

the **LODE STAR**

Charting the course of fisheries development today

Alaska Fisheries

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GETTING THE

JUMP

ON SALMON

We've been hearing for a long time that somebody should do something about pink salmon besides stuff it in a can with chunks of skin and bone and try to best a beautiful tin of tuna.

Several agencies, AFDF included, and a smattering of private souls have developed an array of alternative products made of pink salmon — pate, nuggets, portion-control logs, sausages. Most of them were pretty reasonable, with the possible exception of a pink salmon potato chip, which was just too expensive to make. A few new products were developed last year, after Alaska lured more pink salmon to its doorstep than Italians have relatives. Processors couldn't keep up with the pink salmon runs, and marketers couldn't hold up under the strain of huge inventories of pinks and reds worldwide.

The sky splintered with cries for product development, market expansion, quality control and cooperative ventures. But this year, the price chinipped some — pinks sold for a statewide average of 15¢/lb. — and for most people it's business as usual.

Remember back in 1984, when Hormel first whispered the words "skinless/boneless" into the ears of salmon canners, and started a mini-revolution among traditional processors? They were getting 25¢ a pound then. These days, we're still shoving 77% of our pinks into cans — skins, bones and all, usually — and hoping somebody thinks of a better idea, and paves the way for the rest of the industry, before the last canned salmon customer dies of old age. Only last year, we canned it all for 13¢/lb. And Hormel folded their skinless/boneless program because they weren't making money on it. In the meantime, farmed salmon chewed up nearly 30% of the world market last year.

What is it with this salmon business? Why can't Alaska get its act together? There's a lot of creativity out there, and it's made a difference. But even though the words to the song may have changed, we're still dancing to the same old tune: Canned salmon, commodity sales, and a production-driven industry that packs all it can and hopes like hell somebody will buy it.

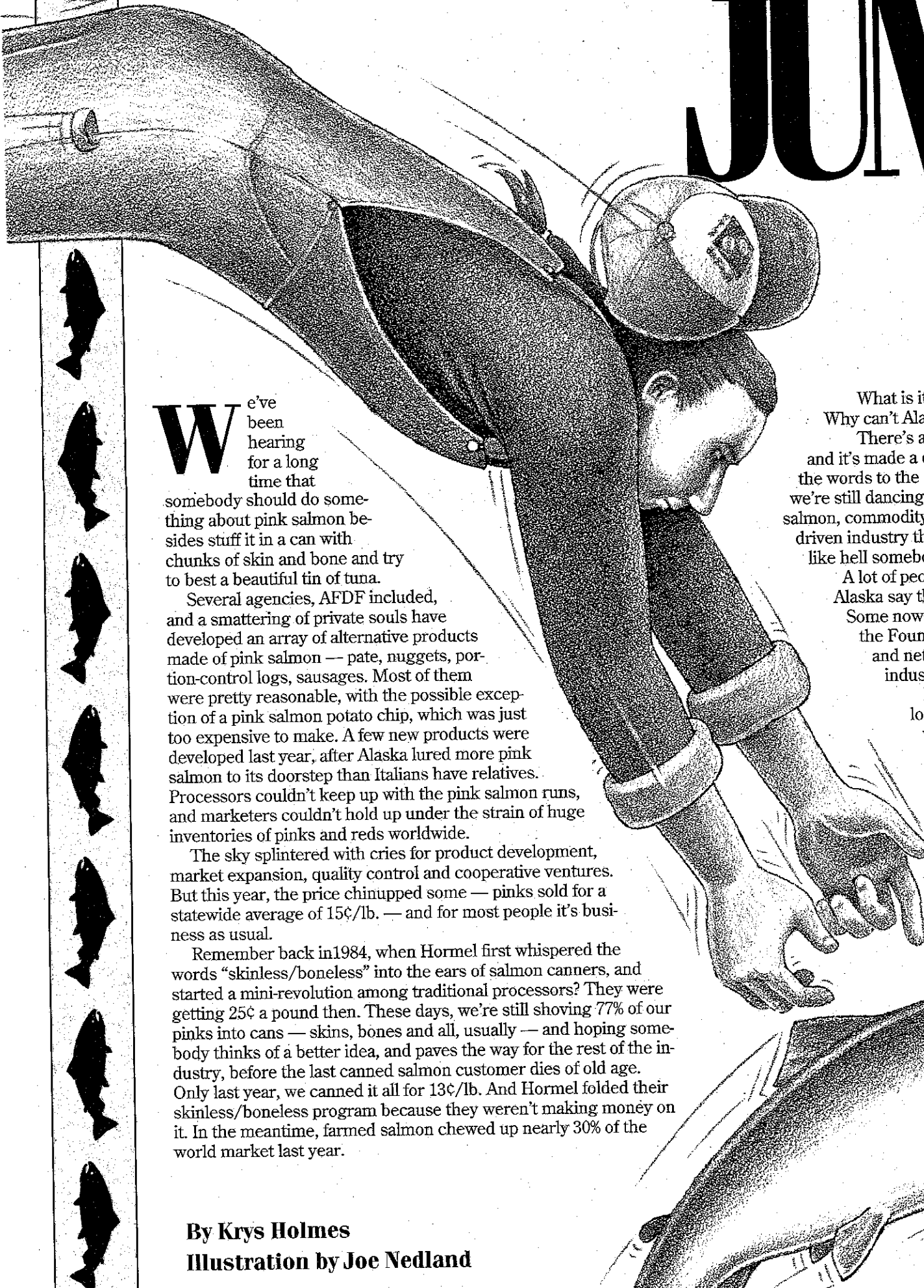
A lot of people and organizations in Alaska say things have got to change. Some now look to AFDF, and challenge the Foundation to apply its resources and networks to catalyze the salmon industry.

It's time, many of them say, to look at salmon as an underdeveloped species. To connect the dots in this pointillistic puzzle that is missing so many parts but suggests so much promise.

Time to put some muscle into Alaska's salmon.

By Krys Holmes

Illustration by Joe Nedland



What's jammin' with Alaska salmon?

Most industry development doesn't happen in the lab or the board room but in the cerebral cortex, where we learn, by incident or accident, to think about things in a new way.

Alaska's gotta start thinking about salmon in a new way — as food, not a commodity. As an opportunity, not a problem. You've seen some progress. Fishermen are more involved in their organizations than before last year's disastrous season. Some processors have stalwartly forged new products and peddled them on the big-time food market. Buyers are learning more about Alaska salmon; witness the purchase this month of Arctic Alaska Seafoods by the poultry mogul, Tyson Foods. Their first step was to get hold of 40,000 lbs. of pink salmon to play with in the product development lab.

