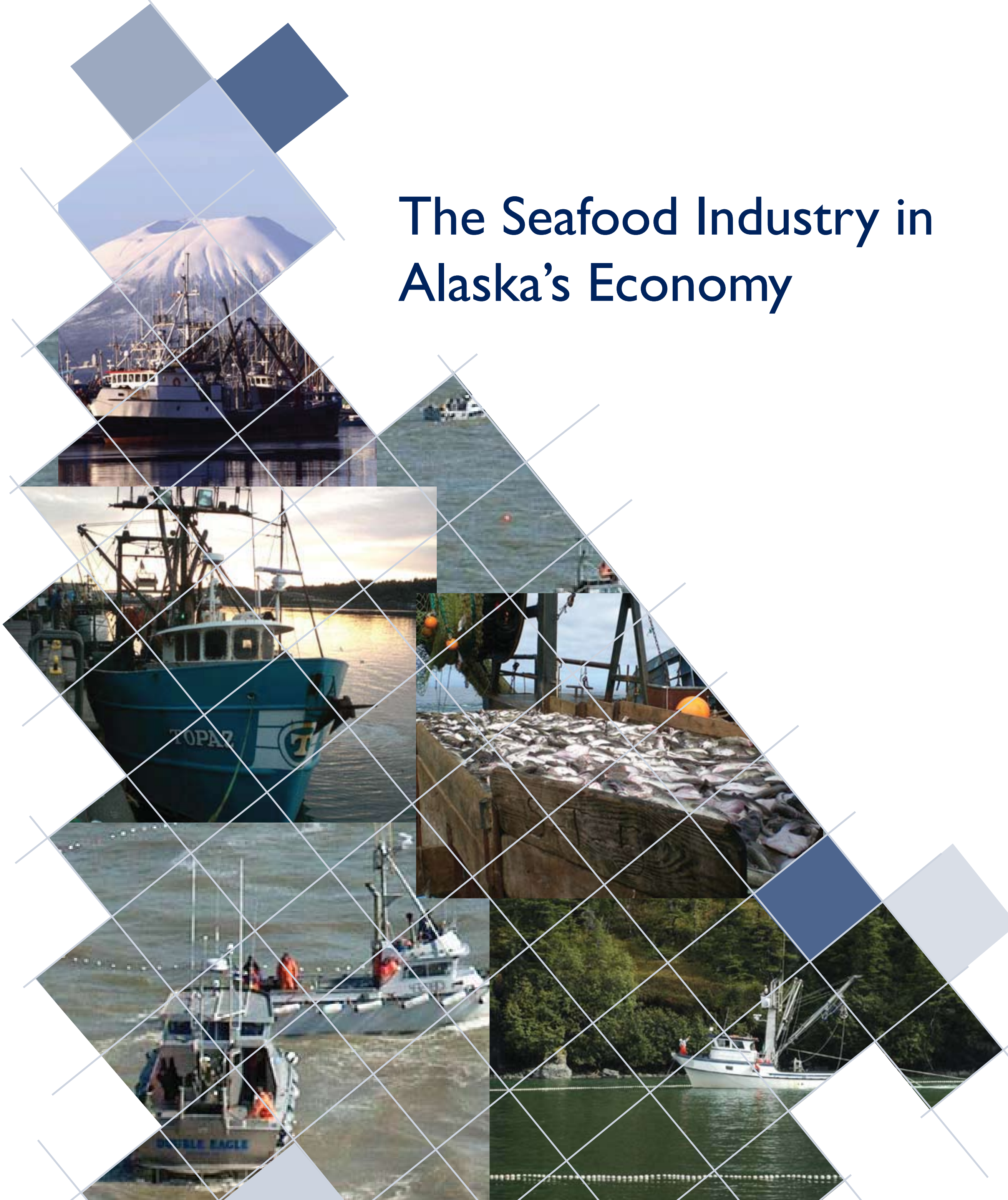
The Seafood Industry in Alaska's Economy



Cover Photos courtesy of Alaska Groundfish Databank

northerneconomics inc.

