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**FISHERIES**

# Alaska Snapshot Report *Highlights*

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Report prepared by: NOAA Fisheries Alaska Fisheries Science Center  
and NOAA Fisheries Office of Science and Technology

# 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 3<sup>rd</sup> 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

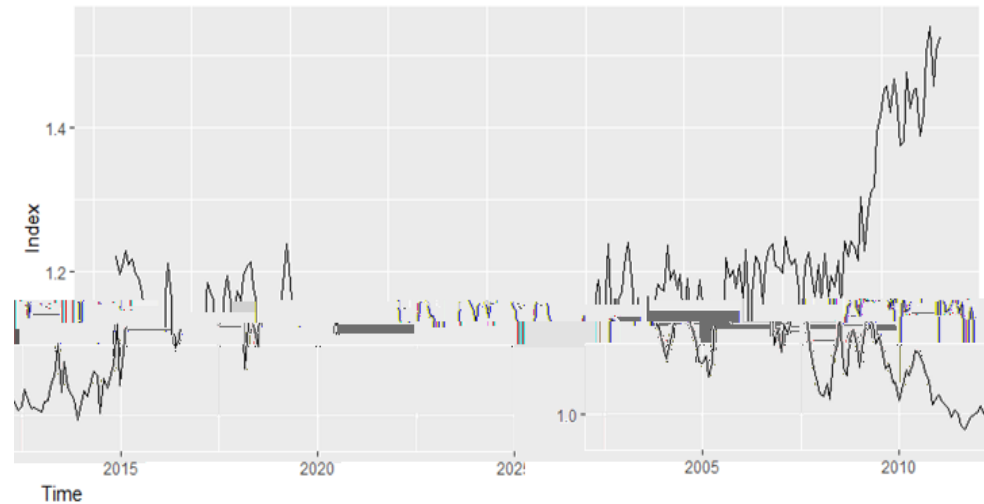
## AK seafood competes in global markets

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

## Tariffs and non-tariff barriers

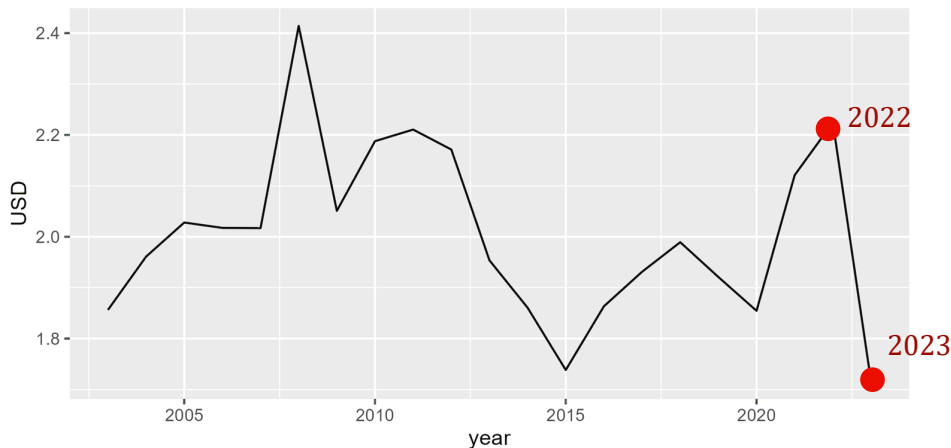
- Inhibits development of new markets
- Asymmetries across trading partners
- Upward pressure on domestic prices

