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ALASKA SEAFOOD MARKETING INSTITUTE

Alaska Seafood Industry Assessment

SENATE NATURAL RESOURCES COMMITTEE – MARCH 24, 2017

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VOLUME & VALUE BY SPECIES (2011-2015)

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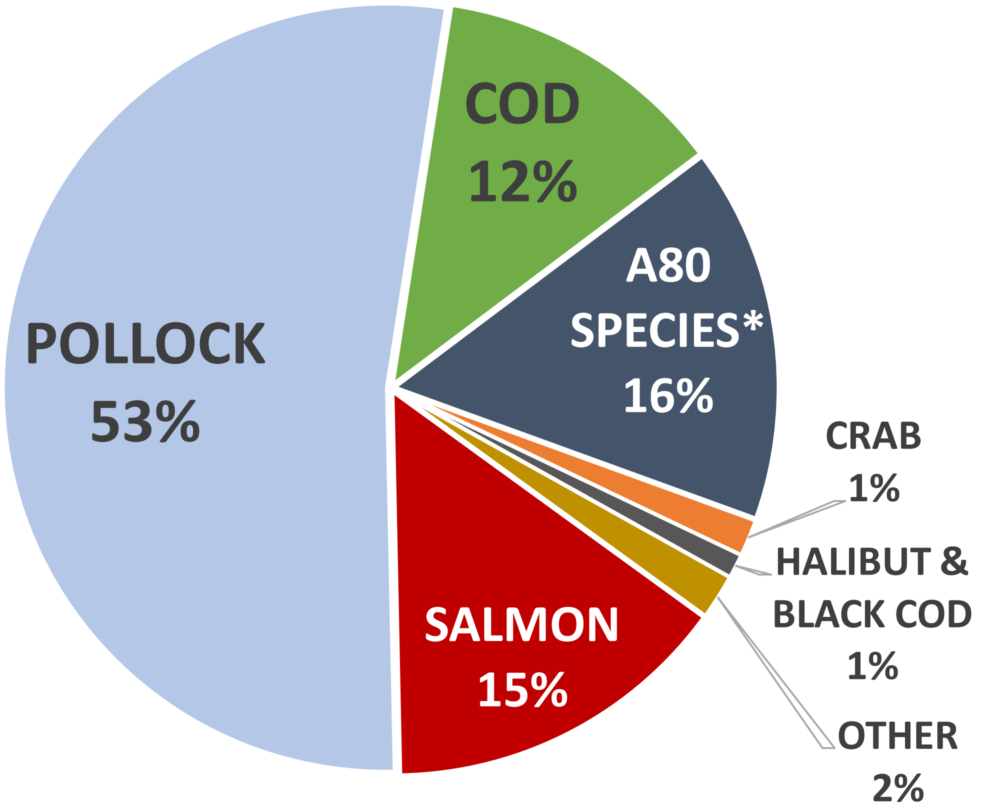
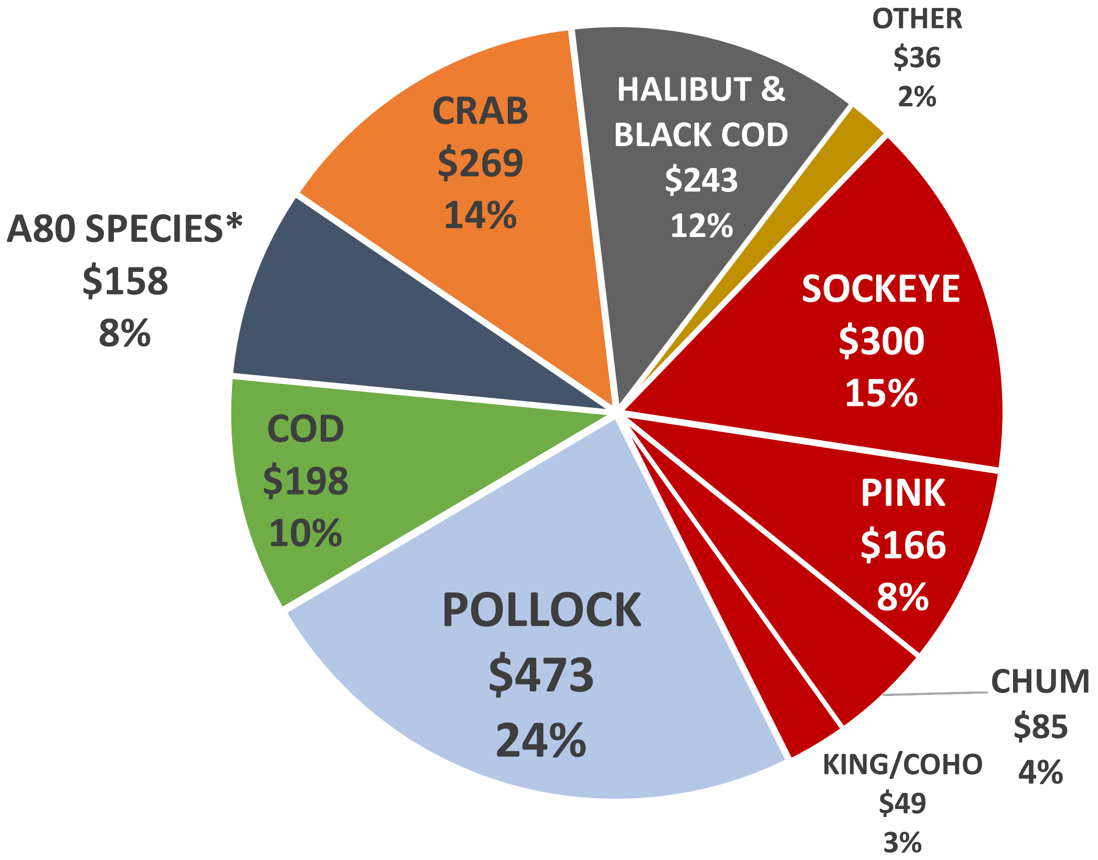
HARVEST VOLUME

