Seafood Industry

In 2011, fishermen in Southeast landed 395,628,268 pounds of fish with an ex-vessel value of $391,091,684. This harvest resulted in 272.6 million pounds of product, with a wholesale value of $612 million. Fishing has long been a key element of the Southeast Alaska economy. Southeast Alaska has several dozen fisheries conducted by a fleet of mostly small boats. Examples of species commercially harvested include salmon, herring, halibut, sablefish, Pacific cod, shrimp, crab (King, tanner, Dungeness), geoducks, sea urchins and sea cucumbers. Regional seafood processors dot the entire archipelago from Ketchikan to Haines and beyond to Yakutat. Processors range from fishermen direct marketers to larger operations in Ketchikan, Excursion Inlet, Petersburg and Sitka. Juneau hosts several mid-size processors. Salmon remains the bedrock for Southeast's small boat fleet, but unlike many Alaska fishing regions, Southeast also has a diverse array of high-value, low-volume fisheries.

On the national scale, four Southeast communities ranked within the top 50 U.S. ports for commercial fishery landings.[26] In 2011, Sitka ranked ninth for value followed by Petersburg (#13), Ketchikan (#15), and Juneau (#39). In terms of volume, Sitka ranked as #14, followed by Petersburg (#15), Ketchikan (#16), and Juneau (#43).

If these four communities were considered as one "port entity," Southeast would be number 6 in the nation with volume of 332 million pounds landed with an ex-vessel value of $240 million; ***this would make Southeast the second most valuable "entity port" in the country.*** Within the state, Southeast would rank first in value and just behind Dutch

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[26] 2011- Fisheries of the United States (NOAA) Note: A landing is the initial sale of harvested fish to a buyer.

Harbor-Unalaska, Akutan and Kodiak in volume. Nationally, Dutch Harbor-Unalaska ranks as the second most valuable single port in the country and first in volume.

Commercial Fishery Value and Landings at Major U.S. Ports, 2011

Port	Value (Million dollars)	National Rank	Volume (Million pounds)	National Rank
New Bedford, MA	369	1	117	11
Southeast Alaska	***240***		***332***	
Dutch Harbor - Unalaska, AK	207	2	706	1
Kodiak, AK	168	3	372	5
Akutan, AK	114	4	431	3
Sitka	85	9	113	14
Petersburg	65	13	101	15
Ketchikan	62	14	100	16
Juneau	28	39	18	43

Source: *Fisheries of the United States, 2011*; National Marine Fisheries Service, Office of Science and Technology

In 2011, 5,017 Southeast residents (as crew or fishermen) fished commercially and 1005 Southeast Alaskans worked in seafood processing jobs in their own communities. Including nonresidents, more than 9,100 harvesters and an estimated 5,198 processors participated in the Southeast Alaska commercial seafood industry in 2011. The combined harvester-crew-processor workforce (resident and non-resident) would be over 14,000.

The impact of fisheries on Southeast and Juneau is not just measured in numbers of fishermen or processors and the harvest. Several government agencies and academic institutions involved in fisheries management, research, and enforcement are located in our region. To name a few, there are the Alaska Department of Fish and Game, Commercial Fisheries Entry Commission, the Alaska Seafood Marketing Institute based in Juneau, DOT&PF dock and harbor engineers and planners, National Marine Fisheries Service (Alaska Regional Administrator and staff, Ted Stevens Marine Science Institute, Little Port Walter research station, and office of law enforcement), U.S. Coast Guard (fisheries enforcement, aids to navigation, search and rescue and marine safety), University of Alaska Fairbanks (School of Fisheries), University of Alaska Southeast (Juneau, Ketchikan, Sitka), municipal harbormasters and Alaska Sea Grant agents. Non-government entities include hatcheries (salmon and shellfish), fishery trade associations and consultants, one community development quota (CDQ) entity, marine repair and supply and community quota entities (CQE).

