



ALASKA'S SEAFOOD INDUSTRY

*Contributing to a Diversified
Alaskan Economy*

RDC Lunch and Learn 11 February 2014

Vince O'Shea Vice President

Pacific Seafood Processors Association

Pacific Seafood Processors Association

(Est. 1914)

- Trade Association of nine companies
- Participate in all fisheries in Alaska
- Operate 22 plants in AK and 3 mother ships
- Buy/process 70% of seafood landed in AK



Alaska Fisheries

- Among the best managed in the world
- Healthy – Abundant - Sustainable
- Comprise 55% of total U.S. landings
- Important component of state's economy:
 - \$2.3 B ex-vessel - \$4.6B first wholesale
- Result of: scientists, managers, harvesters, processors, transporters, marketers

Small Scale to Industrial



Management Authority

Commissioner ADF&G and BOF:

- Salmon, crab, fish in state waters
- Alaska Constitution, laws, and regulations



Secretary of Commerce, NMFS, NPFMC:

- Fisheries - Exclusive Economic Zone (3-200 miles)
- Pollock, cod, flatfish, halibut
- Magnuson-Stevens Act (1976), federal laws, regulations



Pacific Halibut Treaty - Pacific Salmon Treaty

- Create obligations and entitlements for the U.S. and CA
- Reflected in state and Federal management of treaty species

State and Federal Systems

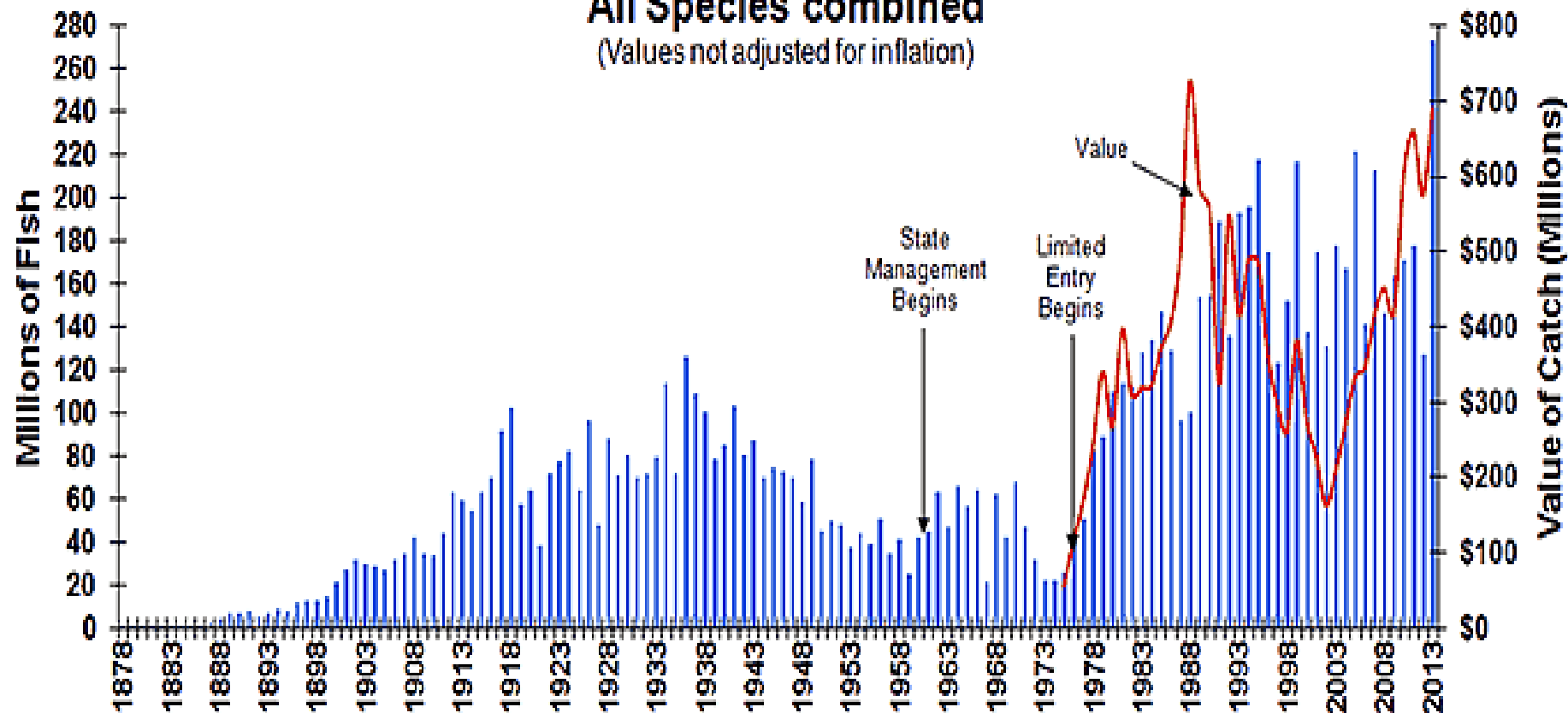
- Assess stock abundance with scientific methods
- Science advice to set safe harvest limits
- Policy and mgt decisions thru public process
- Count catch and by-catch (federal observers)
- Close fisheries when (or before) quotas reached
- Promote/ensure compliance thru enforcement

