

Alaska Seafood Industry Overview



PSPA
PACIFIC SEAFOOD
PROCESSORS ASSOCIATION
EST. 1914

*Presentation to the Senate Special Committee on Arctic Affairs
Tracy Welch, Executive Director of United Fishermen of Alaska, Juneau
Nicole Kimball, Vice-President, PSPA, Anchorage
March 27, 2025*

Pacific Seafood Processors Association

- Statewide seafood processing trade association
- Founded in 1914
- Members operate 42 shoreside facilities in 23 coastal AK communities + 2 floating processors
- Participate in about every State and Federal fishery in AK
- Purchase hundreds of millions of lbs of fish from independent commercial fishermen
- Investments in Alaska = \$1-2 billion
- Long-term investments in communities



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United Fishermen of Alaska

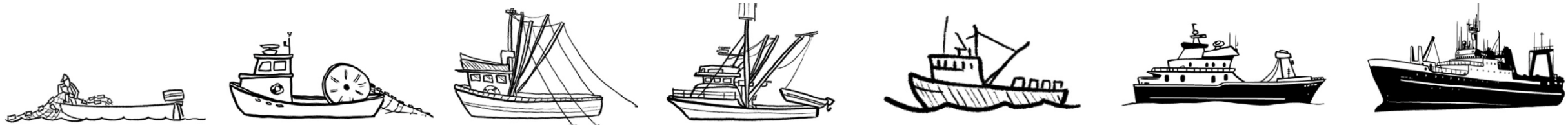
- Statewide Commercial Fishing Trade Association
- Currently representing 35 commercial fishing organizations across state fisheries and federal fisheries off Alaska's coast
- Founded in 1974
- UFA's mission is to promote and protect the common interest of Alaska's commercial fishing industry, as a vital component of Alaska's social and economic well-being



COMMERCIAL FISHING SECTOR



	2021	2022
Skippers & Crew	24,200	24,300
Skippers	7,500	7,400
Crew	16,700	16,900
Percent Alaska Residents	54%	53%
Fishing & Related Vessels	8,400	8,200



LENGTH (FEET)	<23'	23' - 32'	33' - 49'	50' - 58'	59' - 99'	100' - 199'	200'+
COUNT	1,845	2,953	2,015	699	354	278	36

Alaska's Ports and Processing Locations: Over 140 Rural and Remote Communities Depend on the Alaska Seafood Industry

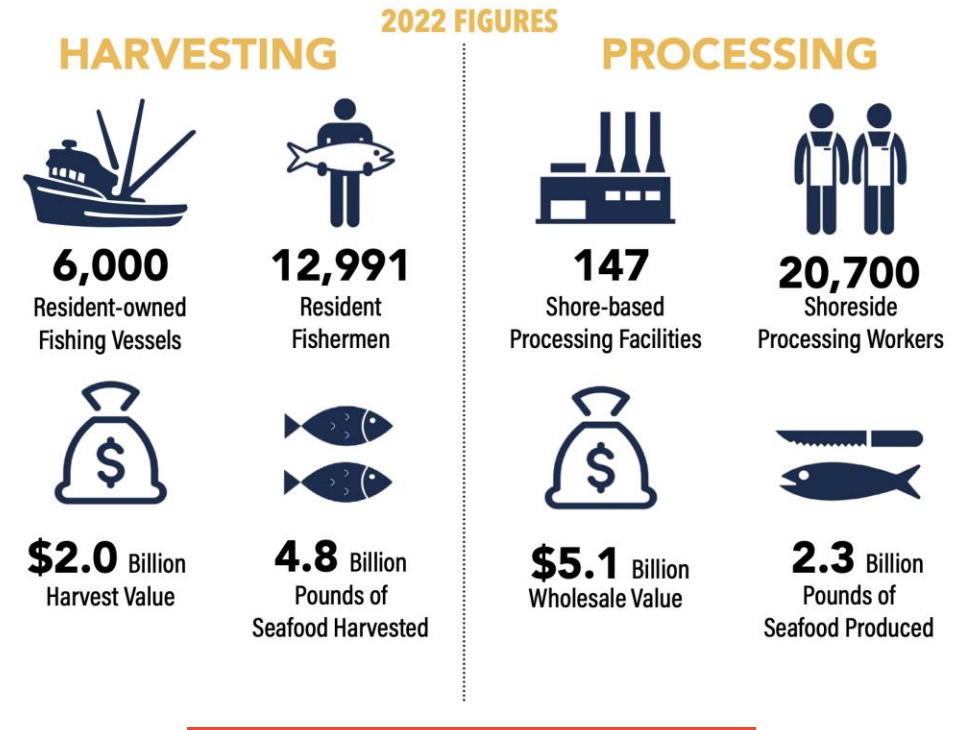


Compiled and mapped by McDowell Group.
 Note: These data are estimates based on best available data and represent physical plants.
 Sources: Alaska Department of Fish & Game; Alaska Department of Environmental Conservation; McDowell Group.



