

## Fishing Industry Overview

In the mid-1990s, the region’s salmon fishery faced near-collapse due to increased competition from farmed salmon and a Japanese economy that had been going through a deep recession. Fishermen from throughout the region’s 31 communities were economically displaced. Many families left their villages and moved away in search of work. Small businesses throughout the region closed. Raw fish tax revenues dropped, and municipalities cut public services severely. More than half of the salmon buyers operating in the region went out of business.

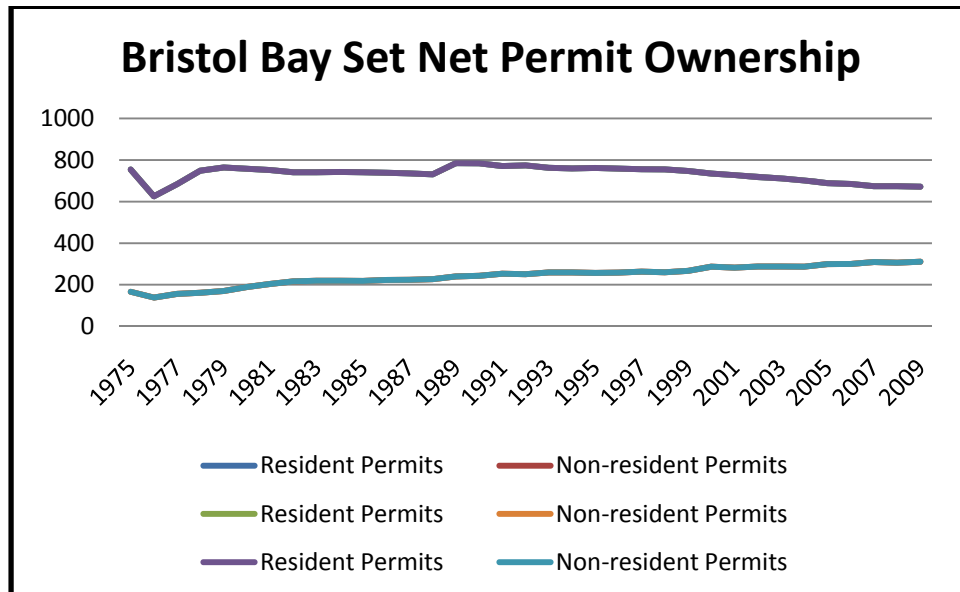
Efforts to revitalize the fishery continue. The Bristol Bay Economic Development Corporation (BBEDC) funded with a federally allocated share of Bering Sea crab and groundfish resources, is working to improve salmon quality by encouraging the use of ice and insulation on fishing boats. BBEDC has purchased ice barges and ice machines to increase the availability of ice to the salmon fleet. Fishermen are striving to reduce harvesting costs, improve fish quality, develop niche markets, and are working to improve the region’s seafood transportation systems.

### Fishing Access Rights

Since Alaska’s limited entry permit program for salmon was established in 1975, the region has seen a steady decline in the number of resident-owned fishing permits.<sup>1</sup> In 2009, there were 863 active resident-owned drift permits, down from 1,218 resident-owned drift permits in 1975. Non-Alaskan resident drift gillnet permit holders grew from 842 in 1975 to 993 today. 1999 marked a pivotal year where non-residents owned more of the drift gillnet permits than residents. Although setnet permits also left the region, it is not as marked. In 2009, 672 permits were owned by residents, while only 311 were owned by non-residents, compared to 754 and 166 respectively in 1975. While the majority of setnet permits remain in resident ownership, the trend is clearly indicative of loss of ownership of both drift and setnet fishing permits in the region.

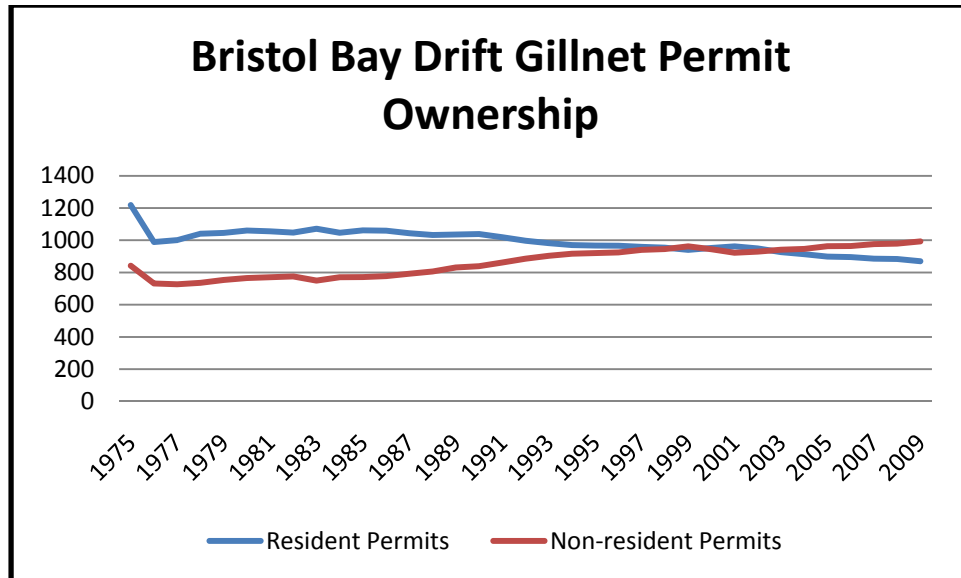
To help resident fishermen buy and retain fishing permits, BBNA is working with BBEDC to create a revolving loan fund, financed with a \$750,000 low-interest loan from the U.S. Department of Agriculture. Additionally, BBEDC has developed a permit loan program for watershed residents. Through the program, BBEDC residents have bought into the fishery through the purchase of commercial fishing limited entry permits.