Real Effective Exchange Rate for Alaska Seafood Exports

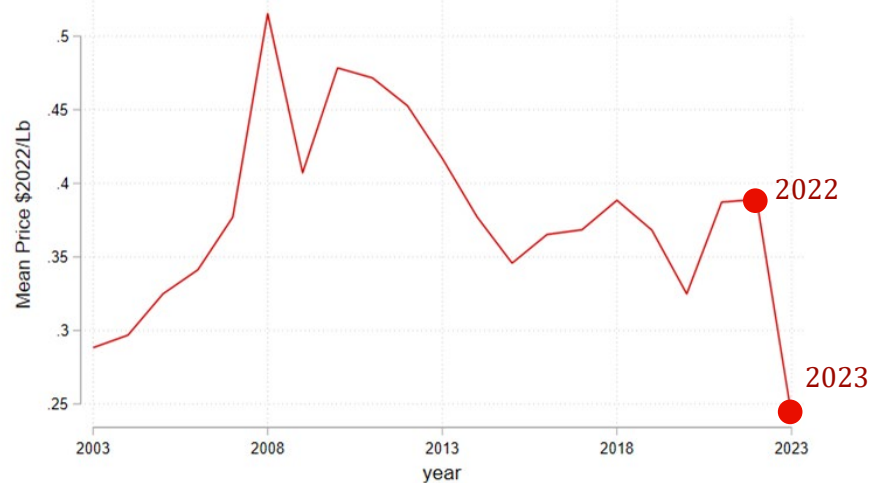


# Declining Prices in 2023

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



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



First Wholesale Prices

**-23%**

from 2022 to 2023

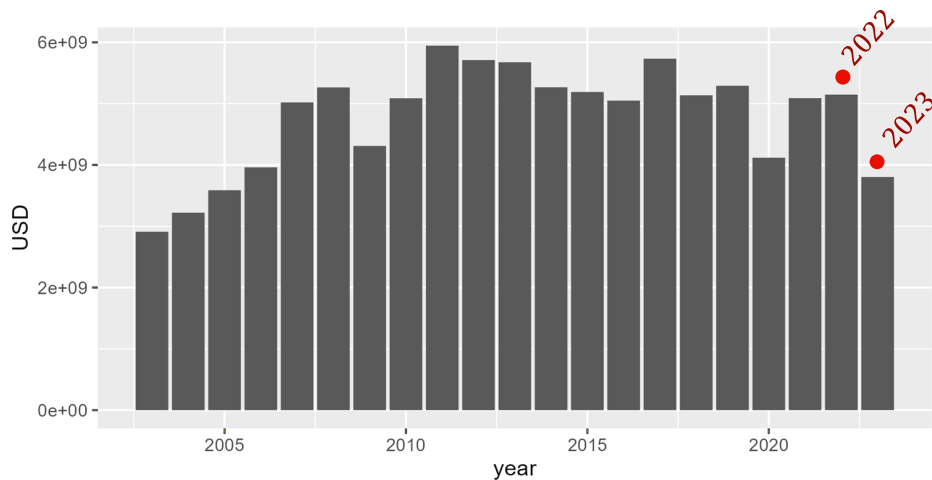
Ex-Vessel Prices

**-38%**

from 2022 to 2023

# Declining Revenue in 2023

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



First Wholesale Value