50 Years of Alaskan Management

Alaska Commercial Salmon Catches & Value 1878-2013*

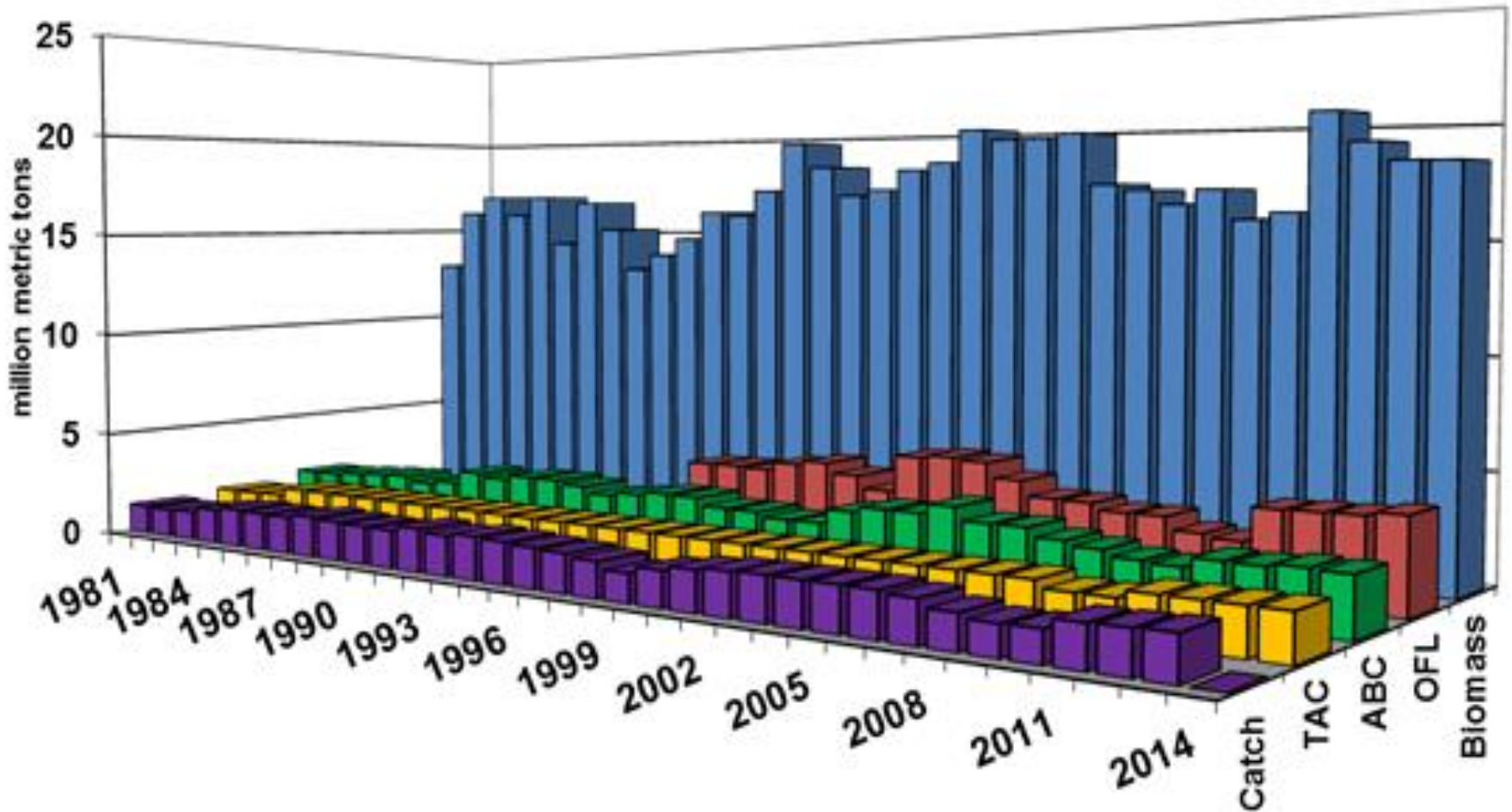
All Species combined

(Values not adjusted for inflation)