There's a lot happening in the Alaska salmon business. But is any of it going to make a difference? If the salmon industry is going to move forward, we need to start thinking into the future, beyond next season, to the long-term gains that could lie in store. But the first thing it's going to take for Alaska salmon to regain any competitiveness on the domestic market, is to kick the status quo in the butt.

Big new world out there

"The world has changed, but the business hasn't," said Ed Crane, president of Alaska Commercial Fisheries & Agriculture Bank (CFAB). "Fishermen and processors can't expect to go on doing things the same way they have for years and get paid for it."

Crane said the overriding problem is the salmon business lacks cohesiveness, structure and stability.

"Nobody has the right to anything," he said. "There's not a fisherman in

Alaska who can project what his production is going to be a year or five years from now. Processors

can't either. The first day of the season, when a fisherman pulls up to a dock or a tender and says, 'Here, I've got a load of fish, what are you going to pay me?' that processor has no idea what his ultimate selling price for that fish will be, and for all he knows, that's the first and last fish he's going to get all season."

Crane said lack of capital is not what's keeping salmon producers from developing new markets. "There's just no rational way to project a return on the capital. You can build a \$4.5 million

processing plant designed to produce a brand new, highly desirable salmon product that every consumer in America will fall in love with, but you still don't have the rights to any fish, or any way of knowing you'd ever acquire fish to put through the plant," he said. "So why make the investment? Who would have built the trans-Alaska pipeline, if they had to stand at the mouth of the pipeline and hope for someone to come along with some oil?"

Fishermen: Organize and market

Crane advises fishermen to claim more of the power they hold in the salmon chain. He said that fishermen's co-ops that make long-term delivery agreements with processors can be very powerful.

"Fishermen as a class have an exclusive right to harvest the fish," he said, "but they give all their cards to the processors by remaining so highly competitive with each other. Of course, processors haven't made it very easy for them either."

Kate Troll, who heads up Southeast Alaska Seiners Assoc., said co-ops might work with money fish like sockeyes and cohos, but not with high-volume, low-value fish like pinks.

"When you're dealing with large volumes of low-value pinks, the challenges for making a co-op work are much more difficult to overcome," Troll said. "The primary pink market is still in cans, and that area is still controlled by traditional processors."

Fishermen from Hydaburg to Hooper Bay long to be more in control of their product, and to gain more influence over the marketing and pricing of their fish. But some doubt they'll ever break out of the short-term scramble for the highest price long enough to see what they could gain by retaining more ownership in the fish.

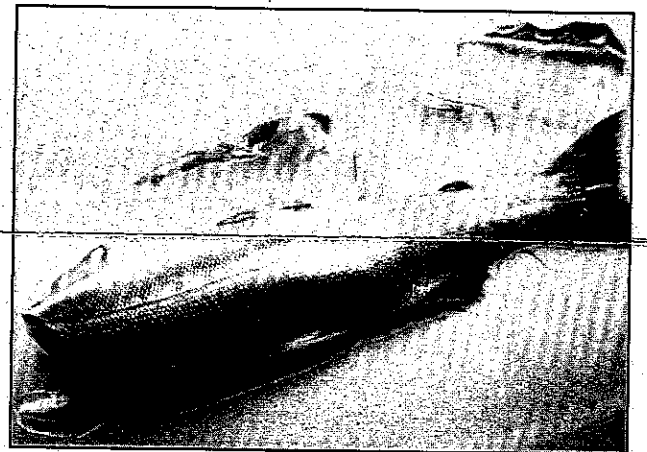
"The challenge," Troll said, "is to find a mechanism to allow fishermen to relate to the processor as a small business partner. And that means, in my mind, converting from fishing on faith to fishing on flexible contracts."

Processors: Lots of creativity

A casual flip through the trade journals of the last ten years shows a dot-

to-dot pattern of new products, different experiments with minces and logs and breadings, and clusters of projects by companies and individuals that showed a lot of creativity but didn't revolutionize the industry. Start with Paul "Pink Salmon" Peyton, who's now a consultant but ran the Alaska Office of Commercial Fisheries Development during its extensive pink salmon development effort. Peyton helped pioneer skinless/boneless canned salmon technology with Hormel and Ralston Purina. He helped develop portion-controlled logs made from pink salmon that were designed to jam the foodservice freezers with convenient salmon patties.

"Salmon burgers" were the darling of the '80s among product pioneers, followed and later outshined by breaded nuggets. Collectively, the Alaska seafood industry has spent mil-



lions on developing and test marketing products like these — sensible, affordable, high-quality products that fired up a lot of hopes but few sales receipts.

"There's a huge amount of talent in the seafood industry," said Eric Eckholm, who helped the DIPAC hatchery make its now-famed salmon nuggets, and has created and introduced a pink salmon ham to the retail market. "All it takes is someone to see big enough to take something all the way."

Eckholm said the biggest obstacle to new product development isn't lack of capital or lack of knowledge.

"It's inertia," he said. "Unless you have some ridiculous overpowering desire to do something, to go through the painful, long, expensive process of developing a successful new product, then it's a lot easier to make less money going with the status quo."

Western Alaska Seafoods, for one, isn't settling for the status quo. Last year they made pink salmon surimi and this year they're experimenting with minced salmon sausages and other formed products made from pinks and dark chums.

"Even with high pollock surimi

The value of Alaska's salmon harvest fell more than \$250 million — that's more than 40% — between 1990 and 1991.

prices last year, we didn't get much for our salmon surimi because it was a new product," said Western Alaska's Steve Bernsten. "The demand is there, but the price isn't quite there yet."

Meanwhile, Western Alaska, like other processors, is busy producing salmon burgers, H&G pinks (for Safeway), and other experimental products. And down the street at the Fishery Industrial Technology Center, Chuck Crapo and Gour Choudhury are working on a few products processors might be interested in. Crapo's is a *sous vide* pink salmon ("I prefer to call it cook-freeze," Crapo says) that's vacuum-packed and cooked in a retort at low temps for about 50 minutes to retain flavor and nutritive value. The convenient, portion-controlled products are aimed at foodservice users.

Alaska's share of world salmon markets declined from 40% to 30% in the last decade. Farmed salmon's share grew from 1% to 30% in the same period.

"You just have to reheat and serve," Crapo said. "It cuts back on waste, and on the need for experienced chefs on the user end." Crapo said more and more big buyers that use Atlantic salmon are looking for U.S. suppliers of primary-processed material, and that the *sous vide* has attracted some attention. Processors also are interested in it, because it doesn't require a lot of new equipment, just a vacuum packager and a cooker of some kind. The *sous vide* concept is taking the European food market by storm, and has crossed the Atlantic into American markets as well.