**-26%**

**(-\$1.2 B)**

from 2022 to 2023

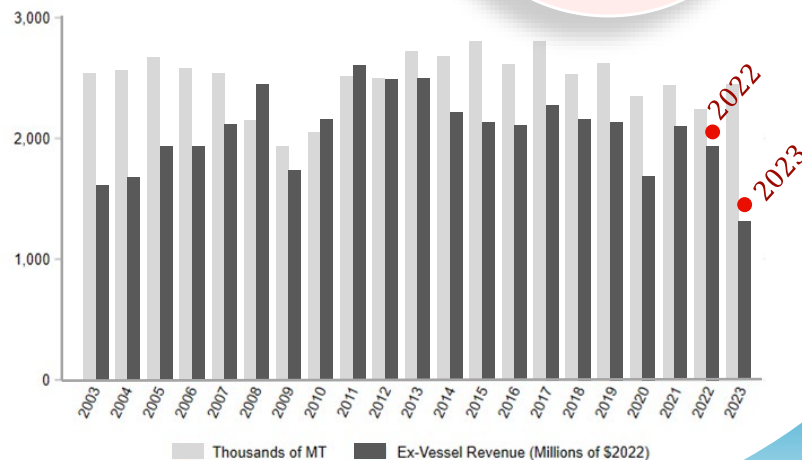
Ex-Vessel Revenue

**-38%**

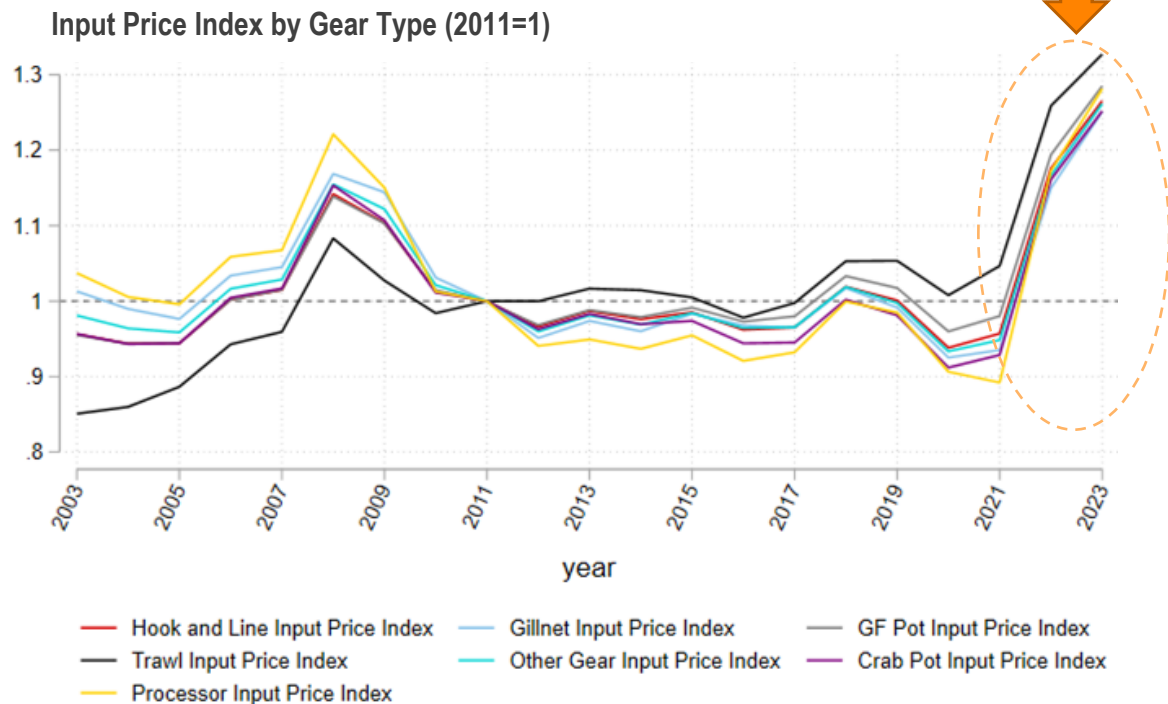
**(-\$617 M)**

from 2022 to 2023

Statewide Ex-Vessel Totals



# Increasing Costs since 2022



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

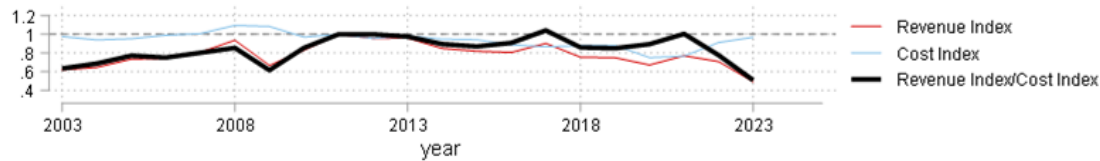
Ex-Vessel Margin Index

**-50%**  
in 2022 and 2023

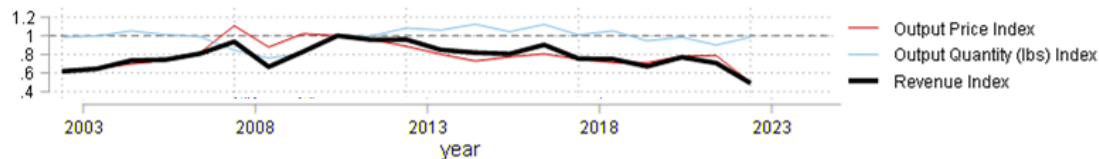
- This suggests reduced profitability of the harvesting sector overall

