
<i>HALIBUT MANAGEMENT</i>	4
<i>CHUM SALMON BYCATCH</i>	4
<i>UPCOMING MEETINGS</i>	4

Sablefish/Halibut IFQ Program

The Council was scheduled to discuss details of the sablefish/halibut IFQ program at the January meeting, but postponed this agenda item until the April 1994 meeting due to lack of time. The unresolved details will not affect the application and appeals process currently underway, and will be addressed by the Council in April.

Comprehensive Rationalization Program (CRP)

The Council devoted considerable time at the January meeting to the CRP issue, spending nearly four days discussing the specific elements and options for both Individual Fishing Quota (IFQ) and License Limitation alternatives. The specific alternatives and subalternatives identified by the Council at this time are detailed in Attachment 1 to this newsletter. A major directional decision was made by the Council concerning the timing and priority of the potential alternative management systems. The Council adopted a recommendation of its Advisory Panel, which voted 17-2 to identify License Limitation as the priority management system for both groundfish and crab. This action does not abandon IFQs as a potential management solution in the future, but does, at a minimum, indicate a step-wise process whereby License Limitation would be a necessary first step. There were several reasons the AP advanced this recommendation to the Council. First, a license system would bound the fleet and would be more straightforward and faster to implement; second, any form of IFQ system would be very complex and require extensive analysis and implementation time; and, third, the sablefish/halibut IFQ system will not be up and running until 1995. The original timeline for comprehensive planning assumed that IFQs for sablefish and halibut would be implemented earlier than 1995 and allow for observation of changes brought about to the fisheries. Many industry members are wary of moving ahead too quickly with IFQs for all fisheries until IFQ-related changes in the sablefish and halibut fisheries are more closely studied.

Over the next several months the Council staff will devote the majority of their time toward an analysis of the various License Limitation alternatives identified by the Council in Attachment 1. Some of the groundwork for these analyses, such as data bases and economic models, will be similar to those which may be used in a detailed analysis of IFQs in the future. The current workplan developed by the Council does not include a formal analysis of IFQs against License Limitation. Again, the charge of the Council is to develop, as expeditiously as possible, a License Limitation program for the groundfish and crab fisheries. Such a system could be up for initial review in June 1994.

As part of the License Limitation analysis, the Council also directed staff to begin examining two proposals related to the Full Utilization issue. Full retention of all groundfish as well as a 'Harvest Priority' proposal will be looked at as possible management measures to be implemented in conjunction with a License Limitation program. The Harvest Priority proposal would grant harvesting priorities to those operators who demonstrate low bycatch rates.

Council Documents Available for Public Review

Draft Scallop Fishery Management Plan
Deadline for Comments: April 6, 1994
Council will consider final decision at their next meeting the week of April 18.

Analysis of Proposed Trawl Closure around Pribilof Islands
Deadline for Comments: April 8, 1994
Council will consider final decision at their next meeting the week of April 18.

Norton Sound King Crab

In September, the Council initiated an analysis of a proposal to establish the Norton Sound red king crab area as a superexclusive registration area, under Council authority as a Category 1 management measure in the crab fishery management plan (FMP). That fishery has the smallest biomass and quota of the Bering Sea/Aleutian Islands crab fisheries, and has proved difficult to manage. Three alternatives were examined: status quo, an FMP amendment to make the Norton Sound king crab area a superexclusive registration area, and recommending to the Board of Fisheries that Norton Sound be designated an exclusive king crab registration area. The Council initially reviewed the analysis in December and released it for public review.

At the January meeting, the Council recommended amending the plan to establish Norton Sound as superexclusive. Vessels that participate in that fishery cannot participate in other BSAI king crab fisheries, such as Adak, Bristol Bay, Dutch Harbor, Pribilof, St. Lawrence, or St. Matthew, during the same registration year. Norton Sound will be the only superexclusive registration area authorized and will remain so unless amended. Rulemaking should be complete by the July 1, 1994 opening date for the fishery.

Halibut Charter Issue

The Council will continue to evaluate options to manage the guided sport halibut fishery in Alaska. The original proposal to set a cap on charter catch specified that action was needed because recreational halibut catches were increasing, halibut abundance was declining, and less halibut would be available to the directed commercial fishery. The sport catch, along with mortality from waste, bycatch, and personal use, are taken off the top of the overall halibut annual quota, and the directed setline fishery is allocated the remainder.

Last September, the Council considered this issue and received public testimony. Information indicated that the charter industry has grown and may be fully capitalized and that some type of limited entry program might be appropriate. A control date of *September 23, 1993* was set to notice the industry that a moratorium on the guided sport fishery may be implemented. The Council also established the Halibut Charter Working Group comprised of three commercial fishery representatives, one non-guided sport fishing representative, and six charter vessel representatives to examine traditional management tools and identify potential alternatives for managing this fishery.

The Working Group reported in January and recommended that the Council evaluate regional management areas and a logbook program for charter vessels, expand the creel survey, and evaluate individual annual catch limits (4 to 12 halibut per fisherman per year) for all recreational halibut fishermen. The legality of restricting the amount of recreational caught halibut that can be exported out of state will also be examined. The Council requested the Working Group to provide additional detail on these recommendations for the April meeting. The Council also tasked the Working Group to provide a clear description of regional charter operations and to develop suitable elements and options for a regional or statewide moratorium on new entry of halibut charter vessels instead of further considering a cap on the charter boat catch. The Working Group will report back to the Council in April.

Halibut Management

The Council took final action on a proposal by the Atka Fishermen's Association to set an early season set-aside with a trip limit in Area 4B (western Aleutian Islands). The objective of the proposal is to establish fishing opportunities for small local vessels by allowing multiple openings of short duration. In 1993, 10% of the Area 4B quota was reserved for early season openings (with no trip limit), resulting in 21, 12-hour openings. For 1994, the Council recommended that 15% of the Area 4B quota be set aside (reserved) for 12-hour halibut periods prior to a general opening in August, and that a 10,000-pound trip limit apply to the early season openings. These openings will be set at the International Pacific Halibut Commission meeting January 24-27. In 1995, 20% of the annual halibut quota is scheduled to be available for the halibut community development quota (CDQ) program to communities in Area 4B if the Council's halibut/sablefish IFQ program is implemented.

Chum Salmon Bycatch

As requested by the Council in December, a report on the status of Arctic-Yukon-Kuskokwim (AYK) chum salmon was presented by ADF&G. Commercial and subsistence harvests of chum salmon in the AYK region were reviewed relative to conservation concerns. A report on chum salmon bycatch in the Bering Sea and Aleutian Island groundfish fisheries was presented by NMFS. In 1993, the BSAI groundfish fisheries incidentally caught 245,000 chum salmon, a large increase over historical levels (4,000 to 72,000 chum salmon). Most of the 1993 bycatch occurred in the 'B' season pollock fishery that opened August 15. Both historical and recent data indicate that most chum salmon bycatch consists of age 3 fish and occurs northwest of Unimak Pass, in the Catcher Vessel Operational Area (CVOA) and Federal Reporting Area 517.

Although the high bycatch in 1993 may have had only a minimal impact on 1993 AYK escapement, the Council remains concerned about the health of AYK chum salmon populations and associated social and economic impacts on the region. Towards that end, the Council urged NMFS to move ahead quickly with analysis of a regulatory amendment that would (1) expand current observer coverage to improve data collection, and (2) evaluate use of hotspot authority as a measure to reduce bycatch. The following observer changes would be made for the "B" pollock season that starts August 15, 1994:

1. 100% observer coverage for all trawlers under 125' in the BSAI CVOA (south of 56°N latitude between 168° and 163°W longitude) and Area 517.
2. Two observers on all trawlers over 125' in Area 517.

The Council will take final action in April and may vary the observer requirements based on the analysis provided.

Upcoming Meetings

February 9, 1994, 9:00 a.m.
Pacific Northwest Crab Industry Advisory
Committee
Alaska Fisheries Science Center
7600 Sand Point Way N.E., Bldg 4, Room 2039
Seattle, Washington
Contact: Ami Thomson, 206-547-560

February 18, 1994, 8:30 a.m.
NPFMC Crab Consultation Committee
Old Federal Building, Room G45
605 W. 4th Avenue
Anchorage, Alaska
Contact: Clarence Pautzke, 907-271-2809



LICENSE SYSTEM FOR GROUND FISH

NATURE OF LICENSES

A groundfish license system would not apply to longline sablefish, halibut, or demersal shelf rockfish.

Alternatives include:

- Option A:** A single groundfish license applying to all species/areas.
Option B: Licenses for each species.
Option C: General license with endorsements for each species/area.

- Suboption A:** separable endorsements
Suboption B: non-separable endorsements

In addition to the options above, the Council is considering the following suboptions:

- Suboption A:** Separate licenses for catcher and catcher/processor operations.
Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.
Suboption C: Licenses would be designated inshore or offshore based on 1993 activity.

Additionally, the Council is considering the following option, which is related to the IFQ alternatives described separately:

Licenses for BSAI Pacific cod fixed gear fishery only; would apply to 45% (or historical split) of the TAC set aside for fixed gear.

WHO WILL RECEIVE LICENSES

Alternatives include:

- Option A:** Current vessel owner is defined as date of final Council action and must be a U.S. citizen pursuant to Title 46.

- Suboption A:** Vessel owners at the time of landings.
Suboption B: Permit holders.

These two suboptions are only relevant if license is not attached to vessel.

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

LICENSE SYSTEM FOR GROUND FISH

CRITERIA FOR ELIGIBILITY

Alternatives include issuing a license to any vessel (or person) who made landings between:

Option A: January 1, 1978 and December 31, 1993.

Option B: January 1, 1990 and December 31, 1993.

Option C: Vessel must have fished in the three-year period before June 24, 1992 and/or the three-year period before the date of final Council action. If a vessel is lost during this period, owner at time of loss is still eligible.

In addition to the options above, the Council is considering the following:

Suboption: Must have made at least 2 landings (per area/species combination) or made total groundfish landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

Option A: Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S.-owned corporations.

Option B: Vessels must be transferred with license.

Option C: License may be transferred without vessel (can apply to "new" vessel).

Suboption A: Non-transferable across size categories identified above (Nature of Licenses).

Suboption B: Licenses may be combined in a manner similar to that described in the Pacific whiting fishery.

Methods for effective license caps will also be examined.

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of exvessel of groundfish, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

LICENSE SYSTEM FOR GROUND FISH

COMMUNITY DEVELOPMENT QUOTAS

- Option A: No CDQ allocations.
- Option B: CDQ set-asides of up to 15% (range of 0% to 15%) of any or all groundfish TACs, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.
- Option C: Would grant CDQs in the form of additional, non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

NATURE OF LICENSES

Alternatives include:

- Option A: A single crab license applying to all species/areas.
- Option B: A separate license for each species.
- Option C: Separate licenses (permits) for each species and each area.
- Option D: A general license with endorsements.

The following two suboptions (to be applied to the above) are being considered:

- Suboption A: Separate licenses for catcher and catcher/processor operations.
- Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.
(These can be matched with pot limits.)

WHO WILL RECEIVE LICENSES

Current vessel owners as of Council final action. ("Persons" are defined as in Title 46.)

- Suboption: Permit holders: Each permit holder not receiving a permit, could receive a fractional share of a license. Only full shares may be fished, and these must be utilized on a "moratorium qualified vessel."

Additionally, the Council is considering the two-tier skipper license program. (Under this option, at least one skipper license holder must be onboard the vessel when fishing.)

CRITERIA FOR ELIGIBILITY

A vessel must have made landings between:

- Option A: January 1, 1978 and December 31, 1993.
- Option B: June 28, 1989 and June 27, 1992. (This corresponds to the existing fall/winter crab seasons in the BSAI, and includes the 1989/90, 1990/91 and 1991/92 registration years.) A vessel (person) must have made at least 1 landing in the red and blue king crab fisheries, (3 landings in each of the brown king crab, *C. opilio* (snow crab) and *C. bairdi* Tanner crab) fisheries during the qualifying period.

The qualifying period for the Dutch Harbor red king crab fishery would be June 28, 1980 and June 27, 1983.

The qualifying period for the Pribilof blue king crab fishery would be June 28, 1985 and June 27, 1988.

(NOTE: a fish ticket is considered a landing. During longer seasons, Tanner or brown king crab catcher processors fill out weekly fish tickets).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

Option A: Licenses could be sold only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S.-owned corporations.

Option B: Vessels must be transferred with license.

Suboption: Replacement/upgrades will be restricted as per the language in the moratorium regulations.

Option C: License may be transferred without vessel (can apply to "new" vessel).

- Sub options:**
- (a) Non-transferable across size categories identified above.
 - (b) Transferable across size categories.
 - (c) Species/area licenses will be non-transferable.
 - (d) Transfers of vessel license may occur only within the classification of the vessel (Catcher vessel v. Catcher processors). Catcher vessel licenses may be traded to catcher vessels, catcher processor licenses to catcher-processors, catcher processor licenses to catcher vessels (as a catcher vessel only), but not catcher vessel licenses to catcher processors for catching and processing.
 - (e) Replacements/upgrades will be restricted as per the language in the moratorium regulations.

POT CAPS

Alternatives include:

Option A: No caps on the total number of pots.

Option B: Caps are established on the total number of pots.

An Individual Transferable Pot (ITP) quota is initiated, such that the number of pots equates to the existing pot limit relative to the number of vessels with licenses for each fishery. An ITP would allow stacking of pots to occur, where a person owning multiple vessels could combine pots and vessels as they wished. Effort reduction could occur in each fishery, if necessary, by reducing some percentage of the number of individual pots over time until an optimal fishery pot cap is obtained.

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

BUYBACK PROGRAM (OPTIONAL)

An industry funded buyback program, using funds collected through a fee assessment of ex-vessel of crab, run by NMFS/RAM, will be initiated to govern all transfers of licenses. This program will have first right of refusal on licenses to be sold. All licenses purchased by the program may be permanently retired to adjust participation levels.

COMMUNITY DEVELOPMENT QUOTAS

- Option A: No allocations to CDQs.
- Option B: Initially allocate 3%, 7.5%, 10% or 15% of the GHL by species and CDQs: may apply to any or all crab species, but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.
- Option C: Would grant CDQs in the form of additional, non-transferable licenses (3%, 7.5%, 10% and 15% of initial licenses).

IFQs - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

- Option A:** All species under Council jurisdiction, including PSCs, excluding demersal shelf rockfish.
- Option B:** Under Option A, a percentage (either 45% or historical split) of BSAI Pacific cod would be set aside for a fixed gear License Limitation program.

AREAS

IFQs for all species and PSCs will be awarded based on current management areas.

CRITERIA FOR INITIAL QS QUALIFICATION

Initial QS will be awarded to vessel owners as of the date of final Council action, based on the catch history of their vessel(s). In addition, the Council is considering the following:

Suboption: For GOA fixed gear fisheries, allocate initial QS to owner at time of landing.

The Council also is considering the following recent participation requirement for QS qualification:

Vessel must have fished in three-year period before June 24, 1992 and/or 3-year period before date of final Council action. If vessel is lost during this period, owner at time of loss is still eligible.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating QS to current vessel owners, the Council may make initial allocations to CDQs as shown below:

- Option A:** No allocations to CDQs.
- Option B:** Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species; but only for BSAI communities meeting current CDQ eligibility requirements, patterned after current pollock CDQ program, with no sunset provisions.

IFQs - GROUND FISH AND CRAB

SKIPPER CONSIDERATIONS

The Council is also considering the following options for including skippers in the IFQ program.

Option A: No allocations to skippers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (based on landings attributable to each skipper, or based on time spent in a given fishery).

Suboption A: For the purposes of initial allocations, a 'bonafide skipper' is any skipper who ran a vessel and landed groundfish or crab in a relevant fishery.

Suboption B: QS allocated under Option B shall form a separate QS pool. Subsequent transfers of QS in this pool shall be restricted to 'bona fide skippers.' For the purposes of subsequent transfers, a 'bona fide skipper' is any individual who received an initial skipper pool QS allocation or any individual who meets an industry approved 'professionalization qualification scheme.' (The intent is to provide for an entry-level access mechanism and to promote safety through professionalization. The qualifications cannot be overly restricting so as to create a closed class.)

PROCESSOR CONSIDERATIONS

The following options are being considered relevant to processors:

Option A: Assign separate processor QS (2-pie system). See separate description for elements of this program.

Option B: Require a minimum percentage of harvest IFQs to be delivered shoreside (% will be based on last two years' average for each species for BSAI & GOA separately).

Option C: Direct allocation of harvesting QS to catcher boats, catcher-processors and shorebased processors (1-pie system).

Note: The analysis will include the impacts of providing no protection to onshore processors.

