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Alaska Snapshot Report *Highlights*

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Report prepared by: NOAA Fisheries Alaska Fisheries Science Center
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Overview

Report Purpose

- This snapshot report is intended to provide an independent assessment of the current economic and social conditions in the AK seafood industry.

Information Used

- Includes all state and federal commercial fisheries in AK.
- We use NOAA Fisheries and 3rd party data sources to assess changes in revenues and costs, supplemented by discussions with industry members to contextualize the current market conditions facing the Alaska seafood industry.
- All 2023 data are still preliminary.

Key Takeaway

- There is evidence of substantial increases in costs starting in 2022 and price declines in 2023 leading to increased pressure on both harvesting and processing business operations.

Social and Economic Importance of Seafood in Alaska

Seafood is a major private sector employer in AK

Fisheries are an economic and cultural engine across coastal AK communities

- Strong connection between commercial fishing and food security in AK communities
- Fisheries underpin well-being across coastal AK communities

Well-being

encompasses a state when needs are met and individuals and communities can pursue their goals and enjoy a satisfactory quality of life

Connections

between fisheries and well-being for AK and other U.S. coastal communities are well established in the literature



Recent Challenges

Lower seafood prices

Higher input costs of harvesting and processing

Residual COVID impacts

Trade, exchange rates, and tariffs

Fisheries disasters

Aging physical capital/ infrastructure

Lack of revenue insurance

Processor employment and plant closures

Cumulative effects

Alaska Seafood in a Global Market

Global trade markets are integral to AK seafood products

- Upwards of 70% are exported
- Many products undergo secondary processing abroad (e.g., China)

Exposure to trade shocks

- Supply chain disruptions/costs
- A strengthening U.S. dollar ? exports more expensive

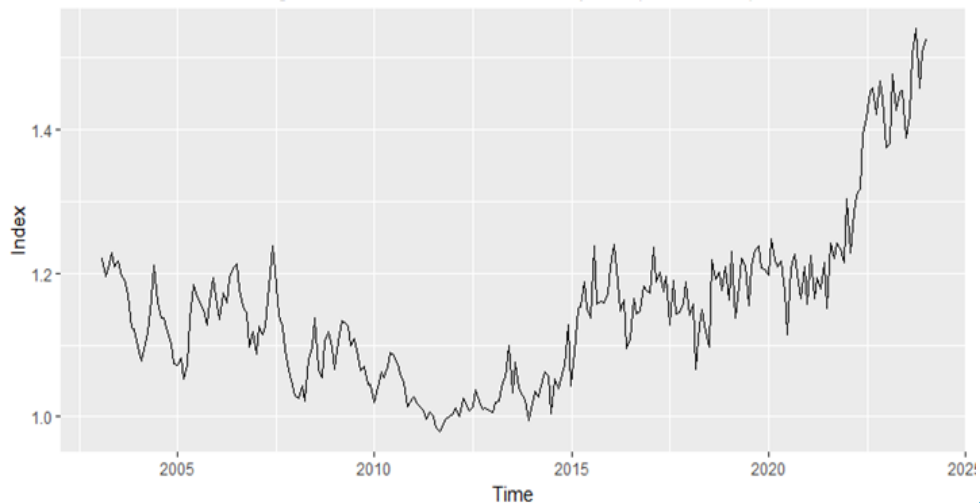
AK seafood competes in global markets

- Countries with lower operating costs and subsidy support
- Exposure to supply shocks

Tariffs and non-tariff barriers

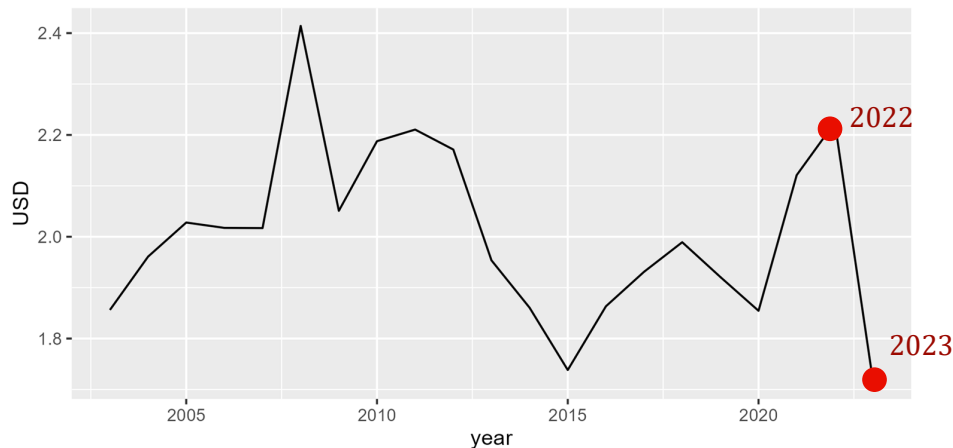
- Inhibits development of new markets
- Asymmetries across trading partners
- Upward pressure on domestic prices

