

# Alaska Seafood Market Update

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Southeast Conference Annual Meeting

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# Alaska Seafood Marketing Institute

ASMI is a **public-private partnership** between the State of Alaska and the Alaska seafood industry established to foster economic development of a renewable natural resource.

As Alaska's official seafood marketing arm, **ASMI maximizes the economic value of the Alaska seafood resource** by:

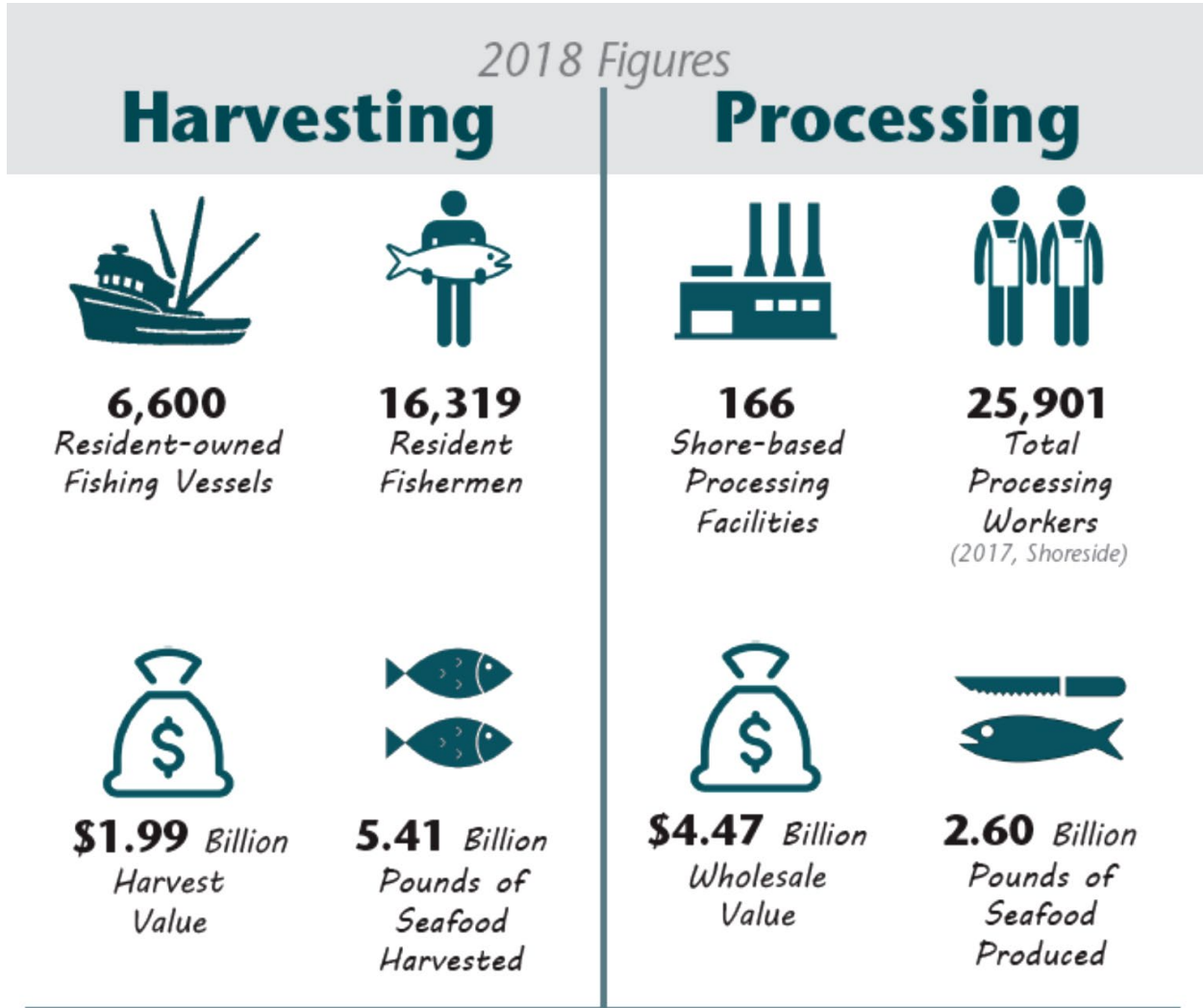
- building and protecting the Alaska Seafood brand
- developing and creating markets for Alaska seafood products
- working directly with the seafood industry to maximize efforts

ASMI is directed by a Governor-appointed Board of Directors: five processors, two commercial harvesters; and 10 board-appointed Species and Operational Committees.



