

State of Alaska
Seafood Economic Strategies
Overview

Presented to:
Southeast Conference
Juneau, Alaska

McDowell Group, Inc.
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McDowell Group

- 34 years of Alaska economic, business, and policy studies
- 150+ seafood industry studies around Alaska
- Salmon and Seafood Market Information Service for ASMI
- 6-member team, all with commercial seafood experience, plus:
 - Bob Waldrop - Redpoint Associates
 - Arne Magnusson - University of Iceland

Purpose of the strategies

The Alaska Constitution mandates managing resources: “...for the maximum benefit of its people.”

- Is the state doing this for commercial seafood?
- Can it do better?

Scope of work

- All state involvement in the commercial seafood resource
- Not sport fishing or subsistence

Sources

- Prior Alaska planning and experience
- International experience
- Broad-based interviews

Basis for planning

- Strategies must transcend short-term issues and bridge political administrations
- The State of Alaska is not in the seafood business; it's in the asset management business
- “Maximum benefit” is best measured at the community level

Issues and Strategies (very short version)

Commercial seafood policy is a three-legged stool

- Biology
- Profitability
- Socio-economics

The stool's stability is threatened by three main challenges:

1. Lack of information and analysis
2. Lack of investment
3. Lack of global perspective

Lack of information and analysis:

- Handicaps Alaska at the NPFMC
- Threatens Board of Fisheries process
- Limits participation by individuals and communities
- Keeps Alaska from responding effectively to global trends
- Turns today's solutions into tomorrow's problems

Lack of investment affects biology:

- State management depends heavily on federal funding
- Loss of key staff to federal and private sectors
- Research budgets curtailed
- High level of industry concern about commercial stocks

... and business:

- In the absence of data, fisheries managers must err on the side of caution
- State funding for the Alaska brand is inadequate for global competition
- R&D is needed, for example in under-utilized resources and mariculture
- Investment in education and business expertise are needed for Alaskans to participate more fully in the industry

Know the Enemy



Alaska must think globally

- Large, rapid changes in competition and consumption patterns
- Federal and international rationalization
- Aquaculture
- Climate change and ocean health
- Learn from other nations

An information strategy: Create a small corps of expert, seafood industry analysts within state government

- Highly qualified, objective, independent
- Drawing on all state departments
- Serving many purposes
 - State representatives on the NPFMC
 - Board of Fisheries
 - Communities and industry participants
 - State managers

Some investment strategies:

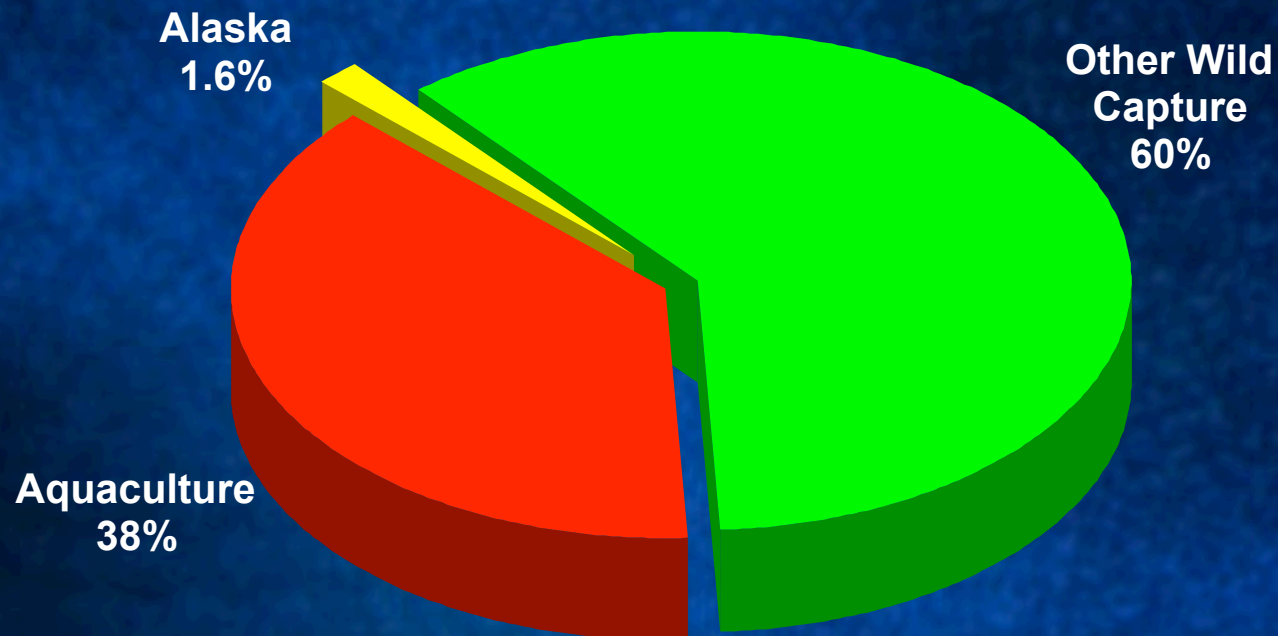
- Invest revenue from non-renewable assets to develop renewable ones
- Make seafood a focus of Alaska education
- Maintain control of the resource
 - Biologically and by ensuring that access rights are amendable by the state over time