IFQs - GROUND FISH AND CRAB

INITIAL QS CALCULATION

The following primary options are being considered for calculating QS of qualified recipients (all options will be analyzed on the basis of retained (when available) and reported catch):

Option A: QS based on catch of vessel from 1976 to either June 24, 1992 or date of final Council action (pre-1984 JV catch assigned based on average by fishery, by year, for vessels which participated).

For Option A, the following suboptions are being considered for weighting factors:

Suboption A: No weighting by sector.

Suboption B: Weight DAP 3.5:1 JV.

Suboption C: Weight DAP 2:1 JV.

Suboption D: For JV before 1986 and for DAP before 1989, weight at 2:1.

Option B: QS based on catch of vessel from date of full DAP (by species) to either June 24, 1992 or date of final Council action.

Option C: QS based on catch of vessel from 1993 only.

Option D: Analyze QS based on catch for 1990-91-92.

Option E:

- (1) To qualify, vessel must have fished in 1991, 1992, or 1993.
- (2) Owner chooses best year from 1991, 1992, or 1993 as base for QS calculation (BSAI and GOA separately.)
- (3) QS credit then weighted based on length of involvement of vessel in each fishery since 1983. Base QS would be multiplied by length of involvement to determine total QS credit.

Suboption: The length of the involvement period multiplier may be further modified for the BSAI longline cod fishery to account for the relatively recent opening of that fishery. (Using 1983 as the base, each year in the fishery may be multiplied by 1.0, 1.5, or 2.0.)

In addition to the options shown above, the Council is considering the following possible alternatives which are specific to Pacific cod in the BSAI. If either of the options below is chosen, the calculation alternatives shown above would still apply for the remaining fisheries.

Option A: Allocate Pacific cod QS at 45% for fixed gear recipients/55% for trawl gear.

Option B: Allocate Pacific cod QS by gear types based on historical split. We will examine: (1) back to 1976, (2) back to date of full DAP for Pacific cod, and (3) 1993 only to determine historical split.

Unless otherwise directed, same initial QS calculation options apply to divide QS among participants in each sector.

IFQs - GROUND FISH AND CRAB

TARGET/BYCATCH CALCULATIONS

For the QS calculation alternatives described above, the following species will be considered target species:

BSAI

pollock
Pacific cod
Atka mackerel
yellowfin sole
other flatfish
rockfish
squid (fixed gear only)
rocksole
turbot

GOA

pollock
Pacific cod
deepwater flats
shallow water flats
Atka mackerel
rockfish

Whichever option is chosen, QS amounts for each species will be calculated based on catch, then adjusted based on average bycatch rates (or industry-derived bycatch rates) to achieve initial 'bundles' of target/bycatch species and PSC species. The Council has discussed the issue of basing QS calculations on retained, as opposed to reported, catch. As noted earlier, options will be analyzed on the basis of retained, when available, and reported catch.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

Option A: No restrictions.

Option B: Two year restriction on sales only (could lease).

Option C: For groundfish only, non-transferable between fixed and mobile gear categories.

Option D: For crab fisheries only, non-transferable across catcher vs. catcher/processor categories.

Option E: IFQs will not be tied to a particular gear type after initial issuance.

NOTE: Normal legal gear regulations will still apply, i.e., unless the Council changes its regulations, trawl gear could not be used to harvest crab.

Option F: Restriction on QS transfers between inshore and offshore sectors. Range (of duration) for analysis to include 5 years, 10 years, and no transfers. This applies to both groundfish and crab.

With regard to PSC QS/IFQ, 3 options are being considered:

Option A: PSC QS/IFQ are tied to initial bundles and are not transferable.

Option B: PSC QS/IFQ are tied to initial bundles and must be transferred with bundles.

Option C: PSC QS/IFQ are transferable separately from the initial bundles.

IFQs - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

The following options are being considered relative to accounting under the IFQ program. These options will affect an operator's ability to match IFQs to catch, and also relate to the ability to manage the program effectively within the overall TACs.

Option A: Must control IFQs to cover expected catch before fishing.

Option B: Overage program as with sablefish and halibut program.

The following use/ownership provisions may also be considered by the Council:

Option A: Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last 2 years' average for each species). This option was also included under 'PROCESSOR CONSIDERATIONS'.

Option B: Ownership caps would be set at .1%, 1%, 5%, 10%, or any number in that range and would apply to the BSAI and GOA separately. Same caps would apply to the skippers' quota share pool. Skippers' shares keep their identity after initial distribution. Initial allocants would be grandfathered.

GENERAL PROVISIONS

- Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.
- The U.S. ownership definitions used in the Halibut/Sablefish IFQ regulations should be used in analyzing both the initial issuance and the subsequent transfer of QS/IFQs. Would examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions.
- An analysis of the impact of various fee collection levels and mechanisms is required. This analysis will differentiate between administrative fees and rents.

PROCESSOR QUOTAS - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

Option A: All species for which IFQs are issued, except longline sablefish, halibut, demersal shelf rockfish, and PSCs.

AREAS

Processor shares/individual processor quotas (PS/IPQs) are not area specific.

CRITERIA FOR INITIAL PS QUALIFICATION

Initial PS will be awarded to current processor (shorebased or at sea) owners as of the date of final Council action, based on the processing history of their processor(s). In addition the Council is requiring that a processor must have processed groundfish/crab in the three-year period before June 24, 1992 and/or the three-year period before the date of final Council action. If processor is lost during this period, owner at time of loss is still eligible.

Option A: PS designated by inshore and offshore sectors.

Option B: PS is not designated by inshore/offshore sectors.

In addition, the Council is considering the following suboption:

Suboption: For all GOA fixed gear fisheries, allocate to processors at the time of processing.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating PS to current processor owners, the Council may make initial allocations to CDQs as shown below:

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for communities meeting CDQ eligibility requirements patterned after the current BSAI pollock CDQ program, with no sunset provision.

PROCESSOR QUOTAS - GROUNDFISH AND CRAB

INITIAL PS CALCULATION

The following primary options are being considered for calculating PS of qualified recipients. Whichever option is chosen, PS amounts for each species will be calculated based on fish tickets and weekly processor reports, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch.

- Option A: PS based on activity by processor from 1984 to either June 24, 1992 or date of final Council action.
- Option B: PS based on activity by processor from date of full DAP (by species) to either June 24, 1992 or date of final Council action.
- Option C: Based on retained catch rather than reported catch, where data available.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A: No restrictions.
- Option B: Two year restriction on sales only (could lease).
- Option C: Non-transferable between fixed and mobile processors.
- Option D: Transferability between inshore and offshore processors to be limited such that inshore processing is not less than the current inshore proportion of total processing ("current proportion" to be based on last two years' average processing activity by species, for BSAI and GOA separately).

PROCESSOR QUOTAS - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

- Option A:** Must control IPQs to cover expected processing before activity.
- Option B:** Overage program as with sablefish and halibut program.

GENERAL PROVISIONS

- Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.
- The U.S. ownership definitions used in the Halibut/Sablefish IFQ regulations should be used in analyzing both the initial issuance and the subsequent transfer of PS/IPQs. Would examine the implications of foreign ownership including an analysis of the Pacific Council's foreign ownership provisions.
- An analysis of the impact of various fee collection levels and mechanisms is required. This analysis will differentiate between administrative fees and rents.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HJR 50

Revision Date: _____ Dept. Affected: _____
 Title: A Resolution Relating to the North Pacific
Fishery Management Council Comprehensive Rationalization
 Plan Component: _____
 Sponsor: Representative Moses
 Requestor: House Fisheries COMPONENT SERIAL NO. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	.0					
TRAVEL	.0					
CONTRACTUAL	.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS	.0					
TOTAL OPERATING	.0					

CAPITAL EXPENDITURES	.0					
----------------------	----	--	--	--	--	--

CHANGE IN REVENUES ()	.0					
------------------------	----	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	.0					

Estimate of any current year (FY94) cost: \$ 0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Cheryl Sutton, House Fisheries Committee Aide Phone: 465-6848
 Division: Legislative / House Special Committee on Fisheries Date: February 2, 1994
 Approved by Commissioner: Carl R. Moses Date: February 2, 1994
 Agency: House of Representatives

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

For further distribution information, call the Governor's Legislative Office

HJR

55

Alaska Forest Association, Inc.



GOVERNMENT AFFAIRS OFFICE:
217 SECOND STREET, SUITE 206
JUNEAU, ALASKA 99801
Phone 907-463-3175
FAX 907-463-5515

MAIN OFFICE:
111 STEDMAN, SUITE 200
KETCHIKAN, ALASKA 99901-6593
Phone 907-225-6114
FAX 907-225-5920

October 3, 1991

Dear Senator:

Enclosed you will find a copy of the recently completed report on the "Role of the Forest Products Industry in the Southeast Alaska Economy". The Alaska Forest Association commissioned the McDowell Group of Juneau to conduct this study to measure the current status of Southeast Alaska's forest products industry -- and how it fits into the regional economy.

The study reveals that the forest products industry accounted for 37% of the private basic economy in Southeast Alaska in 1990. Workers in the forest products industry earned approximately \$165 million in wages and salaries during 1990.

In addition to the picture of the industry in 1990, the study provides a brief historical background, a review of the current situation as well as an outlook for the future.

I hope you will find this report useful and informative.

Sincerely,

Thyes J. Shaub
Government Affairs Director

enclosure



Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone 907/276-0700 Fax 276-3887

EXECUTIVE DIRECTOR

Jacky L. Gay

EXECUTIVE COMMITTEE

James L. Cloud, President, (1993-94)
David J. Penick, Sr., Vice President
Elizabeth Hensch, Vice President
Scott L. Thomson, Secretary
Alan Bingham, Treasurer
Jacob Adams
Cynthia Bailey
Kathy M. Campbell
James M. Davis
John Forcstke
Mark Frey
Paul S. Glavinovich
Uwe L. Gross
Roger C. Harren
Carl H. Keck
Jeremy M. Selby
Ronald D. Stock
John Sturgeon
William A. Thomas
Mitch Usibell
Wyle Von Bergen

DIRECTORS

Walt Abben
Irene Anderson
Sharon E. Anderson
Ernesta Ballard
Richard P. Barnes
Mark Begich
Rex I. Bianchi
Gerald G. Booth
Gene Burdlyn
Thomas Cook
Marlyn Crockett
Larry Daniels
Luzanne L. Derr
James C. Dore
James V. Drew
Paula P. Easley
Donald S. Follows
Richard Foster
Scott Gordinat
Les B. Hays
Arvid Hall
John L. Hains
Alan E. Hastings
Robert S. Hensel, Jr.
Joseph R. Hensel
Karen J. Holstad
William L. Hopper
Norman Ingram
John T. Kelsey
Pats Lyabard
Wayne Lewis
Robert W. Lubischer
A. Roy Lyons
Carl H. Mains
Howard McWilliams
Clarence "Rocky" Miller
E. H. "Pete" Nelson
John K. Norman
Ylibur O'Brien
James Parsons
Kenneth E. Peavyhouse
Gail Phillips
Kenneth R. Pihla
Debra Post
Stephen M. Reinberg
John A. L. Reiss
Dan Rowley
George R. Schmidt
Thyes J. Shoup
Heinrich "Henry" Spindler
R.B. Stiles
Scott B. Thomson
Bery O. Thomson
Lee Wareham
J.C. Wingfield
George P. Wuerch

HONORARY DIRECTORS

Phil R. Holdsworth
William R. Wood

EX-OFFICIO MEMBERS

Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

David 21, 1994

Post-It™ brand fax transmittal memo 7671 # of pages = 6

To	Bill Williams &	From	
Co.	House Resources	Co.	RDC
Dept.	Committee	Phone #	276-0700
Fax #	Members!	Fax #	276-3887

April 20, 1994

Representative Bill Williams
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HJR 55 (RES)

Dear Rep. Williams:

RDC supports Joint Resolution 55, "relating to the importance to the economy of Southeast Alaska of continued timber harvests on the Tongass National Forest."

RDC is a statewide, membership-funded, non-profit pro-development organization working on behalf of Alaska's basic industries, including oil and gas, mining, timber, fishing and tourism. RDC's membership includes the aforementioned industries, as well as the sectors which support those industries, such as construction, labor and other technical service providers, individuals, Native corporations, communities and a wide variety of Alaska interests.

The wood products industry in the Tongass National Forest is a critical element of Southeast Alaska's economy. The industry accounts for over one-third of private basic industry employment and provides the highest paying and best year-round industrial jobs in the region. Further restrictions on timber harvesting would force residents and local communities to rely heavily on seasonal fishing and tourism. Those who want year-round jobs will have no choice but to leave or apply to the government for work.

Over two-thirds of the commercial forested lands in the Tongass are now closed to logging, either through Wilderness designations or administrative decrees. Although up to 874 million board feet of timber can be harvested each year on a sustain-yield basis, current law allows for harvests of only 450 million board feet. Since 1987, however, total harvests have been averaging only 400 million board feet.

Law, regulation, attitude, and the creation of Wilderness and other highly restrictive land withdrawals have greatly limited timber

Page 2/RDC

harvesting. The result has been a very limited utilization of forest resources, while disease and insect attacks destroy wood, precluding beneficial uses. Natural mortality has, in many areas, surpassed growth.

Timber harvesting must be recognized as a legitimate multiple use in the Tongass and elsewhere in Alaska. It's important to encourage reasonable timber harvests and long-term jobs in the forest industry.

With its extensive laws and regulations to protect the environment, as well as massive set asides to preserve the vast majority of the forest's old-growth timber, Alaska has done more than any other state to protect its resources for future generations. Timber harvesting and value-added processing must be encouraged in the areas remaining open to logging to sustain the local industry and economy.

RDC supports Joint Resolution 55 and encourages the United States Congress to increase the amount of timber available for harvest in the Tongass National Forest.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.



Becky L. Gay
Executive Director

City of Tenakee Springs

RESOLUTION 94-23

In the Council
March 24, 1994

Introduced by
Molly Kemp.

**A RESOLUTION FOR THE CITY OF TENAKEE SPRINGS, ALASKA,
IN SUPPORT OF BALANCED MULTIPLE-USE MANAGEMENT OF THE
TONGASS NATIONAL FOREST, AND OPPOSING HJR 55
CURRENTLY BEFORE THE ALASKA STATE LEGISLATURE**

WHEREAS, the City of Tenakee Springs is located within the Tongass National Forest; and

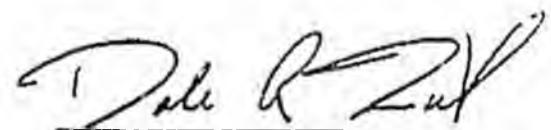
WHEREAS, the economy of Tenakee Springs is based on commercial fishing, tourism, subsistence, and value-added forest products manufacturing; and

WHEREAS, House Joint Resolution (HJR) 55 would ask the Congress of the United States to direct the U.S.D.A. Forest Service to give preference to timber harvest on the Tongass at the expense of fisheries, subsistence, tourism and recreation; and

WHEREAS, the policy proposed in HJR 55 would have direct and long-term negative impacts on the community and economy of Tenakee Springs:

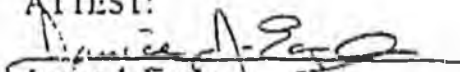
THEREFORE BE IT RESOLVED that the Common Council of the City of Tenakee Springs, Alaska, supports balanced, responsible, sustainable multiple-use management of the Tongass National Forest and opposes HJR 55.

ADOPTED UNANIMOUSLY THIS 24TH DAY OF MARCH 1994



Dale R. Ziel
City Council President
ex officio MAYOR

ATTEST:


Janice J. Eagle
City Clerk

SUBMITTED FOR PACKETS BY AEL

House Economic Task Force



Chair:
Rep. Eileen Panigeo MacLean
Vice-Chair:
Rep. Jeannette James

State Capitol, Room 507
Juneau, AK 99801
Phone: (907) 465-4833
Fax: (907) 465-2278

Members:
Rep. Bettye Davis
Rep. Joe Green

Rep. Bill Hudson
Rep. Jerry Mackie

Rep. Carl Moses
Rep. Al Vezey
Rep. Bill Williams

**SPONSOR STATEMENT HJR 55,
RELATING TO THE IMPORTANCE TO THE ECONOMY OF SOUTHEAST
ALASKA OF CONTINUED TIMBER HARVESTS ON THE TONGASS
NATIONAL FOREST**

prepared for the House Economic Task Force
by Rep. William K. Williams, Chairman, Timber Working Group

House Joint Resolution 55 asks the U.S. Congress to review the economic impact on Southeast Alaska and the forest products industry of the wilderness designations imposed by ANILCA, and the wilderness designations and changes in management practices brought about by the Tongass Timber Reform Act of 1990; it also requests that the Congress increase the amount of Tongass timber available for harvest, and provide sufficient funding to the USDA Forest Service to facilitate harvesting the maximum available under law.

