

Study of the Bristol Bay salmon fishery says there is hope

The good news is that restructuring the fishery can significantly improve the economic viability of the Bristol Bay salmon fishery and the region's communities. An analysis of the fishery and the option of not restructuring indicate that the outlook for the future is grim. Low fish prices and modest salmon returns are likely to continue and the economic disaster that these have wrought will continue if the fishery is left unchanged. So says a report commissioned to examine options to restructure the region's once-lucrative salmon fishery where almost 3,000 permit holders or about 25% of the State's salmon fishers operate.

The 100-page report, funded by the Bristol Bay Economic Development Corporation (BBEDC) and the State's Joint Legislative Salmon Industry Task Force, took a year to complete and is filled with practical and theoretical analyses of the economic and fisheries management issues surrounding the State's most valuable salmon fishery. Much of the analysis revolves around the concept of restructuring the fishery to capture new wealth that is currently foregone in the fishery through inefficient or wasteful methods. The report was released at a time when the State's ailing salmon industry has been struggling to find ways to save itself and the local communities that depend on it from financial insolvency. The study managed to distill often intractable problems into simple choices of what those in the Bristol Bay fishery can do to significantly improve their income from the annual harvest. The report is intended to raise the level of discourse on this issue, spur informed discussion, and focus debate on policy choices before the industry.

The report indicates that from \$3 to \$42 million more annually could be available as net income for participants from one or more of the following sources:

- Reducing fishing capacity
- Spreading harvesting across time
- Exploring alternative harvesting methods
- Improving product quality
- Marketing the harvest better
- Eliminating the race for fish by assigning shares of the harvest to participants

The study team concluded that these sources of wealth could be accessed by one or more of three restructuring options:

1. Reduce fishing capacity by permit reduction and consolidation.
2. Increase the objectives for fishery managers to include cost reduction and improved quality.
3. Assign harvest shares to participants.

The study found that traditional fixes like permit buyback and permit stacking programs will likely provide a net benefit to those remaining in the fishery, even if millions are spent to remove some of the operators. It also found that more radical solutions like assigning harvest shares to participants offer the greatest long-term benefits by eliminating the wasteful race-for-fish conditions now present in the derby-style fishery. Harvest shares would guarantee participants a share of the harvest each season so that harvesters and processors could focus on minimizing costs and maximizing quality. The option between these two extremes is to increase the role of fishery managers to improve the economics of the fishery by mandating them to take into account harvesting costs, product quality, and market condition when setting fishing periods.

“Our region has been devastated by the downturn in the salmon fishery” said Robin Samuelsen, CEO of BBEDC and long-time Bristol Bay driftnet fisherman. He added, “We (BBEDC) decided not wait around for someone else to step in and help and funded this practical analysis of the problems facing the fishery. As we had hoped, the report clearly identifies ways for us to help ourselves out of this mess.”

University of Alaska Economist Gunnar Knapp, who served on the distinguished 11-member Advisory Panel to the study, commended the study team effort: “The study logically and clearly identified major sources of foregone income in the fishery that, if captured, could be provided to fishermen, processors, and community tax bases.” Dr. Knapp also praised the study for coming to the conclusion that without removing the perverse race-for-fish conditions now present in the fishery, most of the foregone wealth will remain elusive.

“The task before stakeholders now is to read and discuss the findings and choose a vision of what they would like the fishery to look like in the future. If the future involves restructuring, we recommend stakeholders get together and develop a detailed proposal over the next year,” said Michael Link, the project manager for the study.

The report and its 200-page appendix are available on the project website:

www.bbsalmon.com



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