Commercial Harvest in Southeast Alaska

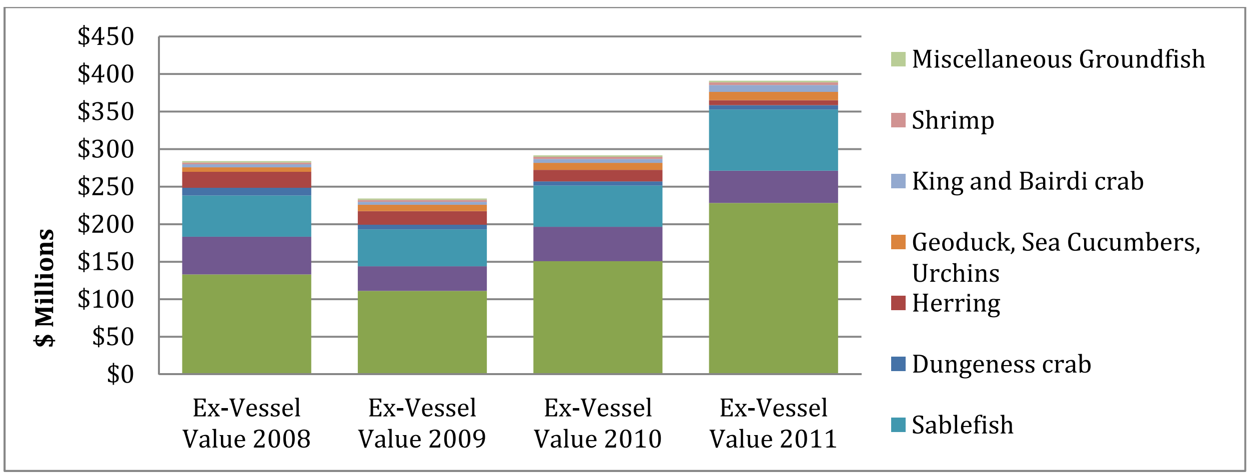
This section explores the economic impacts of the regional fisheries in two ways: first, by examining the value and volume of seafood caught in Southeast Alaska waters—including ex-vessel and first wholesale value—and, second, by examining the level of participation, pounds landed and estimated gross earning of Southeast Alaska residents who fish commercially in Alaska.

Southeast Fisheries Ex-Vessel Value ($ Paid To Fishermen)

In 2011, the ex-vessel value (or money paid to fishermen) of the Southeast Alaska fisheries was $391 million. Due to changes in both volume and prices—fishermen earned 34 percent more for their seafood in 2011 over 2010. Notably the value of halibut landed decreased 6% due in part to a 31% decrease in volume (due to a decreased biomass and precautionary management) that was only partially offset by price increases. Salmon experienced a 51% increase in value due to increases in both prices and volume; however, we would note that pink salmon runs are usually significantly larger in odd (2011) years that even (2010) years. In 2011 both chum and pink prices and volume were up.

In 2011, the five salmon species represented more than four fifths (82 percent) of the region's catch in terms of volume and just over half (58 percent) of the total ex-vessel value. It is important to note that the salmon hatcheries in Southeast Alaska operated by the Northern Southeast Regional Aquaculture Association, Southern Southeast Regional Aquaculture Association and Juneau's Douglas Island Pinks and Chums (DIPAC) generated a common property commercial harvest of 37,111,000 fish valued at $131,240,000 in 2010[27]. These hatcheries are a significant economic driver in Southeast in their own right.

Southeast Alaska Commercial Seafood Industry Ex-Vessel Value, 2008 - 2011



Source: Alaska Department of Fish and Game - COAR and Fish Ticket Databases

In 2011, sablefish made up 2.5 % of the total volume caught yet accounted for one-fifth (20%) of the total ex-vessel value. Participants must hold federal quota rights or Individual Fishing Quota (IFQ) in order to fish sablefish and there is a small state managed sablefish fishery in Lynn Canal just north of Juneau. Halibut has also emerged as a valuable fishery.

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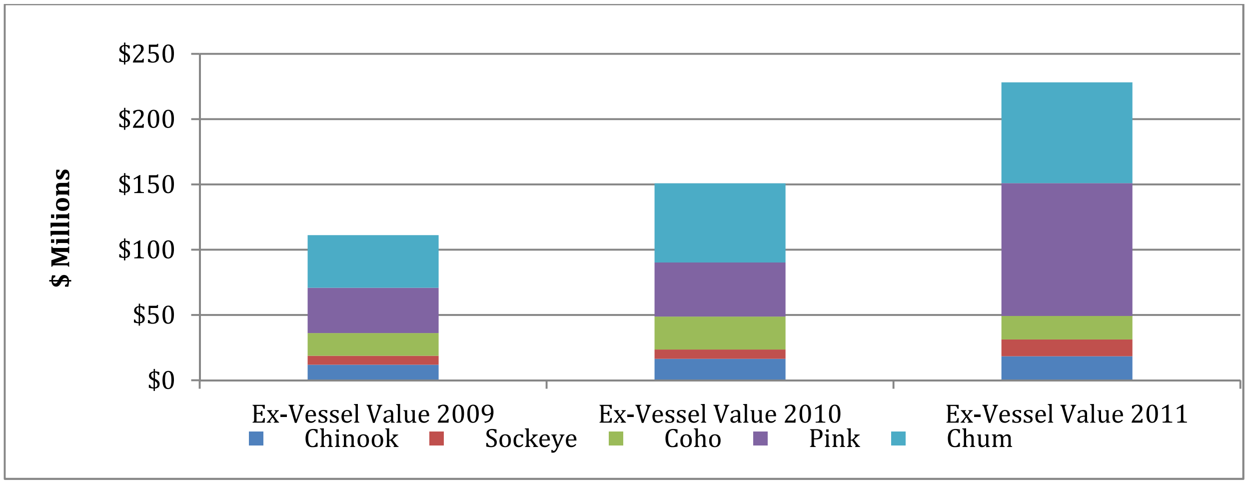
[27] Alaska Salmon Fisheries Enhancement Report for 2010. Fishery Management Report 11-04. ADFG (Feb 2011)