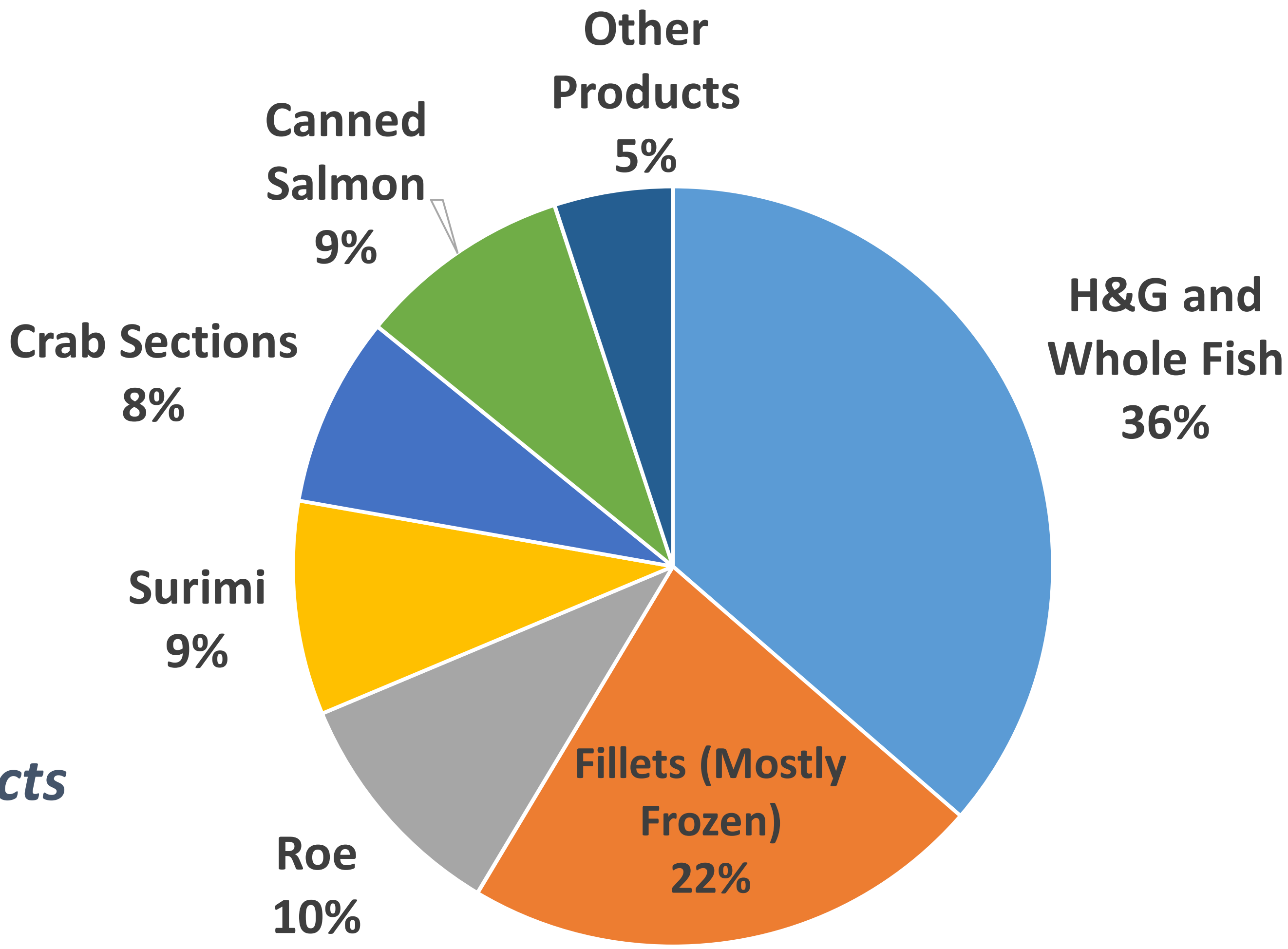


EX-VESSEL VALUE ($M)



*Includes flatfish, rockfish, and Atka Mackerel.
Note: Data represents average of 2011-2015 volume/value.
Source: NMFS and ADF&G, compiled by McDowell Group.

PRODUCTION BY PRODUCT TYPE (2013/2014)



Alaska produces mostly primary and intermediate products