*2013 values are preliminary

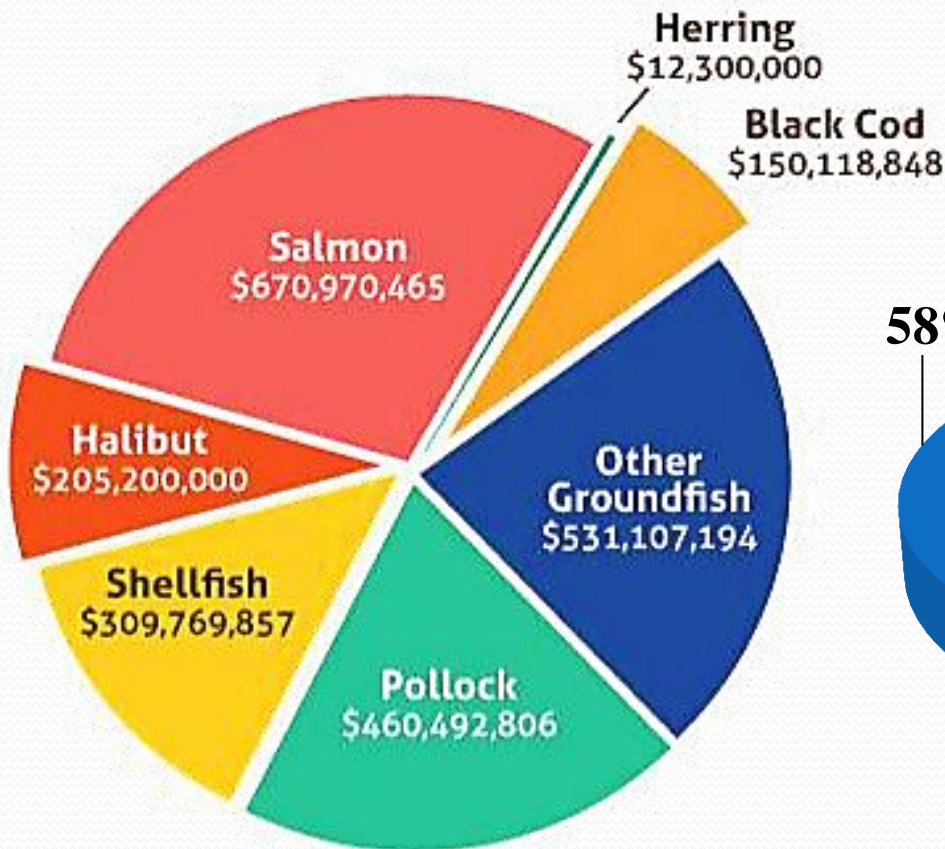
Bering Sea Groundfish Biomass v. Catch



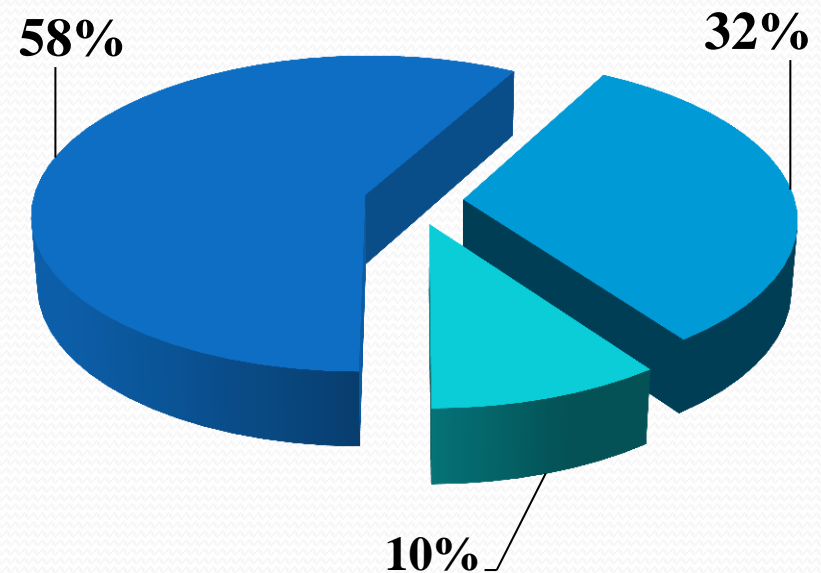
Alaska Fisheries - \$2.3B

Dollar Value by Species

State – Federal Portions



■ Federal ■ State ■ Both



**ALASKA EX-VESSEL VALUE
OVER \$2.3 BILLION IN 2011**

Alaska Seafood Marketing Institute 2013 An

Alaska Harvesters

- 32,000 jobs
