

ALASKA'S NEW COMMERCIAL FISHING AND AGRICULTURE BANK

By Lynn Pistoll

Good news for the fishing industry! The Alaska legislature recently established the Commercial Fishing and Agriculture Bank (CFAB). The purpose of the new organization is to provide funding for fisheries and agricultural development in the state.

The bank should have sufficient revenues to work with in the immediate future; \$2.5 million was authorized for fiscal year 1979 and 20 percent of the revenues from the new raw fish tax will be available to the corporation. The ownership concept of the bank is unique in that after twenty years the ownership stock will be retired and the bank will evolve into a private organization.

At least three members of the newly elected board have fisheries related backgrounds; Dale Philman is a commercial fisherman from Ketchikan, Bob Thorstenson is president of Icicle Seafoods of Petersburg, and Byron Mallott is a commercial fisherman from Yakutat as well as chairman of the board for the Sealaska Native Corporation and a board member of Behrends Bank in Juneau. The other two board members are Paul Huppert, a farmer from Palmer, and Frank Homan, a consultant from Juneau. Frank Homan has been elected president and chairman of the board.

At the second board meeting on April 4, Frank Orth, a consultant to the bank, provided the board with a discussion on the background of the CFAB concept, characteristics of fisheries financing, potential markets, and bottomfish development as a CFAB market. Mr. Orth feels that the bank would primarily concentrate on all levels of fisheries development, leveraging its money by discounting the loans through the Cooperative Farm Credit System.

The CFAB concept was largely designed to target on several areas that were identified in a study conducted for the Senate Interim Committee on the Permanent Fund. The study concluded that the private financing industry in the state was highly concentrated, viewed the fishing industry as a high risk industry, and lacked interest and knowledge of the industry. At the public sector level, the study pointed out that state financing programs lacked

expansion capability, were costly to the public, and had an inhibiting influence on private financing institutions. Finally, at the seafood industry level, the study concluded that there is a lack of equity among potentially qualified borrowers, especially for large bottomfish investments. With respect to seafood harvesters, there is a lack of business expertise to properly utilize appropriate financing institutions.

A major characteristic of the Commercial Fishery and Agriculture Bank which addresses these areas is its ability to participate at all levels of agriculture and seafood industries, including harvesting, processing, marketing, and support services. Potential CFAB markets include the financing of fleet expansion and upgrading for traditional fisheries, small-scale underutilized species projects such as geoducks and clams, bottomfish development, marine support and service businesses, and technical assistance services.

Mr. Orth feels that because of the large investment capital required for bottomfish development, the industry could very well become a major market for CFAB. Probable bottomfish organizations desiring funding may include small-scale proprietorships from existing fisheries, corporate and cooperative enterprises of successful fisherman, existing processors desiring expansion, and large-scale new entrants. The bank could provide loans for all possible categories of bottomfish development. Near shore development may include conversion financing for existing vessels and processing plants. Offshore development could include funding for large trawlers, catcher/processors, processing barges, floaters, tenders, and transshipment bases.

The Commercial Fishing and Agriculture Bank has many challenges ahead. Initial work will be directed towards developing a corporate planning structure and establishing relations with other financial institutions. The organization is a step in the right direction with regard to the current administration's desire to strengthen the renewable resource economy and reduce future levels of state spending. The organization may eventually assume a major role in fisheries development policy and provide leadership for large project financing. At any rate, this all sums up to a break for Alaska's fishing industry.

LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	p/ 5/79	r/ 4/79	5/78	p/ 5/79	r/ 4/79	5/78	p/ 5/79	r/ 4/79	5/78	p/ 5/79	r/ 4/79	5/78
Alaska Statewide.....	188187	182809	184403	16934	18221	22278	9.0	10.0	12.1	171253	164588	162125
Anchorage-Matsu Region....	92029	90156	90091	7160	7791	8790	7.8	8.6	9.8	84869	82365	81301
Anchorage.....	84743	82842	82865	6034	6455	7465	7.1	7.8	9.0	78709	76387	75400
Matanuska-Susitna.....	7286	7314	7226	1126	1336	1325	15.5	18.3	18.3	6160	5978	5901
Gulf Coast Region.....	22545	21317	21299	2284	2407	3024	10.1	11.3	14.2	20261	18910	18275
Cordova.....	1212	1129	1111	107	98	114	8.8	8.7	10.3	1105	1031	997
Kenai.....	10643	10112	10032	1276	1370	1583	12.0	13.5	15.8	9367	8742	8449
Kodiak.....	4947	4682	4650	355	397	508	7.2	8.5	10.9	4592	4285	4142
Seward.....	1549	1463	1505	161	168	253	10.4	11.5	16.8	1388	1295	1252
Valdez.....	4194	3931	4001	385	374	566	9.2	9.5	14.1	3809	3557	3435
Interior Region.....	26242	25450	27579	3706	3767	5595	14.1	14.8	20.3	22536	21683	21984
Fairbanks.....	21414	20741	22519	3104	3124	4658	14.5	15.1	20.7	18310	17617	17861
Southeast Fairbanks.....	1974	1945	2084	213	251	366	10.8	12.9	17.6	1761	1694	1718
Upper Yukon.....	600	572	641	80	72	134	13.3	12.6	20.9	520	500	507
Yukon-Koyukuk.....	2254	2192	2335	309	320	437	13.7	14.6	18.7	1945	1872	1898
Northern Region.....	9016	8688	8481	659	668	962	7.3	7.7	11.3	8357	8020	7519
Barrow-North Slope.....	2439	2335	2275	119	108	187	4.9	4.6	8.2	2320	2227	2088
Kobuk.....	2695	2606	2595	239	249	385	8.9	9.6	14.8	2456	2357	2210
Nome.....	3882	3747	3611	301	311	390	7.8	8.3	10.8	3581	3436	3221
Southeast Region.....	28846	28259	27319	2009	2548	2721	7.0	9.0	10.0	26837	25711	24598
Angoon.....	483	485	450	51	71	54	10.6	14.6	12.0	432	414	396
Haines.....	1024	1029	990	104	148	147	10.2	14.4	14.8	920	881	843
Juneau.....	10277	9965	9661	631	724	822	6.1	7.3	8.5	9646	9241	8839
Ketchikan.....	6015	5951	5766	410	581	628	6.8	9.8	10.9	5605	5370	5138
Outer Ketchikan.....	1040	1017	1043	64	82	148	6.2	8.1	14.2	976	935	895
Prince of Wales.....	1617	1581	1490	122	148	119	7.5	9.4	8.0	1495	1433	1371
Sitka.....	3782	3704	3533	233	304	280	6.2	8.2	7.9	3549	3400	3253
Skagway.....	1513	1504	1460	135	184	197	8.9	12.2	13.5	1378	1320	1263
Wrangell-Petersburg.....	3095	3023	2926	259	306	326	8.4	10.1	11.1	2836	2717	2600
Southwest Region.....	9509	8939	9634	1116	1040	1186	11.7	11.6	12.3	8393	7899	8448
Aleutian Islands.....	2358	2220	2396	164	155	188	7.0	7.0	7.8	2194	2065	2208
Bethel.....	2996	2815	3069	386	358	442	12.9	12.7	14.4	2610	2457	2627
Bristol Bay Borough.....	388	378	391	31	42	32	8.0	11.1	8.2	357	336	359
Bristol Bay.....	1300	1207	1323	158	133	174	12.2	11.0	13.2	1142	1074	1149
Kuskokwim.....	965	909	896	194	184	120	20.1	20.2	13.4	771	725	776
Wade Hampton.....	1502	1410	1559	183	168	230	12.2	11.9	14.8	1319	1242	1329

p/=Preliminary r/=Revised

1978 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.