Alaska Seafood Stats

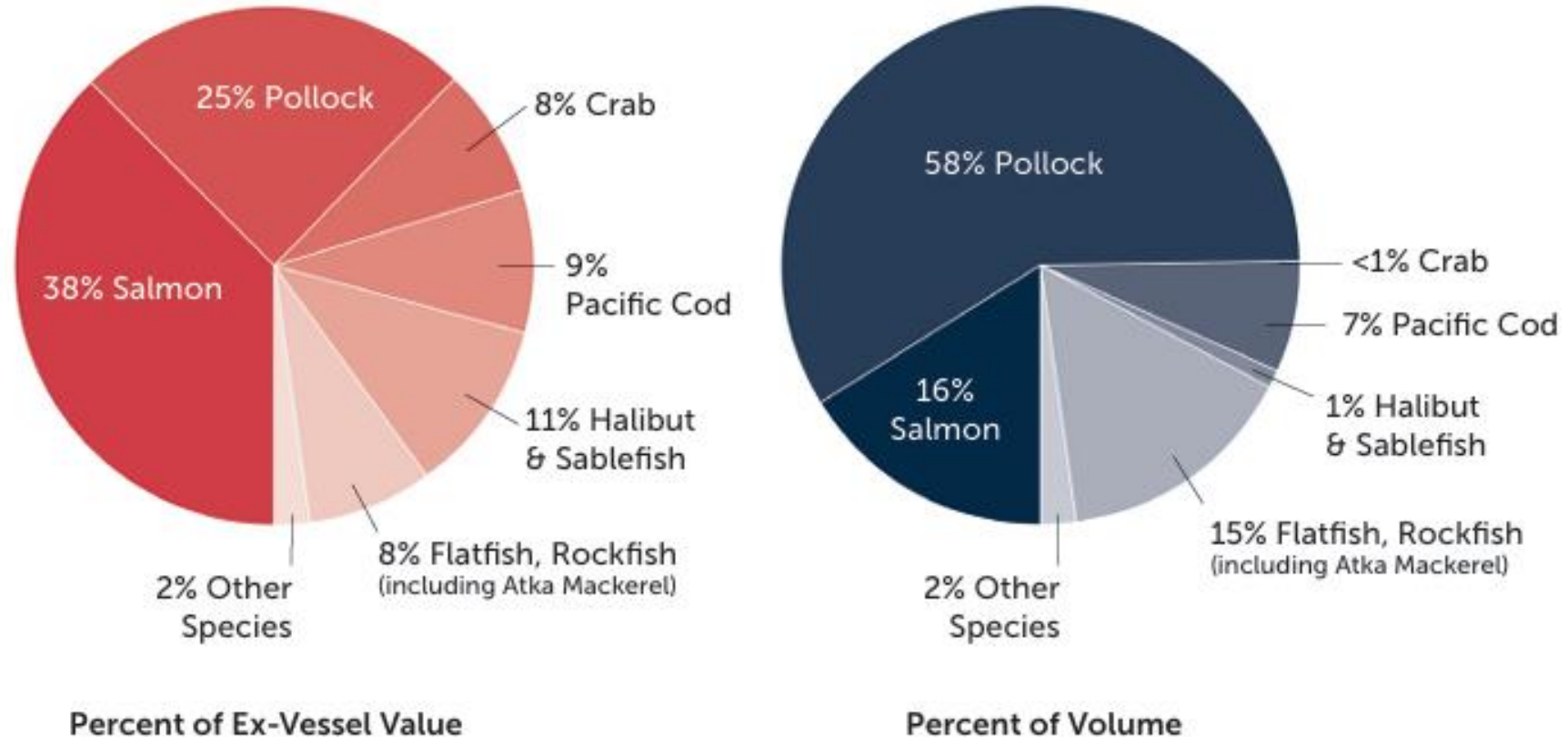
- AK produces ~60% of total US seafood
- 5-6 billion lbs harvested every year
- Creates \$5 - 6 billion in annual economic activity in AK
- Generates \$2.3 billion in labor income in AK
- 48,000 direct jobs in AK
- All major fisheries are independently certified for sustainability
- Export 70%+ of production to over 100 countries
- Approx. 85 facilities process at least 100,000 lbs of seafood annually