- 8,000 Alaskans hold CFEC permits



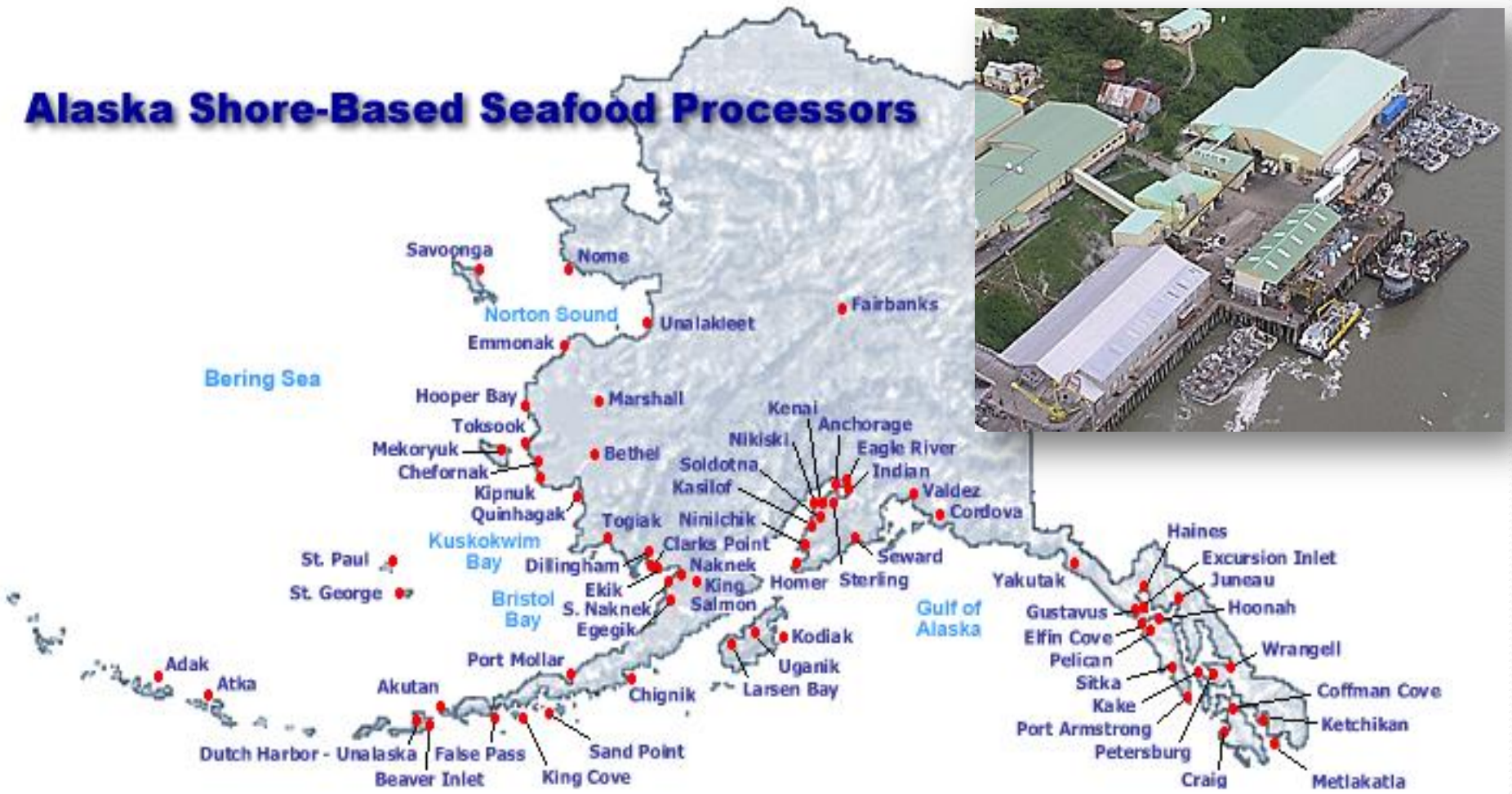
Alaska's Seafood Processors

Operate 100+ Plants Employ 20 – 1,200+ each

- Often remote locations close to grounds
- Ketchikan to Adak to Nome
- Logistically intensive: people supplies in, product out. Most people move by air
- Operational days depend on fisheries
- Can happen quickly – Bristol Bay: 28 days

