



To: Alaska Board of Fisheries

RE: Opposition to Proposal 43

Dear Chair Wood and Board Members,

February 8, 2024

Pacific Seafood Processors Association (PSPA) strongly opposes Proposal 43. PSPA is a seafood industry trade association comprised of major Alaska seafood processing companies that operate 34 facilities in 21 coastal communities across Alaska, from Ketchikan to Unalaska. PSPA member companies purchase, process, and market hundreds of millions of pounds of wild Alaska salmon, Alaska pollock, cod, crab, halibut, and other species of Alaska seafood each year, and they include shore-based processors that have historically participated in and are fully dependent on the federal fisheries off Alaska managed by the Council. They have been at the forefront of supporting management systems based on sound science and sustainability principles, have invested heavily in infrastructure and operations in Alaska's remote communities.

Hatcheries in the Cook Inlet region and across Alaska are critically important to both fishermen (commercial and sport) and processors, especially in times of downturn, to help stabilize the situation for Alaskans that are dependent upon salmon for their living. Processors need the volume of salmon in order to stay viable and operating for all fisheries, and hatcheries were established in Alaska with significant and necessary restrictions in the form of Alaska's Sustainable Salmon Policy and Genetic Policy. These are enhancement programs well supported by the state historically for the benefit of all Alaskans -- personal use, subsistence, sport, commercial. The research that is ongoing through the Alaska Hatchery Research Project is critically important to monitor and understand prior to making any changes.

Opposition to Proposal 43 is grounded in the fundamental need to protect the Cook Inlet Aquaculture Association and sustainable hatchery production in Cook Inlet and around the state. Reducing hatchery production to 25% of the year 2000 levels, as proposed, is short-sighted, will have a significant economic impact, and fails to acknowledge the public process and scientific evaluation, which highlights the complexity and nuance involved in determining hatchery production levels. The purpose of the proposal may be conservation, but the potential unintended consequences necessitate a more comprehensive and informed approach. Opposing Proposal 43 is essential to safeguarding the integrity and viability of hatchery operations and the broader ecological health of the Cook Inlet region. ***PSPA opposes Proposal 43, and the Board should oppose and reject Proposal 43, for the following reasons:***

Iterative Process: Hatchery-permitted egg take levels are established through an iterative process involving department staff, hatchery operators and stakeholders. The proposed and arbitrary

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reduction of permitted capacity lacks clear evidence supporting that any positive impact on wild salmon stocks will occur, and no compelling reason or scientific evidence has been presented to justify the reduction in permitted pink salmon egg take levels.

Conservation Concerns: ADF&G opposes the proposal on the grounds that hatchery operations are permitted to minimize impact on wild salmon stocks, and the commissioner can amend a permit if conservation concerns arise. The proposed reduction in egg take levels lacks a demonstrated conservation benefit and could disrupt the delicate balance between hatchery production and wild salmon populations.

Department Oversight: The Commissioner, since 2019 has not allowed increases in the permitted number of pink and chum salmon eggs, reflecting the department's proactive approach to managing hatchery production. This demonstrates the department's commitment to maintaining a careful balance between hatchery production and conservation goals without the need for external regulatory intervention.


Lack of Evidence: No definitive evidence has been presented in the proposal to support the proposed reduction in permitted pink salmon egg take levels. The absence of compelling data or analysis supporting the reduction for conservation reasons undermines the proposal's basis and raises questions about its potential impact.

The Alaska seafood industry is facing economic conditions unlike any since the collapse of salmon value in the 1990s, except this time, it is across multiple species. Experts estimate Alaska and its coastal communities lost \$2 billion in 2023: \$1 billion in lost first wholesale revenues and \$1 billion in decreased spending on vessels and facilities. Today's problems are a result of the confluence of multiple global and national economic factors occurring simultaneously, which are outlined [in the following attachment](#). These are factors directly affecting the viability of Alaska's commercial fishing and processing sectors that are outside of BOF authority and control, but they are critical to understanding the fisheries the BOF manages. All fisheries are critical to the viability of fishermen and processors, especially right now, when the culmination of multiple global and national factors has created dire economic conditions.

Many communities across Alaska depend on the seafood industry - this economic crisis has emphasized this point. Removing 75% of the production of salmon hatcheries would add another economic blow to the seafood industry and its fishing-dependent communities.

Thank you for your consideration.

Sincerely,



Julie Decker, President
Pacific Seafood Processors Association



2023: A perfect storm of economic circumstances hits Alaska seafood

Many coastal communities in Alaska depend on Alaska seafood for food security and for an economic foundation that sustains their economies. Often, the health of the Alaska seafood industry and the health of these communities are interdependent. In 2023, the culmination of multiple economic factors has created dire economic conditions, resulting in a free-fall of seafood prices, millions of dollars in losses and, in some cases, processors had to stop buying fish to reduce further losses.