Some global strategies:

- Use the new analytical corps to:
 - Understand the aquaculture industry thoroughly. It will dominate world seafood
 - Learn from other national and international seafood management regimes
- Expand differentiation of Alaska product
- Develop niches in world markets that best serve the interests of Alaskans

Selected Seafood Industry Data

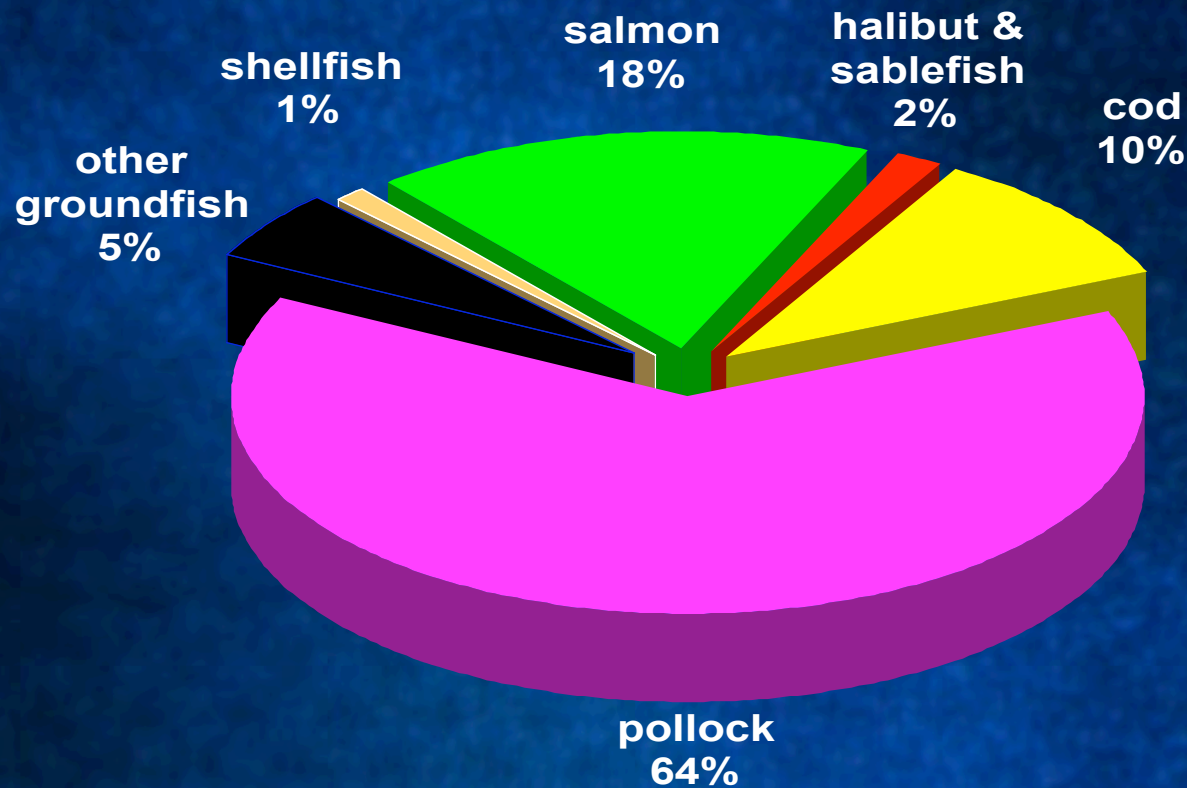
World Seafood Production 2004



Source: FAO, NOAA, ADF&G

2005 Alaska Harvest Volume

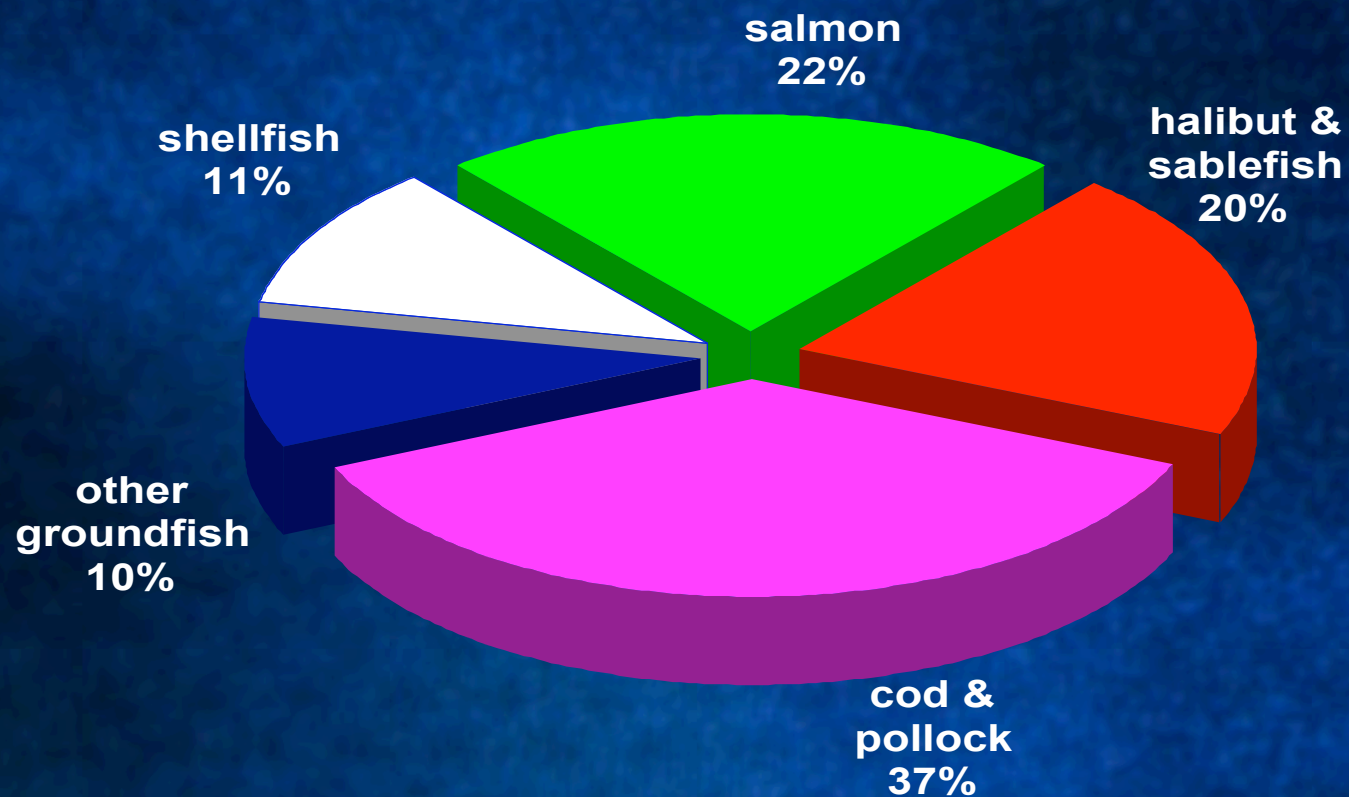
2.4 Million MT (5.4 billion pounds)