"But ours is a producer-driven project, not a market-driven one," he acknowledged. "That's the way it goes when there's this sudden interest, as we had a couple years ago, to develop pinks. But now the heat's off no one's really interested in pushing the long-term type of projects."

FITC also is experimenting with flaking or grinding pink salmon in a Comitrol to create a variety of products that might improve on the texture of pink mince. Crapo says a mince with larger particle size may not spoil as fast as traditional pink mince.

"Right now, these minces are being used in patties, fingers, that kind of product," Crapo said. "There's a lot of interest recently in slicing up fillets and adding mince to make a formed product. The mince works as a glue, and the chunks provide the texture that people expect out of fish."

Choudhury is running pink salmon through an extruder that can produce

dried fish noodles or fish flour, a wetter mince, and a host of materials in between. Too early yet to say what products will result; FITC says the possibilities are endless.

The orders might be endless if McDonald's actually starts using the breaded pink salmon nuggets that DIPAC made this year. The nuggets, made from DIPAC's hatchery pinks and chums, passed McMaster at the chain's national headquarters, and are auditioning for the menu at the Kodiak McDonald's this summer and fall.

"It's one thing to produce this stuff, and make it taste good," said DIPAC's Ladd McCaulay. "It's another thing to make it attractive to the industry. Right now we're just holding our breath."

DIPAC produced about 40,000 lbs. of nuggets to show its constituents what kind of products could be made from hatchery pinks. "They're just about gone now," McCaulay said. Response from McDonald's customers in Kodiak has been favorable, and processors everywhere are pricking up their ears. "But if we can't take a product through to completion, to make processors and buyers interested in it, we haven't done anything," he said.

"Don't sell cans short!"

North Pacific Processors packed skinless/boneless canned salmon for Hormel for the past five years, and watched that market rise and fall with prices.

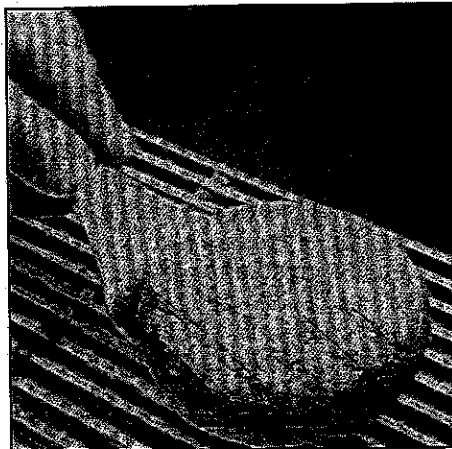
"Hormel spent \$4 million on advertising skinless/boneless in the first year," said NPP's Ken Roemhildt. "Then a lot of other companies started making a similar product but didn't advertise. As soon as that happened, Hormel backed out."

Roemhildt said a lot of folks are looking at fillets, forming and value-added products, but he still looks to the can for his creativity. "Don't sell canned salmon short," he said. "It has a strong, established market. Maybe we just need to modify our products a little."

NPP filleted a good portion of their pink run this year, but Roemhildt says he wishes he hadn't. "We didn't have enough canned salmon to fill the shelf space we fought so hard for," he said. "We had some good successes with new products this year, but in retrospect I wish I'd put more product into the can."

Alaskan Gourmet Seafoods in Anchorage packs several value-added salmon items in the can.

"Retortable pouches increase the packaging," said owner Paul Schilling. "We're committed to the can business,



but our cans have a unique shape, are easy to open and give a different presentation. And we sell a lot of them."

Cans are fine, some say. It's the skin and bones in the traditional pack that bugs consumers. "Put the bones and skin in the canned tuna and see how much of it we'd sell then," Dave Conner of Minn-Con Marketing Corp. wrote in *Seafood Business* recently. "For the past 20 years, I've heard the same old boring story: 'We need to find new ways to sell fish.' So what's the No. 1 fish category? Canned tuna."

Canned or not, said Bernsten of Western Alaska, "we need to put salmon into forms Americans are used to eating."

"We're not looking for new products"

"We're looking for high-quality raw materials," said Sue Faria of Frionor, makers of the hot new Chicken Kiev. "We have been able looking for good quality pink salmon fillet blocks, but haven't had any luck."

Norwegian-owned Frionor uses farmed Atlantic salmon for its Chicken Kiev, but would like to use Alaska salmon in other items.

"We have a bake-and-serve salmon golden broil, a block cut portion with a light buttery sauce and bread crumb that's 14% batter and 86% fish. We'd like to see how pink salmon works," Faria said. "What we need is a combination of the right quality block and a consistent supply. While we have done a good job with high end of market, we'd like to expand into the lower market, where we feel pink and chum salmon fit in."

Faria said primary processors shouldn't try to be product development specialists, but should forge partnerships with secondary processors and stick with what they do best. And, she said, consistent supply is more important than a cheap price.

"Since primary processors don't have an R&D staff or a huge marketing budget, they should team up with sec-

ondary processors who can do all of that instead," she said. "Supply the primary processed product, and let the secondary processors do their part. We're not necessarily looking for a real cheap item. We make mid-scale products. We're looking for a Pacific salmon partner."

What about that consistent supply?

"Our experience with pink salmon has been real positive so far — we just can't get enough fish!"

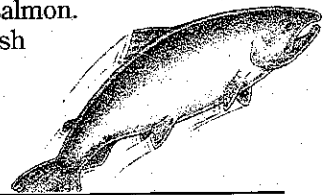
Bet you never thought you'd hear that again, after last year's record run of 125 million pinks left processors breathless and a lot of fish in the giveaway pile. But that's what Larry Sund of Pacific Orion told us after this year's Prince William Sound run yielded only 10 million pink salmon.

"It's hard to buy from commercial fishermen when they just get three-day-a-week openings," he said. (They bought their fish from PWSAC this year.) "Pinks are special. They have to be handled just right. But the market can't absorb much variability in supply. Long John Silver's, for example, won't put lots of money into advertising and promoting a product if they can't get fish to produce it the following year."

Sund says his company has chosen to buy from hatcheries. It's an increasingly common story among primary and secondary processors that need a guaranteed supply. Hatcheries around the state play host to their returning salmon at different times of the season — some in early July, some not till late August — and with some planning, hatcheries should be able to guarantee a minimum supply of fish.