Ex-Vessel Value by Salmon Species, 2009 - 2011



Source: Alaska Department of Fish and Game - COAR and Fish Ticket Databases

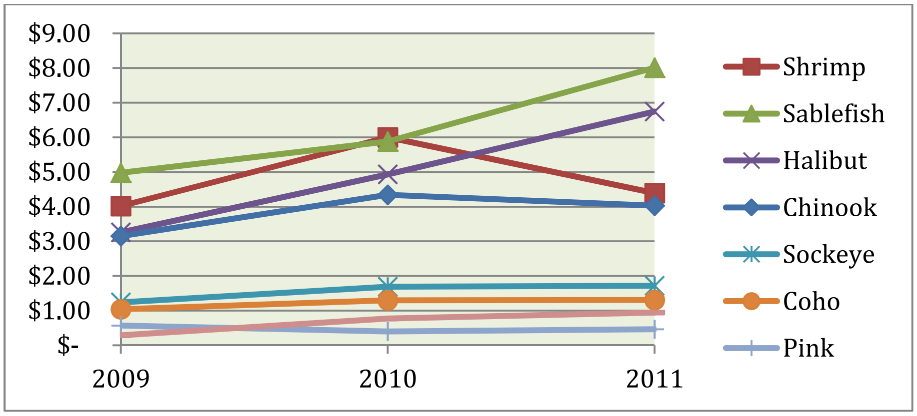
In 2011 halibut accounted for 1.6 percent of the total Southeast harvest and accounted for 10 percent of total ex-vessel value.

Southeast Alaska Commercial Seafood Industry Harvest & Value Information, 2010 to 2011 (in Thousands Pounds & Dollars)

Species	Pounds Landed 2010	Pounds Landed 2011	Change in Landings, 2010-11	Ex-Vessel Value 2010	Ex-Vessel Value 2011	Change in Value, 2010-11
Salmon	209,279	327,015	56%	$150,845	$228,233	51%
Chinook	3,800	4,574	20%	$16,491	$18,426	12%
Sockeye	4,222	7,499	78%	$7,125	$12,894	81%
Coho	19,451	13,766	-29%	$25,254	$17,992	-29%
Pink	102,745	219,257	113%	$41,325	$101,737	146%
Chum	79,061	81,919	4%	$60,649	$77,185	27%
Halibut	9,253	6,364	-31%	$45,619	$42,914	-6%
Sablefish	9,347	10,183	9%	$54,958	$81,598	48%
Dungeness crab	3,242	2,588	-20%	$5,616	$5,803	3%
Herring	39,912	41,543	4%	$15,331	$6,558	-57%
Geoduck, Sea Cucumbers, Urchins	2,667	1,792	-33%	$9,377	$11,134	19%
King and Bairdi crab	1,694	1,690	0%	$5,089	$9,015	77%
Shrimp	498	854	72%	$2,990	$3,753	26%
Miscellaneous Ground fish	3,974	3,598	-9%	$1,925	$2,084	8%
Total	**279,865**	**395,628**	**41%**	**$291,748**	**$391,092**	**34%**

Source: Alaska Department of Fish and Game - COAR and Fish Ticket Databases

Average Price per Pound for Commercial Fish Species, Southeast Alaska (Ex-Vessel Value)



Source: Alaska Department of Fish and Game - COAR and Fish Ticket Databases

Southeast Alaska Resident Fishermen

Another measure of the economic value of commercial fishing in the region is how many Southeast Alaska residents participated in the Alaska commercial fishing industry. According to the Alaska Commercial Fisheries Entry Commission (CFEC), 5,017 Southeast Alaska residents (2,111 commercial fishermen and 2,906 crew members) fished in 2011, including 764 Juneau residents (75 more than in 2010); this represents an 8 percent and 11 percent increase from 2010 numbers, respectively. Including non-residents, there were more than 12,500 participants in the Southeast Alaska fishery in 2011.