Note: Data represents average of 2013-2014 value.
Source: NMFS and ADF&G, compiled by McDowell Group.

VOLUME & VALUE BY SPECIES (2014-2015)

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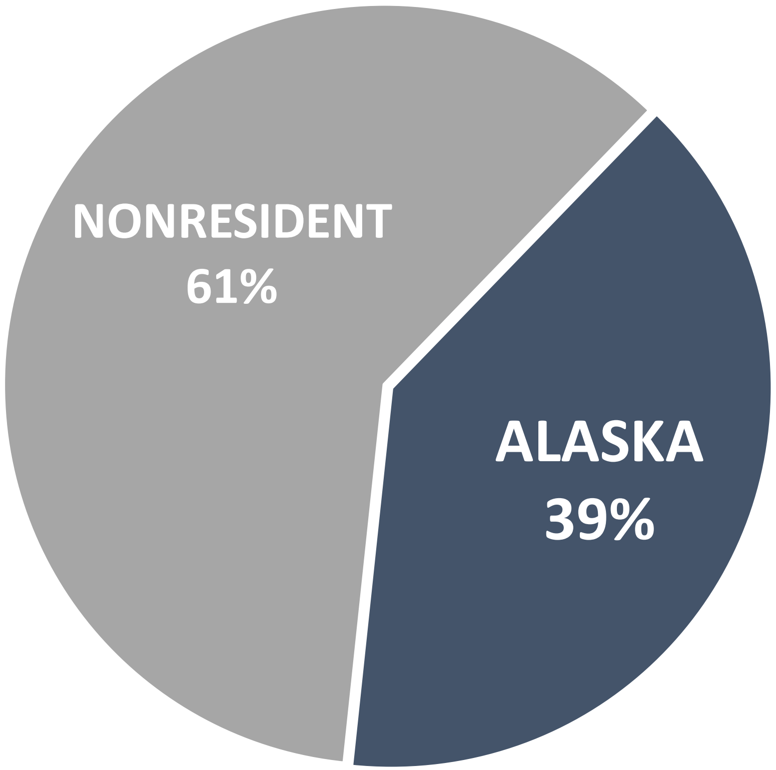
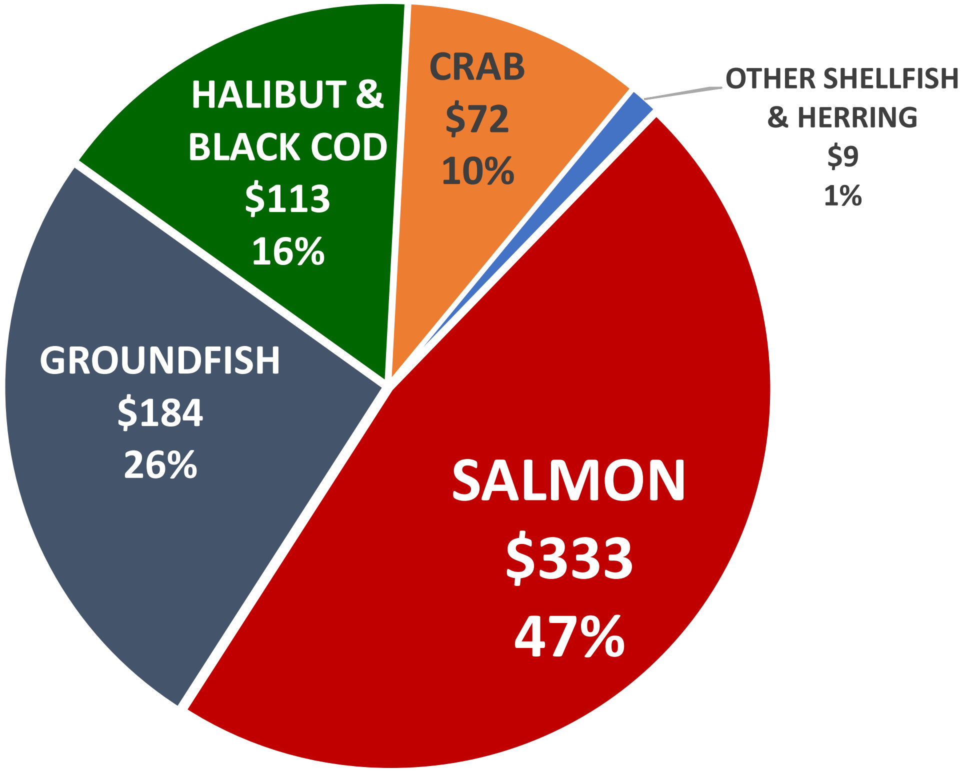
$GROSS - BY RESIDENCY