Real Effective Exchange Rate for Alaska Seafood Exports

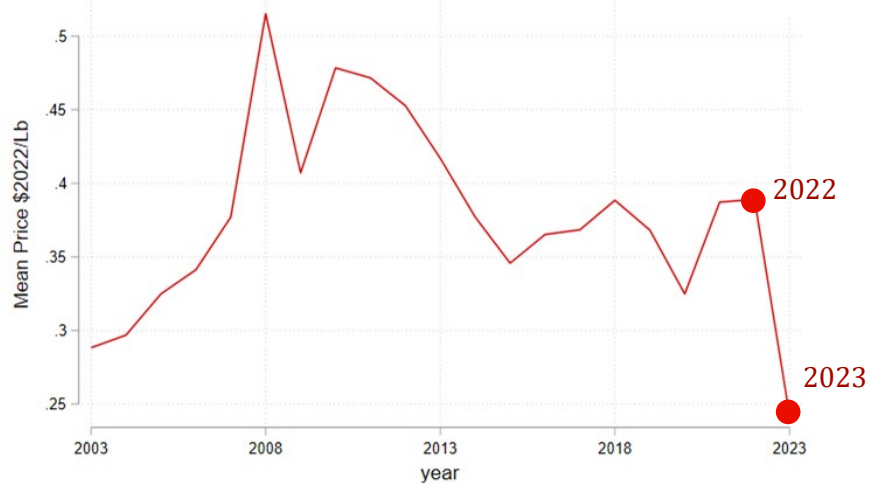


Declining Prices in 2023

Statewide Weighted Average First-Wholesale Price (\$2022)



Statewide Weighted Average Real Ex-Vessel Price (\$2022)



First Wholesale Prices

-23%

from 2022 to 2023

Ex-Vessel Prices

-38%

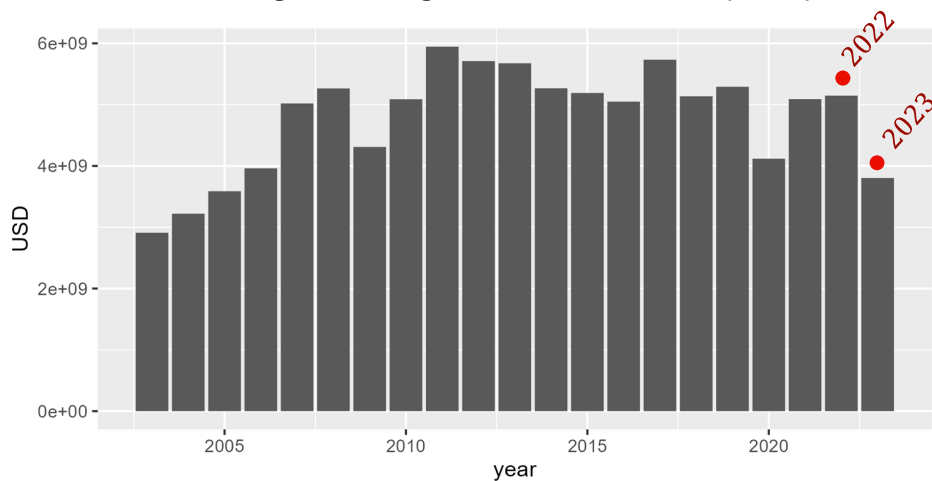
from 2022 to 2023



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Declining Revenue in 2023

Statewide weighted average first-wholesale value (\$2022)



