



March 30, 2011

The Honorable Senator Mark Begich
144 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Senator Lisa Murkowski
709 Hart Senate Office Building
Washington, DC 20510

The Honorable Representative Don Young
2314 Rayburn House Office Building
Washington, DC 20515

The Alaska Fisheries Development Foundation (AFDF) respectfully requests your attention to the matter of proper allocation of Saltonstall-Kennedy (S-K) Funds to appropriate industry organizations through a competitive grant program.

AFDF has entered its 33rd year of service to the Alaska and North Pacific commercial fishing industry through a variety of research and development projects, product promotion and problem solving. Our non-profit foundation, like many in today's fiscal climate, is suffering financially. We understand and respect the need for budgetary restraint in Washington D.C. and we recognize the difficulty you face in funding decisions for a wide array of needs in Alaska and nationwide.

However, we would like to draw your attention to the necessity of development work in our industry. AFDF projects have helped to create and save thousands of jobs in the North Pacific seafood industry over the past 33 years. Even now, one of our small investments is on the cusp of creating dozens of jobs in one Alaska fishing community, while also solving EPA-mandated seafood discharge issues. Projects we've undertaken over the years have helped solve many key problems in our industry, such as by-catch and endangered species avoidance.

Today, we seek your assistance in re-directing seafood import duties back into the S-K competitive grant program, which provides a funding avenue for organizations such as ours that have a unique and necessary role in the development and overall health of the U.S. seafood industry.

America's seafood industry competes with cheap, imported seafood, which comprises over 80% of the seafood consumed in the U.S. The S-K Fund is capitalized with 30% of the import duties on fish and fish products. The original intent of the S-K Fund was to help the U.S. seafood industry compete with imports by "promoting and developing fisheries" through a competitive grant process. Since 1978, the duties on seafood imports have increased from approximately \$43 million in 1978 to \$361 million in 2009, however, the amount of these funds that are available for the S-K grant program dwindled down to \$0 in 2009.

“The S-K program is capitalized through annual transfers by the Secretary of Agriculture to the Secretary of Commerce into the Promote and Develop Fishery Products Account of amounts equal to 30 percent of the gross receipts collected under the customs laws on imports of fish and fish products.” *Congressional Research Service Report for Congress, Saltonstall-Kennedy Fishery Funding, 2004*

According to this CRS report, 60% of this amount is to be allocated to projects:

“Jan. 6, 1983: Section 423 of P.L. 97-424 amends the S-K Act to require that not less than 60% of each fiscal year’s funds be used to provide financial assistance for projects.”

We are very concerned that a disproportionately high amount of the S-K Funds have been allocated to the National Marine Fisheries Service for standard operations, research and facilities (ORF, in budget language). In 2008, for example, \$77 million out of the \$84.6 million transferred into the Promote and Develop Account was spent for NMFS ORF, leaving just \$7.6 million for competitive grants for industry development. In 2010, a record amount of import duties on fish were collected (\$377.9 million), of which \$113.37 million was transferred from USDA to NOAA for the S-K fund. Yet we understand that NO FUNDS will be available to industry this year through the S-K Grant Program. We submit that this is counter to established congressional intent and we respectfully ask for your attention to this matter.

Please allow us to be clear: we do not seek to reduce the NMFS budget or disparage that agency by any means. We recognize their critical role in management, research and enforcement of fisheries laws and in no way wish to see reductions of their budget.

Nor are we asking for a direct earmark to our foundation. We are asking that the original intent of S-K Funds be enforced and 60% of the funds transferred to Commerce be allocated towards the competitive grant program. Furthermore, we ask that future funds available through this program be administered regionally through a formula recognizing that Alaska produces approximately 50% of all the seafood in the U.S.

Thank you very much for your attention to this matter of great importance to the Alaska seafood industry.

Sincerely,



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