The state of Alaska, some brave private souls and several families of regional non-profits started salmon hatcheries in the mid '70s to boost fishermen's harvests in the slack years. Alaska's two primary hatchery hotspots are Prince William Sound (Prince William Sound Aquaculture Corp., or PWSAC, operates a string of hatcheries in the Sound) and Southeast, where Armstrong-Keta and DIPAC are among the successful private non-profits. Two regional aquaculture associations and several state-run hatcheries produce the rest of the ocean-ranched salmon from Southeast. Together, Alaska's hatcheries produced 29% of the state's total commercial salmon harvest in 1990: 10% of the commercial chinooks, 6% of its sockeyes, 14% of the cohos, 45% of the pinks and 19% of the commercially-caught chum salmon.

When the fish are running



Salmon roundup, cont'd

strong, fishermen complain that hatcheries cause a "salmon glut." But in the lean years they rely on hatchery-bred pinks — and increasingly, cohos and chinooks, too — to boost their commercial catches. Hatcheries also can play an important role in industry expansion. They can direct their cost-recovery fish toward long-term delivery contracts that would give processors a dependable, consistent supply of raw material for new products. They can target new markets, so they don't compete directly with fishermen, but expand opportunities that may brighten fishermen's futures. If a few hatcheries worked together, they could guarantee deliveries of high-quality fish to new buyers interested in product development.

"Hatchery fish have allowed some processors to make real inroads into new markets, which eventually will bring benefits to the fishermen," said Armstrong-Keta's point man, Bart Watson. "If there was just good marketing out there for our pink salmon, every single fish would be snapped up in a second."

Valdez Fisheries Development Assoc. made an attempt to develop markets for all kinds of salmon products, but couldn't get extra funding to bolster their effort, according to director Paul McCollum.

"We wrote a proposal for a total utilization processing plant that used every part of the fish down to the blood and bones," McCollum said. "I'd found markets for everything. Lack of markets isn't the limiting factor."

Money was the limiting factor, he said — but so was the industry's infatuation with the status quo.

"We tried to get our buyers to do something with our fish besides can them," he said. "Maybe the cold storage they're building in Anchorage will help. It would allow some local pro-

cessing of twice-frozen fish so we don't have to just ship out H&G."

What does the market want?

Start with Tyson. What they want is a consistent supply that fits their specifications, according to Tyson spokesman Archie Schaeffer — but they're not sure what those specs are yet.

"We think there are a lot of opportunities and a great future in seafood," Schaeffer said. "We're not sure exactly what direction we're going to go yet. But we are a market-driven company."

Tyson doesn't just make products and sell them, he said. The company builds its lines around consumers' needs.

"A big part of your salmon industry is still chopping up salmon and putting them in the can, dumping a little salt on it, letting it sit on the shelf," he said. "We're more of a center-of-the-plate protein company. We'll be

pushing seafood for protein and convenience. In a sense, we sell time to the American consumer."

The market-driven approach — listening to the customer instead of just plugging in the available machines — is the direction Alaska's salmon industry will have to go if it's to outlive its declining canned salmon market.

"I'll say one thing, the market doesn't give a damn about what fishermen want," said Crane of CFAB, who is creating a kind of salmon "think tank" to study the industry's problems. "We're not going to solve our problems by looking in on ourselves and what we want, any more than a bunch of cancer patients can cure cancer by sitting around and talking about their disease. We need to look to someone besides our traditional leaders. We need to look outside ourselves."

The threat of new salmon sources from the Russian Far East is now a reality. Once they improve product quality they'll be a force to be reckoned with in Alaska's traditional markets.

Salmon Task Force:

Time to design an Alaska Salmon Strategy

The salmon jammers were singing the blues last year, awash in pinks, striking over sockeyes and swallowing prices that made everybody's bottom line see red. How bad were things in 1991? Bad enough that fishermen, processors, fishery managers and state officials all sat down four or five times to talk, and even came up with a list of goals to stabilize and bring more sense to Alaska's salmon industry.

The governor assigned the 13-member Salmon Strategy Task Force to study the problems in Alaska's salmon industry that contribute to its instability. They came up with a three-legged response to the 1991 season, making short-term, medium-term and long-term recommendations.

Immediate steps

Briefly, the task force recommended promoting salmon surpluses, giving fishermen loan extensions, and making sure the processing capacity in Prince William Sound was adequate for the 1992 season.

Mid-range steps

First, the group asked the state to do all it can to help create a "closer and more trusting relationship among the interests involved in the ... Alaska salmon industry." Next, they called for:

- Various offices and organizations to coordinate salmon product development efforts through AFDF;
- the state, ASMI and the Marine Advisory Program to seek domestic and international market development opportunities;
- Fish & Game managers to consider fish quality when designing salmon management policies and setting openings;
- hatcheries to study the variations in quality factors of their returning stocks;
- ASMI and others to educate the industry on fish handling, cleaning, chilling, processing and quality; and
- the industry to create and take leadership in a national salmon marketing council.

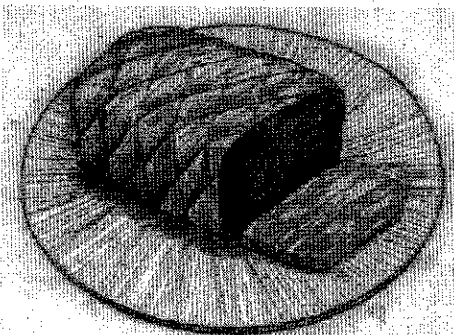
Long-range goals

"The state needs to develop a strategic plan for long term development of the salmon resource," the group's report says. They recommended gathering together people from all aspects of the food and seafood industry to spot inefficiencies, waste, obstacles and opportunities within the salmon industry. In fish production, harvesting, processing, marketing, management and the financial realm, the task force outlined 13 specific long-term actions designed to take some of the volatility out of the lives of the people involved in Alaska salmon.

Some of their recommendations have already begun to take shape, though according to Donna Parker of the state office of Commercial Fisheries Development, nothing is formal yet. A few companies have begun independent projects, a few agencies are checking out the recommendations to see if they can help. Groups are forming, conferences are being planned. Look for more action in the future, Parker said.

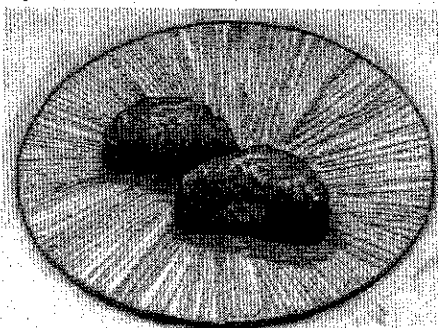


Riding the Raves



Health Sea, Inc. of Juneau will introduce Silverbow Salmon Ham to the retail market this year.