Congressional action has, through wilderness designations, closed to timber harvest roughly two thirds of the commercial forest land in the Tongass National Forest: one third is designated wilderness, another third will not be opened for harvest. The remaining portion, about two million acres, is to be harvested according to the Tongass Land Management Plan, which establishes the allowable sale quantity. Reduced federal appropriations for Tongass timber sales in the last few years has caused a shortage in the timber supply, resulting in the loss, since 1990, of more than 600 forest products industry jobs in Southeast Alaska. Temporary layoffs during 1993 affected employees at pulp mills in Sitka (Alaska Pulp Corp.) and Ketchikan (Ketchikan Pulp Co.). The closure of the pulp mill in Sitka caused the loss of nearly 400 direct jobs. The USDA Forest Service has threatened to cancel one of the two 50-year harvest contracts that supports the region's timber industry.

The lack of an assured supply of Tongass timber available for harvest poses a great threat to the economic well-being of the region and the viability of the industry on which many Southeast communities are dependent. HJR 55 provides an opportunity for the Alaska State Legislature to urge Congressional action in order to avert economic disaster.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HJR 55

Revision Date: 2/21/94 Dept. Affected: none
 Title: Tongass National Forest BRU: _____
timber harvests Component: _____
 Sponsor: Rls by request of the House Econ Task Force
 Requestor: House Resources COMPONENT SERIAL NO. _____

Expenditures/Revenues: (Thousands of Dollars)

	FY 95	FY 96	FY 97	FY 98	FY 99	FY2000
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (^{FY} 94) impact \$ 0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: _____
 Division: _____
 Approved by: Rep. Bill Williams, Chairman
 Agency: House Resources Committee

Phone: _____
 Date: _____
 Date: 2/21/94

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

For further distribution information call the Governor's Legislative Office

Role of the Forest Products Industry in the Southeast Alaska Economy

September 1991

Prepared for:

Alaska Forest Association

Prepared by:



Juneau • Ketchikan

Table of Contents

Introduction and Methodology_____	1
Summary of Findings_____	3
Chapter I. Employment and Payroll in the Forest Products Industry_____	4
Chapter II. Overview of the Southeast Alaska Economy_____	12

Introduction

The 1980s were an eventful time for Southeast Alaska's forest products industry. The industry began the decade with strong markets, record high levels of employment and a bright future. But then the market for the region's forest products began to decline, primarily as a result of declining Japanese demand. Timber harvests on the Tongass National Forest dropped by 50% over the next five years. Employment in Southeast Alaska's forest products industry declined by 1,000 jobs.

Meanwhile, the emergence of Native corporations in the Southeast Alaska forest products industry prevented even more dramatic cuts in employment. Timber harvests on privately held lands increased almost ten fold between 1980 and 1985. This supported logging employment in the region, but because the timber was exported as roundlogs (with no value-added processing) it did not prevent employment in the forest products industry overall from declining further.

International markets began to improve in 1986 and the region's forest products industry began to recover. While the private timber harvest stabilized, the Tongass harvest doubled within three years. Employment in the industry increased by 1,400 jobs within those same three years. Another jump in Native-owned timber harvest in 1989, along with steadily increasing Tongass timber harvests, pushed employment in the industry to a record high of over 4,000 jobs by 1990.

Today, Southeast Alaska's forest products industry is at a critical point. The first harvest of private timber is near completion (subsequent harvest will not be available in the near future), and logging effort on private land is declining. Timber harvests on the Tongass National Forest have increased steadily since 1985, but there is the concern that timber availability on the Tongass is constraining the industry and may in fact be causing some employment decline. These issues have important implications for the region's economy, where the forest products industry is a leading economic force.

The purpose of this study is to measure the current status of Southeast Alaska's forest products industry - and how it fits into the regional economy. The primary measure of industry activity considered in this study is direct employment. Direct employment includes all labor involved in accessing the timber (road building), falling the timber and transporting it to tidewater, ship loading, transporting the logs to sawmills or pulpmills, and finally processing the logs into lumber or pulp.

Direct employment does not include labor involved in regular supplying of remote camps, other transportation support of logging communities (air taxi employment, for example), or labor employed in sales of logging equipment or contracted service

of such equipment. These and similar types of labor are classified as indirect or support sector employment.

This study presents a complete picture of forest products industry employment in Southeast. Measures of timber industry employment are published regularly by the Alaska Department of Labor (ADOL). ADOL estimates of timber industry employment in Southeast exclude important components of the industry such as logging road construction, log trucking, and marine transport of the logs to sawmills and pulp mills.

Most existing measures of Tongass timber harvest-related employment exclude any discussion of Forest Service employment. The USFS employs nearly 800 people in Southeast Alaska. A significant portion of this employment exists because part of the Tongass is managed for commercial timber harvest. Forest Service employment is an important component of the forest products industry and the regional economy and therefore is included in this analysis.

Methodology

The employment and payroll data presented in the study is the result of a survey of about 40 businesses participating in the Southeast Alaska timber industry (a similar survey was performed in 1990). Businesses responding to the survey account for an estimated 90% of all Tongass timber-related employment. These businesses were asked to provide copies of the Employer's Quarterly Report forms which all Alaska employers are required to file with the Employment Security Division of the Alaska Department of Labor. On these forms, employers record the number of employed workers each month and the total wages and salaries paid for the three-month period. These are the same forms that ADOL uses to compile the employment and payroll data published in their *Statistical Quarterly* series.

Included in this survey were Southeast's two pulp mills, five sawmills, 18 logging companies, about 10 logging-related construction companies, and six towing companies, and a variety of other timber-industry related businesses.

Summary of Findings

- The forest products industry directly generated an annual average of 4,100 private sector jobs in 1990. The Tongass National Forest accounts for about 70% of these jobs, timber harvests on private lands account for the remainder.
- Workers in the forest products industry earned approximately \$165 million in wages and salaries during 1990. This includes payroll for loggers, road builders, stevedores, sawmill workers, and pulpmill workers.
- The forest products industry accounted for over one-third (37%) of all private basic industry employment in Southeast Alaska in 1990.
- Including timber harvest-related U.S. Forest Service employment, the forest products industry generated just under 4,500 jobs and \$180 million in payroll in 1990.
- Among all basic industry in Southeast Alaska, including government basic industry, the forest products industry accounts for 25% of all employment.
- In 1991, employment in Southeast Alaska's forest products industry declined sharply. This decline is due to reduced timber harvests on private land, and to curtailed Tongass timber harvests.
- With the first harvest from private lands nearly complete, employment from private timber harvests is declining and will continue to decline. Employment on the Tongass has declined in 1991, not because of market conditions, but because of reduced availability of timber for harvest.
- Preliminary Alaska Department of Labor data indicates that Southeast Alaska's forest products industry may have lost nearly 1,000 jobs since 1990. Because of declining forest products employment, the Southeast region economy is declining in 1991.
- Long term stability in the forest products industry will depend on international market conditions and on the availability of timber on the Tongass National Forest.

Chapter I. Employment and Payroll in the Forest Products Industry

Southeast Alaska's forest products industry includes two principal components, the Tongass National Forest component and the private Native corporation component. In terms of employment and economic impact, the Tongass National Forest plays the lead role. Timber harvests from private lands now account for over half of the logging activity in Southeast Alaska. But because most private timber is exported as unprocessed roundlogs, the private harvest has not had a great impact on the region's sawmills and pulpmills (though private timber has been a significant source of pulpwood over the last few years).

This chapter examines employment in these two components of the forest products industry. Separate analysis is warranted because they impact the region's economy in unique ways and they face very different futures.

The Tongass Forest Products Industry

History of the Industry in Southeast Alaska

The forest products industry has a long history in Southeast Alaska, dating back to the late 1800s when timber was harvested for local construction purposes. The 16 million acre Tongass National Forest, the nation's largest national forest, was created in 1909. For the next forty-five years, only high grade stands of timber were harvested, almost exclusively for local use, including in support of the region's mining and seafood industry. Annual timber harvests averaged about 30 to 50 million board feet, though more was harvested during World War II to meet defense construction needs.¹

The modern forest products industry has its roots in the 1950s, when the pulp industry was drawn to Southeast Alaska. In the 1950s, territorial officials recognized that Southeast Alaska's timber resources had the potential to stimulate significant growth in the region's struggling economy. But it was also clear that only 50% of the region's overmature timber would meet sawmill standards. It was evident that large-scale utilization of the region's timber resources (and therefore economic development for the region via its forest resources) could only occur through development of a pulp industry.

¹Rogers, George W., Alaska in Transition: The Southeast Region. Johns Hopkins Press, Washington, D.C., 1967.

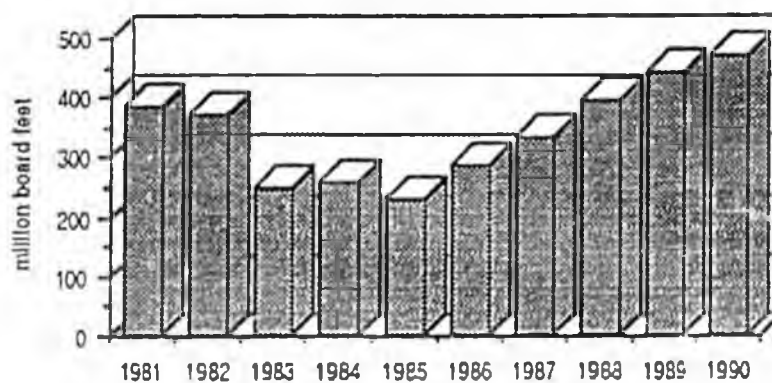
Development of Alaska's two pulpmills was the result of years of effort by Forest Service and territorial officials to attract pulp manufacturers to Southeast Alaska. For many years, distance from markets and shipping costs, high labor and construction costs and other factors had combined to frustrate prospective developers.

In the end, it was the assurance of long term timber harvesting contracts that induced pulp manufacturers to make the huge investment required in Southeast Alaska. In 1954, the Ketchikan Pulp Company completed construction of a \$52 million (the equivalent of about \$1.8 billion in 1991 dollars) facility near Ketchikan.² Five years later, Alaska Lumber and Pulp Company completed construction of pulpmill near Sitka. That investment totaled \$65 million, or approximately \$2 billion in 1991 dollars.

Construction of these mills marked a turning point in the economic development of Ketchikan and Sitka, in particular, and Southeast Alaska in general. Each mill employed about 350 workers, and hundreds of additional jobs were created in the region's logging and sawmilling industries. Almost overnight, the forest products industry became Southeast Alaska's leading industry.

Since the 1960s, the forest products industry has played a leading role in Southeast Alaska's economy. The pulpmills remain the largest employers in Ketchikan and Sitka. The industry suffered through a serious market downturn in the early 1980s, but has since rebounded to all-time high levels of employment.

Tongass National Forest Timber Harvest
1981 to 1990*



*Fiscal year harvest. Includes utility volume. Source: U.S. Forest Service.

²Rogers, pg 75.

1989 and 1990 Employment in the Tongass Forest Products Industry

In 1989, harvest and processing of Tongass National Forest timber generated an annual average of approximately 2,800 jobs. Payroll earned by workers in the Tongass forest products industry totaled \$110 million. In 1990 Tongass-related employment accounted for about 75% of all forest products industry employment in Southeast Alaska.

In 1990, Tongass-related timber industry employment apparently increased slightly, due largely to increased pulpmill-related activity. Among businesses that responded to both the 1990 and 1991 McDowell Group surveys (the surveys measured 1989 and 1990 employment), employment increased by about 100 jobs. The pulpmills, including their subsidiary operations employed 107 more workers in 1990 than in 1989.

Included in Tongass forest products industry employment are approximately 900 pulpmill jobs accounting for \$40 million in payroll. These figures do not include pulpmill employed loggers or sawmill workers. Pulpmill employment has increased steadily since about 1985 but is still below the peak years of the early 1980s when employment topped 1,000 jobs. Increased mill efficiency has reduced labor requirements since then. The pulpmills are the largest single employers in Sitka and Ketchikan and Alaska's largest manufacturing employers. Pulpmill employment did not change significantly between 1989 and 1990.

Sawmills generated the annual equivalent of 525 jobs during 1990, down about 15 jobs from 1989. Sawmill workers earned \$18 million in wages and salaries, about the same as in 1989. Sawmill employment apparently peaked in 1989 after five years of growth.

Logging on the Tongass National Forest generated an estimated 1,100 jobs during 1990. Tongass loggers earned \$45 million in wages and salaries. The Tongass timber harvest increased by about 25 million board feet in 1990 to approximately 470 million board feet (including utility volume), according to preliminary U.S. Forest Service data.³ This is a 5% increase over the 1989 harvest of approximately 450 million board feet. Logging employment on the Tongass did not change significantly between 1989 and 1990.

Timber harvest-related road construction added 160 jobs (annual equivalent) to the Tongass forest products industry. These construction jobs accounted for about \$7 million in payroll earned during 1990.

³The USFS reported a total Tongass timber harvest of 471 million board feet during FY 1990, which began October 1, 1989 and ended September 30, 1990. During this same period a year earlier, the total harvest was 445 million board feet. Calendar year totals for 1989 and 1990 may vary somewhat from these totals. The source of this data is a draft report of the 1990 Timber Supply and Demand Report, prepared by the USFS.

Other basic components of the Tongass forest products industry added another 140 jobs and nearly \$5 million in payroll. One hundred thirty-five towing and stevedoring workers earned \$4 million. Log scalers accounted for the remainder.

**The Tongass Forest Products Industry
Employment and Payroll in 1990**

Industry Component	Annual Average Employment	Total Payroll
Pulpmills	900	\$37.5 million
Sawmills	525	\$18.4 million
Logging	1,100	\$44.6 million
Road construction	160	\$6.6 million
Towing, Stevedoring and Other	150	\$5.2 million
Tongass Industry Total	2,835	\$112.3 million

Forest Service Employment Related to Tongass Timber Harvests

It is not possible to determine exactly how Forest Service employment would be affected by a reduction in the Tongass commercial timber resource base. Reallocation of federal funding to other types of Tongass management activities could mitigate Forest Service employment reductions. But in the present situation a very significant portion of Forest Service employment in Southeast Alaska is the direct result of management of a portion of the Tongass as a commercial timber resource. This employment would decline with a declining timber resource base.

The Forest Service generates 780 full-time equivalent positions in Southeast Alaska. Workers in these positions earn an estimated \$37 million in payroll annually. Among these 780 workers, the Forest Service estimates that 344 are directly involved in timber sale preparation, implementation and management. If there were no Tongass timber harvest these jobs would not exist. These Forest Service workers earn an estimated \$15 million in annual payroll.

**Total Tongass Forest Products Industry
Estimated Employment and Payroll in 1990**

	Annual Average Employment	Total Payroll
Private Sector Total	2,835	\$112.3 million
U.S. Forest Service	344	\$15.0 million
Grand Total	3,179	\$127.3 million

Timber Harvest on Private Land in Southeast Alaska

Southeast Alaska's forest products industry entered a new phase with the 1971 Alaska Native Claims Settlement Act (ANCSA). ANCSA granted Alaska Natives surface and subsurface title to 40 million acres of land in Alaska, including over 600,000 acres in Southeast Alaska. ANCSA also provided for formation of regional and village corporations to manage these lands. Southeast Alaska's regional corporation and 12 village corporations gained title to some of Southeast Alaska's richest timber stands.

Because of delays in transferring title from the federal government to the Native corporations, it was not until about 1980 that timber harvest on Native-owned lands began in earnest. Within the next five years, timber harvest from these private lands increased to about 300 million board feet annually.

Fortunately for the logging industry, private timber harvests were increasing just as the Tongass timber harvest was declining due to weak market conditions. While private timber owners faced the same weak market, they nonetheless found it in their best interest to harvest. Further, timber harvested from private land in Southeast is not subject to the same primary manufacturing restriction that is placed on Tongass timber. According to federal law, Tongass timber cannot be exported out of Alaska in an unprocessed condition. Many international buyers find unprocessed "sawlogs" a more attractive commodity.

Throughout the 1980s timber harvests from private land in Southeast Alaska increased and by 1983, the private timber harvest exceeded the Tongass timber harvest. The private harvested had reached 520 million board feet by 1989, including 420 million board feet of export sawlogs.⁴ The economic impact of this harvest included about 1,300 logging, road building and stevedoring jobs and an estimated \$52 million in payroll.

⁴1990 Timber Supply and Demand Report, prepared by the USFS, pg. 10.