Top Two Alaska Species: Salmon & Pollock

All fisheries are critical; these two fisheries also support the ability to process other fisheries

VALUE AND VOLUME BY SPECIES 2022-2023





Ketchikan



Unalaska



False Pass



Kodiak



Fishermen



Processors



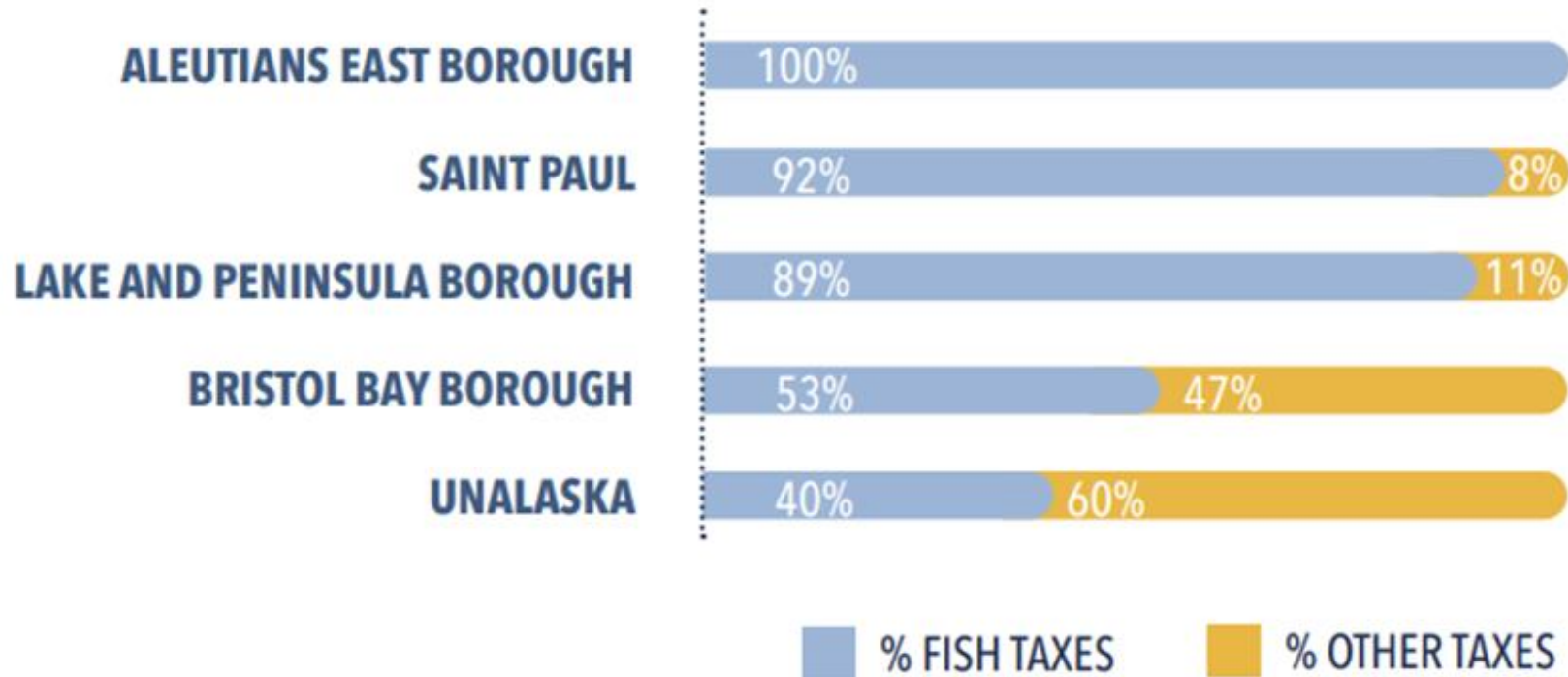
Communities

Interdependence



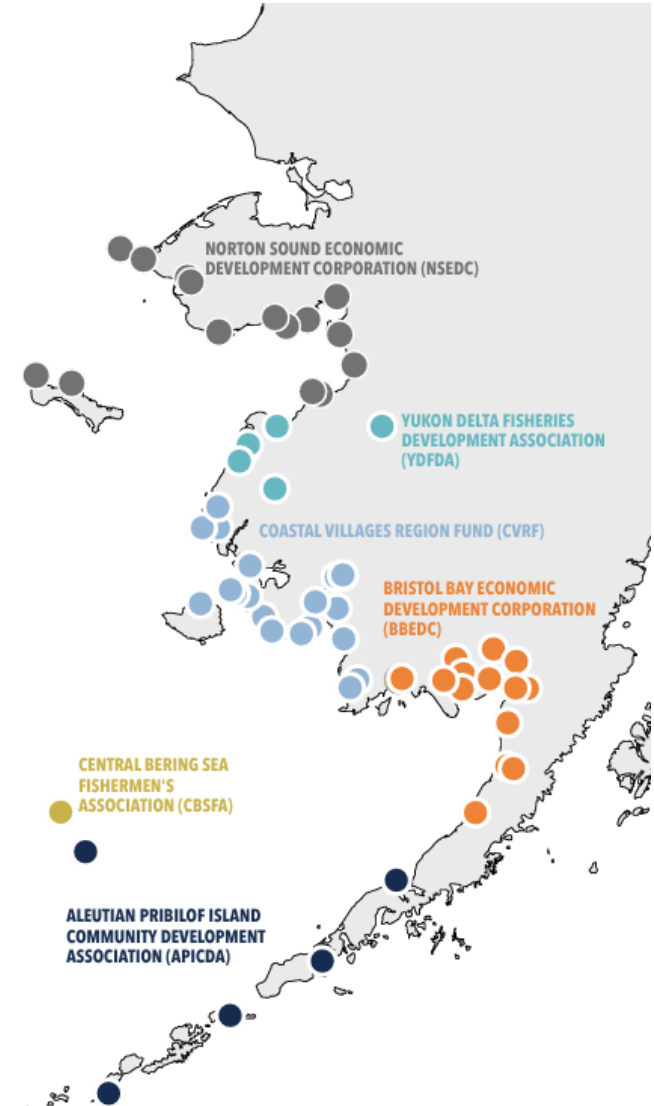
Supporting Coastal Communities

SEAFOOD TAXES AS PERCENTAGE OF
LOCAL GOVERNMENT REVENUE AMONG SELECT
COASTAL ALASKA MUNICIPAL GOVERNMENTS, 2022



Western Alaska CDQ Program

- **More than 10% of every Federal commercial fishery is allocated to 6 nonprofit groups (CDQ groups) representing 65 western Alaska communities. Their purpose is community economic development.**
- They own a combined \$1.3 billion in assets, including full or partial ownership of nearly 60 commercial vessels, including about 1/3 of the Bering Sea pollock fishery (2020 data)
- They generated \$19.7 million in wages for 1,400 Western Alaska residents. In total, approximately 5,060 jobs and \$268 million in annual labor income can be measured and linked to the CDQ program (2020 data)
- CDQ groups issue more than \$30 million annually in community development grants to leverage state, federal, and private resources, provide debt repayment assistance, plan large-scale infrastructure projects, help with fuel assistance and utilities, support elder programs, and assist with technical and grant writing support.
- \$25.6 million in training and education from 2011-2020