Pink salmon are migrating into the value-added world in the form of breaded nuggets for retail or foodservice markets.



Smoked, formed or steamed, salmon in the can ain't always like it used to be. Alaskan Gourmet Seafoods offers a line of value-added canned salmon.

CAN THE HATCHERIES HELP OUT?

By Heather McCarty
Prince William Sound Aquaculture Corp.

The weak return of pink salmon to several major production areas of Alaska in 1992 points out the unreliability of nature. This year the cool extremity of an approximately 20-year ocean temperature cycle appears to have lowered the survival of pink salmon in Prince William Sound, Kodiak and Lower Cook Inlet. This cyclical phenomenon emphasizes the original aim of salmon enhancement through ocean ranching — providing the industry a dependable supply of fish despite the unpredictable fluctuations of the natural runs. This remains the major role of aquaculture in Alaska: to bring the seafood industry a steady supply of raw product no matter what Mother Nature is doing.

Prince William Sound Aquaculture

Corporation (PWSAC) was founded in the early seventies by a group of commercial fishermen who had no seine season for two years: no pink salmon returned to Prince William Sound in 1972 and 1974. With a record weakness in wild pinks this year, there would once again have been no seine season at all if it had not been for hatchery pinks. Although hatchery returns were also weak in Southcentral Alaska, PWS fishermen were at least able to put their nets in the water.

The growth of the pink salmon industry in Alaska depends on stability of cost as well as reliability of supply. Without stable prices, it's difficult to support the expensive process of developing the consumer-friendly products and assuring markets for those products. Contract sales of hatchery-produced salmon by private hatcheries as part of their cost recovery programs can help provide that necessary price stability over a period of several years.

PWSAC began offering multi-year contracts in 1992; one contract buyer has signed up for three years while developing markets for frozen-at-sea pink salmon products.

Hatcheries also can provide high quality and superior freshness, since their fish are delivered alive to the processing vessel or tender. Foreign and domestic buyers of cost recovery fish from the PWSAC hatchery harvests have been pleased with the high caliber of color and texture.

Providing dependable supply, stable prices and top quality, the aquaculture associations of Alaska have the very real potential to contribute to the continued development of the salmon industry. With the support of the user groups they serve, the regional associations can act as a catalyst for change and growth. This industry growth must benefit not only the processing sector, but also the commercial fishermen of the state.

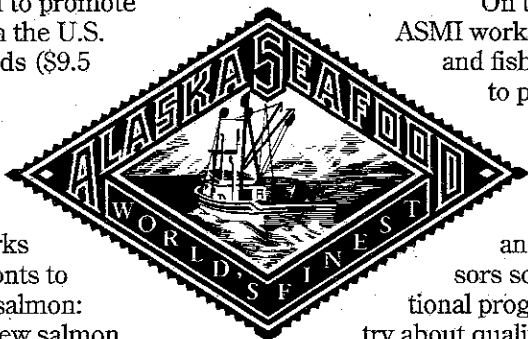
What's ASMI up to?

The Alaska Seafood Marketing Institute (ASMI) turns money from the state, the feds and industry contributions to market Alaska seafood domestically and abroad. All their industry money and state funding (\$3.9 million total) is used to promote Alaska seafood in the U.S. Their federal funds (\$9.5 million) must be used for international marketing.

Here at home, ASMI works on a couple of fronts to promote Alaska salmon: They designed new salmon recipes for the school lunch program, provide recipes for cookbooks and cooking programs, push salmon at big food industry receptions, trade shows and banquets, bring major food writers to Alaska and run a nationwide media campaign to promote canned and Fresher Frozen salmon.

Internationally, ASMI is pushing canned salmon in the U.K., where Brit-

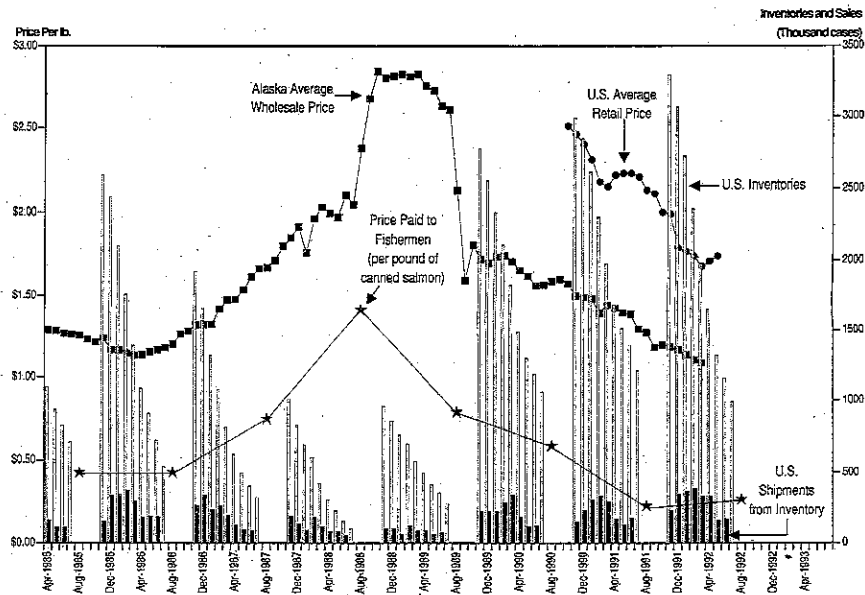
ons are actually eating *more* canned salmon than ever before (they make up 50% of Alaska's canned salmon market). ASMI is also promoting Alaska salmon in Italy, Germany, Korea and Japan.



On the quality end, ASMI works with processors and fishermen's groups to provide market-oriented quality specifications for different product forms, and usually sponsors some kind of educational program to the industry about quality, handling, processing techniques and sanitation for all of Alaska's seafood species, primarily salmon.

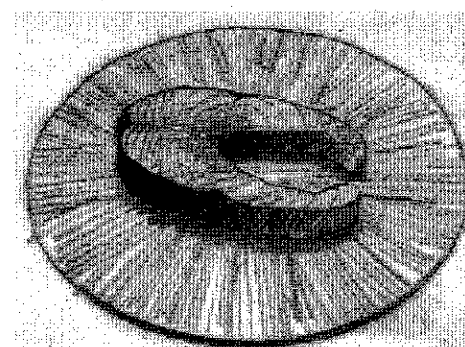
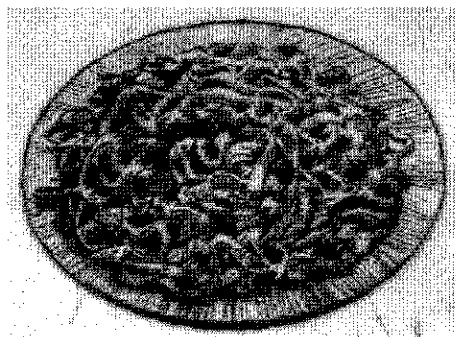
If you have questions about ASMI, what it's doing and why, and why they're not doing other things — or if you need promotional materials about Alaska salmon — call Kevin O'Sullivan or Mary Gore at (907) 586-2902. They've got a host of info to share.