The years 1989 and 1990 will mark the peak of the private timber harvest in Southeast Alaska. The 1990 harvest totaled approximately 510 million board feet, including 440 million board feet of sawlogs. Economic considerations have made it impractical to harvest timber on a sustained yield basis, and some private land owners have already completed their first harvest of timber.

Outlook for Southeast Alaska's Timber Industry

In 1990, Southeast Alaska's forest products industry accounted for about 40% of the regions private basic economy, measured in terms of employment. The industry employed approximately 4,100 workers in 1989, and accounted for a direct annual payroll of over \$160 million. The U.S. Forest Service generates another 340 timber-harvest related jobs in Southeast. Quite clearly, the future of the forest products industry is of great concern to residents of Southeast Alaska.

Total Southeast Alaska Forest Products Industry Estimated Employment and Payroll in 1990

	Annual Average Employment	Total Payroll
Tongass Total (Private Sector)	2,835	\$112 million
U.S. Forest Service	344	\$15 million
Private Timber Harvest	1,300	\$52 million
Grand Total	4,479	\$179 million

Source: Tongass-related and private timber harvest employment numbers are McDowell Group estimates. USFS numbers provided by the Forest Service.

The economic impact of private (Native corporation) timber harvests in Southeast is declining. It has been estimated that nine of the twelve village corporations will have cut all their merchantable timber by the end of 1991. One of the village corporations could harvest timber for another five years at current harvest levels, and the regional corporation can continue to harvest at current rates for another eight to ten years.⁵ Employment in this sector of the forest products industry peaked during 1989-90, and is now declining and the long term outlook is for further decline.

There is much less certainty regarding the outlook for the Tongass forest products industry. The Tongass harvest in 1990, at about 470 million board feet, was the highest since 1979. Pulp and lumber markets have weakened in 1990 and 1991 but

⁵Knapp, Gunnar, Native Timber Harvests in Southeast Alaska, prepared for the U.S. Forest Service, October 1989.

are still good by historical standards and the long term market outlook is relatively good. Further, reduced supply from the Pacific Northwest states (due to Spotted Owl protection measures and other factors) could strengthen Alaska's position as an international timber supplier.

Of more immediate concern are Tongass National Forest management policies that are affecting timber availability. The 1990 Tongass Timber Reform Act placed additional timber acreage off-limits to logging and established 100-foot buffers along spawning streams.

The Act also eliminated the Tongass Timber Supply Fund. Section 705(a) of the Alaska National Interest Lands Conservation Act (ANILCA) authorized the Forest Service to spend at least \$40 million annually to make available for annual harvest a timber supply of 450 million board feet of timber. The fund was used for timber sale preparation and administration, reforestation, pre-commercial thinning, road construction, and engineering support.

Other provisions of ANILCA had excluded 5.5 million acres of the Tongass from timber harvest, including a significant volume of high value, old growth timber stands. The intent of Section 705(a) was to offset this loss by adding marginal timber to the available Tongass timber resource base by pre-roading. The trade-off was more profitable timber in environmentally sensitive areas for marginal timber stands, located in less sensitive areas, that would be made more economic through access improvements financed by the \$40 million Tongass Timber Supply Fund. The 1990 Tongass Timber Reform Act repealed Section 705(a) of ANILCA and placed an additional 1.1 million acres of land off limits to logging.

The net effect of ANILCA and the Tongass Timber Reform Act was to significantly reduce the available Tongass timber resource. Further, by placing off-limits high-value timber stands, these acts have also reduced the overall quality of the Tongass timber resource. Finally, the Timber Reform Act also mandated certain changes in Tongass management practices that (depending on how the Act is interpreted) could also impact timber availability of the remaining commercial forest land base.

Clearly, even with passage of the Timber Reform Act, the Tongass timber industry remains on unstable ground. In 1991, for example, harvest of approximately 250 million board feet of Tongass timber has been curtailed by a court injunction resulting from lawsuits against the Forest Service by special interest groups. In addition, there have been a number of administrative appeals of timber sales and other administrative delays. Several logging operations have been idled as a result and two major sawmills have closed.

Summary

In summary, the future of the Tongass forest products industry is uncertain. The best case is probably one of stability. Any Tongass-related decline would only exacerbate the overall industry decline caused by declining harvest from private timberland.

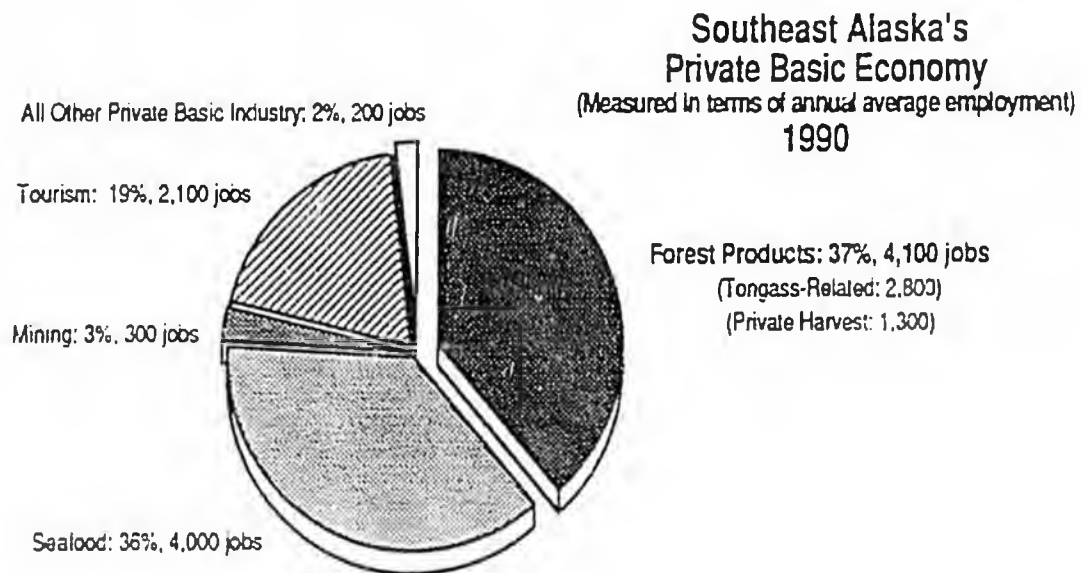
Because of reduced private timber harvests and curtailed Tongass harvests, a very significant cut in forest products industry employment will be recorded in Southeast Alaska. According to preliminary Alaska Department of Labor (ADOL) data, employment in the lumber and wood products sectors (which excludes pulpmill employment) in Southeast declined by approximately 950 jobs between June of 1990 and June of 1991. That is a one-year decrease of approximately 30%. In Southeast Alaska's transportation sector, employment has declined by approximately 250 jobs (a cut of nearly 10%), apparently due to a reduction in forest products industry activity.

Because of declining employment in the forest products industry, the Southeast region overall will likely experience a net decline in employment in 1991. The long term outlook for the forest products industry, and to a large degree the outlook for the region's economy, will depend on the market for Southeast's forest products and on the volume of timber available for harvest on the Tongass National Forest.

Chapter II. Overview of the Southeast Alaska Economy

Generating the annual equivalent of approximately 4,100 jobs, the forest products industry accounts for more than one in three private basic industry jobs in Southeast Alaska. Timber harvest and manufacturing from the Tongass National Forest accounts for about 70% of the forest products industry in Southeast.

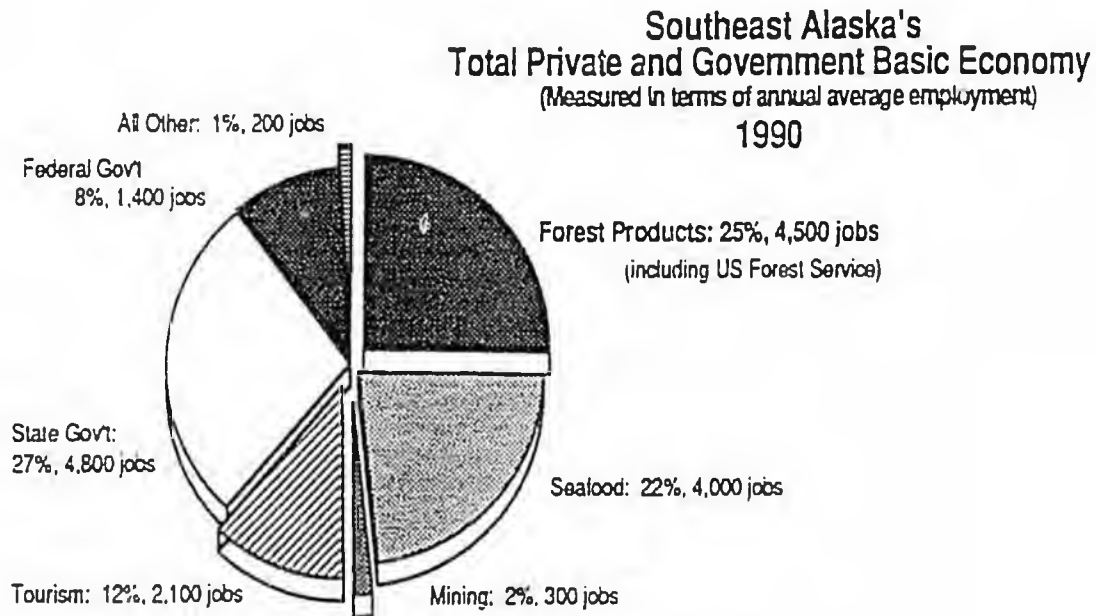
In Southeast Alaska, the seafood industry generates the annual equivalent of 4,000 jobs including 2,700 in seafood harvesting and 1,300 in seafood processing. Tourism adds an estimated 2,100 jobs to Southeast's basic economy. Mining accounts for approximately 300 jobs in Southeast Alaska.



State and federal government are also important components in Southeast Alaska's basic economy. State government is the largest basic industry in Juneau but plays a comparatively small role in the economy of the rest of the region. State government employs about 5,600 workers in Southeast, including about 4,600 in Juneau. For purposes of this study it is assumed that approximately 85% of state government employment in Southeast is basic industry. The remainder is considered part of the support sector.

Federal government accounts for about 2,800 jobs in Southeast Alaska. About 2,000 of these federal jobs serve the national interest and are therefore basic industry. All other federal jobs serve only the local population – such as postal workers – and are part of the support sector. The Forest Service and the U.S. Coast Guard are the largest federal basic industry employers in Southeast.

The role of the forest products industry among all basic industry, including government, is substantial. The forest products industry including related Forest Service employment accounts for nearly one-quarter (25%) of all basic industry employment in Southeast Alaska.



It is beyond the scope of this study to measure the indirect and induced impacts of the forest products industry on the Southeast economy. However, it is important to note that the industry does have important secondary impacts and that indirect and induced impacts vary from one segment of the industry to another. The pulpmills have by far the greatest impact. They provide hundreds of high-paying, almost entirely resident jobs which account for a high level of local spending.

Further, pulpmills represent an important property tax base in Sitka and Ketchikan. The pulpmills add millions of dollars to local government coffers either through property tax payments or through purchases of public utilities. These property tax payments and high volume purchases of public utilities help keep local government and public utility costs lower for residents of the communities.

All told, without the pulp mills, the economies of Sitka and Ketchikan would shrink by about one-quarter and some costs of living for remaining residents would increase significantly. Property values in Sitka and Ketchikan would decline sharply.

Sawmills have comparatively high indirect and induced impacts. They too have generally well paid, resident workforces and they too represent important industrial property tax bases. Among the various components of the forest products industry, remote logging camps have the lowest level of indirect and induced impacts. Still, remote logging operations do provide a significant market for many Southeast Alaska service and supply businesses.

Role of the Forest Products Industry in the Southeast Alaska Economy

June 1993 Update

Prepared for:
Alaska Forest Association

Prepared by:



Juneau • Ketchikan

Table of Contents

Introduction and Methodology	1
Summary of Findings	3
Chapter I. Employment and Payroll in the Forest Products Industry	4
Chapter II. Overview of the Southeast Alaska Economy	12

Introduction

For nearly 40 years the forest products industry has been a mainstay of the Southeast Alaska economy. Construction of pulpmills in Ketchikan and Sitka in the 1950's marked the birth of a large scale industry in the region. These mills were and remain Alaska's largest manufacturing operations. Through the 1960s and 1970s, the region's forest products industry prospered, enjoying a steady supply of timber and a relatively stable world market.

The 1980s were a turbulent and eventful time for Southeast Alaska's forest products industry. The industry began the decade with strong markets, record high levels of employment and a bright future. But then the market for the region's forest products began to decline, primarily as a result of declining Japanese demand. Timber harvests on the Tongass National Forest dropped by 50% over the next five years. Employment in Southeast Alaska's forest products industry declined by 1,000 jobs.

Meanwhile, the emergence of Native corporations in the Southeast Alaska forest products industry prevented even more dramatic cuts in employment. Timber harvests on privately held lands increased almost ten fold between 1980 and 1985. This supported logging employment in the region, but because the timber was exported as roundlogs (with no value-added processing) it did not prevent employment in the forest products industry overall from declining further.

International markets began to improve in 1986 and the region's forest products industry began to recover. While the private timber harvest stabilized, the Tongass harvest doubled within three years. Employment in the industry increased by 1,400 jobs within those same three years. Another jump in Native-owned timber harvest in 1989, along with steadily increasing Tongass timber harvests, pushed employment in the industry to a record high of over 4,000 jobs by 1990.

With the 1990s, however, there is once again uncertainty regarding the future of the forest products industry. Restricted access to timber supply, declining pulp markets and the declining Native timber harvest may all paint a bleak future for the industry. On the other hand, dramatic increases in lumber prices and declining timber supplies in the lower 48 states potentially bode well for Alaska's forest products industry.

Purpose

The purpose of this study is to measure the current status of Southeast Alaska's forest products industry - and how it fits into the regional economy. This study updates two previous and similar research efforts conducted in 1990 and 1991. The primary measure of industry activity considered in this study is direct employment. Direct employment includes all labor involved in accessing the timber (road

building), falling the timber and transporting it to tidewater, ship loading, transporting the logs to sawmills or pulpmills, and finally processing the logs into lumber or pulp.

Direct employment does not include labor involved in regular supplying of remote camps, other transportation support of logging communities (air taxi employment, for example), or labor employed in sales of logging equipment or contracted service of such equipment. These and similar types of labor are classified as indirect or support sector employment.

This study presents a complete picture of forest products industry employment in Southeast. Measures of timber industry employment are published regularly by the Alaska Department of Labor (ADOL). ADOL estimates of timber industry employment in Southeast exclude important components of the industry such as logging road construction, log trucking, and marine transport of the logs to sawmills and pulp mills.

Most existing measures of Tongass timber harvest-related employment exclude any discussion of Forest Service employment. The USFS employs nearly 935 people in Southeast Alaska. A significant portion of this employment exists because part of the Tongass is managed for commercial timber harvest. Forest Service employment is an important component of the forest products industry and the regional economy and therefore is included in this analysis.

Methodology

The employment and payroll data presented in the study has been estimated using a combination of ADOL data, USDA Forest Service employment and payroll data, timber harvest figures, and information generated from a survey of businesses in the Southeast Alaska timber industry. ADOL data analyzed in this study reflects fourth quarter 1991 and the first, second and third quarters of 1992, and is therefore consistent with USFS timber harvest figures which are measured on an October through September fiscal year.

Summary of Findings

- The forest products industry directly generated an annual average of 3,600 private sector jobs in 1992. Tongass National Forest timber resources accounted for about 70% of these jobs, timber harvests on private lands accounted for the remainder.
- Workers in the forest products industry earned approximately \$146 million in wages and salaries during 1992. This includes payroll for loggers, road builders, stevedores, sawmill workers, and pulpmill workers.
- The forest products industry accounted for over one-third (34%) of all private basic industry employment in Southeast Alaska in 1992.
- Including timber harvest-related U.S. Forest Service employment, the forest products industry generated over 4,000 jobs and \$167 million in payroll in 1992. The Tongass National Forest accounted for 2,950 jobs and \$124 million in payroll.
- Among all basic industries in Southeast Alaska, including government basic industry, the forest products industry accounted for 24% of all employment in 1992.
- Over the last two years, employment in Southeast Alaska's forest products industry declined sharply. Southeast Alaska's forest products industry has lost more than 600 jobs and \$18 million in payroll since 1990. This decline is due to reduced timber harvests on both private land and on the Tongass.
- The first harvest of Southeast Alaska private timber is nearly complete (subsequent harvest will not be available in the near future), with an overall decline in annual harvest of 89 million board feet between 1990 and 1992. Timber harvests on the Tongass National Forest have also shown a marked decrease of 100 million board feet during this period.
- The long term outlook for the forest products industry is uncertain and will depend on international market conditions and on the availability of timber on the Tongass National Forest.