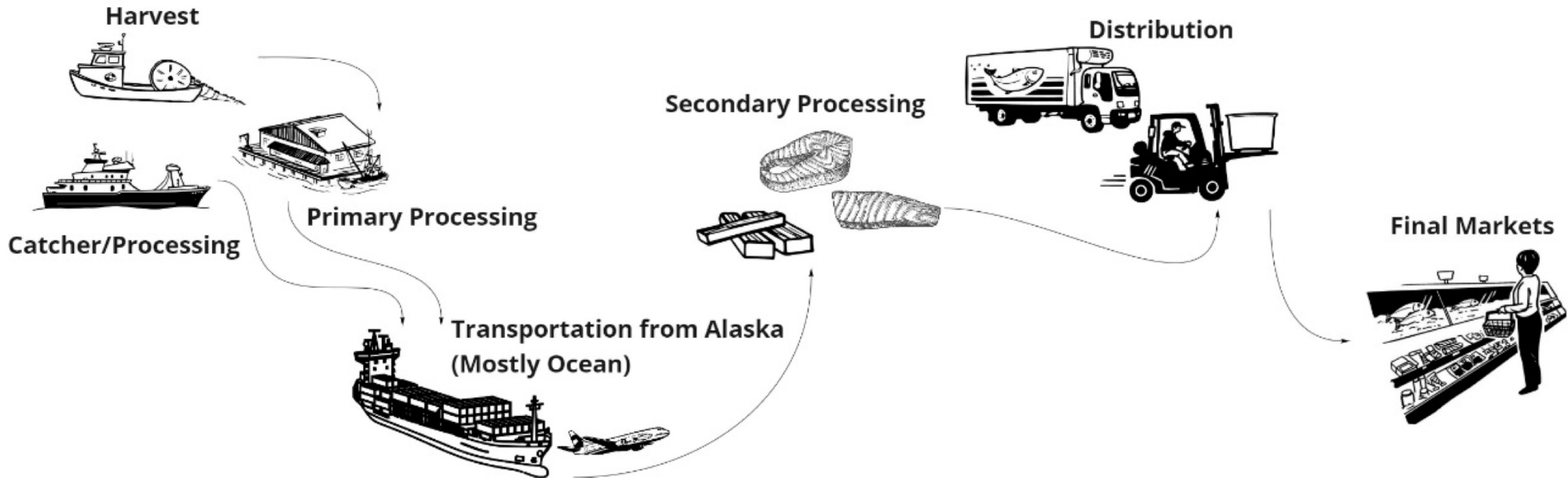


NATIONAL IMPACT

NATIONAL IMPACT OF ALASKA SEAFOOD INDUSTRY, 2021/2022 AVG

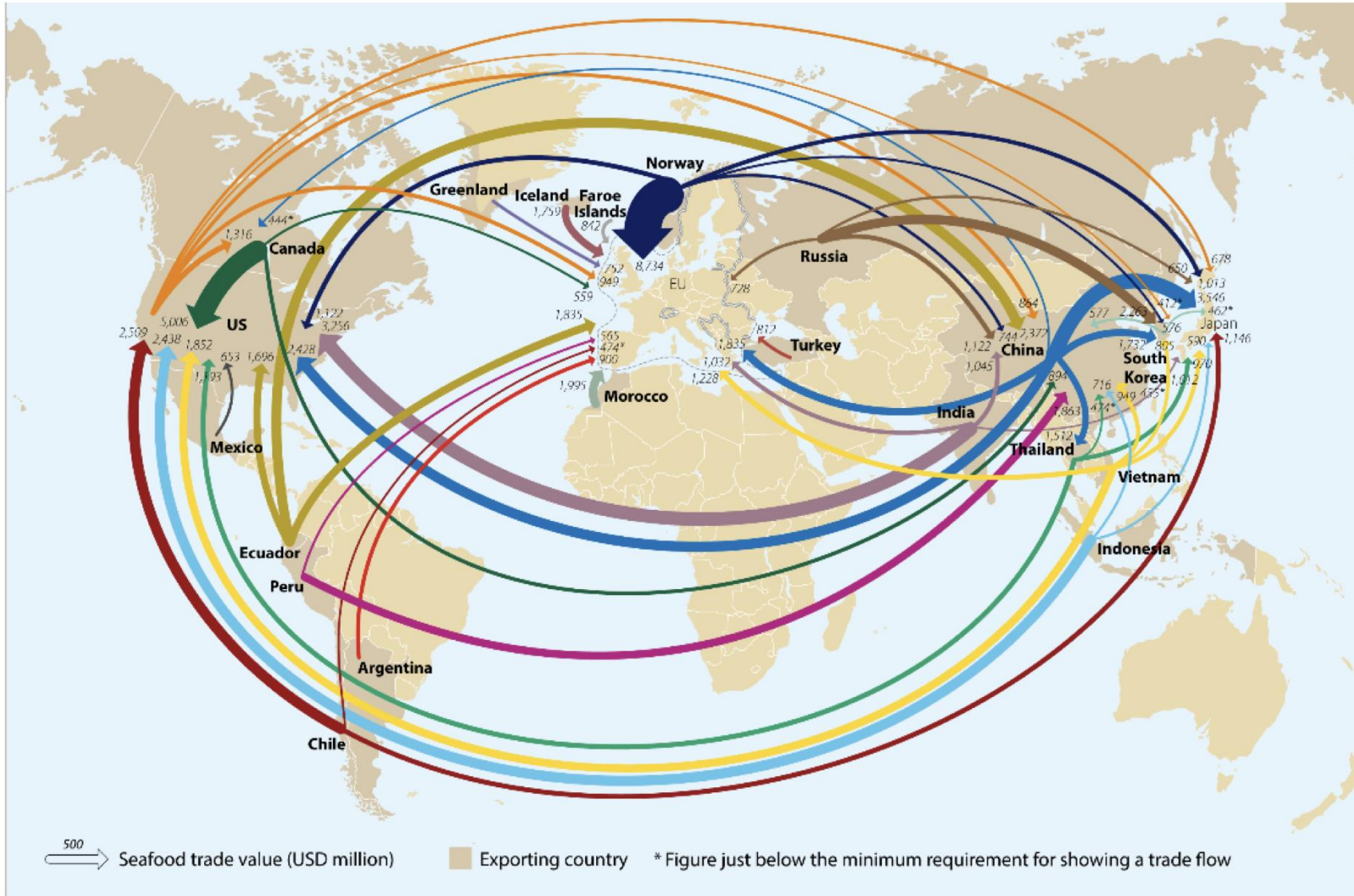
	Number of Workers	FTE Jobs	Labor Income	Output
Commercial Fishing	24,300	10,400	\$1.0B	\$2.0B
Processing	20,000	8,200	\$528M	\$2.9B
Mgmt./Other	3,700	2,300	\$248M	-
Distributors	700	700	\$100M	\$200M
Grocers	4,000	4,000	\$150M	\$400M
Restaurants	11,500	11,500	\$470M	\$1.2B
Direct	64,200	37,100	\$2.5B	\$6.7B
Secondary	-	44,000	\$3.3B	\$9.1B
Total	-	81,100	\$5.8B	\$15.8B