CANNED PINK SALMON PRICES, INVENTORIES AND SHIPMENTS FROM INVENTORIES



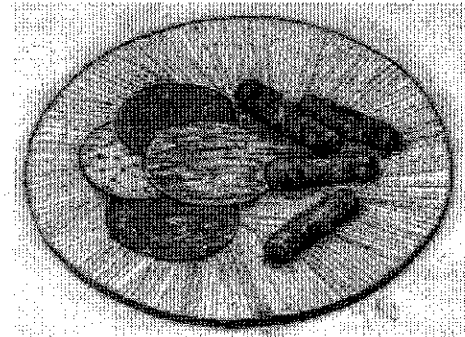
Pink salmon prices to fishermen went up this year, to a statewide average of about 15¢/lb., compared with 13¢/lb. in 1991. The boom and bust in pink salmon prices paid to fishermen over the past six years reflects the same cycle for prices processors received. The good news is that wholesale prices for canned pinks, which have fallen since 1988, may have finally stabilized this summer, reflecting lower inventories, lower 1992 harvests, and increased sales. The bad news: increased sales were achieved through a steep decline in retail prices. Future pink prices for fishermen will depend, in a large part, upon how much pink salmon is harvested, how much canned pink salmon is produced, and the price the retail customer is willing to pay. (Information by Gunnar Knapp, ISER)

Flavorings, ingredients, forming and injecting can move salmon into the center of the plate. All secondary processors need is a guaranteed supply of fish.



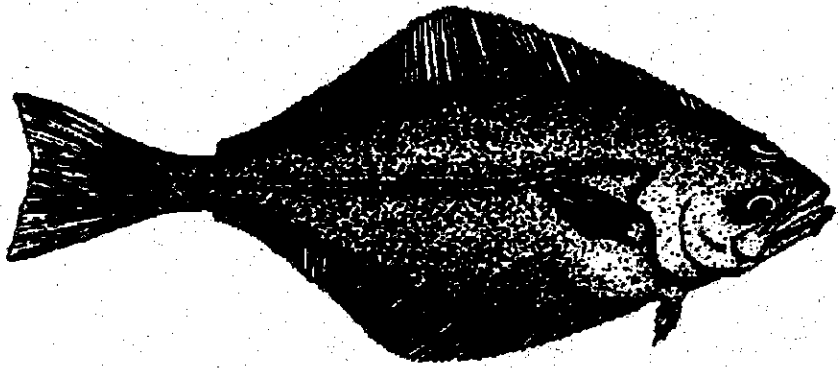
Don't forget the salmon steak. Several Alaskan processors are making formed steaks and fillets using mince as a binder. Some sell steaks in the can.

"We made salmon sausages years ago," said Howard Buysman of Alaska Butcher Supply of Anchorage. "One major buyer wanted all we could make."



Flavorings, ingredients, equipment manufacturers, marketing people, most of these will come into line when opportunities arise. Think of them as a resource. Let them help you do product development.

No one bites at arrowtooth surimi



The arrowtooth were biting but the industry wasn't this summer in the Gulf of Alaska.

Last year, Gulf trawlers and processors pointed at arrowtooth flounder as the biggest undeveloped opportunity. Arrowtooth make up fully half of the harvestable biomass in the Gulf. Unmarketable because it's not commercially used, arrowtooth still populate trawl nets and clog the sorting lines.

"What can we use these buggers for?" the industry asked. They asked AFDF to look into commercial production of surimi made from arrowtooth. In previous tests, arrowtooth showed great promise as a raw material for surimi: good texture, nice color, and a high rating on the quality scale.

So AFDF issued a request for pro-

posals to Alaska processors to produce 100,000 lbs. of arrowtooth flounder surimi. AFDF was to take the product on the road, and try developing markets for, and educating buyers about, the newest surimi on the block.

"We issued an RFP but nobody came," said AFDF's executive director Mel Mosen. "The problem isn't lack of interest. It's that the pollock season is so short now that processors have to keep their lines working at maximum levels producing traditional pollock surimi while they can. They can't afford to divert their attention to developing opportunities for arrowtooth during the shortened pollock season."

Another bug in the logistics: Halibut congregate with arrowtooth, at least some of the time, and trawlers worried that their bycatch rates would increase if they targeted on arrowtooth. They didn't want to risk reaching the bycatch limit before their allowed harvests of other species were taken.

"Arrowtooth still represents a huge opportunity for fishermen and processors off Alaska," said AFDF's Mel Mosen. "At this point, the solution is to conduct our experimental surimi production when the commercial fisheries aren't open. We have requested an experimental fishing permit to provide fish for our arrowtooth surimi

project, and we hope to hear about that soon."

AFDF is working with several processors to redesign the project so it fits better with current fishing operations.

"No matter what conflicts exist with our specific project, fishermen are still catching — and discarding — a great number of arrowtooth flounder that could be turned into money for the seafood industry," Mosen said. "We just have to figure out how to organize our project so we can develop this opportunity."

Any processors interested in participating should call Mosen at AFDF.

For more information:

Read *A Sea of Sole: A compendium of the AFDF Flatfish Development Project* (\$50)

Or you can purchase individual reports separately:

ADF&G Groundfish Observers for AFDF Flatfish Project Final Report (\$5.00)

Arrowtooth Flounder Microwave Project: Final Report (\$5.00)

Arrowtooth Flounder Protease Inhibitor Injection Project (\$5.00)

Commercial Utilization of Arrowtooth Flounder (\$7.00)

All publications available from AFDF, 508 West Second Ave., suite 212, Anchorage, Alaska 99501. Please send check with your order. For international orders, please send a fax to (907) 271-3450 for ordering information.

Can trawlers cut their halibut bycatch?

AFDF project looks at trawl modifications that might help halibut avoid getting caught in trawl nets. The manufacturer will run flume tank tests this fall.

Gourock Trawls of Seattle will drop its experimental trawl gear in a flume tank in Newfoundland this month to see if the modifications they've designed will help trawlers cut halibut bycatch. Their demonstration is part of AFDF's project to investigate ways trawlers can decrease their incidental catches of prohibited species without losing operating efficiency.