Chapter I. Employment and Payroll in the Forest Products Industry

Southeast Alaska's forest products industry includes two principal components, the Tongass National Forest component and the private Native corporation component. In terms of employment and economic impact, the Tongass National Forest plays the lead role. Timber harvests from private lands account for over half of the logging activity in Southeast Alaska. Further, because most private timber is exported as unprocessed roundlogs, the private harvest has not had a great impact on the region's sawmills and pulpmills (though private timber has been a significant source of pulpwood over the last few years).

This chapter examines employment in these two components of the forest products industry. Separate analysis is warranted because they impact the region's economy in unique ways and they face different futures.

The Tongass Forest Products Industry

History of the Industry in Southeast Alaska

The forest products industry has a long history in Southeast Alaska, dating back to the late 1800s when timber was harvested for local construction purposes. The 16.9 million acre Tongass National Forest, the nation's largest national forest, was created in 1909. For the next forty-five years, only high grade stands of timber were harvested, almost exclusively for local use, including in support of the region's mining and seafood industry. Annual timber harvests averaged about 30 to 50 million board feet, though more was harvested during World War II to meet defense construction needs.¹

The modern forest products industry has its roots in the 1950s, when the pulp industry was drawn to Southeast Alaska. In the 1950s, territorial officials recognized that Southeast Alaska's timber resources had the potential to stimulate significant growth in the region's struggling economy. But it was also clear that only 50% of the region's overmature timber would meet sawmill standards. It was evident that large-scale utilization of the region's timber resources (and therefore economic development for the region via its forest resources) could only occur through development of a pulp industry.

¹Rogers, George W., Alaska in Transition: The Southeast Region. Johns Hopkins Press, Washington, D.C., 1967.

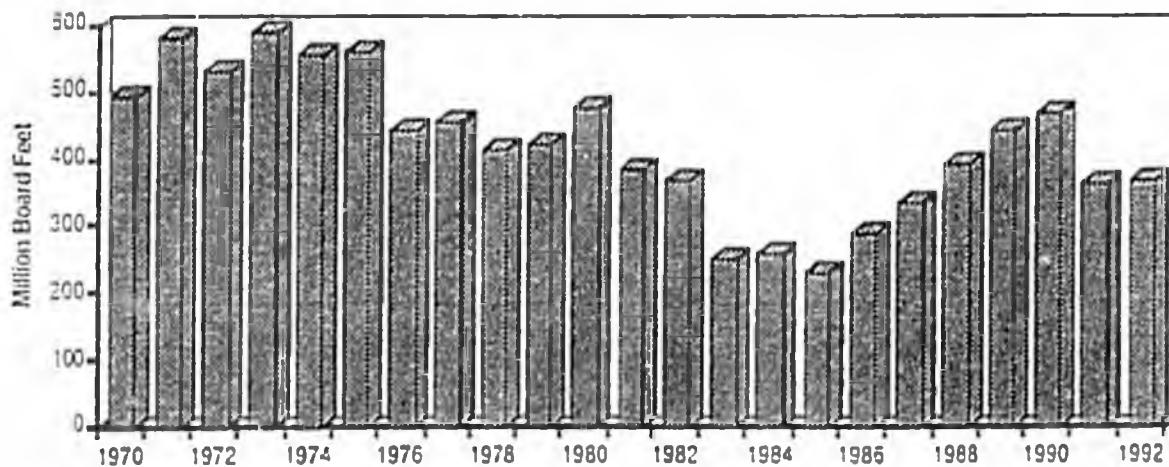
Development of Alaska's two pulp mills was the result of years of effort by Forest Service and territorial officials to attract pulp manufacturers to Southeast Alaska. For many years, distance from markets and shipping costs, high labor and construction costs and other factors had combined to frustrate prospective developers.

In the end, it was the assurance of long term timber harvesting contracts that induced pulp manufacturers to make the huge investment required in Southeast Alaska. In 1954, the Ketchikan Pulp Company completed construction of a \$52 million (the equivalent of about \$1.8 billion in 1991 dollars) facility near Ketchikan. Five years later, Alaska Lumber and Pulp Company completed construction of a pulp mill near Sitka. That investment totaled \$65 million, or approximately \$2 billion in 1991 dollars.

Construction of these mills marked a turning point in the economic development of Ketchikan and Sitka, in particular, and Southeast Alaska in general. Each mill employed about 350 workers, and hundreds of additional jobs were created in the region's logging and sawmilling industries. Almost overnight, the forest products industry became Southeast Alaska's leading industry.

Since the 1960s, the forest products industry has played a leading role in Southeast Alaska's economy. The pulp mills remain the largest employers in Ketchikan and Sitka.

Tongass National Forest Timber Harvest 1970-1992*



*Fiscal year harvest, includes utility volume. Source: U.S. Forest Service.

-Rogers, p. 75.

Tongass timber harvests began declining in the mid 1970s and bottomed out ten years later at under 300 million board feet, less than half the peak years' total. It was fortunate for the pulpmills that at this time Native harvests began supplying a significant volume of pulp logs. The dim prospect of increases in Tongass timber harvests to the levels of the 1970s, coupled with declining Native timber harvests, is a source of great concern about the industry's future.

In the 1980s and 1990s, legislative and resource management issues have been as important as market conditions among the forces shaping the region's forest products industry. For example, Section 705(a) of the Alaska National Interest Lands Conservation Act (ANILCA) authorized the Forest Service to spend at least \$40 million annually to make available for annual harvest a timber supply of 450 million board feet of timber. The fund was to be used for timber sale preparation and administration, reforestation, pre-commercial thinning, road construction, and engineering support.

Other provisions of ANILCA had excluded 5.5 million acres of the Tongass from timber harvest, including a significant volume of high value, old growth timber stands. The intent of Section 705(a) was to offset this loss by adding marginal timber to the available Tongass timber resource base by pre-roading. The trade-off was more profitable timber in environmentally sensitive areas for marginal timber stands, located in less sensitive areas, that would be made more economic through access improvements financed by the \$40 million Tongass Timber Supply Fund.

Then, the 1990 Tongass Timber Reform Act repealed Section 705(a) of ANILCA and placed an additional 1.1 million acres of land off limits to logging and established 100-foot buffers along spawning streams. The Act also eliminated the Tongass Timber Supply Fund.

The net effect of ANILCA and the Tongass Timber Reform Act was to significantly reduce the available Tongass timber resource. Further, by placing off-limits high-value timber stands, these acts have also reduced the overall quality of the Tongass timber resource. Finally, the Timber Reform Act also mandated certain changes in Tongass management practices that (depending on how the Act is interpreted) could also impact timber availability of the remaining commercial forest land base.

1990 and 1992 Employment in the Tongass Forest Products Industry

In 1990, the date of the last update study, harvest and processing of Tongass National Forest timber generated an annual average of approximately 2,800 jobs. Payroll earned by workers in the Tongass forest products industry totaled \$112 million.

In 1992, Tongass-related timber industry employment decreased due to a significant decline in the annual harvest. The 1992 estimates indicate that Tongass National Forest timber harvests generated an annual average of 2,500 jobs with a payroll of \$103 million, a ten percent decline from 1990.

Included in Tongass forest products industry employment are approximately 900 pulpmill jobs accounting for \$40 million in payroll. These figures do not include pulpmill employed loggers or sawmill workers. Pulpmill employment has increased since about 1985 but is still below the peak years of the early 1980s when employment topped 1,000 jobs. Increased mill efficiency has reduced labor requirements since then.

The pulp mills are the largest single employers in Sitka and Ketchikan and Alaska's largest manufacturing employers. Pulpmill employment did not change significantly between 1990 and 1992 (again, due to the very limited ability of the mills to adjust production levels according to timber supply and market conditions).

Sawmills generated the annual equivalent of 537 jobs during 1992, and did not change significantly from 1990 (though there was some decline from the 1991 level as a result of closure of the Chilkoot Lumber mill in Haines). Sawmill workers earned approximately \$21 million in wages and salaries, about the same as in 1990. (More recent data is expected to indicate some decline in sawmill employment due to the closure of the Klawock sawmill operation).

Logging on the Tongass National Forest generated an estimated annual average of 840 jobs during 1992. Tongass loggers earned \$34 million in wages and salaries. The Tongass timber harvest decreased by about 100 million board feet from 1990 to approximately 370 million board feet (including utility volume) in 1992, according to preliminary U.S. Forest Service data.³ This is a 22% decrease over the 1990 harvest of approximately 471 million board feet and a 2% increase over the 1991 harvest of approximately 364 million board feet. Logging employment on the Tongass decreased by approximately 260 jobs from 1990 to 1992, based upon McDowell Group estimates.

Timber harvest-related road construction accounts for approximately 120 jobs (annual equivalent) to the Tongass forest products industry. These construction jobs accounted for about \$5 million in payroll earned during 1992.

Other basic components of the Tongass forest products industry added an additional 110 jobs and nearly \$4 million in payroll. This includes log scalers, towing and stevedoring workers.

³The USFS reported a total Tongass timber harvest of 369.7 million board feet during FY 1992, which began October 1, 1991 and ended September 30, 1992. During this same period a year earlier, the total harvest was 364 million board feet. Calendar year totals for 1991 and 1992 may vary somewhat from these totals. The source of this data is a draft report of the 1992 Timber Supply and Demand Report, prepared by the USFS.

The Tongass Forest Products Industry
Employment and Payroll in 1992

Industry Component	Annual Average Employment	Total Payroll
Pulpmills	906	\$39.7 million
Sawmills	537	\$20.8 million
Logging	840	\$33.9 million
Road construction	120	\$ 5.0 million
Towing, Stevedoring and Other	110	\$ 4.0 million
Tongass Industry Total	2,513	\$103.4 million

Forest Service Employment Related to Tongass Timber Harvests

It is not possible to determine exactly how Forest Service employment would be affected by a reduction in the Tongass commercial timber resource base. Reallocation of federal funding to other types of Tongass management activities could mitigate Forest Service employment reductions. But in the present situation a very significant portion of Forest Service employment in Southeast Alaska is the direct result of management of a portion of the Tongass as a commercial timber resource. This employment would decline with a declining timber resource base.

The Forest Service generated 935 full-time equivalent positions in Southeast Alaska in 1992. Workers in these positions earned an estimated \$43 million in payroll annually. Among these 935 workers, the Forest Service estimates that 448 are directly involved in timber sale preparation, implementation and management. If there were no Tongass timber harvest these jobs would not exist. These Forest Service workers earned an estimated \$20.8 million in annual payroll in 1992.

Though timber harvest and forest products industry employment declined overall in 1992, USFS employment in the region increased by 155 jobs, with timber related USFS employment increasing by 114. According to the Forest Service, this increase from fiscal year 1990 to 1992 was generated by "Congressional direction to accelerate the timber sale preparations to meet the 3 year shelf volume requirement of long term timber sale contracts."⁴

⁴USDA Forest Service, Alaska Regional Office, Office of Program, Planning and Budgeting.

Total Tongass Forest Products Industry
Estimated Employment and Payroll in 1992

	Annual Average Employment	Total Payroll
Private Sector Total	2,513	\$103.4 million
U.S. Forest Service	448	\$20.8 million
 Grand Total	 2,961	 \$124.2 million

Timber Harvest on Private Land in Southeast Alaska

Southeast Alaska's forest products industry entered an important phase with the 1971 Alaska Native Claims Settlement Act (ANCSA). ANCSA granted Alaska Natives surface and subsurface title to 40 million acres of land in Alaska, including over 600,000 acres in Southeast Alaska. ANCSA also provided for formation of regional and village corporations to manage these lands. Southeast Alaska's regional corporation and 12 village corporations gained title to some of Southeast Alaska's richest timber stands.

Because of delays in transferring title from the federal government to the Native corporations, it was not until about 1980 that timber harvest on Native-owned lands began in earnest. Within the next five years, timber harvest from these private lands increased to about 300 million board feet annually.

Fortunately for the logging industry, private timber harvests were increasing just as the Tongass timber harvest was declining due to weak market conditions. While private timber owners faced the same weak market, they nonetheless found it in their best interest to harvest. Further, timber harvested from private land in Southeast is not subject to the same primary manufacturing restriction that is placed on Tongass timber. According to federal law, Tongass timber cannot be exported out of Alaska in an unprocessed condition. Many international buyers find unprocessed "sawlogs" a more attractive commodity.

Throughout the 1980s timber harvests from private land in Southeast Alaska increased and, by 1985, the private timber harvest exceeded the Tongass timber harvest. The private harvest had reached 520 million board feet by 1989, including 420 million board feet of export sawlogs.⁵ The economic impact of this

⁵USAF provided preliminary numbers that will be used in the 1992 Timber Supply and Demand Report, prepared by the USFS, pg. 10.

harvest included about 1,300 logging, road building and stevedoring jobs and an estimated \$52 million in payroll.

The 1992 harvest from private land totaled approximately 420 million board feet, including 333.3 million board feet of sawlogs which generated approximately 1,100 forest products industry related jobs and an estimated \$43 million in payroll. Economic considerations have made it impractical to harvest timber on a sustained yield basis, and some private land owners have already completed their first harvest of timber.

Summary of Employment and Payroll in Southeast Alaska's Forest Products Industry

In 1992, Southeast Alaska's forest products industry accounted for about 34% of the region's private basic economy, measured in terms of employment. The industry employed approximately 3,583 workers in 1992, and accounted for a direct annual payroll of over \$146 million. The U.S. Forest Service generates another 448 timber-harvest related jobs in Southeast. Quite clearly, the future of the forest products industry is of great concern to residents of Southeast Alaska.

Total Southeast Alaska Forest Products Industry Estimated Employment and Payroll in 1992

	Annual Average Employment	Total Payroll
Tongass Total (Private Sector)	2,513	\$103.4 million
U.S. Forest Service	448	\$ 20.8 million
Private Timber Harvest	1,070	\$ 42.9 million
 Grand Total	 4,031	 \$167.1 million

Source: Tongass-related and private timber harvest employment numbers are McDowell Group estimates. USFS numbers provided by the Forest Service.

Outlook for the Forest Products Industry in Southeast

The economic impact of private (Native corporation) timber harvests in Southeast is declining. Approximately nine of the twelve village corporations have cut off their merchantable timber as of 1992. One of the village corporations could harvest timber for another three years at current harvest levels, and the regional

corporation can continue to harvest at current rates for another eight to ten years.⁹ Employment in this sector of the forest products industry peaked during 1989-90, and is now declining and the long term outlook is for further decline.

There is much less certainty regarding the outlook for the Tongass forest products industry. In the near term, the industry is faced with weak World markets for pulp and continuing concern over timber availability. At the same time, the industry is enjoying record high prices for lumber (brought about by increased demand as a result of Hurricane Andrew recovery efforts in Florida, increased housing starts nationwide, and by supply constraints in the Northwest).

In the long term, constraints on timber supplies from the Pacific Northwest states (due to Spotted Owl protection measures and other factors) could possibly strengthen Alaska's position as a domestic and international timber supplier. Again, however, the issue of land and timber availability will play a determinant role in how Southeast Alaska responds to increased demand for forest products.

There is renewed concern regarding the ability of Southeast Alaska's pulp mills to maintain operations in the midst of weak international markets and reduced timber supply. Pulp mills do not have the ability to scale their operations according to timber supply or market conditions. Mills must operate 24 hours a day or not at all.

While the mills have survived market declines in past years without extended shut downs, there is concern that the combination of weakening markets and timber supply constraints will force the permanent shut-down of the pulp mills. The result would be the loss of over 900 jobs in Sitka and Ketchikan, plus hundreds of support jobs. Month-long shutdowns of both the Ketchikan Pulp Corporation mill and the Alaska Pulp Corporation mill this last spring have fueled these concerns regarding the health of the Southeast Alaska forest products industry.

It is difficult to anticipate how additional Congressional action regarding the Tongass National Forest will affect future management and timber harvests. For the present it is clear that Southeast Alaska's forest products industry employment is threatened.