Southeast Alaska Resident Commercial Fishermen, 2011

Borough or Census Area	Fishing Permits Issued	Permit Holders[28]	Fishing Crew Licenses	Fishermen Who Fished[29]
Juneau	666	398	491	273
Haines	183	114	100	92
Ketchikan	589	340	415	231
Wrangell-Petersburg	1,564	733	723	561
Skagway-Hoonah-Angoon	320	211	151	128
Sitka	1,082	568	655	466
POW-Outer KTN	577	330	296	228
Yakutat	239	156	75	132
Total Southeast 2011	**5,220**	**2,850**	**2,906**	**2,111**
Total Southeast 2010	**5,285**	**2,830**	**2,527**	**2,118**
Change 2010-2011	**-1.23%**	**0.71%**	**15.00%**	**-0.33%**

Source: Commercial Fisheries Entry Commission.

[28] May hold multiple permits

[29] Fishermen Who Fished is a count of permit holders who made at least one landing during the year.

Pounds of Seafood Landed by Southeast Residents

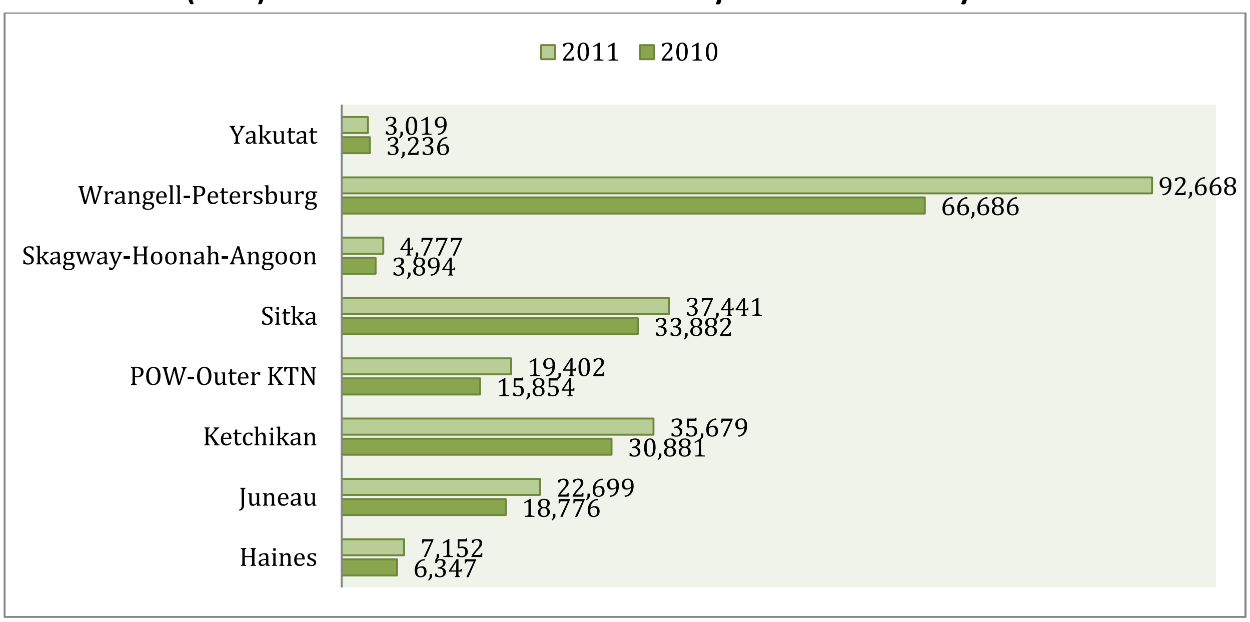
In 2011, the total seafood landed by Southeast Alaska resident fishermen was 222 million pounds, with associated estimated gross earnings of $215 million. This represents a 24 percent increase in pounds landed over 2010 and a 16 percent increase in gross earnings over the same period. Estimated gross earnings were derived from an ex-vessel price per pound developed by the CFEC. The following table presents pounds and value of fish landed by commercial fishermen residing in Southeast Alaska.