RESIDENT $GROSS - BY SPECIES



Note: Data represents average of 2014-2015 volume/value.
Source: NMFS and ADF&G, compiled by McDowell Group.

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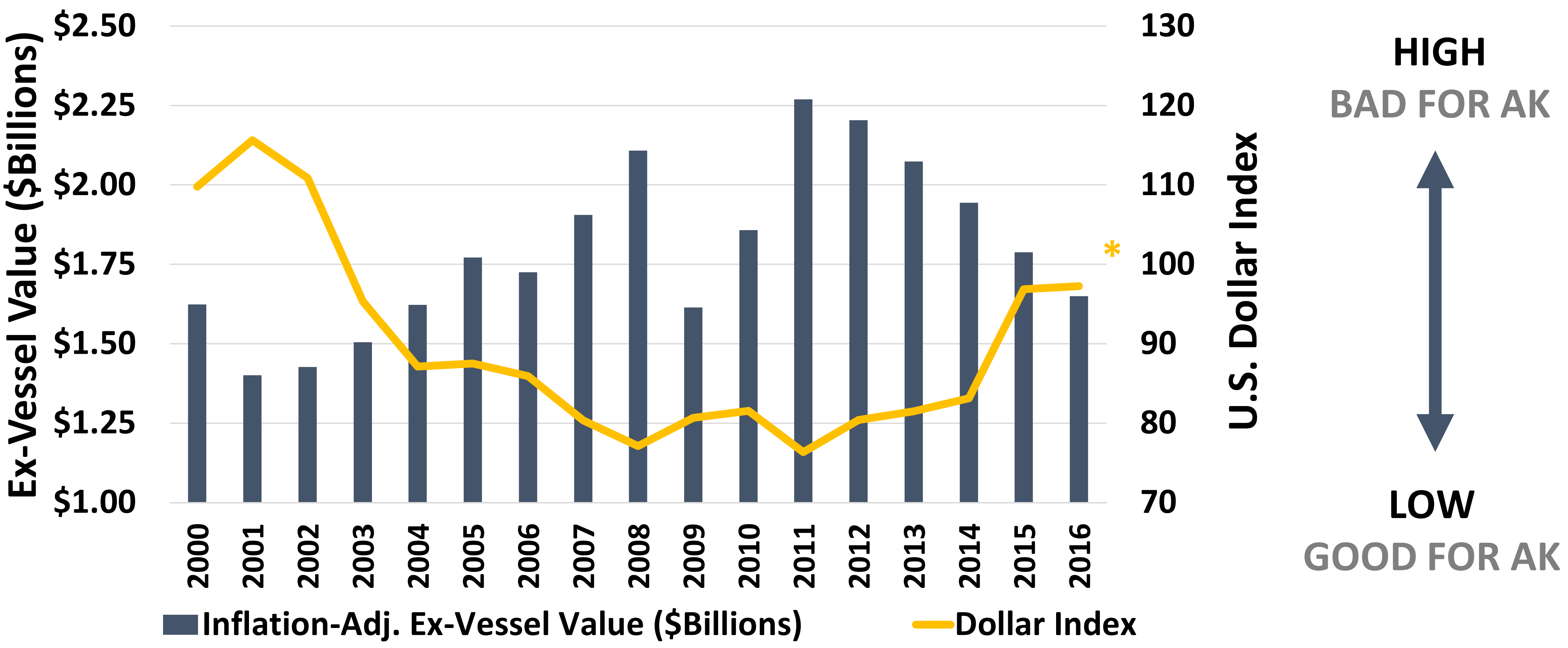
EX-VESSEL VALUE & U.S. DOLLAR