First Wholesale Value

-26%

(-\$1.2 B)

from 2022 to 2023

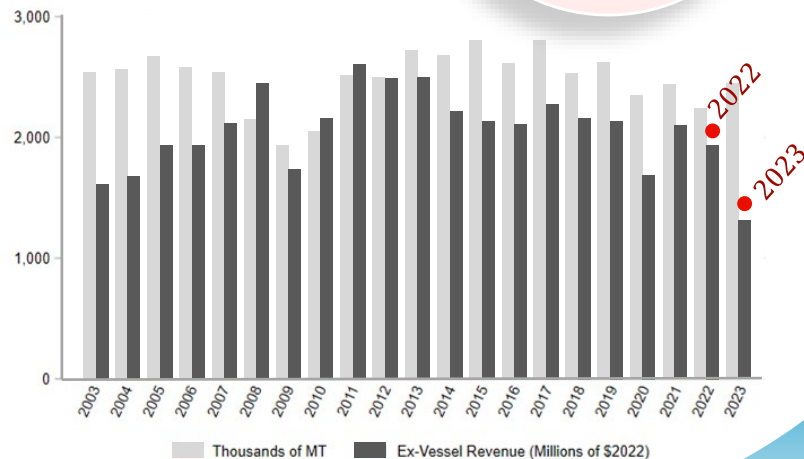
Ex-Vessel Revenue

-38%

(-\$617 M)

from 2022 to 2023

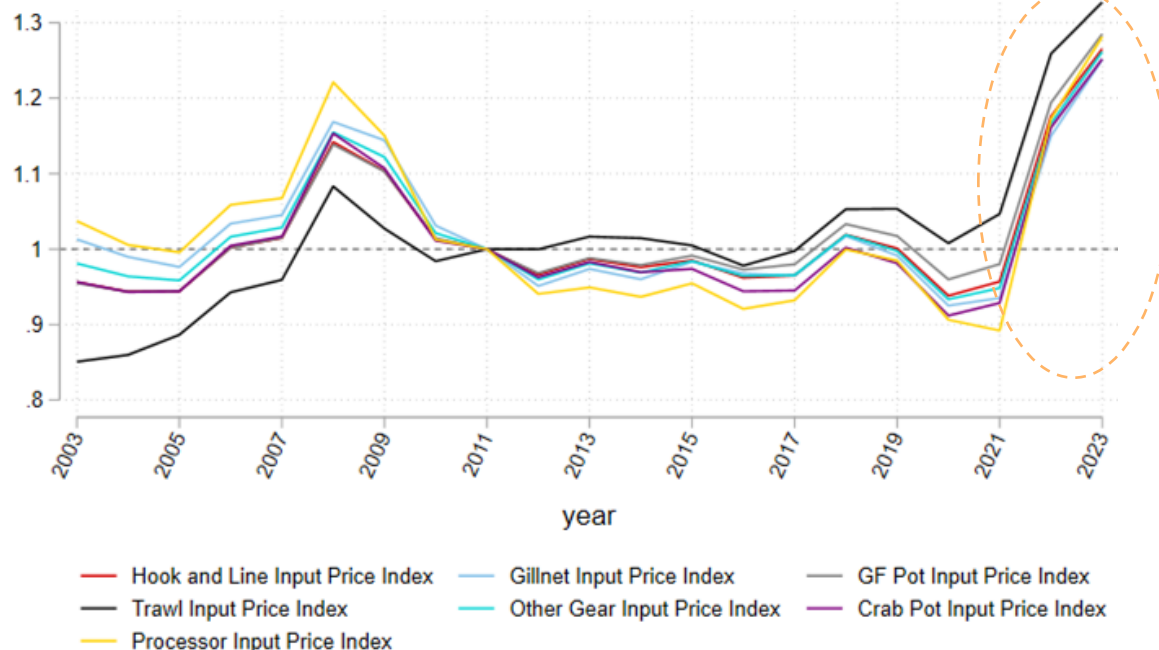
Statewide Ex-Vessel Totals



Thousands of MT Ex-Vessel Revenue (Millions of \$2022)

Increasing Costs since 2022

Input Price Index by Gear Type (2011=1)



Significant increases in the cost of many factors of production

High interest rates

Increasing fuel prices

Wage increases
(particularly H2B visa processing workers)