Commercial Fish Harvest by Southeast Alaska Residents
Pounds Landed (Volume) and Gross Earnings (Value), 2010-2011

Area of Residency	Volume 2010	Volume 2011	Volume Change	Value 2010	Value 2011	Value Change
Haines	6,347	7,152	13%	$7,085	$7,585	7%
Juneau	18,776	22,699	21%	$22,162	$26,394	19%
Ketchikan	30,881	35,679	16%	$23,543	$26,869	14%
POW-Outer KTN	15,854	19,402	22%	$14,339	$15,912	11%
Sitka	33,882	37,441	11%	$42,673	$46,207	8%
Skagway-Hoonah-Angoon	3,894	4,777	23%	$6,787	$6,903	2%
Wrangell-Petersburg	66,686	92,668	39%	$65,832	$81,496	24%
Yakutat	3,236	3,019	-7%	$4,261	$4,379	3%
Total Southeast	**179,556**	**222,837**	**24%**	**$186,682**	**$215,745**	**16%**

Source: Commercial Fisheries Entry Commission.

Pounds (000s) of Commercial Seafood Landed by Area of Residency 2010 and 2011



Source:Alaska Commercial Fisheries Entry Commission.

In 2011, 50 shore-based seafood-processing facilities were active in Southeast Alaska and collectively processed 272.6 million pounds of product, with a wholesale value of $612 million. This represents about a 30% increase in both volume and value over 2010. The majority of the product was processed in Sitka (77.8 million pounds), Petersburg (58.3 million pounds) and Ketchikan (54.6 million pounds). Juneau had eight shore based processors, producing 15.9 million pounds of product, a nearly 10% increase over 2010.

For 2011, the Alaska Department of Labor and Workforce Development estimated 1,612 processing jobs in Southeast Alaska, with total wages earned of $57,099,063[30]. Twenty-five percent of all processing workers were Alaska residents and these workers earned 40% of wages. In addition, 19% of processing workers were local residents, living in the same borough or census area as their employer. These workers earned almost 35% of all wages. Both processers and their non-resident workers contribute to the Southeast economy through their purchase of a variety of goods and services in local communities. Resident workers tend to fill many of the higher-level positions in the processing company such as managers, accountants, and mechanics.

State of Alaska Shared Taxes

For state fiscal year 2011, the state shared $4,339,010 in fisheries business and landing taxes with municipalities, boroughs, and cities in Southeast Alaska[31]. Half of the fisheries business and landing taxes (3%) collected by the state are shared with local governments (A.S. 43.75.137 and A.S. 43.77.060 (3)(d)). It is up to each community to decide how to spend these taxes; some communities have chosen to invest in harbor infrastructure, like Juneau, while others have decided to use the funds in their general operating budget.

Salmon Market Trends

A 2012 trend analysis[32] of Alaskan salmon markets (prepared by Economics Professor Gunnar Knapp of the University of Alaska, Anchorage for ComFish Alaska 2012) reports the steady, healthy growth of the salmon industry in the past decade. This growth is based on the strong harvests in the past ten years and a general increase in global demand for salmon. Since 2002, prices have been rising and both fishermen and processors are sharing in the profits. The markets for salmon have shifted somewhat, seeing a decline in exports to Japan and an increase in exports to China, and the European Union. The domestic U.S. market has also increased consumption, but it is the emerging markets like Brazil, Russia, and China that are responsible for driving up the global demand. Professor Knapp predicts a downturn in future prices due to the weakening of Alaskan salmon