Note: 2016 is a preliminary estimate. Dollar values are adjusted to a 2016 basis using U.S. CPI.

Source: Investing.com, NMFS, ADF&G, and McDowell Group estimates.

CHANGE IN AK NATURAL RESOURCE PRODUCTION: 2011 vs 2015

	Volume	2011 ($B)	2015 ($B)	Value Change
Seafood	**+8%**	**$4.59**	**$4.25**	**-8%**
Oil (Pipeline)	-14%	$16.34	$5.63	-59%
Minerals	Gold: +3% Zinc: -1%	$3.51	$2.60	-21%

Note: Figures are not adjusted for inflation.
*Source: Oil (ADOR – sum of daily ANS production * ANS WC daily price), Seafood (ADF&G/NMFS – First Wholesale Value), Minerals (ADNR – First Market Value).*

EX-VESSEL VALUE/VOLUME CHANGES: 2011 vs. 2015

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	Value ($M)	Value (%)	Harvest (%)
Salmon	- $149	- 24%	+ 40%
Pollock	+ $20	+ 4%	+ 16%
Halibut & Black Cod	- $151	- 44%	- 29%
Cod	- $13	- 6%	+ 5%
Flatfish	- $42	- 37%	- 25%
Crab	- $8	- 3%	+ 21%
Herring	- $4	- 39%	- 29%
Total	- $362	- 17%	+ 8%
Dollar (Index)	-	+ 27% (Bad for AK)	-

Source: Investing.com, NMFS, and ADF&G.

EX-VESSEL VALUE OUTLOOK FOR 2017

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	Harvest Outlook	Value Outlook
Salmon	Pinks Up, Reds Down	Up
Pollock	Down	Flat
Halibut & Black Cod	Up	Up
Cod	Down	Flat to Up
Flatfish	Down	Flat to Up
Crab	Down	Down

ALASKA SEAFOOD – FISHING+PROCESSING WORKERS

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YEAR	SKIPPERS	CREW	PROCESSORS	TOTAL
2011	10,031	20,561	23,356	53,948
2012	9,972	20,935	22,929	53,836
2013	9,884	20,304	23,777	53,965
2014	9,844	20,341	23,957	54,142
2015	9,761	21,027	23,130	53,918
2016	9,133	19,668	N/A	N/A
2011-2015	-270	+466	-226	-30
	-2.7%	+2.3%	-1.0%	-0.1%

Note: Crew counts only include those who purchased full crew licenses. Processing workers who earned more income in other industries or worked on catcher/processors are generally excluded from the data.
Source: ADF&G and DOLWD (Nonresidents Working in Alaska reports).