Prepared for

Marine Conservation Alliance

At-Sea Processors Association

Pacific Seafood Processors Association

January 2009

Executive Summary

The commercial harvesting and processing of fish and other seafood products is part of Alaska's historical heritage dating back well over 100 years. The industry started with cod, halibut, herring and salmon in the late 1800s and early 1900s and has grown to include today's sophisticated offshore fisheries for pollock, cod, crab, and other species. As a major player in global markets, Alaska's seafood industry is an economic engine for the state and the nation. If Alaska were an independent country, it would rank in the top 10 of seafood producing nations. On the national scale, Alaska produces over half the United States' seafood landings. Alaska has 8 of the 20 largest seafood ports nationally (based on ex-vessel value of product): Unalaska/Dutch Harbor (2nd); Kodiak (3rd); Naknek-King Salmon (7th); Seward (9th); Sitka (10th) Cordova (11th), Homer (13th); and Petersburg (16th). Additionally, Unalaska/Dutch Harbor has been one of the nation's highest volume seafood ports for years. Within Alaska, the industry is the largest private sector employer, and provides jobs and revenues to communities throughout the state.

The seafood industry in Alaska is dependent on a healthy marine ecosystem and access to sustainable stocks of fish and shellfish. Management is science-driven and conservation comes first. Alaska's fishery management systems are held up as examples to fisheries around the world. The Pew Ocean Commission, as well as the United States Commission on Oceans Policy found that Alaska's fisheries are some of the best managed fisheries in the country, citing the role of science in setting catch limits, efforts to control bycatch and protect habitat. National Geographic (Montaigne, 2007) identified Alaska as one of the three best managed and most sustainable fisheries in the world.

The mosaic of fisheries in Alaska is complex. State fisheries include salmon, herring, shellfish, and other species harvested within three miles of shore and in Alaska's vast network of rivers and lakes. Federal fisheries are those harvested beyond 3 miles, in federal waters out to the 200 mile limit. Federal fisheries include some of the nation's largest, such as pollock, cod, and crab. All of these fisheries, both federal and state, contribute to the economic and social well-being of Alaska's coastal communities, its urban cities, and the state as a whole.

Some highlights of the economic importance of the Alaska seafood industry include:

Importance of Alaska to the Global Seafood Market

If Alaska were a nation, it would place 9th among seafood producing countries.

The groundfish fishery in the waters off Alaska is among the largest fisheries in the world. Alaska landings of traditional global groundfish species groups (including cod, pollock, hake, and haddock) and flatfish accounted for about one-fifth of the world harvest of these species groups in 2006.

In the same year, around 42 percent of the world capture production of species in the "salmon, trout, smelt" group occurred in Alaska waters.

Alaska is the top producer of wild, high-value salmon, producing nearly 80 percent of the world supply of wild king, sockeye and coho.

Importance of Alaska Seafood to the U.S.

In 2007, Alaska accounted for over 62 percent of the volume of the commercial seafood harvested in the United States.

Alaska as a single state led all other multi-state regions in the US in terms of ex-vessel value with over 37 percent of the US total. The five New England States combined for a distant second at with 21 percent, followed by the five states on the Gulf of Mexico with 16 percent.

In terms of volume, Alaska's pollock fishery is the largest in the U.S., accounting for more than one-third of total U.S. fisheries landings.

Alaska also accounted for 96 percent of total U.S. commercial landings of salmon in 2007, and approximately one-third or more of total U.S. crab catches. U.S. domestic production of king and snow crab comes entirely from Alaska.

Alaska landings accounted for over 90 percent of the U.S. Pacific Ocean herring harvest and over 75 percent of the US commercial catch of Pacific Halibut in 2007.

Since 1997, Dutch Harbor-Unalaska has been the leading U.S. fishing port in quantity of commercial fishery landings. In 2006, the port had record landings for quantity at a U.S. port, with more than 414,200 mt of seafood.

In 2007, Alaska had two of the country's three top fishing ports ranked by total harvest value. Dutch Harbor-Unalaska ranked second (after New Bedford, MA) with a harvest value of $174 million; Kodiak moved was ranked third with $126 million in harvest value.