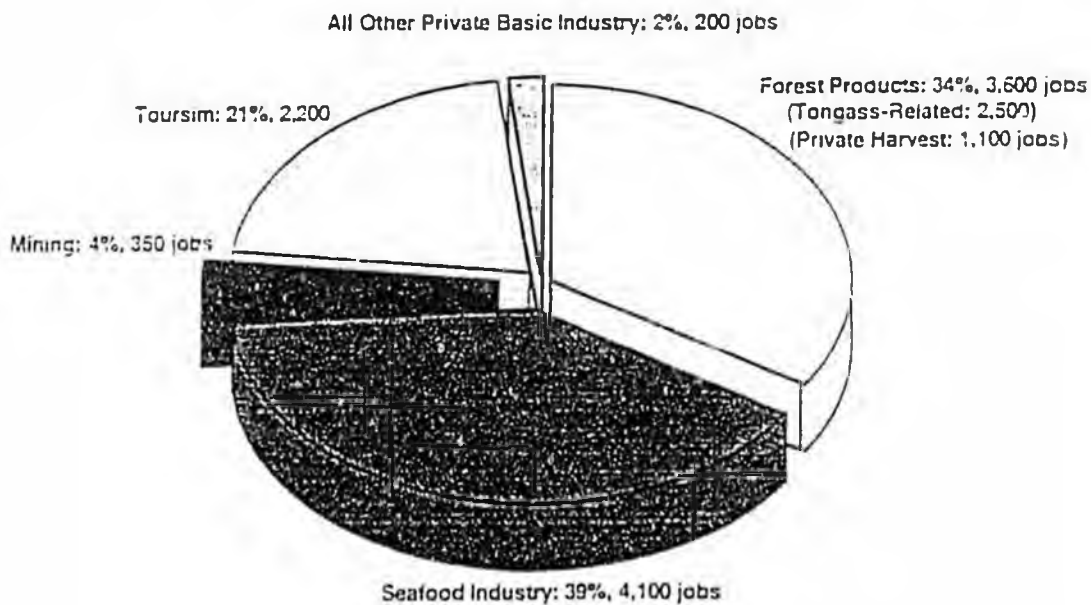
⁹Knapp, Gunnar, Native Timber Harvests in Southeast Alaska, prepared for the U.S. Forest Service, October 1989.

Chapter II. Overview of the Southeast Alaska Economy

In 1992, the forest products industry generated the annual equivalent of approximately 3,600 jobs, and accounted for more than one in three private basic industry jobs in Southeast Alaska. Timber harvest and manufacturing from the Tongass National Forest accounted for about 62% of the forest products industry in Southeast.

In 1992 Southeast Alaska's seafood industry generated the annual equivalent of 4,100 jobs including 2,700 in seafood harvesting and 1,400 in seafood processing. Tourism added an estimated 2,200 jobs to Southeast's basic economy. Mining accounted for approximately 350 jobs in Southeast Alaska in 1992 (the Greens Creek Mine closure will reduce mining employment in Southeast Alaska by 200 jobs in 1993).

**Southeast Alaska's
Private Basic Economy**
(Measured in terms of annual average employment)
1992

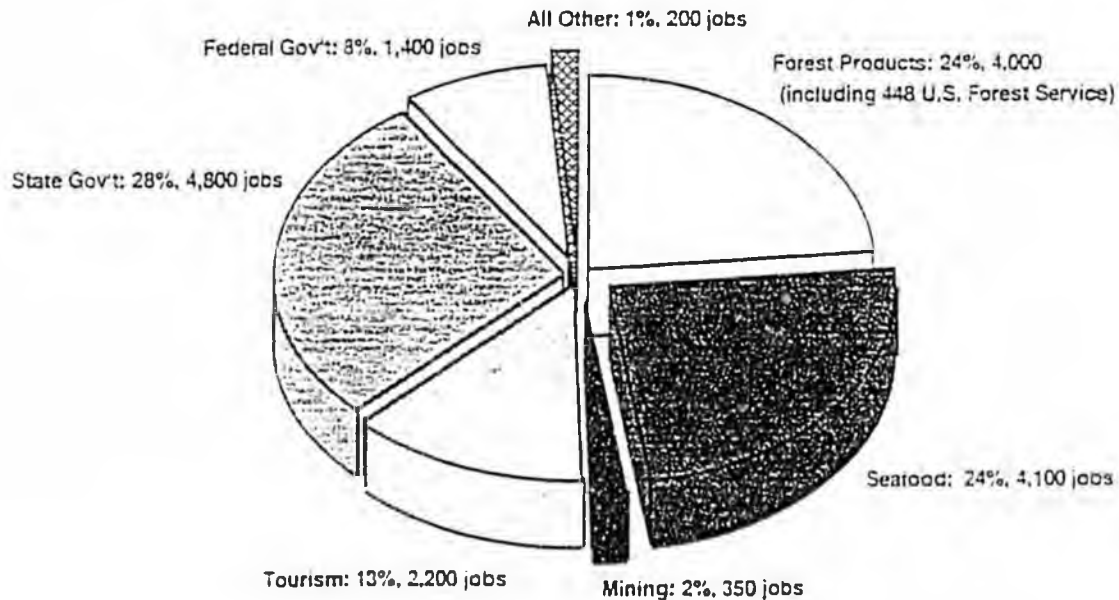


State and federal government continued to be an important components in Southeast Alaska's basic economy in 1992. State government was the largest basic industry in Juneau but played a comparatively smaller role in the economy of the rest of the region. State government employed about 5,600 workers in Southeast in 1992, including about 4,600 in Juneau. For purposes of this study it is assumed that approximately 85% of state government employment in Southeast was basic industry in 1992. The remainder has been considered part of the support sector.

Federal government accounted for about 2,800 jobs in Southeast Alaska. About 2,000 of these federal jobs served the national interest and were therefore basic industry. All other federal jobs served only the local population - such as postal workers - and were part of the support sector. The Forest Service and the U.S. Coast Guard were the largest federal basic industry employers in Southeast.

In spite of recent declines, the role of the forest products industry among all basic industry, including government, was substantial in 1992. The forest products industry including related Forest Service employment accounted for nearly one-quarter (24%) of all basic industry employment in Southeast Alaska.

**Southeast Alaska's
Total Private and Government Basic Economy
(Measured in terms of annual average employment)
1992**



It is beyond the scope of this study to measure the indirect and induced impacts of the forest products industry on the Southeast economy. However, it is important to note that the industry does have important secondary impacts and that indirect and induced impacts vary from one segment of the industry to another. The pulpmills have by far the greatest impact. They provide hundreds of high-paying, almost entirely resident jobs which account for a high level of local spending.

Further, pulpmills represent an important property tax base in Sitka and Ketchikan. The pulpmills add millions of dollars to local government coffers either through property tax payments or through purchases of public utilities. These property tax payments and high volume purchases of public utilities help keep local government and public utility costs lower for residents of the communities.

All told, without the pulp mills, the economies of Sitka and Ketchikan would shrink by about one-quarter and some costs of living for remaining residents would increase significantly. Property values in Sitka and Ketchikan would decline sharply.

Sawmills have comparatively high indirect and induced impacts. They too have generally well paid, resident Workforce and represent an important industrial property tax bases. Among the various components of the forest products industry, remote logging camps have the lowest level of indirect and induced impacts. Still, remote logging operations do provide a significant market for many Southeast Alaska service and supply businesses.

Sitka woes could help small mills

Pulp mill closure may open up timber supply

THE ASSOCIATED PRESS

ANCHORAGE - The U.S. Forest Service decision to cancel Alaska Pulp Corp.'s long-term timber contract may be a financial disaster for the Sitka company, but it could be a godsend for some small sawmills.

The cancellation will cost the Japanese-owned company 2.1 billion board feet of Tongass timber remaining under the contract and threaten more than 700 jobs.

But when the news came a week ago, Dan Fanning said he was celebrating ~~right~~ alongside the environmentalists.

Fanning operates a small sawmill in Hoonah that cuts about 500,000 board feet of timber a year from the Tongass National Forest.

He makes it over into lumber and finely grained wood for musical instruments.

Fanning said he isn't an environmentalist. Rather, he calls himself pro-industry.

"I am pro-industry because everyone has to work," he said. "If they don't have jobs, then they are on welfare and that don't benefit America."

But Fanning said he's had trouble getting enough wood for his sawmill because the Forest Service has told him the timber supply in his part of the forest was dedicated to Alaska Pulp.

According to Fanning, cancellation of the contract will usher in an era of enlightenment for the timber industry - and he may be one of the beneficiaries.

"Starting off, it will be economic disaster," said Fanning, expressing concerns for workers who may lose their jobs with Alaska Pulp.

"But after people relocate and find other jobs, I think there will be new opportunities for independent loggers and the wood-products business," he said. "It won't be on the same scale. But it will support the economy for the people who live here."

For Fanning, it may mean a steadier timber supply that would allow him to double the size of his operation and hire a few employees.

Many see the Forest Service decision as a disastrous blow to the economy of Southeast Alaska, where more than 2,500 people make their living off the forest. But other small mill operators join Fanning in his optimism.

Less timber probably will be cut from the forest overall and total employment may fall, they said.

But small mills should sprout and prosper, fostering a more diverse wood-products industry that could cushion the Southeast economy from doomsday predictions and sustain the region's economy indefinitely, they said.

Alaska Pulp and Louisiana-Pacific Corp.'s Ketchikan division have dominated the timber industry through 50-year contracts, signed in the 1950s. Huge volumes of timber, approaching 350 million board-feet a year, are dedicated to the two companies.

JUNEAU EMPIRE 4-26-94

Their domination of the forest has lasted so long that smaller businesses with the potential for employing nearly as many people have been stifled, the small mill operators said.

Alaska Pulp lost its contract for Tongass timber because it closed its Sitka pulp mill Sept. 30. That action laid off about 400 workers. The company still has a Wrangell sawmill employing about 240 people.

The company is thinking about replacing the pulp mill with a more efficient and less polluting fiberboard plant. But the Forest Service said it can't continue providing timber under the long-term contract without a firm commitment to build the new plant.

If the company wants more timber, the Forest Service said, it will have to compete with other bidders under the timber-sales program the agency uses in every other national forest.

Bob Loescher, vice president for natural resources at Native-owned Sealaska Corp., said Native-owned enterprises are ready to do business with the Forest Service.

~~"We have the capital to invest and we'll be able to employ many in the stand logging operations."~~

Alaska Pulp had 17 years left on its contract. During that period, the Forest Service would have been obligated to provide it with 2.1 billion board feet of timber at rates that independent purchasers say are running about half of what they pay - when they can get the trees.

"I don't mind paying a fair price," said Jerry Jones, a small operator on Prince of Wales Island in the heart of Louisiana-Pacific's cutting area.

"But when they give it away to the contract holders and they won't sell it to me, it really hurts," Jones said.

Without a steady supply of timber, Alaska Pulp is weighing what to do with its Wrangell sawmill. Also hanging in the balance of that decision is the fate of about 500 loggers who cut Alaska Pulp's trees.

John Haugh, an Alaska Pulp director, said no decision will be made until company officials review their options in the aftermath of the Forest Service decision.

Alaska's all-Republican congressional delegation has blasted the Forest Service action as an economy-killer for the Panhandle and a betrayal of President Clinton's commitment to jobs.

Sen. Ted Stevens said though small logging operations may prosper in the void left by Alaska Pulp's contract cancellation, they won't make up for the potential job losses.

But Ronald Jones, a natural resources professor at Sheldon Jackson College in Sitka, said he expects the Forest Service decision to be a boon to Southeast.

"Small business creates more jobs than big business and small business has been run out of the forest," Jones said.

"The long-term contract created all the reasons for market failure," Jones said. "It created a monopoly and eliminated competition. What I see is a more robust and diverse forest economy - and that's the best thing that could happen."

~~Matt Berman, associate economics professor at the University of Alaska Anchorage, said the contract cancellation doesn't necessarily mean ruin for Alaska Pulp, either.~~

"If APC can put together a fiberboard plant that doesn't use as much timber, it probably will be more profitable than a lot of small mills," he said. "I don't think it needs the long-term contract. APC could actually emerge much stronger."

Sitka pulp

What does the future hold?

When the two big Southeast pulp mills were built in the 1950s, they weren't so much industries as they were social experiments. The goal was year-round logging jobs to stabilize the Southeast economy. As the means to reach that goal, the federal government gave the pulp mills unprecedented 50-year contracts for cheap timber from the Tongass National Forest.

Social experiments don't always work as planned. In the case of the pulp mills, markets changed. So did values.

The Forest Service last week canceled the contract for the Japanese-owned Alaska Pulp Corp., saying the contract required year-round operation of a pulp mill. The company shut down its Sitka mill last September because of slumping world pulp markets, laying off about 400 workers. A guaranteed supply of timber didn't guarantee a market — or jobs.

The pulp mill also faced rising production costs, driven in part by increased environmental regulation — a reflection of a change in values about how the Tongass should be managed.

Those changed values could be seen in the 1990 Tongass Timber Reform Act, which directed the Forest Service to follow the same multiple-use mandate it follows in every other national forest and take into account not just timber but wildlife, water quality and recreation. While the mill complained that the law made timber more costly and less available, the mill's critics countered that reform was needed to keep the forest healthy and to protect other Southeast industries that depend on a healthy forest, like fishing and tourism.

More than environmental values have changed since the 1950s. Local mills getting a guaranteed amount of timber from a national forest at guaranteed low prices didn't go over so well in these days of federal deficits. The reform act reflected changing economic values in directing the Forest Service to tie timber sales more closely to market demand.

One value that hasn't changed is the value of work. Employment in Southeast remains a concern, especially now that Alaska Pulp Corp. is saying the lost contract means it may have to shut down its Wrangell sawmill, putting another 700 mill and logging jobs at risk. Alaska Pulp had wanted the Forest Service to continue honoring the 50-year contract while the company explored converting its closed Sitka pulp mill to a fiberboard plant. The Forest Service said that without a stronger commitment to build the new plant, it couldn't do so.

Maybe it's time for a new experiment.

We hope Alaska Pulp Corp. continues exploring the fiberboard plant, which is after all a response to the changing marketplace. And we hope it doesn't shut down its Wrangell sawmill, choosing instead to continue operating by competing to buy timber like every other mill in the country. After all, the market for lumber is much better than pulp right now.

But most of all, we hope a lengthy court battle doesn't put the Southeast economy on hold by tying up the Forest Service decision in the courts. Because what Southeast needs is a new plan, not an old social experiment. It needs a plan made for the 1990s and beyond, not the 1950s.

New jobs can be created in response to changing markets and values. Smaller mills and value-added wood product industries may stand more of a chance without the mill monopoly.

The loss of the contract is an opportunity to step back and do the planning needed to take Southeast into the next century. This is where Alaska's leadership can help, not by trying to keep things the way they were 50 years ago.

Tongass report gets nod

THE ASSOCIATED PRESS

ANCHORAGE — An expert panel commissioned by the Forest Service has given high marks to a report stating that wildlife species may disappear from the Tongass National Forest unless a timber-management plan is revised.

The review concentrated on a report by state and federal biologists in 1992. That report, which received a cool reception by officials and never was released formally, challenged timber harvests proposed in a 10-year management plan.

The Forest Service said it received the peer review last week.

The biologists favored scattering 40,000-acre blocks of old growth throughout the Tongass, to keep migration corridors for wildlife. The recommendation would have required a change in harvest plans.

The Forest Service put its management plan on hold and requested review from a team including biologists, a forester, a lawyer and a resource economist. Experts from Canada and the Lower 48 states spent more than a year on the review.

The Forest Service is required to maintain viable populations in each forest. The review group concluded that some species required large tracts.

"We ought to accommodate them and harvest in special arrangements that will allow them to survive," said William Lidicker, a review panel member and an integrative biology professor at the University of California-Berkeley.

Lidicker said he believed the biologists' report did not go far enough. The review panel called for other changes in harvest prac-

Please turn to Report, Page A-8

JNO EMPIRE
May 27 '94

Report...

Continued from Page A-1

tices, as well as studies of wildlife population and genetics.

Gary Morrison, a Forest Service supervisor, said it would be up to the agency to decide what changes — if any — should be made.

"Whether we accept the recommendation is still two or three steps away," Morrison said Friday. The agency will weigh the timber industry's thirst for Tongass logs against recommen-

dations for wildlife protections.

Logging is a mainstay of the Southeast economy, generating thousands of jobs. Timber industry officials say they are able to log the forest without significant harm to fish and wildlife.

Morrison said annual harvest could drop by as much as 25 percent, if recommendations in the 1992 report were carried out. The report said populations of brown bear, marten, flying squirrels and other species could be damaged if logging was done at the scale pro-

posed.

Lowell Suring, the Forest Service biologist who led a committee that wrote the wildlife report, has said certain species could disappear from large areas of the Tongass. Disappearance could contribute to eventual extinction, Suring said.

Preserved tracts within the forest would reduce the chance that wildlife would seek isolated islands of old growth, crowding each other and eventually dying out, Suring said.