A Coastal and Alaskan Industry

Alaska Shore-Based Seafood Processors



Large Seafood Processors

Six Companies with 1,000+ Employees

- Most operate in remote areas
- Provide markets and jobs
- Economies of scale
- Financial Strength
- Marketing and Distribution



Bob King photo



Alaska's Seafood Workforce

63,100 workers earned \$1.73B (2011)

Total Indirect Induced Impacts \$6.75B *

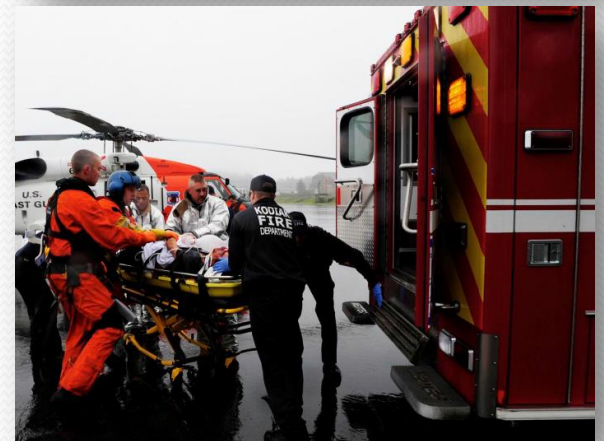
Harvesters: 32,000 \$1.08B

Processors: 27,100 \$410M

Hatcheries

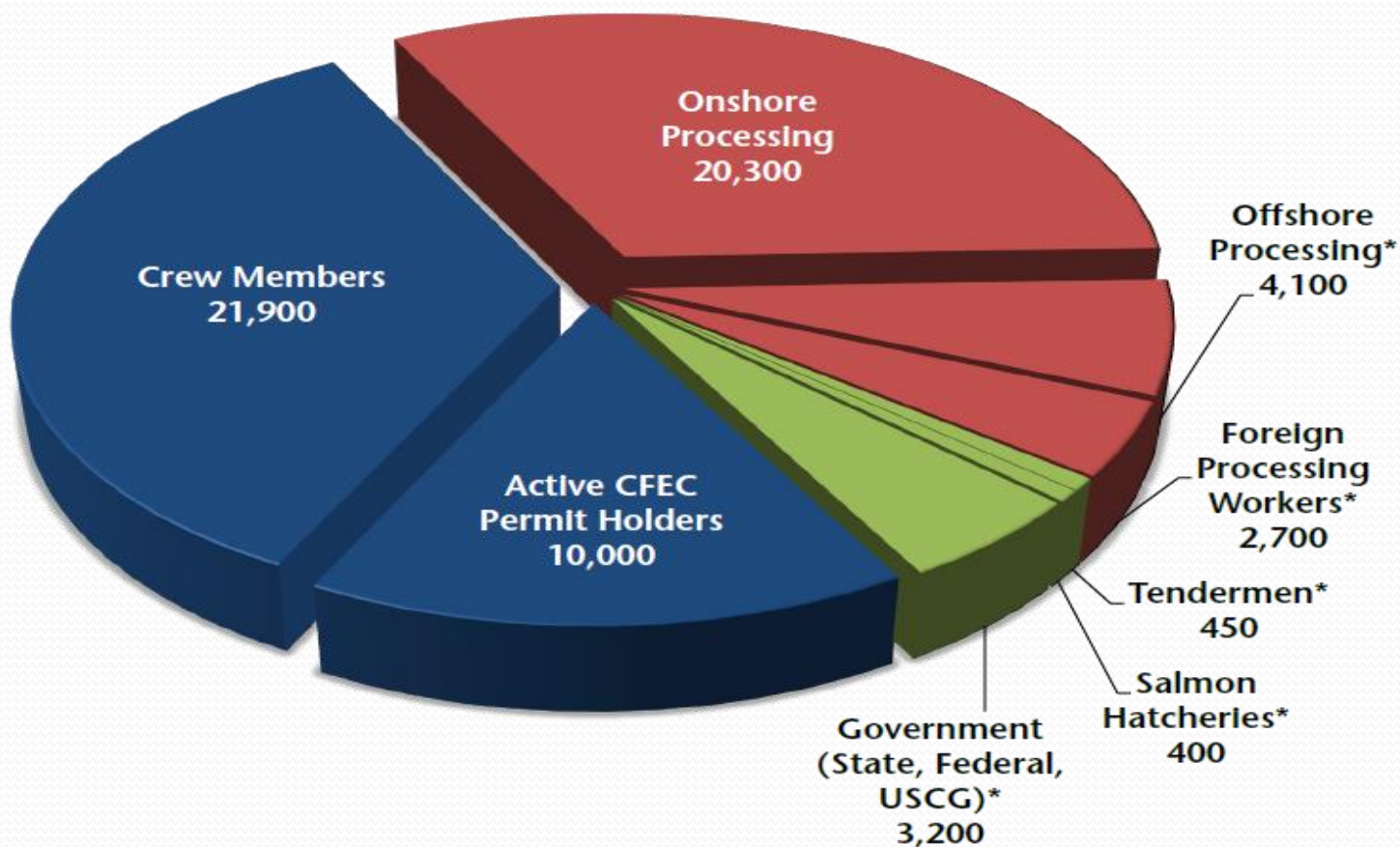
Tender Crew

Government: 4,000 \$240M



Workforce Distribution

Alaska Seafood Industry Workforce, Number of Workers, 2011

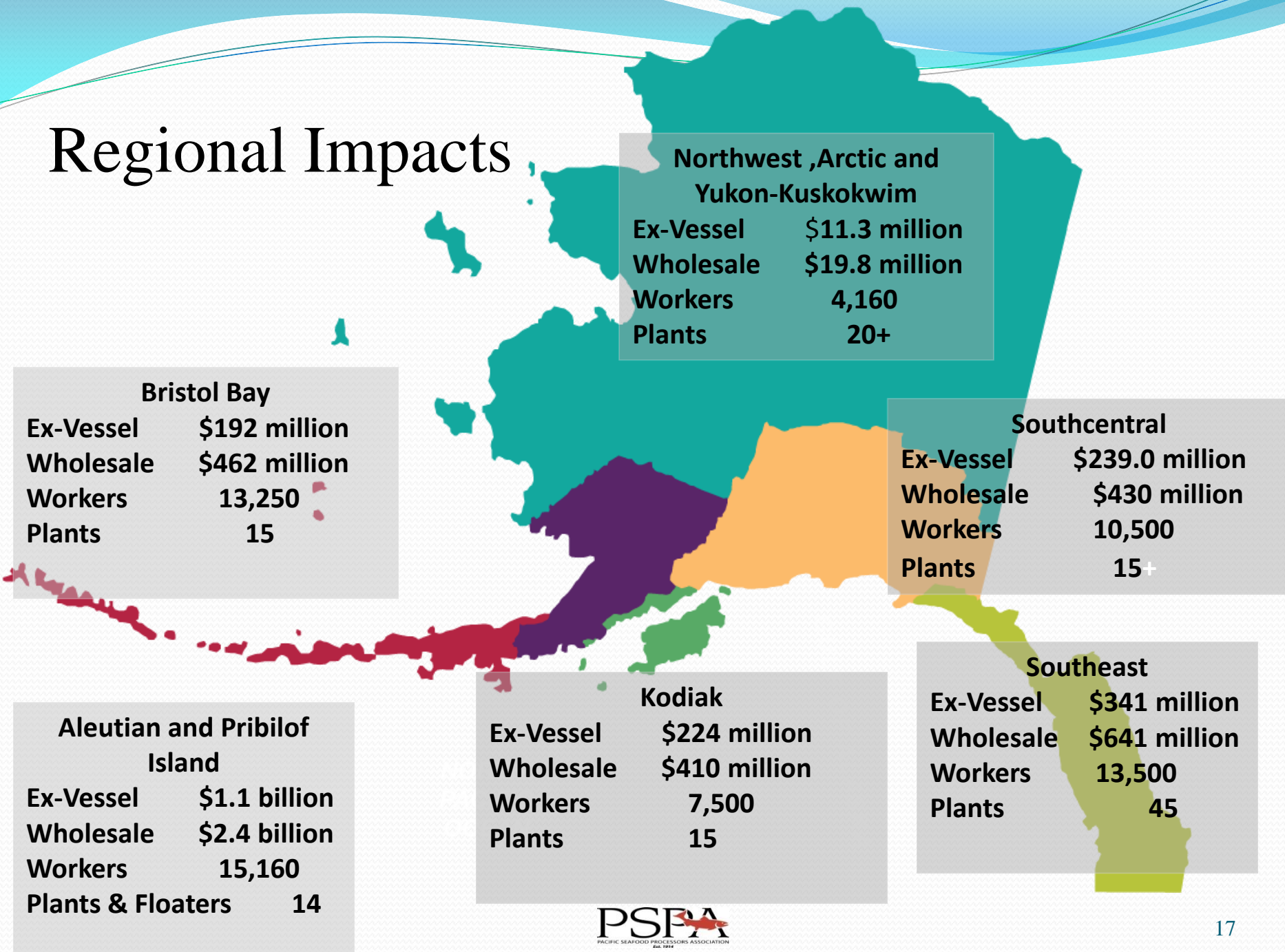