The charts below show the trend of ownership breakdown of fishing permits in the Bristol Bay region.



Source: Alaska Department of Fish & Game, Commercial Fisheries Entry Commission

<sup>1</sup> *Permit Status Report: S 03T – Salmon, Drift Gillnet, Bristol Bay* (State of Alaska Commercial Fisheries Entry Commission, January 11, 2010); *Permit Status Report: S 04T – Salmon, Set Gillnet, Bristol Bay* (State of Alaska Commercial Fisheries Entry Commission, January 11, 2010).



Source: Alaska Department of Fish & Game, Commercial Fisheries Entry Commission

Maintaining access to the Togiak herring resource may merit study if lowered market demands for roe herring make that near-short fishery uneconomic. In 2009, only a small number of fishermen participated in the Togiak herring fishery, down from dozens of boats in the 1990s.

### Fishery Restructuring

Although Alaska's fisheries are managed for sustainability, and have received consistent Marine Stewardship Council (MSC) certification, some fear that the same cannot be said for Alaska's fishermen. Studies have suggested that in order for Bristol Bay fishermen to survive, structural changes in the salmon fishery are necessary.<sup>2</sup>

Assuming the health of fish stocks are maintained, the region can look forward to commercial harvests in perpetuity. The Alaska Commercial Fisheries Entry Commission (CFEC) completed an optimum numbers study for the Bristol Bay drift fishery indicating that the number of permits should be reduced from \_\_\_ to \_\_\_\_.<sup>3</sup>

A restructuring study commissioned by BBEDC suggested that lower operating costs, widespread use of ice, more careful handling, better marketing and transportation improvements can all help to increase profitability from the fishery. How to restructure the fishery to maximize benefits to the region's residents remains a subject of intense debate.

The Alaska Board of Fisheries recently considered six restructuring proposals, that were debated at their December 1 – 8, 2009 Board meeting. The majority of the restructuring proposals have to do with allowing multiple permit use, or "permit stacking." One of the proposals considered for a second time was the elimination of the 32-foot vessel length limit. This proposal, along with all of the other permit stacking proposals, save one, were rejected by the Board of Fisheries. The only proposal that was adopted was the proposal that would allow a single setnet fisherman to own two permits.

### Current Trends in the Salmon Fishery

Starting with the permitting of Diamond Lodge in King Salmon in the 1990s, there has been a trend in the Bristol Bay region of increased numbers of small fish processors. The small processors are better able to develop niche market-driven value-added products, such as smoked products, smaller portions, and custom processed

<sup>2</sup> Cite Restructuring Study done commissioned by BBEDC. – ask Fritz Johnson or Robyn Samuelson.

<sup>3</sup> Get exact number from study and cite study done by ADF&G.

products for Direct Marketers. During the 2009 season, the following small operators were permitted in the Bristol Bay region:

- Diamond Lodge DEC – DEC-approved custom processor
- Naknek Family Fisheries – custom processor and seafood buyer
- Great Ruby Fish Company – seafood buyer and processor
- Wild Alaska Salmon & Seafood – custom processor and Direct Marketer
- Mark Williams – Direct Marketer/ processor

In addition to the small processors listed above, a handful of large seafood companies have started paying bonuses for iced and bled fish. In 2010, Trident Seafoods will be featuring an iced-only tender to receive iced fish that will be kept separately from the “dry” fish. Icing and bleeding programs have allowed the large processors to market more and better quality fresh fish to restaurants and fish markets. This is a trend that is likely to continue as American consumers demand more fresh fish from Alaska.

Another positive trend in the Bristol Bay salmon fishery is the increase in the value of fishing permits. From a low of \$19,700 in 2002, drift fishing permits have steadily inched up in value to their 2009 estimated value of \$78,300. This is still a little low compared to their historical high selling price of \$248,802 for drift gillnet fishing permits in 1989.

A market trend or market leader that has emerged is Copper River Seafoods. They have been working with groups from around the state of Alaska to source high quality salmon products. In 2009, they merged with Wildcatch, LLC, and have been growing into the fresh and frozen market segments, as well as smoked and other value-added product lines. In 2009, Copper River Seafoods worked with the Togiak Traditional Council on sourcing quality iced salmon from their exclusive fishery.