Source: ADF&G, NMFS

Alaska Ex-Vessel Value

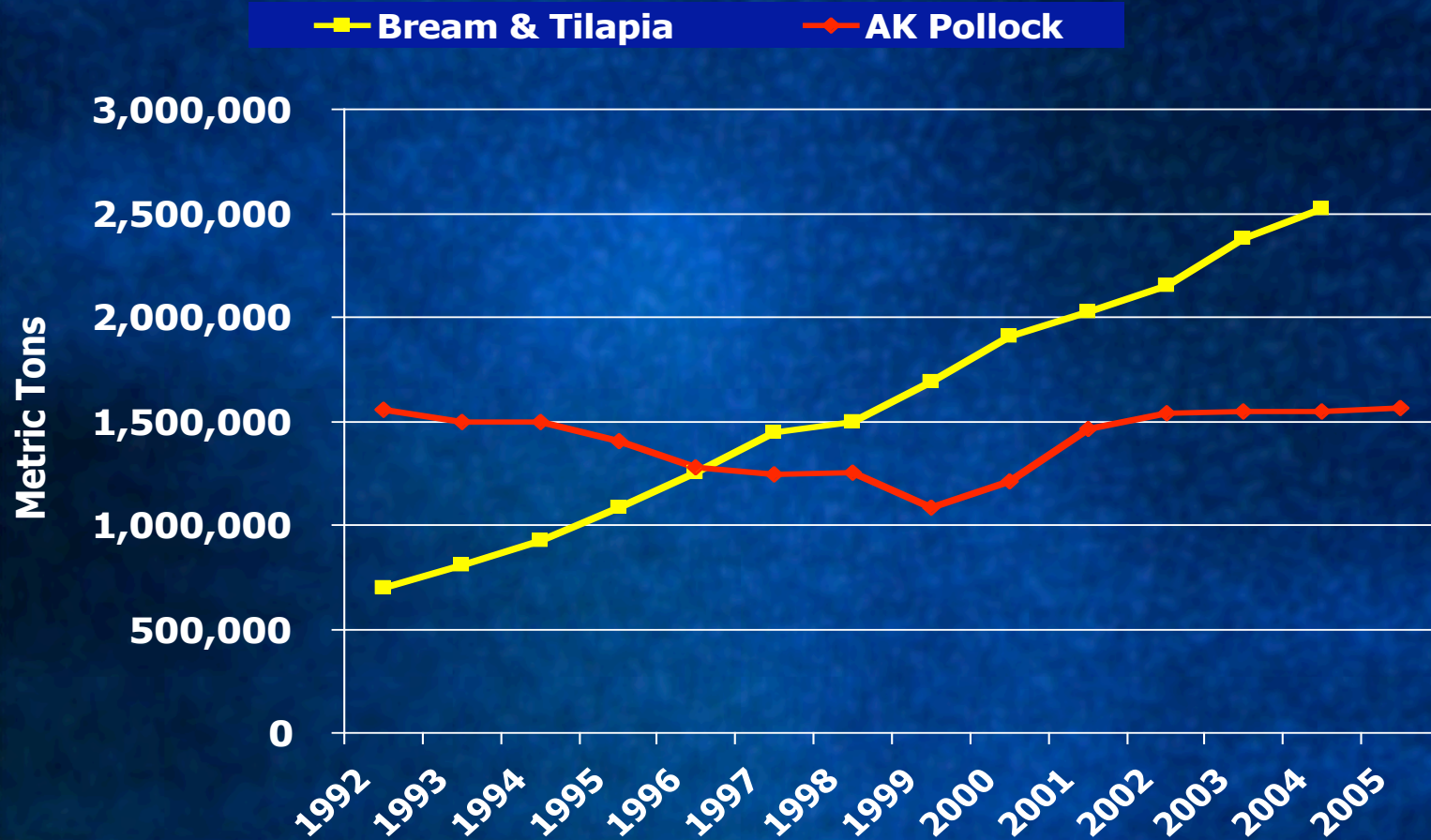
\$1.4 Billion in 2006



Source: ASMI, ADF&G, SMIS estimates

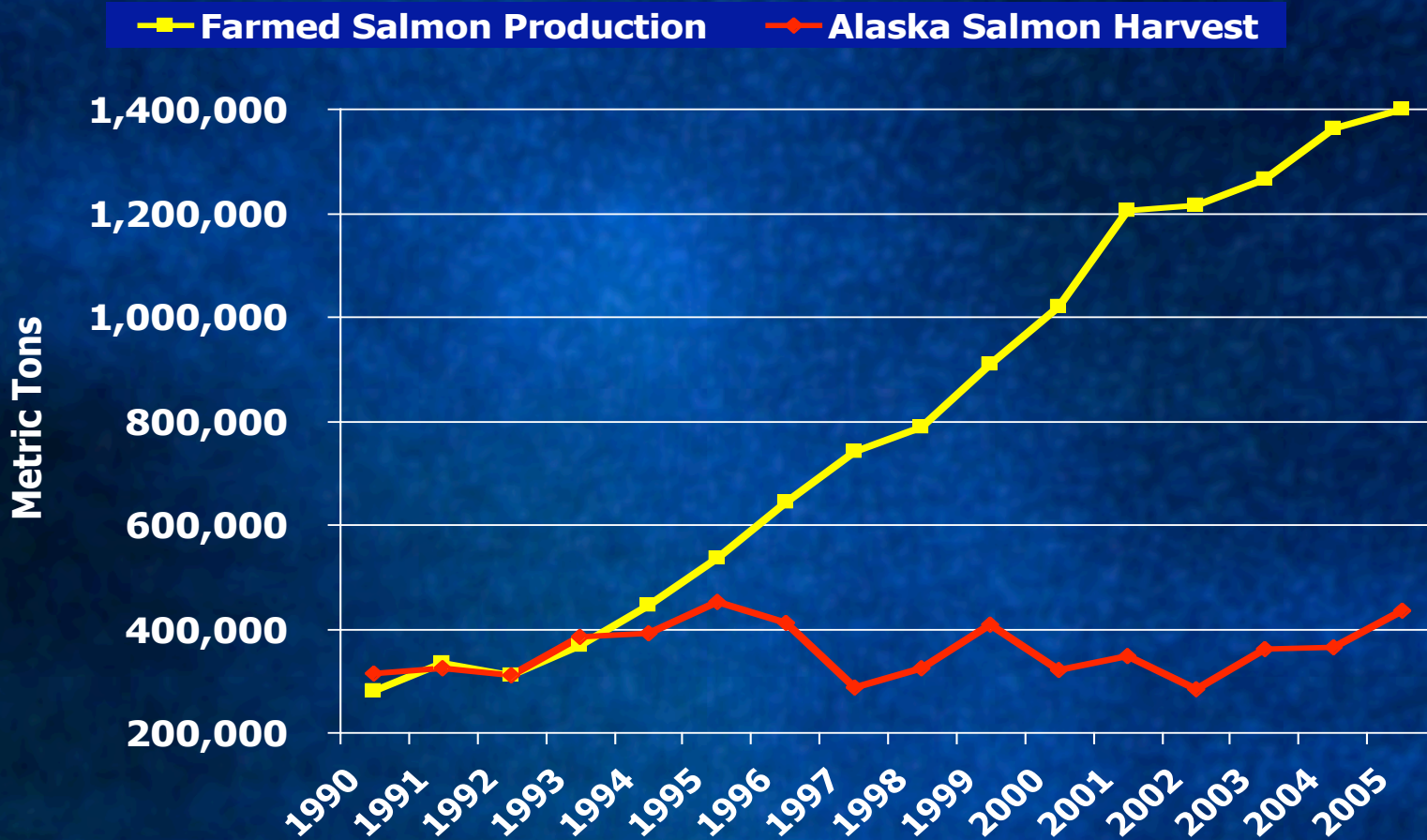