Gourock has designed a modified version of the standard "Kodiak Combo" Pacific cod trawl for this project. Gourock is still contemplating the final design, but there are a few things they'll say about it at this stage in the game: First of all, the modified trawl will include a Centipede footrope geared with a horizontal sorting grid. Behavior studies show that flatfish enter a trawl at a very low height off the bottom, and a raised footrope might help ward them off. The assumption is that only the strongest, largest halibut will consistently swim above the raised footrope. Cod and other roundfish usually enter the

trawl at varying vertical heights. Gourock will fly some bright, contrasting colors at the footrope (behavior studies show that Pacific cod will respond to contrasting colors) to deter the cod from diving under the footrope and escaping.

A secondary halibut excluder, in the form of a separator panel, will be built into the bottom of the belly of the net. It gives halibut that are drawn into the trawl net an opportunity to escape if they are swimming close to the bottom of the net. The separator panel also will be fancied up with contrasting colors designed to deflect cod.

Gourock and technical advisor Chris Bublitz of the Fishery Industrial Technology Center will head to the St. Johns Marine Institute in Newfoundland this month to test the modified gear in a flume tank under low light conditions. They'll see how the gear works and make or design further modifications based on what they learn.

In early 1993, we'll see how street-smart Gourock's final trawl design really is. AFDF will contract with a trawler to test the modified gear under realistic conditions in the commercial Pacific cod fishery. The boat will fish the early Pacific cod opening using the

modified gear, and its bycatch rate will be compared with bycatch rates for those not using the gear.

"Trawl gear modifications hold a lot of promise in solving the halibut bycatch problem," said AFDF project manager Paula Cullenberg. "Halibut bycatch is one of the most irksome problems in the commercial fisheries today. We're looking forward to seeing the results of this project, and how they can be applied in the trawl fleet."

Bycatch Byword

AFDF is on the steering committee for a North Pacific Bycatch Conference, which will bring industry members together to discuss gear modifications, fishing behavior, improvements in bycatch data collection, incentive programs, possible market implications for bycatch species.

Pacific States Marine Fisheries Commission is coordinating the conference, with lots of participation (and sponsorship) by other industry groups. The conference, a follow-up to last year's North Pacific Bycatch Workshop, will probably be scheduled sometime in March 1993. For more information, call Paula Cullenberg at AFDF.



Director's Log

AFDF is a resource to use

By Mel Monsen
AFDF Executive Director

The salmon industry is once again facing changing times. Just one year ago the industry groaned under huge runs that brought in rock-bottom prices. This year, some parts of Alaska saw tremendous runs and other areas barely saw a fish at all. This constant flux is shaking up the industry in a time when the future is already mined with stumbling blocks.

Increased competition from worldwide salmon farming, Japanese chum salmon hatcheries and the added spectre of Russian salmon entering the market — how is Alaska going to compete with our two-member product line, cans and frozen? The canned market is thought to be surviving on an aging user group, and the frozen market depends almost entirely on Japan.

These conditions describe an industry under attack, an industry that needs a shot in the arm. After the 1991 season it appeared that the industry was prepared to face the competition and invest in a cure. Thousands — perhaps millions — of dollars were spent on product and market development. Lots of companies reached out to new markets or prepared new products from existing raw materials, and even tried new processing platforms and industry relationships. Fishermen spent hours educating themselves on the marketplace and trying to build new links with their buyers. But even now, the momentum is sliding. Either most of the participants have spent their limit on research and development and don't want to invest any more, their initial efforts were unsuccessful, or the resurgence in demand for traditional products drew them back to the status quo.

Is it just me, or have we seen this all before?

In the mid-1980s, pink salmon prices were desperately low and

interest in new products and markets ran very high. Even the Foundation, with our '80s focus on groundfish development, aided in an effort to produce pink salmon mince products. But these efforts all went the way of the dinosaur, and died a sudden death when market conditions for cans and frozen improved again.

Can the salmon industry afford to let this recent initiative die like the efforts of the mid-80s?

No, we can't.

Things are different this time. The competition from pen-reared salmon and the world's basic increase in salmon production have

The key is to foster an environment that is independent of the short-term economics that force the industry to apply all its resources toward the immediate gains at the expense of long-term growth.

changed Alaska's salmon competitiveness forever. Alaska must change with it. The solutions will not be to abandon our traditional product forms or markets, but to gradually expand our product and market opportunities. The key is to foster an environment that is independent of the short-term economics that force the industry to apply all its resources toward the immediate gains at the expense of long-term growth.

The Foundation is a valuable resource the industry can call on to help create this environment. We've been talking to a lot of people in the industry about the complex problems and opportunities that face the industry right now, and how AFDF could act as the catalyst to bring the disparate players together so their efforts can make a difference in Alaska's salmon situation. With some particularly sagacious guidance and energy from Chris Mitchell of The Alliance Group, AFDF staff has begun to identify ways this organization might apply its resources, its worldwide network, and its history of vertically-integrated development work to help the industry achieve its long-sought goal of stabilizing and strengthening Alaska's salmon in the world market. The AFDF Board of Directors, at their October 27 meeting, will review the staff's findings and will be discussing our future direction.

Wanted: Industry initiative

by Kate Troll
Executive Director
Southeast Alaska Seiners Association

Last season the wake up call for Alaska's salmon industry was registered by fishermen strikes across the state. The strike alarm bell got attention but very little action. One year later, there is still no industry game plan for funding a major generic marketing effort aimed at the domestic consumer. There is nothing new in how fishermen and processors relate to each other. To my knowledge, no major company has stepped forward to formally recognize fishermen as small business partners. Among the "majors" the dialogue between fishermen and processors is still confined to dock talk and rumors.

While the resounding cry for "more and better marketing" echoes from both fishermen and processors, and while the industry holds high hopes of forging new partnerships, the status quo prevails.

Maybe screaming "The Russians are coming!" will have more effect. Maybe the "new world order of salmon" will motivate the "majors" to seek change and creativity. Maybe the threat of Norway launching big-time into salmon hatcheries will spawn new initiatives to tap the tremendous potential of our domestic market. Maybe a "love fest" between salmon fishermen and factory trawlers will pave the way for fishermen to be recognized as independent small business partners.

Maybe I am just out to lunch ... eating salmon hams.

But I am quite sure of one thing. The salmon industry should not get lulled back into complacency and the status quo. Whether it's new products, new relationships, or new markets, the need for constructive change is still there. After experiencing another season of \$0.15 per pound pink salmon, I know that the backbone of Alaska's seafood industry is still cracked. And only decisive change will heal and strengthen the salmon industry for the future. Fortunately, the initial blueprint for change has been written.