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SKIPPER COUNTS & GROSS EARNINGS BY RESIDENCY

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YEAR	RESIDENT SKIPPERS	NONRES SKIPPERS	RESIDENT $M-GROSS	NONRES $M-GROSS
2011	7,191	2,840	$877	$1,235
2012	7,163	2,809	$801	$1,274
2013	7,094	2,790	$841	$1,144
2014	7,024	2,820	$753	$1,150
2015	6,924	2,837	$688	$1,061
2016	6,359	2,774	-9.0%*	-5.5%*
2011 vs. 2016	- 12%	- 2%	- 22% ('11 vs. '15)	- 14% ('11 vs. '15)

**Decline in non-groundfish earnings, based on preliminary CFEC ex-vessel figures from 2015 vs. 2016*

Note: 2016 figures are preliminary. Gross earnings figures have been summed based on CFEC and NMFS Economic SAFE report. Only skippers making a landing on their permit are counted.

Source: NMFS and ADF&G.

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FISHING EMPLOYMENT & EARNINGS SUMMARY

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- Declining ex-vessel value has had a larger impact on resident fleet, both in terms of employment and gross earnings
- Resident fleet has more exposure to salmon and generally includes smaller, less efficient boats – impacted more by pricing
- Number of resident commercial fishing permit holders is down 423 since 2011 (including a decline of 118 from 2015-2016), nonresident figure is stable since 2011

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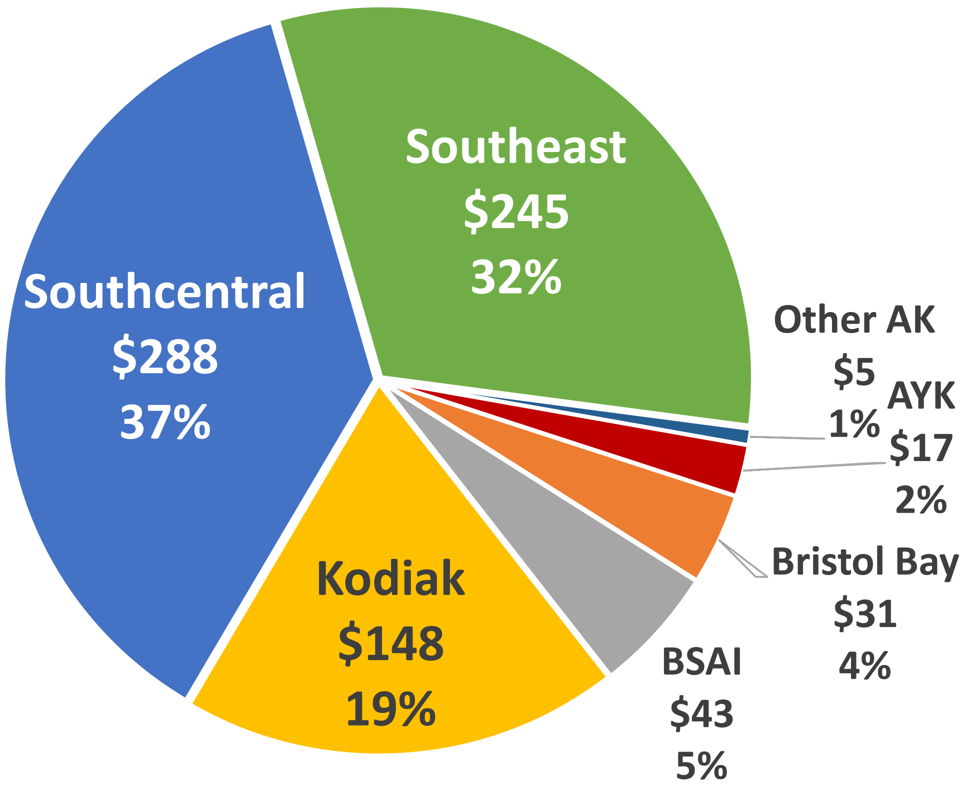
EX-VESSEL BY ALASKA REGION (2013-2014)

EV VALUE BY REGION OF RESIDENCY



- Seafood has broad impacts across Alaska
- Roughly two-thirds of resident gross earnings go to Southcentral & SE residents
- Proportionally larger impact in Kodiak & Western Alaska

Note: Data represents average of 2013-2014 volume/value.
Source: NMFS and ADF&G, compiled by McDowell Group.