General inflation

Declining Margins

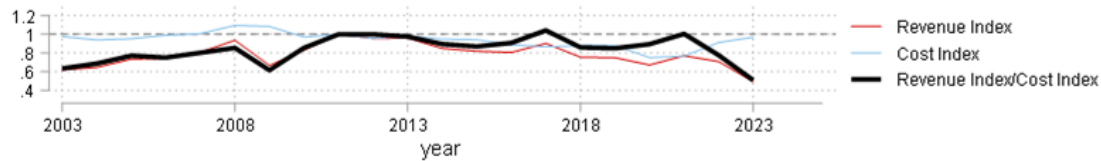
Ex-Vessel Margin Index

-50%
in 2022 and 2023

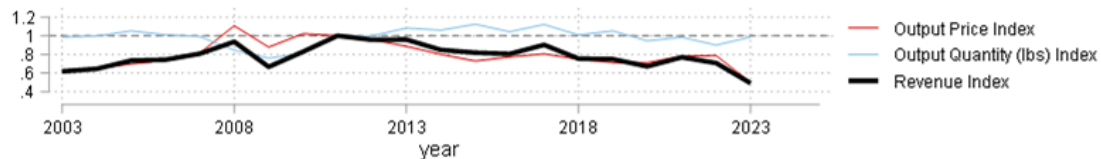
- This suggests reduced profitability of the harvesting sector overall

All State and Federal Fisheries in Alaska

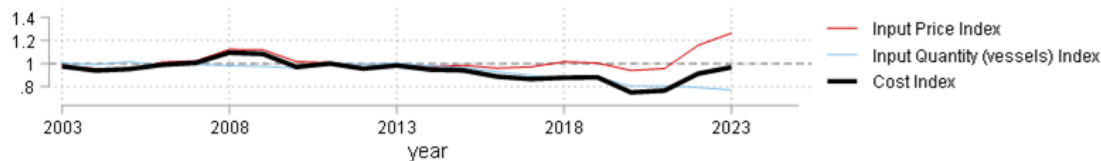
Ex-Vessel Margin Index



Revenue Index

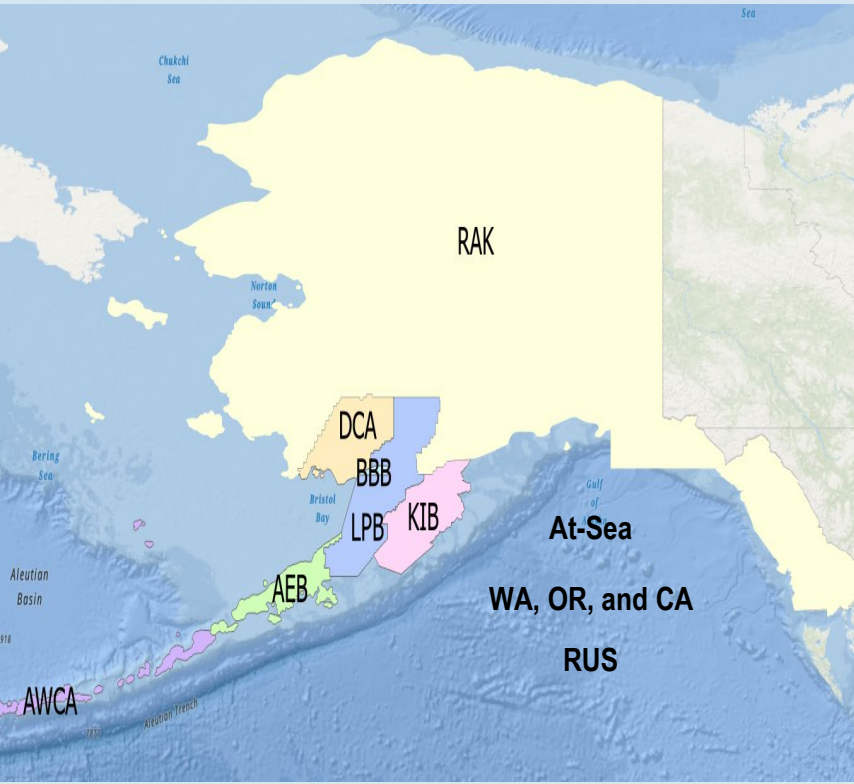


Input Price Index



Economic Impacts

from Alaska Fisheries Revenue Changes, 2022-2023



Total	-\$4,308 M output -38,243 jobs -269 M in SLG rev
At-Sea	-\$44 M output -322 jobs
AEB	-\$573 M output -6,036 jobs -8 M in SLG rev
AWCA	-\$145 M output -961 jobs -4 M in SLG rev
DCA	-\$92 M output -2,231 jobs -6 M in SLG rev
KIB	-\$66 M output -1,367 jobs -4 M in SLG rev
LPB	-\$11 M output -409 jobs
RAK	-\$1,095 M output -6,952 jobs -111 M in SLG rev
RUS	-\$1,199 M output -6,482 jobs -78 M in SLG rev
WA, OR, CA	-\$680 M output -3,770 jobs -58 M in SLG rev