After spending a year hosting presentations and discussions with fishermen's groups, processors and hatchery managers, marketing consultant Eric Eckholm made these recommendations to the industry (summarized):

Fishermen are the only ones who can help themselves become more effective politically and economically. Fishermen should pay \$100 per year to a statewide organization that can provide political strength, solid market information and analysis.

ASMI should rally the industry to support marketing legislation. Last year, UFA came forward with a legislative proposal to enhance ASMI's domestic salmon marketing (HB 477) and to increase fishermen's participation in the program. Revisions will undoubtedly be necessary this year, and in the meantime it's crucial to build consensus among both fishing and processing sectors of the industry. This is a role that broad-based organizations that represent both fishermen and processors can play.

Processors should support changing ASMI to a true partnership with a 50-50 representation of fishermen and processors. They have more to gain than to lose by allowing balanced representation on ASMI's Board of Directors. Potential gains include: 1) more trust between fishermen and processors; 2) more political clout as fishermen represent an important block of voting constituents; and 3) more reliable funding — since a 1% ex-vessel tax could generate upwards of \$4 million a year.

Everyone should recognize that just promoting Alaska salmon is not enough. We need a "Salmon Summit" to explore the development of a National Salmon Council for generic promotion of salmon as a preferred protein choice over beef and chicken. Industry leaders should work with state officials to position Alaska as a major player in forming this national organization.

Consumer Reports recently presented Alaska with a unique opportunity to promote frozen salmon as a solution to consumer concerns over fish. Alaska must aggressively develop and expand the domestic markets for frozen fillets. I suggest ASMI should dedicate 75% of its domestic marketing monies to promote Alaska salmon with an emphasis on consumer acceptance of frozen products. The remaining 25% should go toward generic marketing of all salmon in the U.S.

The salmon challenge is crucial to all off Alaska. AFDF should consider the potential role it could play in product development, in market expansion, and in bringing together the different forces of the fishing, processing and food sectors.

This is only a blueprint for change. One very important component is still lacking: industry initiative. If we continue to choose status quo by doing nothing, I am afraid we're doomed to a continuing cycle of commodity marketing for canned salmon at the lowest price, with most of the profits being taken by someone else higher on the "food chain," and a fishing industry that can't survive as a true profession because it's just not worth it to fish for pennies.

After experiencing another season of \$0.15 per pound pink salmon, I know that the backbone of Alaska's seafood industry is still cracked.



AFDF Salmon Survey

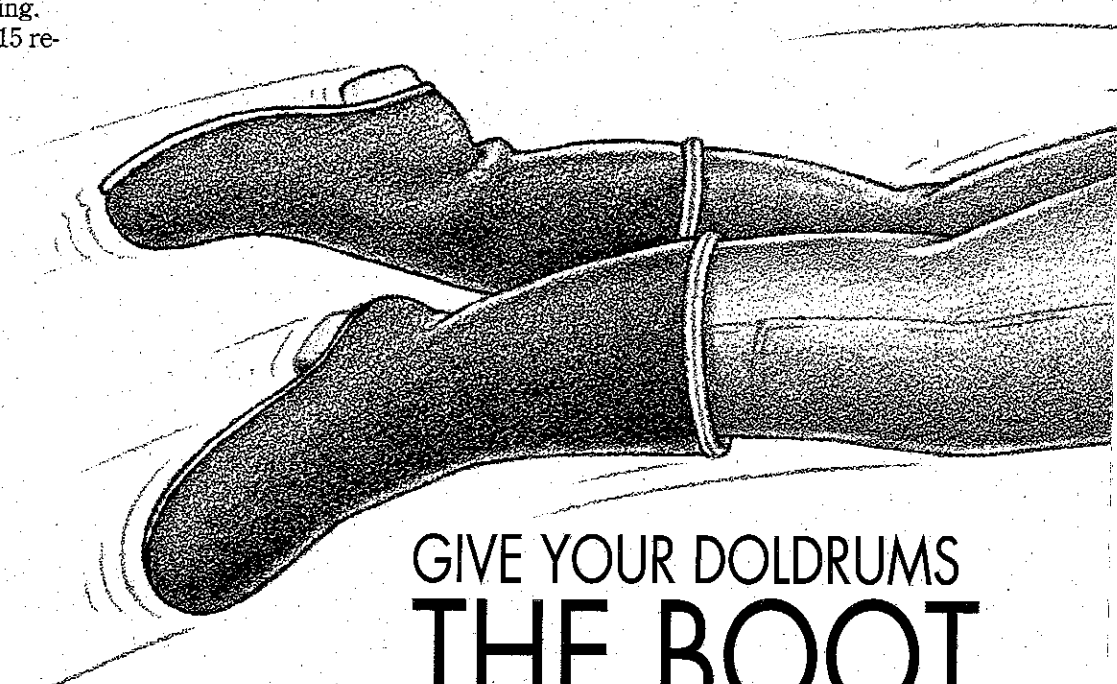
In early October, AFDF surveyed about 350 fishermen, processors, food companies, scientists, fishery managers, buyers, quality experts and a host of others, asking about AFDF's potential role in helping boost the Alaska salmon business toward its potential. We started getting responses right away, and they've poured in every day since.

Through the survey, we're learning what people from all areas of the industry think about what it is our salmon industry needs to bootstrap itself into the 21st Century. Fascinating answers they are, too. You'll hear more about them, and about the role AFDF may play in the future, in the next issue of The Lodestar.

Meanwhile, AFDF thanks Alaskan Gourmet Seafoods owner Paul Schilling. He gave us 15 canned salmon steaks to distribute as incentives to the first 15 respondents to our survey. Taking home the steaks were:

- John Toney, Henningsen Foods, Inc.
- Paul McCollum, Valdez Fisheries Development Assoc.
- Teressa Kandianis, Kodiak Fish Company
- Ron Larson, Alaska legislator
- Brian Bigler, Wards Cove
- Ron Pauley, Oceanrawl, Inc.
- Dan James, Kodiak Reduction, Inc.
- H.D. Smith, San Juan Seafoods, inc.
- David Wilson, Iquique U.S., Inc.
- Brian Paust, U of A Marine Advisory Program
- B. Schactler, Area K Seiners Assoc.
- Paul Taylor, Evergreen Food Ingredients
- Rae McFarland, Diamond Stainless, Inc.
- Kenneth Roberson, Alaska Department of Fish & Game
- Irvin Brock, Alaska Department of Fish & Game, Ft. Richardson Hatchery

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—James Schwyler

"The best way to see the stars is to look a little to the side."

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