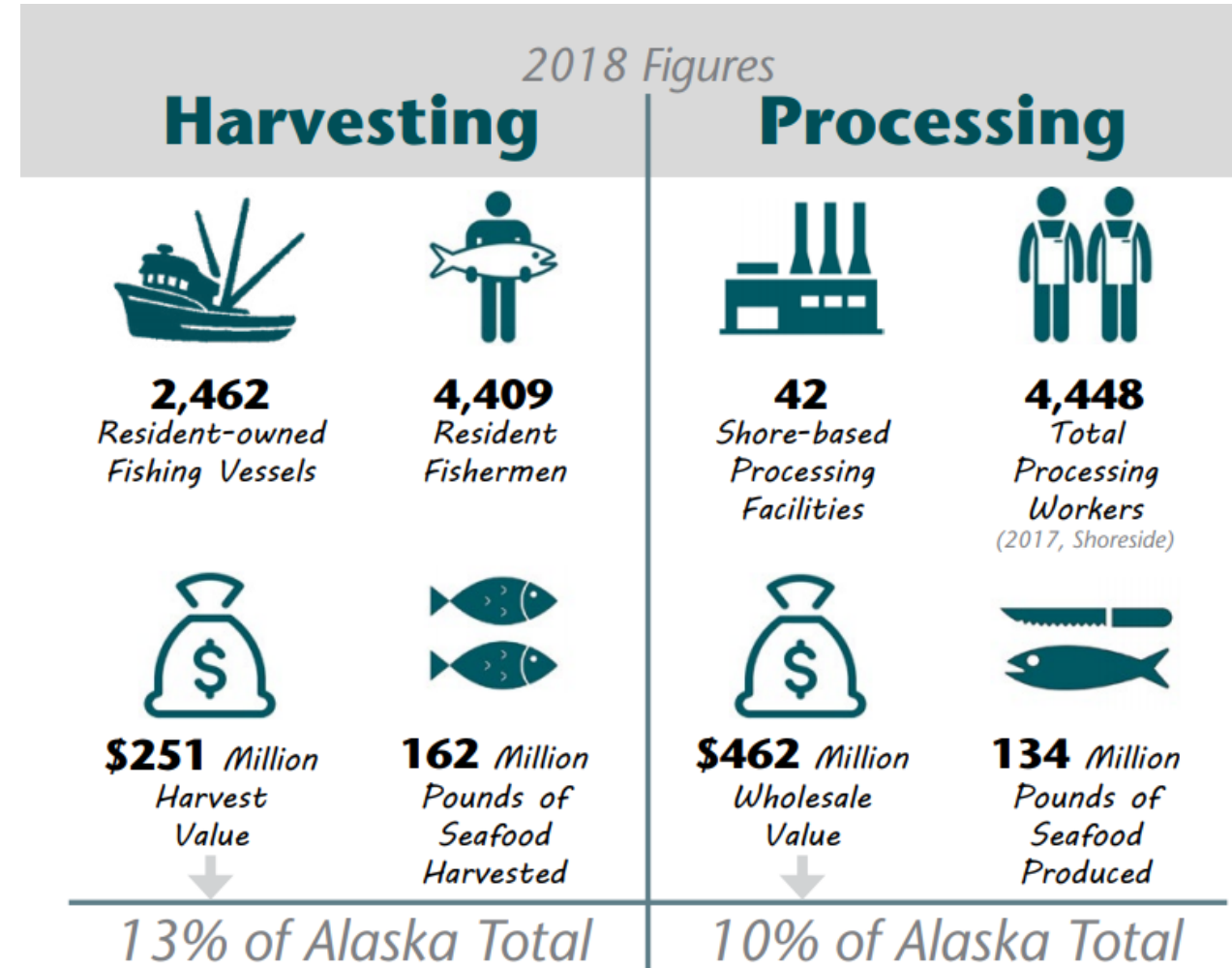
# A Cornerstone of Alaska's Economy

- Directly employs 60,000 workers annually, more than any other industry in Alaska - largest manufacturing sector in Alaska
- Alaska Seafood contributes an annual average of \$5.6 billion in economic output to the Alaska economy
- Industry operates over 9,000 Vessels and 166 Shore Plants
- Alaska holds six of the nation's top ten ports by value