Main Phases of the Alaska Seafood Supply Chain



Source: ASMI and Shutterstock images.

Seafood is the World's Most Traded Animal Protein



Seafood's estimated global trade value in 2021: USD 164 billion

Seafood trade is roughly 3.6x the size of the global beef trade, 5x the size of the global pork trade, and 8x the size of the global poultry trade

The US imports over 80% of the seafood it consumes

Alaska exports 70% of the seafood it produces to over 100 countries

RaboResearch. *Seafood Trade Keeps Growing from Strength to Strength.* May 2022.

Recent Challenges

A perfect storm

- Seafood revenues dropped from 2022 to 2023, **generating an \$1.8 B economic loss to Alaska and its coastal communities** (Source: NOAA Fisheries)

Excess global inventories, unfair trade policies and decreased consumer demand due to inflation led to overall lower prices paid to fishermen and processors.

- Markets remain disrupted, primarily due to global competition from Russia, a strong dollar, and tariff threats
- Costs of production have soared across all major categories
- This affects prices paid to fishermen, prices paid to processors, and the SOA and communities whose fish taxes are based on fish value
- Industry restructuring and cost-cutting is significant; policy support also needed to regain long-term competitiveness

Barriers to Global Competitiveness

Foreign harvested and processed seafood does not adhere to the same environmental and labor standards as the US, resulting in significantly lower operational costs

- Russia and China are not constrained by environmental regulations (e.g. strong fisheries conservation and monitoring to minimize impact on habitat and protected resources) or internationally accepted labor standards (eg. Russia using North Korean labor on vessels, China using North Korean and Uyghur labor in processing plants)
- Labor costs in these and other countries is a fraction of labor costs in the US

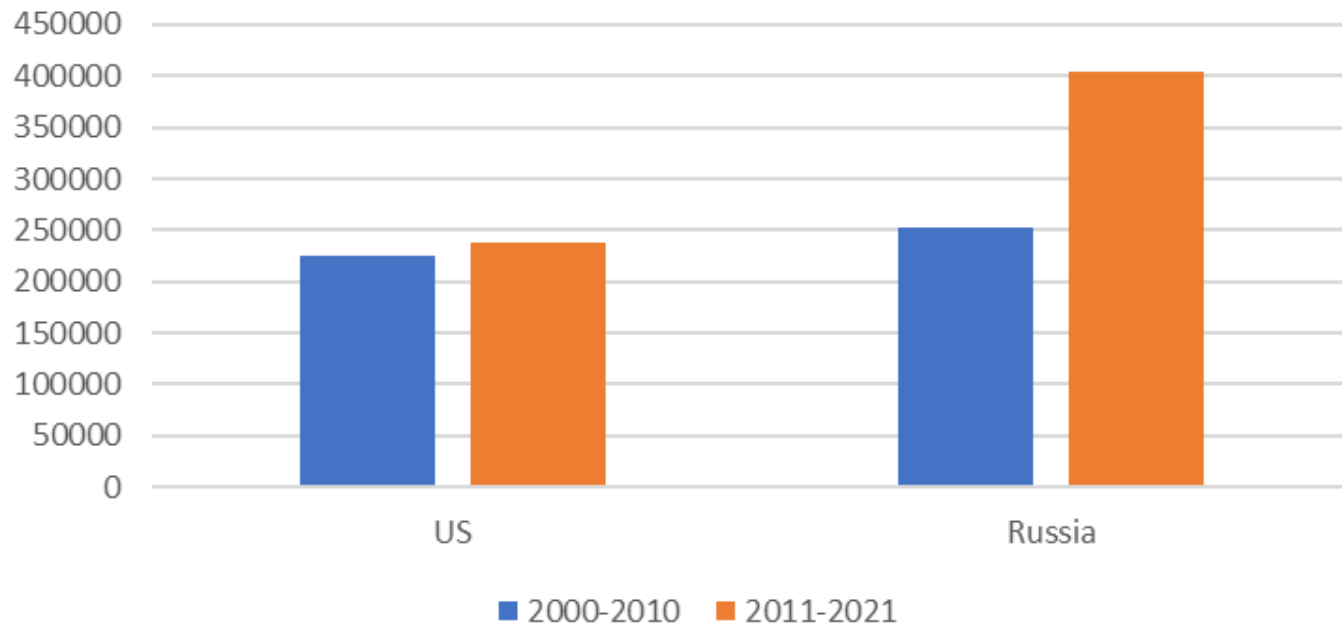
Vessels, plants and infrastructure in Alaska are aging, in most cases, an average of 40 years old