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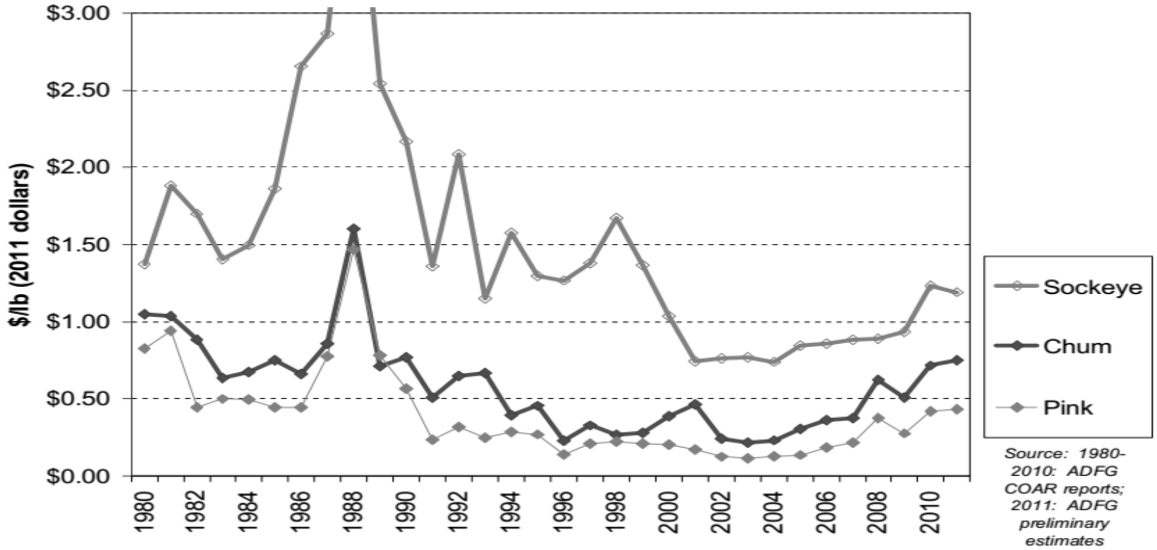
[30] Alaska Department of Labor and Workforce Development, Research and Analysis Section

[31] Shared Taxes and Fees Annual Report –Fiscal Year 2011. Alaska Department of Revenue, Tax Division.

[32] Knapp, Gunnar, (2012). *Trends in Alaska Salmon Markets.* ComFish Alaska 2012. Found at http://www.adfg.alaska.gov/static/fishing/PDFs/commercial/gk_trends_4-12-12.pdf

importer's currencies (the Yen and Euro) and the anticipated recovery of Atlantic salmon farms in Chile from an outbreak of disease.

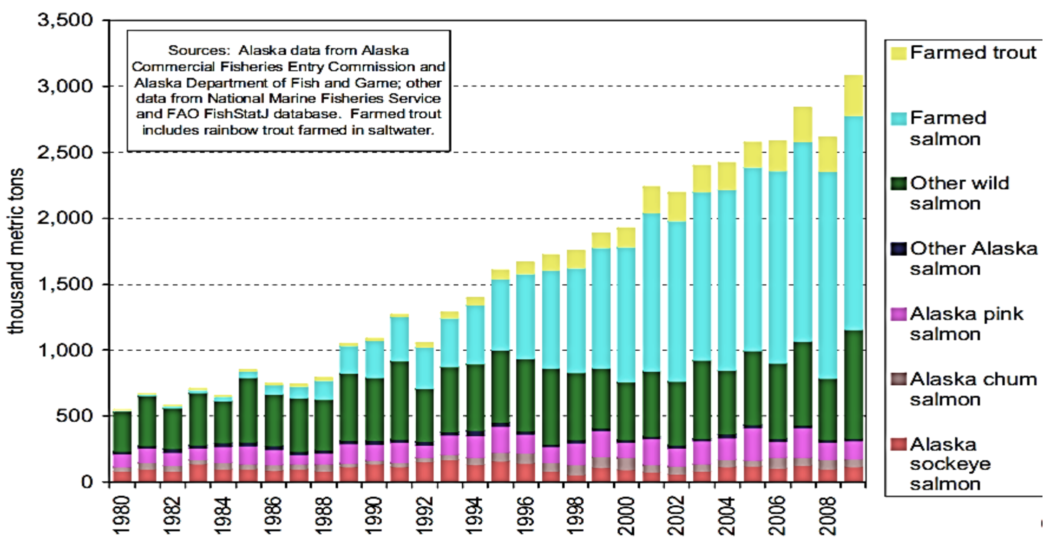
Alaska Salmon Real Statewide Average Ex-Vessel Prices, by Species (adjusted for inflation, expressed in 2011 dollars)



Source: Alaska Department of Fish and Game COAR reports and preliminary estimate

The trend analysis also notes that the prices of farmed salmon and wild salmon are linked as competing products and the price of farmed salmon has been declining in the past six months. Good marketing and sustainable industry practices have distinguished Alaskan salmon from the rest of the market and allowed Alaskan salmon to bring a premium price. According to Professor Knapp, the long-term outlook for the Alaskan fishing industry is good; he expects global demand to continue increasing, with Alaskan wild salmon creating a niche market in the world.

World Salmon Supply: Farmed versus Wild



Source: Alaska Commercial Fisheries Entry Commission and Alaska Department of Fish and Game, National Marine Fisheries Service and FAO FishStat