HJR

56

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3800

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

September 28, 1993

The Honorable Tom Bevil
United States House of Representatives
2302 Rayburn House Office Building
Washington, DC 20515

Post-It™ brand fax transmittal memo 7671		# of pages >
To: Lindy Roberts	From: [Signature]	
Co.	Co.	
Dept.	Phone #	
Fax # 465-5442	Fax # 5-3075	

Dear Representative Bevil:

Undoubtedly you have heard much about a joint U.S. Forest Service/Bureau of Land Management fisheries management strategy called PACFISH. It has emerged as a management strategy to redress the extreme habitat degradation and decline of anadromous fish stocks in Washington, Oregon, Idaho, and California. This strategy is not needed in Alaska, as we do not face the same habitat degradation. Therefore, I am writing to you to urge your support for Senator Stevens' PACFISH Amendment to the Senate version of the Interior and Related Agencies appropriations bill.

Extension of the PACFISH strategy to Alaska would be both a waste of environmental resources and an economic disaster to the residents of Southeast Alaska. Inclusion of Alaska within the strategy will reduce the timber land base by 40 - 50 percent, and result in a loss of more than 1,700 jobs, many in small, rural, native communities. Additionally, it would eliminate any possibility of a viable long-term industry in Southeast Alaska. The timber products industry currently accounts for more than 34 percent of the private economy of Southeast Alaska, and 24 percent of the overall basic industry of this region. Thus, implementation of the PACFISH proposal would jeopardize a forty-year federal policy of protecting jobs and maintaining community stability in the Tongass.

Thirty-four years of careful fisheries management by the State of Alaska provides the basis for Senator Stevens' amendment. Consider the following:

- There are over 2,500 known anadromous fish streams in Southeast Alaska;
- There are no threatened, endangered, or sensitive fish stocks in any of these streams;
- The few fish stocks (less than two dozen) that have shown declines of concern are not related to timber, but rather to a variety of issues;

The Honorable Tom Bevil

September 28, 1993

Page 2

- Declining fish stocks of concern exist within wilderness areas, non-timber management areas, and timber management areas;*
- Most of the streams in Southeast Alaska remain in a pristine condition, with unaltered riparian zones;*
- Commercial salmon catches are at historically high levels in Southeast Alaska.*

With respect to fisheries/forest management, the Tongass National Forest is a leader in the Northwest. The Tongass Forest is managed through a network of overlapping federal and state laws and regulations unique amongst the national forests of the United States. Land uses, balancing of resource issues, and maximum timber harvest levels are established under the Tongass Land Management Plan. Any major policy modifications, such as the PACFISH proposal, should be considered in this planning process, rather than by means of unilateral forest service action. In addition, the Tongass National Forest is the only national forest with mandated minimum 100 foot buffers on all anadromous streams through the Tongass Timber Reform Act passed by Congress only three years ago. Further, the Tongass National Forest is unique in that it lies within the Alaska Coastal Zone and all timber harvesting and other activities must comply with the provisions of the State Coastal Zone Management Program as well as the newly implemented State Forest Practices Act. This overlapping federal/state regulatory network already achieves what PACFISH hopes to establish in the other Pacific Northwest states, and should be looked to as a model for achieving a balanced use of resources.

The cost to Alaskans will be very high to re-achieve environmental goals within PACFISH--goals that have already been attained through a combination of federal and state laws and regulations. Accordingly, I urge your support for Senator Stevens' amendment, so we can avert this environmental and economic disaster.

With best regards.

Sincerely,



*Patrick P. Ryan
Chief of Staff*

cc: *Senator Ted Stevens*
Senator Frank Murkowski
Representative Don Young
Commissioner Carl Rosier
Commissioner Harry Noah
Mr. John Katz
Dr. Paul Pusanowski

FOUNDED 1975

Resource Development Council

for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone 907/276-0700 Fax 276-3887

EXECUTIVE DIRECTOR

David L. Gay

EXECUTIVE COMMITTEE

James L. Cloud, President (1990-94)

David J. Parnis, Sr. Vice President

Elizabeth Fawcett, Vice President

David L. Thomson, Secretary

Allen Engstrom, Treasurer

Jacso Adams

Cynthia Baray

Kathy M. Campbell

James M. Collins

John Forzesio

Maria Fry

Paul S. Glavinovich

Wayne L. Gross

Rajay C. Herrera

Sam H. Kach

James M. Selby

Richard D. Stouck

John Sturgeon

William A. Thomas

Arch Ueblich

Lyle Von Bunker

DIRECTORS

Will Alford

Irene Anderson

Sharon E. Anderson

Shirley Ballard

Richard B. Barnes

Mark Bejich

Max L. Bragoo

Garold G. Booth

James Burden

Thomas Cook

Marilyn Crockett

Larry Dittler

Luzanne L. Dorr

James C. Dorn

James V. Crow

Paula P. Eastley

Donald S. Edwards

Richard Foster

Scott Gotschmidt

Les B. Haas

Arvid Hall

John L. Hume

Alan S. Hurling

Robert S. Hutchins, Jr.

Joseph R. Hwin

Karen J. Holtz

William L. Hopper

Norman Ingram

John T. Kelley

Pete Leathers

Wayne Lewis

Robert W. Loescher

A. Roy Lyons

Carl M. Mann

Howard McWilliams

Claron "Rocky" Meliv

E. A. "Pete" Nelson

John K. Norman

Walter D'Onof

James Parsons

Kenneth E. Petryshyn

Gil Phillips

Kenneth R. Pohl

Barbara Post

Stephen M. Reinberg

John A. L. Rouse

Don Rowley

George H. Sargent

Thyrs J. Shaub

Werner "Henry" Springer

R.B. Soren

Scott B. Thompson

Barry D. Thomson

Lee Wareham

J.C. Wingfield

George P. Wueren

HONORARY DIRECTORS

Phil R. Helgeson

William R. Wood

EX OFFICIO MEMBERS

Senator Ted Stevens

Senator Frank Murkowski

Congressman Don Young

April 20, 1994

Representative Bill Williams
House of Representatives
State Capitol
Juneau, AK 99801-1182

Re: HJR 56 (RES)

Dear Rep. Williams:

RDC supports Joint Resolution 56, "relating to an exemption for federal land in Alaska from the federal PACFISH management strategy."

RDC is a statewide, membership-funded, non-profit pro-development organization working on behalf of Alaska's basic industries, including oil and gas, mining, timber, fishing and tourism. RDC's membership includes the aforementioned industries, as well as the sectors which support those industries, such as construction, labor and other technical service providers, individuals, Native corporations, communities and a wide variety of Alaska interests.

It is important to recognize that PACFISH is a fisheries protection plan developed for the Pacific Northwest fisheries problem. There is no need to apply the plan to the Tongass National Forest or other lands in Alaska since fish runs here are strong and stringent forest practices measures are in place. The Tongass is the only national forest with mandated buffer zones.

Timber harvesting in Alaska will not result in the wholesale clearcutting and destruction of our state and federal forests as some have claimed. All provisions of the Forest Practices Act, including fish habitat, water quality, buffer zone and best forest practices considerations apply to all lands.

PACFISH would triple the size of no-logging buffer zones along fish streams, lakes and wetlands, reducing annual timber harvests by as much as 60 percent in the Tongass.

The Tongass Timber Reform Act, along with the Alaska National Interest Lands Conservation Act of 1980 and a number of

Page 2/RDC

administrative decrees have set aside over two-thirds of the commercial forested lands in the Tongass from logging of 5.7 million acres of commercially viable timber, less than two million acres are scheduled for logging on a 100-year cycle.


The wood products industry in the Tongass National Forest is a critical element of Southeast Alaska's economy. The industry accounts for over one-third of private basic industry employment and provides the highest paying and best year-round industrial jobs in the region. Further restrictions on timber harvesting would force residents and local communities to rely heavily on seasonal fishing and tourism. Those who want year-round jobs will have no choice but to leave or apply to the government for work.

Law, regulation, attitude, and the creation of Wilderness and other highly restrictive land withdrawals have greatly limited timber harvesting across Alaska. The result has been a very limited utilization of forest resources, while disease and insect attacks destroy wood, precluding beneficial uses. Natural mortality has, in many areas, surpassed growth.

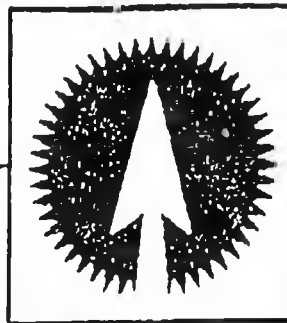
RDC supports Joint Resolution 56 and encourages the U.S. Department of the Interior and the U.S. Department of Agriculture to permanently exclude PACFISH requirements from lands they manage in Alaska.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.



Becky L. Gay
Executive Director



TESTIMONY OF THE ALASKA FOREST ASSOCIATION
IN SUPPORT OF HOUSE JOINT RESOLUTION 55 AND 56
RELATING TO TIMBER SUPPLY FROM
AND THE IMPLEMENTATION OF THE PACFISH STRATEGY
ON THE TONGASS NATIONAL FOREST

BEFORE THE ALASKA STATE HOUSE RESOURCES COMMITTEE
REPRESENTATIVE BILL WILLIAMS, CHAIR
FEBRUARY 23, 1994

Thank you for the opportunity to be before this committee today to share with you the position of the Alaska Forest Association regarding HJR 55 and 56. AFA is a coalition of over 300 companies who depend on and/or support the development and management of Alaska's forest resources. AFA members believe the management of our forests, through intensive silvicultural practices, will result in better jobs, communities and environment.

AFA is in support of HJR 55 and 56. While these two resolutions are interconnected, they have important differences which I would like to highlight.

There is currently a timber supply crisis on the Tongass National Forest for those who depend upon it for its raw material source. This timber supply shortage is not due to a biological shortage of trees, but rather a political shortage. Only 10% of the Tongass National Forest will ever be accessed for the management of timber. The remaining 90% is protected in wilderness or other administrative set asides.

Many would lead you to believe that the Tongass National Forest is being managed beyond a sustainable level; that if harvesting is left to continue at present rates, it will run dry in the next decade. Nothing could be farther from the truth. In the last decade, harvest levels from the Tongass National Forest have never been funded at a level over 450 mmbf/year. Since the passage of the Tongass Timber Reform Act, funding has not exceeded 420 mmbf/yr. These levels are far below the over one billion board feet which could be biologically produced from these lands or the over 500 mmbf called for in Governor Hickel's sustainable preferred alternative.

I have only been in Alaska since August of 1993. Having been a professional forester for the last 10 years, I have learned not to believe anything told to me by the professional preservation groups. However, I had heard a lot about Prince of Wales Island and the Tongass National Forest from these groups. I am not sure what I expected to see when I came here but what I saw was trees, trees and more trees. The Tongass National Forest is nothing but trees. Since the coming of settlers, only a small fraction of the Tongass has ever been harvested.

The federal government made a commitment to the communities of SE Alaska that the Tongass National Forest would be managed to produce year around jobs in the region. People brought their families and dreams to Alaska with this promise in mind. This promise was reaffirmed by Congress most recently in the Tongass Timber Reform Act of 1990. In that legislation, Congress created even more wilderness on the Tongass and in addition directed the Forest Service to supply the existing industry through what is now known as the "seek to meet" language.

AFA recently filed suit against the Forest Service for failure to meet this requirement. The organization filed this lawsuit mainly because the Forest Service has failed to meet the independent sale program requirements given it by Congress. Since the passage of TTRA, the lack of timber supply to this segment of the industry has resulted in the closure of several sawmills and logging companies in the Tongass region.

In each year since passage of TTRA, Congress has provided the Forest Service with funds to harvest 420 mmbf of timber. In each of those years, the Forest Service has only made slightly over 300 mmbf available. This 120 mmbf shortfall has meant mills closing and being unable to reopen. AFA does not believe this is what Congress intended through its "seek to meet" language.

The manner in which we manage our forests also has an impact on Alaska's other important renewable natural resource industry--fishing. AFA believes and the science bears out that we can manage for both a significant forest products industry and a large scale fishing industry. However, to do so we must all realize that the forest products and fishing industry have more in common than they have differences.

Next to me is just a sample of the science and research which clearly shows that timber harvesting and fisheries are compatible. Statistics from the ADF&G show that fisheries production has increased at the same time timber harvesting has increased. While we do not pretend to claim there is a direct relationship between these two activities, the evidence does show that both are occurring and compatible.

Last spring the federal government developed the PACFISH strategy to address the fisheries crisis in the Pacific Northwest. With no research or evidence, the Forest Service and BLM made the decision that Alaska should be included in the strategy.

It has been well documented through the Forest Service and the media, that the PACFISH strategy would effectively reduce timber harvesting on the Tongass National Forest by 50%-85%. This would mean the loss of jobs, family incomes and damage to the social fabric of the region. All this would occur with no evidence to support the decision.

Not only should the proposal be of concern to the forest products industry, but it should also concern the fishing industry. The PACFISH strategy deals with what are known as the four H's. These are Harvesting, Hatcheries, Hydro-development and Habitat. Not only is the federal government attempting to reduce timber harvest through the PACFISH strategy, but also they are on the path to controlling offshore fish harvest and our successful hatchery programs.

Last year the Alaska Congressional delegation lead by Senator Ted Stevens stopped implementation of the PACFISH proposal through the Interior Appropriations Bill. This effort was successful for several reasons.

First, was the fact that the science was on our side. There is no evidence that fish stocks in this region are at risk due to timber harvesting. The State, through Dr. Rusanowski at DEC, made this point very effectively.

Second, was the passage of TTRA. The Tongass is the only national forest in the system which has legislatively mandated 100 foot, no harvest, stream buffers. Alaska has already addressed the habitat issues on public lands and is doing so effectively. A recent forest service report on the southern Tongass shows that stream buffer implementation was meeting the letter of the law with few exceptions. The report found that the average buffer width is 169 feet.

Third, was the progressive and state-of-the-art Alaska Forest Practices Act. Alaska is one of the leaders in implementing stream buffers on private and state lands. The FPA has set the standard for protecting fisheries and allowing private landowners to maximize the return on their investment.

Recently there were concerns raised over the implementation of the FPA stream buffer regulations on private lands which allows for timber harvesting within the buffers as long as no significant harm will result to fisheries values. Since these concerns were raised by the ADF&G, several important events have occurred which should certainly lay any fears to

rest. These activities have included three separate biological reviews of stream buffer implementation, an on-site visitation by the Commissioners of DNR and ADF&G to review stream buffer implementation and review of stream buffer implementation on the ownerships of major private landowners.

Each of these events produced the opinion and evidence that the FPA on private lands is working to protect fisheries values. This was good news to the forest products industry. We are committed to a strong Forest Practices Act which gives the public assurance that their resources are being protected.

But AFA and the forest products industry are not stopping there. We are currently in the process of designing and implementing the continuation of our past fish/forest research efforts. We are committed to finding answers and having the data to prove and insure that our forest practices protect fisheries values.

HJR 55 and 56 are important statements of state policy in regards to the management of our natural resources. AFA hopes this testimony has summarized our commitment and belief that our forests, fish, wildlife and communities can be managed for the benefit of all. We strongly urge you to pass these resolutions.

House Economic Task Force

Chair:
Rep. Eileen Panigee MacLean
Vice-Chair:
Rep. Jeannette James



State Capitol, Room 507
Juneau, AK 99801
Phone: (907) 465-4833
Fax: (907) 465-2278

Members:
Rep. Bettye Davis
Rep. Joe Green

Rep. Bill Hudson
Rep. Jerry Mackie

Rep. Carl Moses
Rep. Al Vezey
Rep. Bill Williams

**SPONSOR STATEMENT FOR HJR 56,
RELATING TO AN EXEMPTION FOR FEDERAL LANDS IN ALASKA
FROM THE FEDERAL "PACFISH" MANAGEMENT STRATEGY
prepared for the House Economic Task Force
by Rep. William K. Williams, chair, Timber Working Group**

House Joint Resolution 56 asks the USDA Forest Service and the U.S. Dept. of the Interior, Bureau of Land Management (BLM), to permanently exclude lands they manage in Alaska from the requirements of the federal management strategy for anadromous fish watersheds and habitats dubbed "PACFISH." This fisheries management strategy is aimed at repairing habitat degradation and addressing the decline in anadromous fish stocks that has occurred in Washington, Oregon, Idaho and California. U. S. Senator Ted Stevens was able to obtain a temporary exemption for Alaska from the provisions of PACFISH. The exemption is slated to expire in October 1994.

The State of Alaska is working to persuade the BLM and the USDA Forest Service to grant Alaska lands managed by those agencies a permanent exemption from the PACFISH provision. Alaska's anadromous fish stocks are healthy, Alaska does not share the habitat degradation problems faced by the other Northwest states, and anadromous fish stocks in Alaska are protected by existing federal and state laws and regulations including the Tongass Land Management Plan, the Tongass Timber Reform Act, the Alaska Coastal Zone Management Program and the Alaska State Forest Practices Act.