REGIONAL CHANGES

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REGION OF RESIDENCY	PERMIT HOLDERS 2011 vs. 2016	ACTIVE SKIPPERS 2011 vs. 2016	NON-GF $EV* 2011 vs. 2016	NON-GF $EV* 2011 vs. 2015
AYK	-8%	-43%	-10%	-24%
BRISTOL BAY	-3%	-2%	-29%	-45%
BSAI	-13%	-17%	-45%	-30%
KODIAK	-8%	-16%	-51%	-32%
SOUTHCENTRAL	-2%	-2%	-37%	-18%
SOUTHEAST	-3%	-3%	-31%	-28%
OTHER	-16%	+7%	-32%	-33%
ALASKA	-5%	-12%	-37%	-27%

**Non-groundfish ex-vessel gross earnings.*

Note: 2016 data is preliminary; however, permit holder data is usually very close to final figures, values tend to get marginally revised upward.

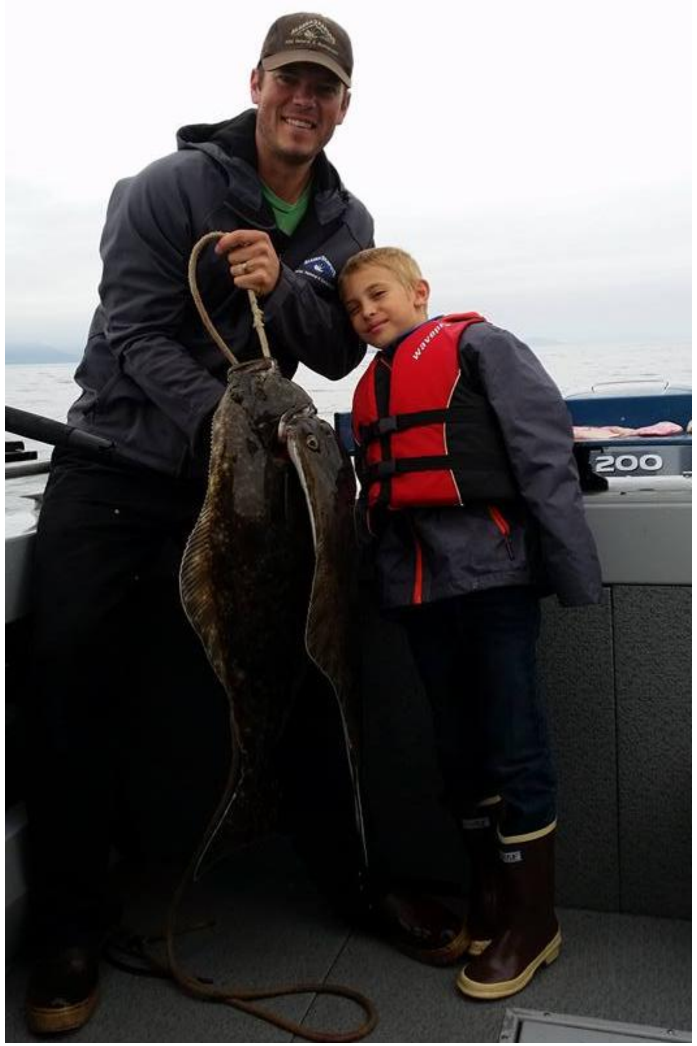
Source: ADF&G (CFEC).

SUMMARY OF REGIONAL CHANGES

- Comparing to high water mark: 31% less NON-GF volume in 2016 but 34% more in 2015 compared to 2011
- Less revenue = less residual impacts due to spending/taxes
- Bigger bills for many fishermen too: permits, boats, etc.
- Balance sheet hit too: lower salmon permit/boat values
- Contraction: less value in 2015 & 2016, less volume in 2016

CURRENT MARKET TRENDS/ISSUES

- Efforts to increase demand for 1x frozen pollock fillets
- Low AK prices and marketing building demand for salmon/cod
- Crab prices at record levels, low TACs but good fishing
- Strong prices and better halibut & black cod quotas
- Retailers finding consumer demand fits AK seafood attributes
- Russian competition increasing for salmon, pollock, and crab
- Pollock roe market oversupplied in recent years



Thank you!
Questions?

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