In the list of top 100 U.S. ports based on volume for 2007, Alaska had 14 including: Unalaska/Dutch Harbor(1st); Kodiak (4th); Naknek-King Salmon (11th); Cordova (12th); Ketchikan (17th); Petersburg (18th); Seward (19th); Sitka (22nd); Juneau (37th); Homer (41th); Kenai (57th); Wrangell (53rd); Yakutat (64th); Anchorage (78th). Were it not for confidentiality restrictions for ports with 3 or fewer companies, Akutan, King Cove, and Sandpoint would all be listed in the top 20.

Importance of Alaska Seafood to Alaska

The total estimated ex-vessel value of Alaska's commercial harvest was $1.55 billion in 2007.[1]

The additional value added by Alaska's seafood processing sector brought the total wholesale value of Alaska's commercial seafood industry to over $3.6 billion in 2007.

It is estimated that the seafood industry's $3.6 billion in wholesale value generated an additional $2.2 billion in indirect and induced economic output for a total contribution of $5.8 billion to Alaska's economic output. The seafood industry also generated a total of 78,519 direct, indirect and induced jobs and $1.75 billion in direct, indirect and induced payments to labor and income.

While data for 2007 are not available it is estimated that in 2006, the wholesale value generated by the seafood industry represented over 9.4 percent of the $36.4 billion basic sector activity in Alaska's economy. The basic sector, because it brings money into the state from outside, is the driving force behind all economic activity in the state.

The seafood industry ranks third in importance behind the North Slope oil and gas industry and federal government in terms of generating basic economic activity in Alaska.

According to ADCCED (2007), seafood is Alaska's top international export—seafood exports accounted for half of the State's total export value.

In 2006, seafood processing accounted for about 80 percent of all manufacturing jobs in the state.

With an estimated workforce of 56,606, the seafood industry employs more workers than any other industry sector in Alaska. The retail and wholesale trade sector follows with a workforce of 56,445.

With the concentration of major fishing ports in the Aleutian and Pribilof Islands region, seafood processing accounted for 65.4 percent of all private sector payments to labor in that region in 2007.

[1] This estimate includes the imputed ex-vessel value of the crab and groundfish that are harvested by vessels that both catch and process seafood, i.e. catcher processors. Because these vessels process their own catch they do not make payments for their unprocessed fish, nor do they report the unprocessed value of their catch.

While data for 2007 are not available it is estimated that in 2006, the wholesale value generated by the seafood industry represented over 9.4 percent of the $36.4 billion basic sector activity in Alaska's economy. The basic sector, because it brings money into the state from outside, is the driving force behind all economic activity in the state.

The seafood industry ranks third in importance behind the North Slope oil and gas industry and federal government in terms of generating basic economic activity in Alaska.

According to ADCCED (2007), seafood is Alaska's top international export—seafood exports accounted for half of the State's total export value.

In 2006, seafood processing accounted for about 80 percent of all manufacturing jobs in the state.

With an estimated workforce of 56,606, the seafood industry employs more workers than any other industry sector in Alaska. The retail and wholesale trade sector follows with a workforce of 56,445.

With the concentration of major fishing ports in the Aleutian and Pribilof Islands region, seafood processing accounted for 65.4 percent of all private sector payments to labor in that region in 2007.

The seafood processing industry is estimated to have accounted for over 33 percent of private sector payments to labor in Bristol Bay and 39 percent of private sectors payment to labor in Kodiak.

The Community Development Quota (CDQ) Program augments the important role of the seafood industry in Western Alaska. Sixty-five Bering Sea communities participate in the CDQ Program.

From 1992 through 2005 the CDQ Program generated over $362 million in net income.

The value of CDQ group assets in the aggregate increased from about $13.3 million in 1992 to over $415 million in 2005.

Full report at:

www.marineconservationalliance.org/docs/SIAE_Jan09.pdf

Marine Conservation Alliance
promoting sustainable fisheries to feed the world

APA At-Sea Processors Association
Partners for Healthy Fisheries

PSPA
Pacific Seafood Processors Association