- Age increases cost of maintenance and operations, robbing capital required for new plants and vessels
- Costs to build new vessels is approximately one-third of the US cost of construction under the Jones Act

The Russia Problem – Volume, Prices, Currency

Alaska directly competes with Russia; both areas produce the same MSC-certified wild species. Russia is putting record volumes on the market and driving down prices, and increasing market share in Europe, Japan, and China. Russian government investing in new vessels and plants.

Salmon Production in the US and Russia
Average Annual Production 2000-2010 v 2011-2021



Russia Plans to Modernize its Fish Production and Processing Capacities by Almost 80% by 2028-2029

June 20, 2024

Russia plans to modernize its fish production and processing capacities by almost 80% as a result of the implementation of an existing state program of investment quotas, according to recent statements made by a head of the Russian Federal Agency of Fisher Rosrybolovstvo, Ilya Shestakov.

According to Shestakov, despite the ever growing sanctions pressure on Russia, a large-scale modernization of the entire fisheries infrastructure of the country is underway, which leads to active building of new fishing vessels, modern processing plants, and logistics complexes.

Shestakov added that the first stage of the program allowed to attract about 300 billion rubles into the industry, while big hopes are also put on the second stage of the program, which began last year.

As part of the first stage of the program, Russian fishermen contracted the construction of 105 ships at domestic shipyards. As of mid-May 2024, 24 vessels were delivered to customers. To fulfill contractual obligations, the construction periods for fishing vessels have been extended, while the same is considered for crab fishing vessels. It is planned to complete the construction of all ships within the first stage of the investment quota program by the end of 2027.