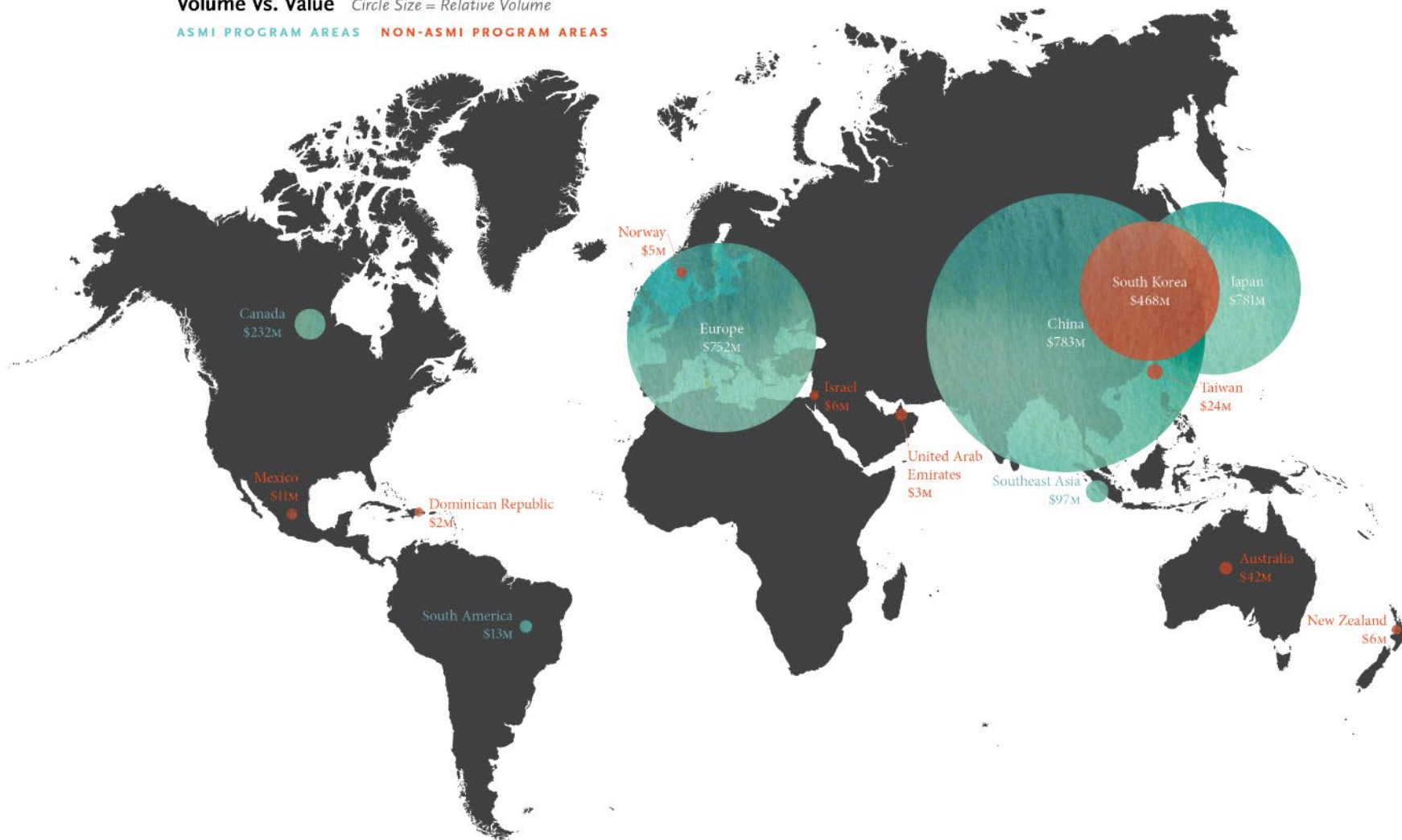
# A Cornerstone of Southeast Alaska's Economy

- Seafood is the largest private sector industry in Southeast Alaska: totals 15% of regional employment
- Southeast includes four of the top 10 communities ranked by resident permit holder gross earnings.
  - Petersburg, 3rd in state, \$49 million
  - Sitka, 4th, \$41 million
  - Ketchikan, 8th, \$16 million
  - Juneau, 9th, \$16 million
- Southeast residents own roughly a quarter of Alaska's commercial fishing fleet, more than any other region.
- Salmon is key in Southeast. All 5 species combined account for 60% of the region's total ex-vessel value.