High-Volume Whitefish Production

AK Pollock Harvest, Aquaculture Bream & Tilapia



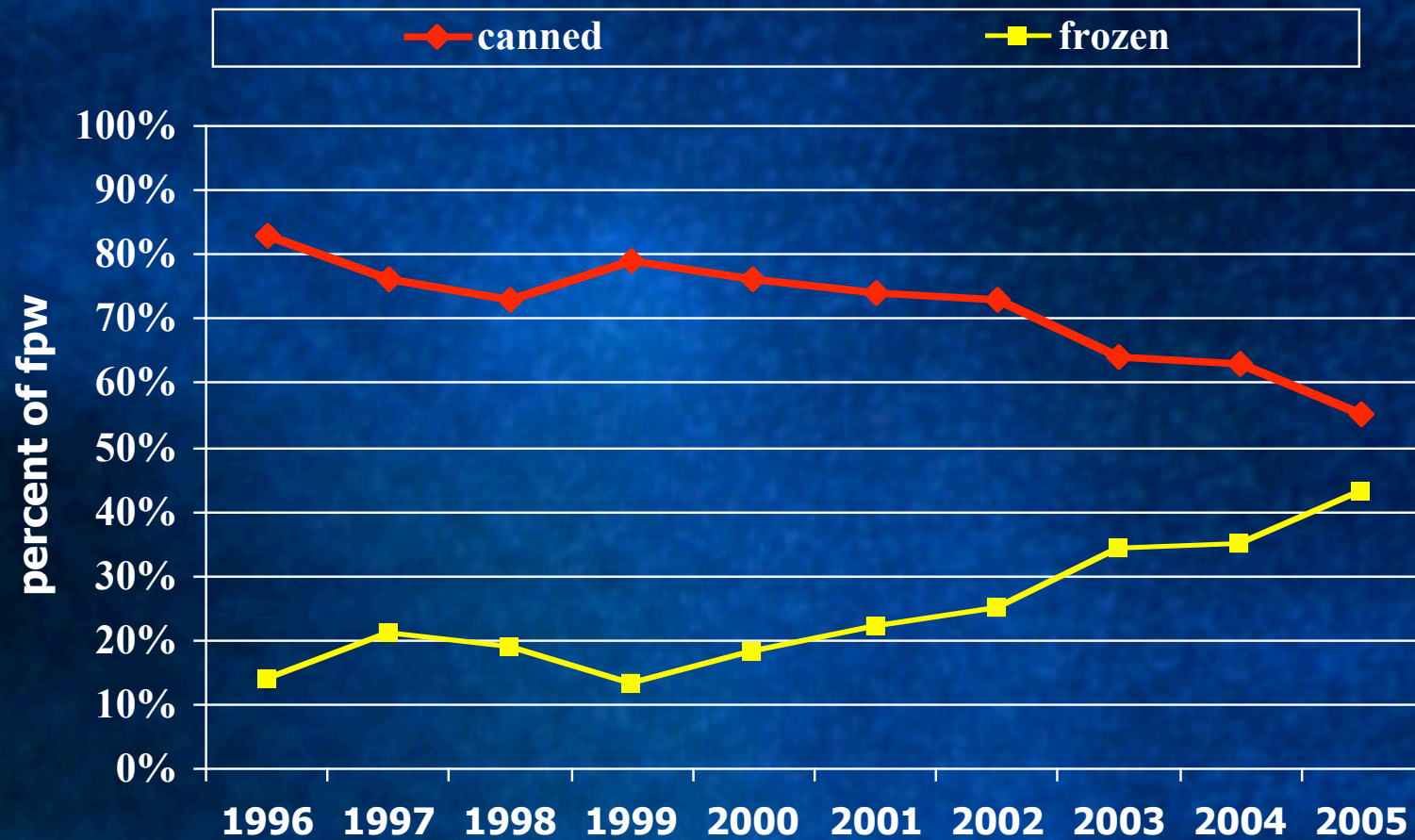
Source: NOAA, FAO

Farmed Salmon Production



Source: ADF&G, FAO

Pink Salmon Product-form Composition



Source: ADF&G, AK Dept of Revenue

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