Experts estimate the state and its coastal communities lost \$2 billion in 2023: \$1 billion in lost first wholesale revenues and \$1 billion in decreased spending on vessels and facilities. Fishermen and processors have borne the brunt of these impacts to date. With conditions [unlikely to notably improve in 2024](#), the effects will continue to affect communities and more businesses and residents across the state. The Alaska seafood industry is facing economic conditions unlike any since the collapse of salmon value in the 1990s, except this time, it is across multiple species.

The higher standards in the U.S., for fisheries management, environmental and social considerations, and worker safety, mean it costs more to produce seafood compared to countries with lower standards. In Alaska, those costs are even higher due to the remote location of most of the fisheries and processing operations. These safeguards help keep our fisheries sustainable and ethical, yet, we face an uneven playing field from countries that harvest seafood without similar regulatory costs.

Today's problems are a result of the confluence of at least a dozen global and national economic factors occurring simultaneously, a few of which include:

1) Increased costs

- Total statewide wages for seafood processing workers increased [30% from 2021 to 2022](#). They had previously [doubled from 2002 to 2020](#).
- Operational costs for fishermen and processors increased due to historically high inflation in 2021 and 2022.
- Shipping - [International shipping rates spiked between 100% and 1000% from 2020 to 2022](#), and have subsequently come down. Domestic shipping rates increased approximately 20% during the same period, 14% of which was attributed to increased fuel costs.
- Supply chain of custody costs to ensure the sustainability and social responsibility of US fisheries mainly due to other 'bad actors', such as China
- Cost of compliance with U.S. environmental standards relative to other countries

2) Excess inventories of several abundant species harvested in Alaska and other countries in 2022 and 2023, including sockeye and pink salmon, sablefish, and pollock, [which will likely continue into 2024](#).

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- 3) [Decreasing demand](#) as consumers react to inflation and post-COVID conditions
- 4) **Russian war on Ukraine**, leading Russia to sell seafood on the global market at historically low prices in 2023 to secure cash, lowering seafood value overall
- 5) **Unfair trade policy**, including key trade relationships that reduce the value of Alaska seafood relative to other countries with lower tariffs. This includes Russia's 2014 ban on importing US seafood into Russia, while [Russia exports its seafood to the U.S. via China](#)

Clearly, there's much that must be done to stabilize Alaska's seafood industry, beginning with good information about the problems we are facing today. That's why the [Board of the Alaska Seafood Marketing Institute explained the "extraordinary circumstances"](#) from a market perspective, and the [United Fishermen of Alaska hosted and recorded a webinar](#) with seafood processors to discuss the current challenges of seafood markets. While many must take measures to survive, we need to look beyond today and toward a future in which everyone thrives. Alaskans need to create a public dialogue about the problem and the solutions in Alaska's fishing communities, Juneau, and Washington DC. At the federal government level, [PSPA has identified several changes](#) that would help:

1. Improve and expand existing agency functions that support US seafood, including:

- Improve coordination and collaboration across multiple federal agencies that affect the economic viability of Alaska seafood via the implementation plan for NOAA's National Seafood Strategy
- Include seafood in USDA Foreign Agricultural Service trade missions
- Increase government purchases of Alaska seafood
- Improve government policies to assist in recapitalization, vessel construction, tax structures, workforce accessibility, energy, and infrastructure
- Increase government funding for new product development, testing, promotion, and marketing of US produced seafood

2. Integrate US seafood production into national food policy strategies and USDA programs designed to support domestic food production, including:

- Create an Office of Seafood Policy and Program Integration within USDA to fully integrate US seafood into USDA policy strategies and programs
- Expand eligibility of USDA low-interest loans or loan guarantees to fishermen and processors
- Fully integrate seafood and seafood nutritional guidance into national strategies for improving public health and nutrition

3. Restore fairness and reciprocity for international trade in U.S. seafood products, including:

- Embed seafood expertise and leadership in the office of the U.S. Trade Representative to elevate seafood in trade agreements
- Improve trade policy via USTR and other agencies to create a more reciprocal tariff structure for seafood exports and imports
- Develop more effective tools, like harvest certificates, for monitoring supply chain traceability and deterring Illegal, Unreported, and Unregulated (IUU) fishing
- Resolve the unbalanced and unfair seafood trade relationship between Russia and the U.S., including support for the Alaska delegation's efforts to block imports of Russian seafood processed in China or other countries