Implementation of PACFISH in Alaska is unnecessary and inappropriate. It would cut the timber land base nearly in half, resulting in a waste of timber resources which can be harvested without environmental harm. The loss of direct and indirect forest products industry employment would create economic hardship for thousands of Alaskans, and eliminate chances of a long-term forest products industry in Southeast Alaska. The Alaska State Legislature has an opportunity in HJR 56 to express strong support of federal action to grant Alaska a permanent exemption from PACFISH provisions.

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

5X nsk

POSITION PAPER

APPLICATION OF PACFISH STRATEGY TO ALASKA

AUGUST 1993

SUMMARY

Application of the PACFISH strategy to Alaska by the Forest Service and BLM is unneeded because of the healthy status of anadromous Pacific salmonids in Alaska resulting from sound harvest and hatchery management, proactive riparian management since 1990, and a conservative approach to development. Alaska has a management strategy in place, based on the Tongass Timber Reform Act (TTRA) and the Forest Practices Act (FPA) and other statutes and regulations to effectively manage riparian areas and establish both minimum and appropriate buffers on all lands. A primary focus of both TTRA and the FPA was to ensure protection of anadromous fisheries in the State.

As Assistant Secretary Lyons stated at the "Creating a Forestry for the 21st Century" decisions must be based on sound science and best available information -we cannot assume that one size fits all, and we must recognize expertise of managers on the ground- without these things Washington, D.C. management decisions are doomed to failure. In contrast to the Pacific Northwest, Alaska has developed an effective fisheries protection, management and enhancement program that has resulted in fish stocks at historic high levels.

Until need can be demonstrated through effectiveness monitoring of the present program, or watershed-specific analyses are conducted, additional/enlarged RHCAs and other elements of PACFISH are not warranted or appropriate for environmentally responsible management of the Tongass National Forest.

BACKGROUND

The PACFISH strategy is being developed by the USDA Forest Service (Forest Service) and the US Bureau of Land Management (BLM) due to the poor status of most stocks of Pacific anadromous salmonids returning to California, Idaho, Oregon, and Washington. A recent survey by the American Fisheries Society (AFS) found that of the 440 naturally reproducing stocks of anadromous salmonids indigenous to these four states, only about 27% of the stocks were considered "secure"; whereas, the remaining stocks were either already extinct (24%); or were considered to be at a moderate to high risk of extinction or were of "special concern" (49%).

Since the AFS report was released, the National Marine Fisheries Service (NMFS) has utilized provisions of the US Endangered Species Act to list one of these stocks as endangered and two of these stocks as threatened. Further, the NMFS is currently considering petitions to list additional stocks as threatened or endangered. The widespread decline of anadromous Pacific salmonid stocks in California, Idaho, Oregon, and Washington is generally considered to be due to a combination of: (1) hydroelectric developments and operations; (2) overharvests in fisheries; (3) hatchery operations and management and their effects on genetic fitness and disease; and (4) habitat conditions needed for freshwater spawning and rearing. These four factors are referred to as the four H's.

Development in California, Idaho, Oregon, and Washington led to widespread hydroelectric activities in almost all stream and river systems important to anadromous salmonids. As a result, fishways and hatcheries were developed as mitigation measures. In many cases, fishways have not succeeded in passing fish unharmed and hatchery operations have not utilized sufficiently strong disease and genetics policies and practices. Commercial, tribal, and recreational harvest controls are complex due to numerous overlapping federal and state jurisdictional authorities. Further, these authorities traditionally demonstrated a general lack of adequate protection for wild stocks which led to long term overharvests of many anadromous salmonid stocks.

Land development activities in these four states has led to widespread loss of both the amount and quality of riparian and instream habitat which is vitally important for freshwater spawning and rearing of anadromous Pacific salmonids. The PACFISH strategy being developed by the Forest Service and BLM primarily aims at addressing the habitat aspect of the problem on Forest Service and BLM lands by implementing policies that will prevent further degradation of riparian and instream habitat and that will partially restore previously damaged habitat as an aid to recovery of Pacific anadromous

TONGASS VERSUS NORTHWEST FORESTS

The Tongass National Forest is physiographically distinct from the Pacific Northwest forest lands. In contrast to the Pacific Northwest, the Tongass is characterized by steep slopes; deep narrow, fjords; deeply incised, short valleys; small watersheds, with few large river systems; and isolation from other areas as a result of the island archipelago nature of most of the lands juxtaposed to a mainland mountain range dominated by ice fields and glaciers. Most of these features are illustrated in figures 1 and 2 from the Chatham district, showing a narrow fiord with forested uplands (Ushk Bay), and a forested, U-shaped glacial valley. The effect of this physiography on commercial timber capabilities is best illustrated by direct comparison of the Tongass National Forest to one in the Pacific Northwest. A schematic comparison of the Tongass National Forest to the Willamette National Forest in Oregon is shown in figure 3. Key features shown by this comparison are:

- On a percentage basis, there is 2.8 times the productive forest land in the Willamette as compared to the Tongass;
- The Willamette is approximately 1/10th the size of the Tongass; however 10% of the Willamette is comprised of non-forest lands, as compared to 41% non-forest lands on the Tongass;
- The productive timber lands extend over 6500 vertical feet in the Willamette as compared to 2500 feet for the Tongass;
- There are more commercial species on the Willamette compared to the Tongass; and
- The value of commercial species on the Willamette far exceeds that of species on the Tongass.

These two forests can also be compared on a land suitability basis. Land suitability classifications are shown for both forests in figure 4. All categories show major differences between both forests, which would indicate that uniform management practices applied to both forests would have different environmental and economic consequences due to these differences. When combined with other features shown in figure 3 these features illustrate that forest management practices implemented in the Pacific Northwest will have a different effect on the forest industry there than in Alaska. This is primarily due to the economic margin resulting from physiographic and species differences, market constraints and timber sale costs. With a net sawlog value of \$348/mbf there is plenty of room to modify management strategies and maintain positive cash flow timber sales. However, when the net sawlog value

Effects of TTRA and ANILCA on the Forested and NonForested Land Base

(16.97 MM Acres)

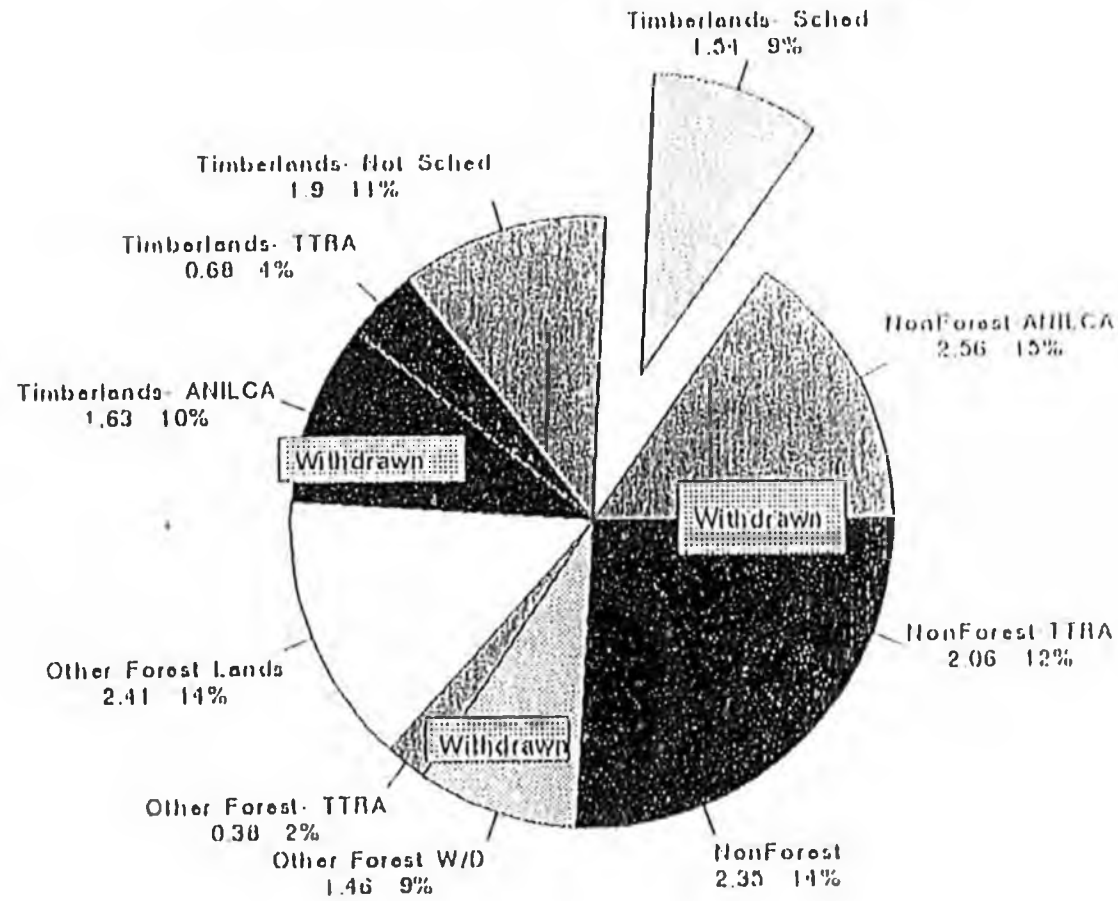


Figure 5



SCALE 1:100,000



CRGD4

PACX1

VICINITY MAP



SITDS

JUNAS



Tongass National Forest Land Management Plan Revision Final BIS

Figure 6. Area map showing location of timber harvest quadrangles used in PACFISH analyses.

TABLE BUFFERS
NATIONAL FOREST LANDS
D PACX1

- AHMU-CLASS 1 STREAMS
- AHMU-CLASS 2 STREAMS
- AHMU-CLASS 3 STREAMS
- TENTATIVE POLYGONS

STREAM CHANNEL TYPE AND



Map 1. Kuiu Island quadrangle PACX1 showing tentatively suitable timber base (gold) and stream buffers.

FISH TEST
NATIONAL FOREST LANDS
PAXC1

- AHMU-CLASS 1 STREAMS 300 FT
- AHMU-CLASS 2 STREAMS 300 FT
- AHMU-CLASS 3 STREAMS 300 FT
- LAKES 300 FT
- HARVESTED AREAS
- ROADS
- NEPA CLEARED
- ▲ WETLAND SOILS 150 FT
- ▲ RIPARIAN SOILS 150 FT
- ▲ MHMAZ SOILS 100 FT



Map 2. Kuiu Island quadrangle PAXC1 showing PACFISH designated buffers. Gray areas are previously harvested units.

4/17

is marginal, as is the case on the Tongass (\$2/mbf) then small changes in management or planning decisions quickly push timber sales into a below cost sale category. In 1989 the total revenues from the Willamette and Tongass National Forests were 167 and 21 million, respectively. However costs were 47 million on the Willamette and 15 million on the Tongass; resulting in net receipts to the federal treasury of 120 and 6 million, respectively. Any change in timber supply or sale costs will quickly erode the limited economic potential of the Tongass National forest.

The Tongass National Forest has also experienced recent changes in the available timber supply due to Congressional action. The effects of both TTRA and ANILCA legislation on the forested and non-forested lands of the Tongass National Forest are shown in figure 5. The TTRA legislation dealt specifically with protection of riparian and fisheries habitat on the Tongass, while ANILCA established numerous wilderness and special management status lands. TTRA resulted in reclassifying 18% of the Tongass National Forest to uses other than commercial timber extraction, while ANILCA resulted in reclassifying 25% of the Tongass lands to other status designations. At present only 20% of the Tongass is open to commercial timber harvest, [tentatively suitable] of which 9% [suitable/available] has actually been scheduled for harvest.

EFFECTS OF PACFISH ON THE TONGASS NATIONAL FOREST

The effects of PACFISH on timber harvests, and ultimately the economy of Southeast Alaska, is quite striking when compared to the present timber management program on the Tongass. The effect of PACFISH on both tentatively suitable (has commercial timber) and suitable/available (part of the planned rotation cut) forest lands is shown in Table 1. Data is presented for a single quadrangle from Kuiu Island, and for a 4 quadrangle average to represent the Tongass Forest. Locations of these quadrangles in the Tongass forest is shown in figure 6. In both cases, roughly a 45% reduction in timber supply can be expected. The actual effects of PACFISH on timber supply is shown on maps 1 and 2 for PAXC1. On map 1 the planned timber base is shown in gold, with TTRA buffers shown in green and blue. Map 2 illustrates the same quadrangle with the buffers created by PACFISH, shown in green, orange, blue, and black; gray depicts areas already harvested. Not only is the timber base reduced by 45%, but the remaining forest is fragmented in a manner that would substantially increase conventional logging costs. The immediate effect of this would be to increase the costs of road building and increase the miles of road need to access timber, i.e., building more roads for

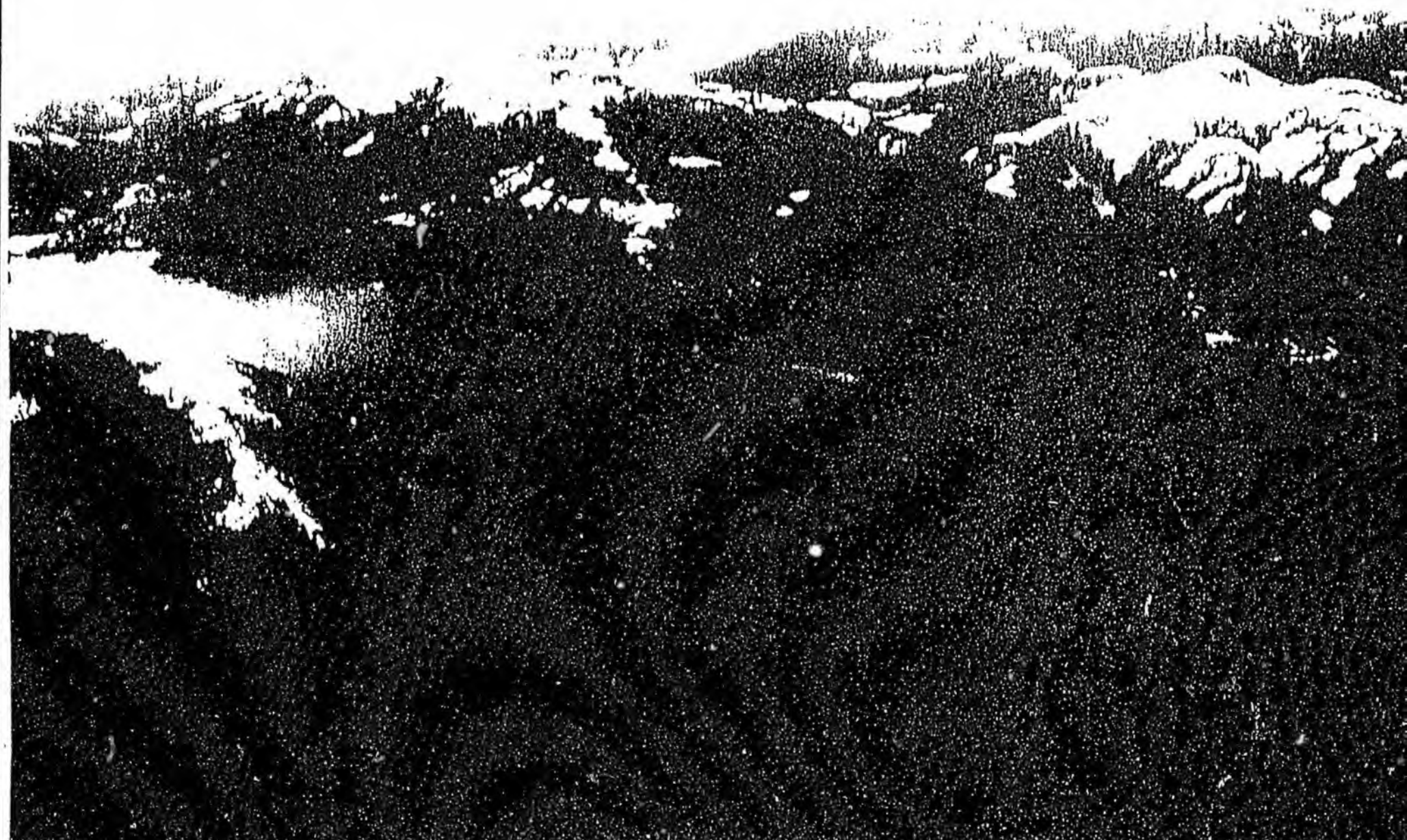


Figure 1. Ushk Bay Alaska showing narrow fiord, steep slopes and united areas of commercial timber land.