Volume Vs. Value Circle Size = Relative Volume

ASMI PROGRAM AREAS NON-ASMI PROGRAM AREAS



About 75% of Alaska seafood production exported annually to 100 countries

U.S. usually largest market: 25-30%

China/South Korea largest trading partners; primarily reprocessing

Japan/Europe largest direct foreign markets

90% of pollock, pink/keta salmon, and A80 species exported



# Trade in Key Export Markets

## China

- **37% - 42% tariffs** on Alaska seafood into China
- 25% tariff on flatfish reimported to U.S.
- Phase One Trade Deal: retaliatory tariffs unchanged; other potential impacts on Alaska seafood still unclear

## Russia

- Leading global competitor for Alaska seafood
- Russia market closed to Alaska since 2014, but exports to U.S. **up 173% since 2013**
- Significant government investments in seafood industry infrastructure, technology and marketing

## European Union

- Significant trade barriers on U.S. seafood into EU; near free-market access of EU products into U.S.
- U.S. seafood caught in Boeing/Airbus dispute
- Brexit – temp relief

## Japan

- Leading export market for U.S. seafood sector
- Recently enacted FTAs with several U.S. seafood competitors
- “Phase One” agreement did not level playing field for U.S. seafood



COVID-19 contributed to widespread harvest value declines in 2020, with a preliminary estimated drop in ex-vessel value of 20-25%.

Key COVID-caused market disruptions to the Alaska seafood industry:

- Widespread closures in the global foodservice sector
- Shipping disruptions; more difficult and more expensive to get Alaska seafood to market.
- Added costs for harvesters and processors ensuring the safety of their workers on fishing vessels and processing lines, and the Alaska communities where they operate.



# Global Consumer Responses to the Pandemic

- Increase in retail sales, especially in ecommerce, direct to consumer sales
  - U.S.: 122% yoy increase in seafood ecommerce sales
- Frozen seafood experiencing banner growth
  - U.S. : 35% yoy sales growth in frozen seafood; 24% in fresh
  - *Retail sales growth did not make up for sales losses at foodservice*
- More people cooking at home more often; unprecedented opportunity for education
- Consumers looking for immune-boosting, sustainable foods
- Convenience





## Looking Ahead: Opportunities

- U.S. foodservice markets continue to rebound in 2021, in line with widespread vaccine distribution; new norms
- Consumers will continue to shop online and cook at home using new skills and recipes tested during the pandemic
- Consumers will continue to look for nutrient-forward, sustainable and traceable proteins



## Looking Ahead: Challenges

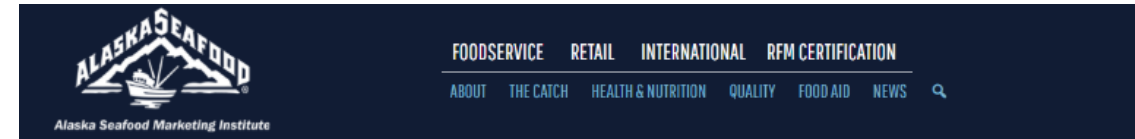
- Ongoing foodservice closures due to continued outbreaks
- Farmed salmon, cod and other competing products also redirected to retail – downward price pressure on entire category.
- Continued challenges and significant costs to safely execute fisheries amid COVID-19 pandemic
- Continued shipping disruptions due to COVID-19
- Ongoing trade barriers with key export markets
- Continued volatile harvest projections for Alaska fisheries



# COVID-19 Impact Tracking

- Briefing paper series
- Presentations
- Processor and harvester online surveys

➤ [alaskaseafood.org/covid19](https://alaskaseafood.org/covid19)



Home » Covid-19 Impact Reports

## COVID-19 IMPACT REPORTS

Impact Reports of the COVID-19 Pandemic on the Alaska Seafood Industry are produced for ASMI by the McDowell Group.

### Alaska Seafood COVID-19 Briefing Paper February 2021 Edition



*Prepared on behalf of the Alaska Seafood Marketing Institute by McKinley Research Group (formerly McDowell Group), this series of briefing papers is intended to provide information on the depth and breadth of the pandemic's effects on Alaska's seafood industry.*

#### COVID-19 Inspections in China Continue to Bottleneck Alaska Seafood

COVID-caused closures and slowdowns at key northern Chinese seafood processing ports continue to add costs for producers and complicate the process of getting some seafood to market. Import delays started last summer as Chinese authorities imposed strict COVID-19 inspection and sanitization protocols for imported frozen foods, including seafood. These protocols came despite the lack credible scientific evidence that the virus is transmitted by food or food packaging.<sup>1</sup>



Thank you!

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# YOUR PRIDE IS OUR PRIDE.

## Together, We Make Alaska Seafood Stronger.

From ocean to table, the heavy lifting doesn't stop here. Alaska Seafood Marketing Institute works to put your product into a variety of markets, from restaurants and grocery stores to university dining halls to hospitals and school lunch programs.

This is just one example of how Alaska Seafood Marketing Institute puts all hands on deck to tell the story of wild, sustainable Alaska seafood so you and your family can focus on fishing today and for generations to come.