SLG rev = State and local government revenue



Implications of Downturns on Well-Being

Declining profits from last two years of low prices compound stressors associated with ecological changes

- The “Blob” and impacts on Pacific cod and multiple salmon species and runs in the Gulf
- Disappearance of snow crab from the Bering Sea
- Closures of commercial and subsistence salmon fisheries for Western AK communities

Some fishermen and fishing communities are struggling to survive in response

- Reporting declining physical and mental health, increasing substance abuse issues
- Struggling to make loan payments (boats, permits, insurance) with declining profits
- King Cove lost Peter Pan and 70% of its community revenues
 - Compounded by losing momentum on multiple community projects that relied on the processing facility to purchase hydroelectric power, water, and solid waste disposal

Growing local food security implications

Concerns over large-scale losses in fisheries participation, with generational implications for fishing communities

Recent market disruptions undermine fishermen’s and communities’ capacity to ultimately be resilient and survive in fisheries under climate stressors



Transitory and Structural Drivers

Transitory	Structural
<ul style="list-style-type: none">● High Inventories● Exchange rates● Exports from Russia● Energy and fuel costs● Market interest rates (business ops)	<ul style="list-style-type: none">● Tariff and non-tariff barriers (market access)● Depreciating (aging) physical capital● Lack of investment in processing capital● Interest rate on Federal Loans● Product quality● Lack of revenue insurance● Higher wages (processing and crew)● Market insurance rates (on capital/business ops)● Climate change/heat waves (impacts on abundance and location of stocks)

Summary

Total Losses (*Estimated*)

\$1.8 B loss in direct revenue in AK seafood industry, 2022-2023

>38,000 loss in U.S. jobs (fishing and non-fishing)

\$4.3 B loss in U.S. output

\$269 M decrease in U.S. state/local tax revenues

50% decline in Ex-Vessel Margin Index (profitability measure), 2022 and 2023:

- *Compound effect of decreased prices (2023) and increased costs (2022+) for key production process inputs (wages, energy prices, interest rates)*

Revenue Losses, 2023

Largely driven by low seafood prices across nearly all AK species

The result of global market forces:

- *Exchange rates and tariffs*
- *High inventories, high levels of global supply*
- *Lower global consumer demand for seafood due to inflation*
- *Lower cost of seafood production and processing in countries that compete with U.S. seafood products*

Not disaster-eligible causes for federal fisheries disaster support

AK Seafood Industry

The AK seafood industry is:

- *An important way of life, sense of place, community, and identity*
- *A prominent food security provider for many Alaskans*

Recent changes:

- *Caused significant revenue losses in AK (state, towns, communities)*
- *Threaten the sustainability of AK fisheries-dependent communities and that way of life*

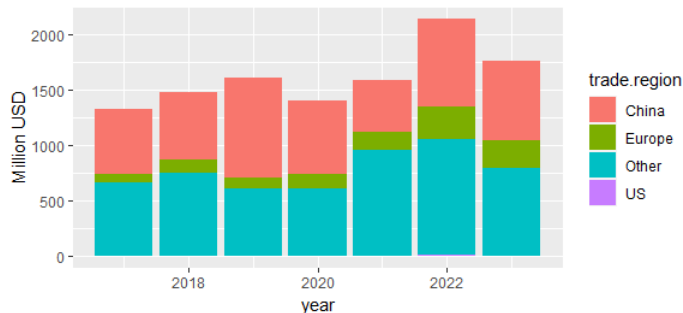
*Thank
You*



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Russian Exports of Pollock and Salmon

Russian Export Value (USD) of Pollock, 2017-2023



Large pulse of Russian exports of pollock and salmon in 2022

contributed to recent large inventories, but those trends did not persist into 2023

Russian Export Value (USD) of Pollock by product, 2017-2023



Russia is increasing its production of higher value-added products,
such as frozen blocks and surimi

Russian Export Value (USD) of Salmon, 2017-2023