## All State and Federal Fisheries in Alaska

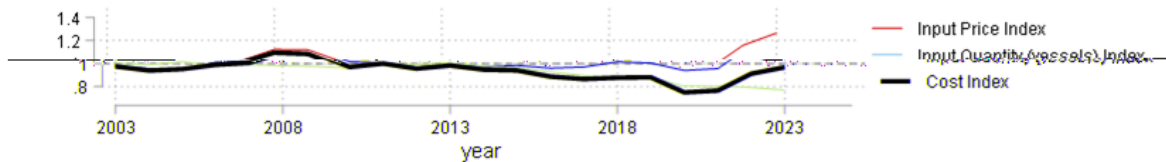
### Ex-Vessel Margin Index



### Revenue Index

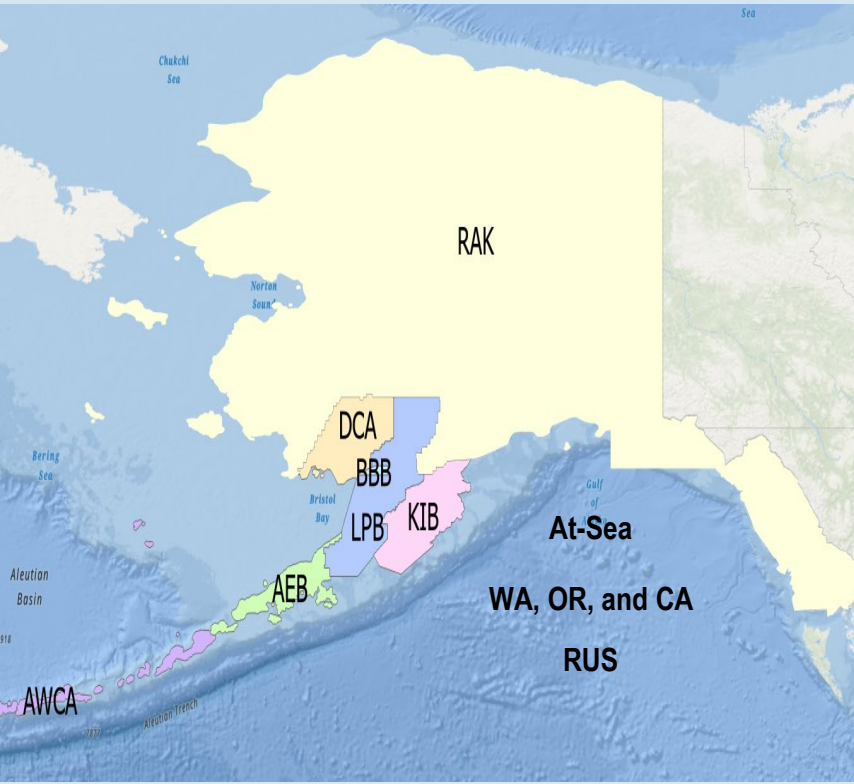


### Input Price Index



# Economic Impacts

from Alaska Fisheries Revenue Changes, 2022-2023



<b>Total</b>	-\$4,308 M output   -38,243 jobs   -269 M in SLG rev
<b>At-Sea</b>	-\$44 M output   -322 jobs
<b>AEB</b>	-\$573 M output   -6,036 jobs   -8 M in SLG rev
<b>AWCA</b>	-\$145 M output   -961 jobs   -4 M in SLG rev
	-\$404 M output   -9,713 jobs   -6 M in SLG rev
<b>DCA</b>	-\$92 M output   -2,231 jobs   -6 M in SLG rev
<b>KIB</b>	-\$66 M output   -1,367 jobs   -4 M in SLG rev
<b>LPB</b>	-\$11 M output   -409 jobs
<b>RAK</b>	-\$1,095 M output   -6,952 jobs   -111 M in SLG rev
<b>RUS</b>	-\$1,199 M output   -6,482 jobs   -78 M in SLG rev
<b>WA, OR, CA</b>	-\$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"><li>● High Inventories</li><li>● Exchange rates</li><li>● Exports from Russia</li><li>● Energy and fuel costs</li><li>● Market interest rates (business ops)</li></ul>	<ul style="list-style-type: none"><li>● Tariff and non-tariff barriers (market access)</li><li>● Depreciating (aging) physical capital</li><li>● Lack of investment in processing capital</li><li>● Interest rate on Federal Loans</li><li>● Product quality</li><li>● Lack of revenue insurance</li><li>● Higher wages (processing and crew)</li><li>● Market insurance rates (on capital/business ops)</li><li>● Climate change/heat waves (impacts on abundance and location of stocks)</li></ul>

# 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*

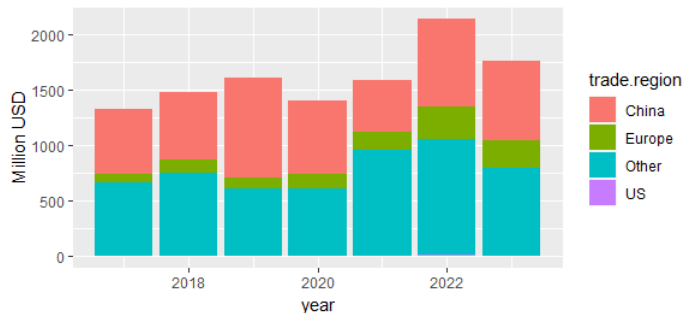
*Thank  
You*



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# Russian Exports of Pollock and Salmon

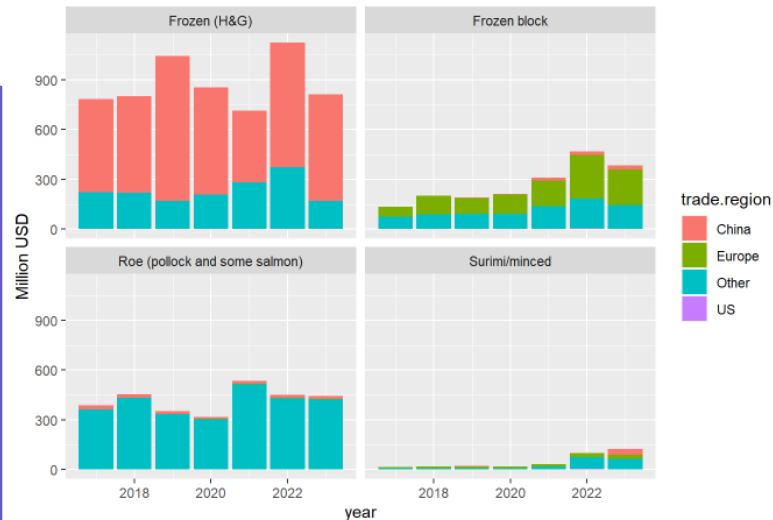
Russian Export Value (USD) of Pollock, 2017-2023



**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