*Indicates a McDowell Group estimate based on industry sources.
Source: ADFG, ADOLWD, and McDowell Group estimates.

A Statewide Economic Engine

Region	Ex-vessel	Wholesale	Workers	F/Vs	Plants
Southeast	\$ 341M	\$ 641M	13,500	2,000	45
Southcentral	\$ 239M	\$ 430M	10,500	1,480	15+
Kodiak	\$ 224M	\$ 410M	7,500	570	15
BSAI	\$ 1.1B	\$ 2.4B	15,160	518	14*
Bristol Bay	\$192M	\$ 462M	13,250	1,780	15
AYK	\$ 11.3M	\$ 19.8M	4,160	1,780 skiffs	15+

Regional Impacts



Tax Revenue

	FY2010	FY2011	FY2012
Fisheries Business	\$31.9M	\$44.5M	\$53.1M
Fishery Resource Landing	\$12.6M	\$ 7.1M	\$12.0M
Salmon Enhancement	\$4.9M	\$ 7.9M	\$10.0M
ASMI	\$7.8M	\$ 8.6M	\$ 9.7M
Seafood Development	\$1.6M	\$ 2.1M	\$ 1.9M
Dive Fishery Management	\$0.5M	\$ 0.6M	\$ 0.7M
TOTAL	\$59.3M	\$70.6M	\$87.5M
Cities collected	\$90.0M		
Data Source			
http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?861r			
(2013 McDowell Group Report for ASMI pg.27)			

Transportation

- Supplies, people, boats north
- Fish south and overseas
- Service to rural communities
- Backhaul cuts NB rates 10%
- 240M lbs = 5,000 truckloads
- 800+ employees
- Others move similar volumes



Transportation

5.5 Billion pounds harvested (2012)



Marketing to the Nation and the World

Alaska produces 1% of the World's seafood

- ASMI – \$24.M Industry-State-Federal Funds
- Promotes Alaska brand not company labels
- Focus on lower 48 and international markets
- Product differentiation based on quality, sustainability