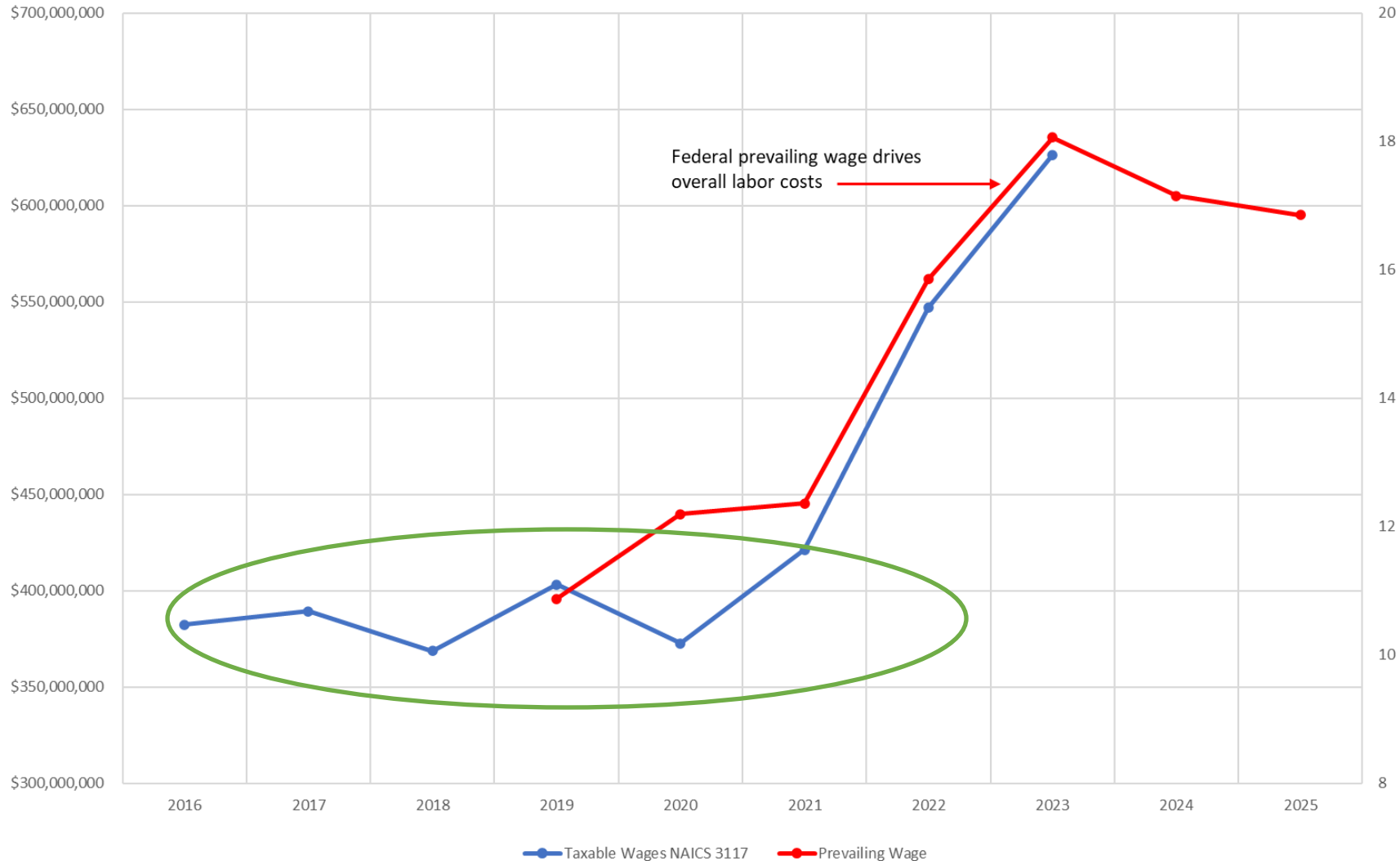
Barriers to Competitiveness - Costs

US costs of production in Alaska have increased sharply in recent years

- All businesses are facing critical worker shortage, which has heightened challenges for processors securing a workforce; ***statewide processor labor costs increased 50% in two years (2021-23)***
- Fuel, insurance, cold storage, transportation, food & other costs for fishermen and processors have increased with inflation
- Fishermen and processors depend on borrowing money for annual operations. In 2023, increased interest rates, combined with increased time in cold storage, led to an estimated **3x increase** in total cost of financing

Seafood Processor Labor Costs

Alaska Seafood Processing Employee
Statewide Taxable Wages (NAICS 3117) vs Federal Prevailing Wage



Labor costs for seafood processors have spiked since 2021, because they are driven by the requirement to pay the “prevailing wage” which is set by the federal gov. Other industries/ businesses do not have this requirement.

Note:
The year for
Taxable Wages =
Jan. 1 – Dec. 31;
Prevailing Wage
= July 1 – June 30

Solutions

The future of Alaska Seafood depends on state & federal policy solutions in cooperation with industry, enabling reinvestment to strengthen the industry and communities that rely on it for the next 50 years.

Scale and scope of the situation requires:

- 1) Short-term response mechanisms
- 2) Incentives and support to invest for the long-term
- 3) **Focus on reducing operating costs and increasing value**

Industry response: reduce operating costs, some seasonal closures or selling of plants, paused investments in upgrades or maintenance, processing companies restructuring and doubling-down on core strengths, support federal & state policy responses.

These areas of focus address industry challenges/opportunities:

- Market development
- Financing support
- Investment in modernization and infrastructure development
- Workforce development
- Ensure effective & science-based fisheries management

Thank you to the Legislature (2024)

- [SJR 14](#) – urging Congress & federal agencies to adopt policies to **improve** the competitiveness and resiliency of the AK seafood industry
- [SCR 10](#) – Establishing the Joint Legislative Seafood Task Force. Report Jan 2025.
- ASMI \$10 million (vetoed). (\$10 m over 3 years in Gov supplemental)
- [HB 273](#) - amended Commercial Fishing Revolving Loan Fund
 - Reduced interest rates for fishermen from 10.5% to 5.25% on refi loans for 3 years
 - Increased maximum from \$200,000 to \$400,000
- [HB 148](#) – Education tax credit

2025-2026 Fisheries Legislation

- HB 31- Vessels: Registration/Derelict Fund
- HB 33- Conflict of Interest; Board of Fisheries/Game
- HB 116/ SB 115- Commercial Fishing Insurance Co-Op
- HB 117- Commercial Fishing Set Gillnet Co-Op
- HB 129/SB 130- Fisheries Product Development Tax Credit
- HB 135/SB 131- Duties of ASMI Board; Meaning Seafood