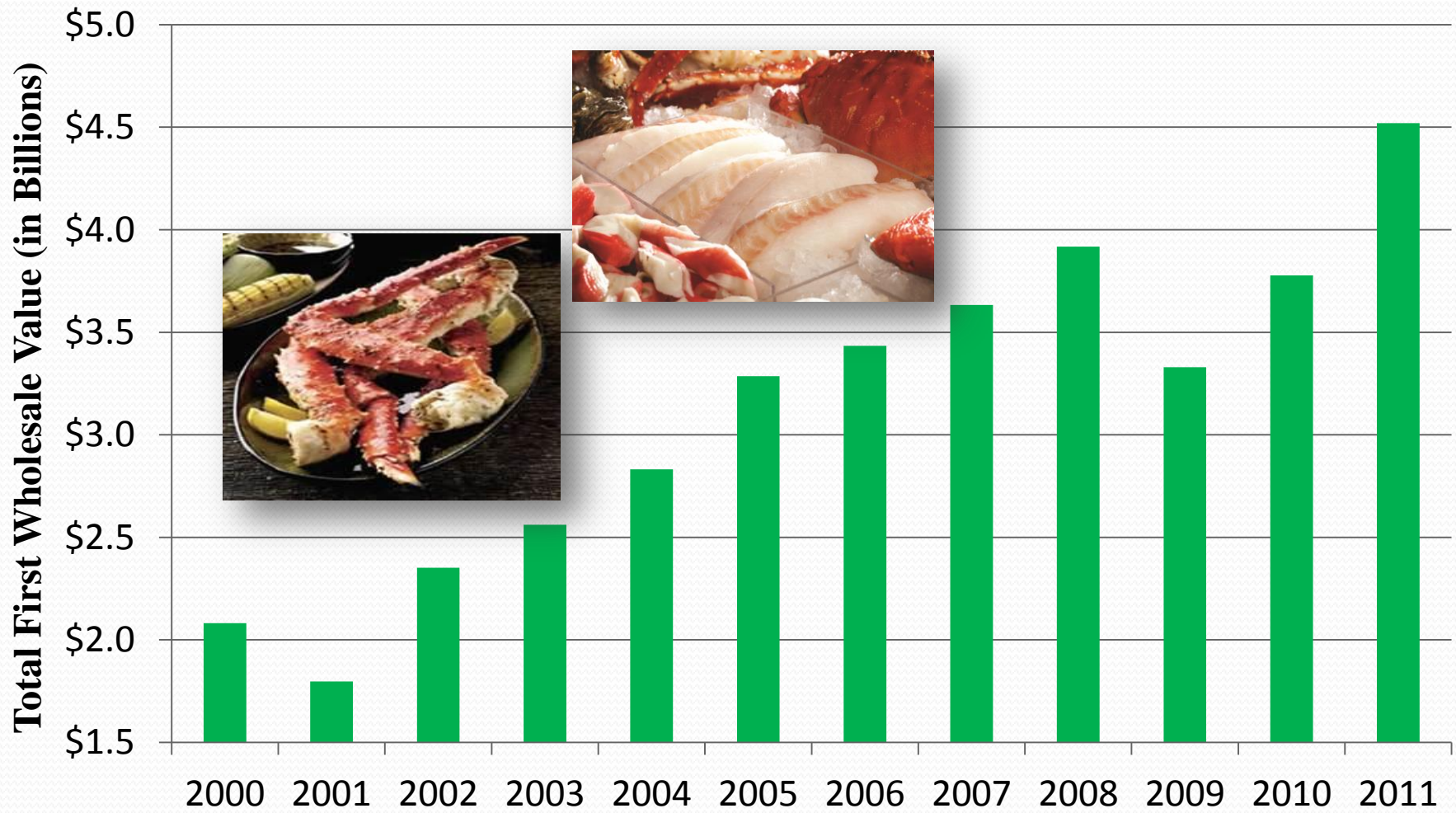


Wild, Natural & Sustainable®

- Companies market own brands and products
- Innovation with product form, value add
- Responding to domestic and foreign markets
- Salmon – vacuum packed filets, burgers, pouches



First Wholesale Value of Alaska Seafood



Challenges

Ensuring Sustainable Management
Funding for ADF&G
Decisions based on science

National and global competition
U.S. per capita seafood down
Chicken, pork, beef, farmed fish
Foreign cod/pollock; aquaculture

Worker and Food Safety

Safety of life at sea
Cost avoidance
Critical for brand protection



Challenges

Distance, Variability, Weather

- Transportation Costs
- Quotas vary with abundance
- (BS Pollock: 880K - 1.3M mt.
Salmon run size timing not exact)
- Harvest rates impact costs/value



Growing value – finite quotas

- Primary products – cans to frozen
- Waste to meal/oil and beyond
- Reducing costs
- Water, energy, large volumes



Challenges

Seafood Processing Labor

- Non-skilled – Seasonal, intense, often remote locations
- Skilled (technicians, engineers, etc.) – shortages, aging workforce
- Workforce development to enable Alaskans to fill jobs

Sustainability Certification

- Who Decides?
- More than one choice – open/transparent
- Alaska Constitution - Article 8



Wild, Natural & Sustainable®



By-Catch in Bering Sea and GOA Harvest Operations

- Low abundance – emotional
- Observers: vessels and plants
- Caps trigger shutdowns
- F/Vs: avoidance, net excluders
- Genetic data collection
- Must discard or donate
- Food grade donations to Alaska via Sea Share



Bottom Line

The Alaska Seafood Industry:



Bottom Line

The Alaska Seafood Industry:

- Major Economic Driver for Coastal Alaska
- Diversity-Strength to Alaska's Economy
- Enables infrastructure in remote communities
- Important source of jobs and opportunities
- With proper resource management will provide jobs, income, and a way of life for generations

Thank you
voshea@pspafish.net

Acknowledgements:

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Andy Wink – McDowell Group



Photo credits: Alaska Seafood Marketing Institute

For more information

ASMI website: <http://alaskaseafood.org>

2013 Alaska Seafood Annual Report

Economic Value of the Alaska Seafood Industry

(2013 Report prepared by McDowell Group for ASMI)

Alaska Department of Labor and Workforce Dev.

TRENDS November 2013 and 2012

UFA website: <http://ufa-fish.org/>

Community Fish Facts

North Pacific Fishery Management Council website:

<http://www.npfmc.org/>