

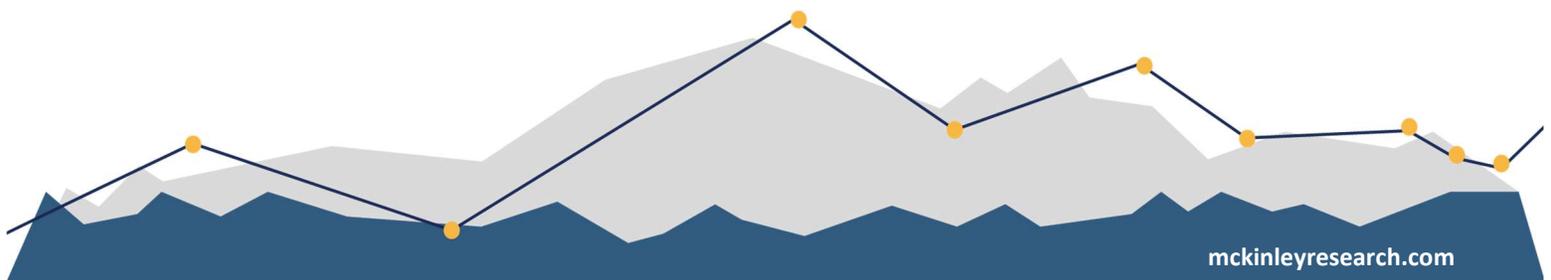


2020 COVID-19 Impacts Harvester Survey

PREPARED FOR:

Alaska Seafood Marketing Institute

April 2021





McKINLEY RESEARCH
GROUP, LLC

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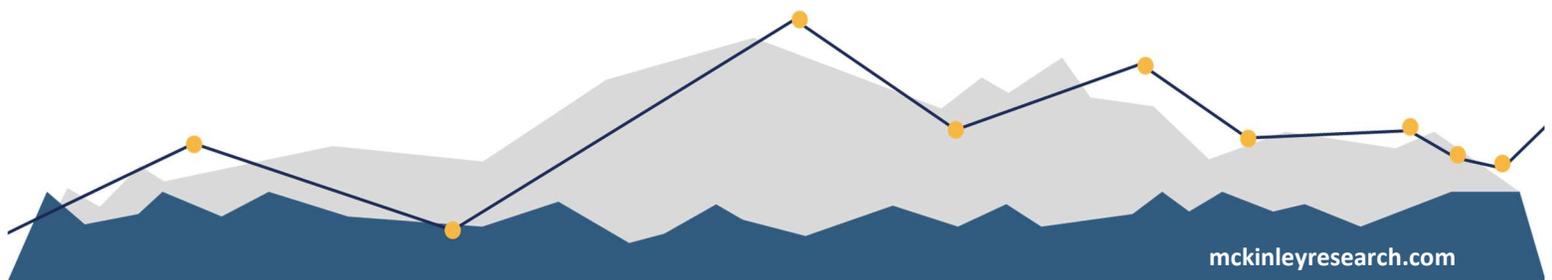


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Executive Summary

In March 2021, McKinley Research Group conducted a survey on behalf of the Alaska Seafood Marketing Institute (ASMI) to measure the pandemic's impact on Alaska's commercial fishermen during the 2020 season. This is the first study focused solely on measuring the pandemic's effects on the state's commercial fishermen. Alaska's commercial fishing sector is diverse, with vessel crews ranging from one or two fishermen working on skiffs or small boats to large vessels over 300 feet with 100 or more crew members. In 2020, there were 12,461 Alaska commercial fisheries permit holders, and 7,697 of those permit holders actively fished. A total of 17,588 commercial crew licenses were sold in 2020, down 31% from the previous year.

For the purposes of this survey, harvesters were defined as commercial fishing permit holders who actively fished in 2020. A total of 197 harvesters responded to the survey. As the sample was not randomly selected, results may not be representative of the Alaska fishing industry as a whole.

Key findings include:

- About two-thirds of harvesters reported that COVID-19 had a major impact on their fishing operation expenses during the year, and one-third said it had a minor impact. Harvesters reported an average of \$9,350 in total additional expenses in response to COVID-19.
- The pandemic impacted most aspects of commercial fishing operations in 2020, with harvesters reporting the greatest negative impact on ex-vessel price and planning and logistics. A majority (79%) of harvesters reported that COVID-19 had a major negative impact on the ex-vessel price they received. About half said the pandemic had a major negative impact on the planning and logistics for their fishing trips.
- While most said they made no hiring changes due to the pandemic, one-third of harvesters said they reduced the number of crew positions hired in 2020 due to COVID-19.
- About half of harvesters said their fishing operations received COVID-19 relief payments. Half of those who received relief payments said the payments did not entirely cover their losses. One-third of harvesters reported that their losses were entirely covered by the payments.
- While half of harvesters said they have made no changes due to COVID-19, those who have made changes have tended to make investments rather than divesting from the industry. Seventeen percent reported that they responded to the pandemic by upgrading boats, and ten percent invested in other fishing assets. However, one-quarter to one-third of harvesters appear less likely to make investments going forward.
- Half of harvesters said they expect their 2021 COVID-19 related costs to be about the same as in 2020, while nearly one-third expect their costs to be higher or much higher in 2021.

Introduction and Methodology

In March 2021, McKinley Research Group conducted a survey on behalf of the Alaska Seafood Marketing Institute (ASMI) to measure COVID-19's impact on Alaska's commercial fishermen during the 2020 season. This is the first study focused solely on measuring the effects of the pandemic on the state's harvesters. For the purposes of this survey, harvesters were defined as commercial fishing permit holders who actively fished in 2020. In 2020, there were 12,461 Alaska commercial fisheries permit holders, and 7,697 of those permit holders actively fished.

Survey responses were solicited via a variety of methods including a press release resulting in multiple news articles, social media posts and emails from fishermen's associations, an email campaign conducted by ASMI, and direct solicitations via email and phone by the project team. A total of 197 harvesters responded to the survey. As the sample was not randomly selected, results may not be representative of the Alaska fishing industry as a whole.

The full survey instrument is included as Appendix A.

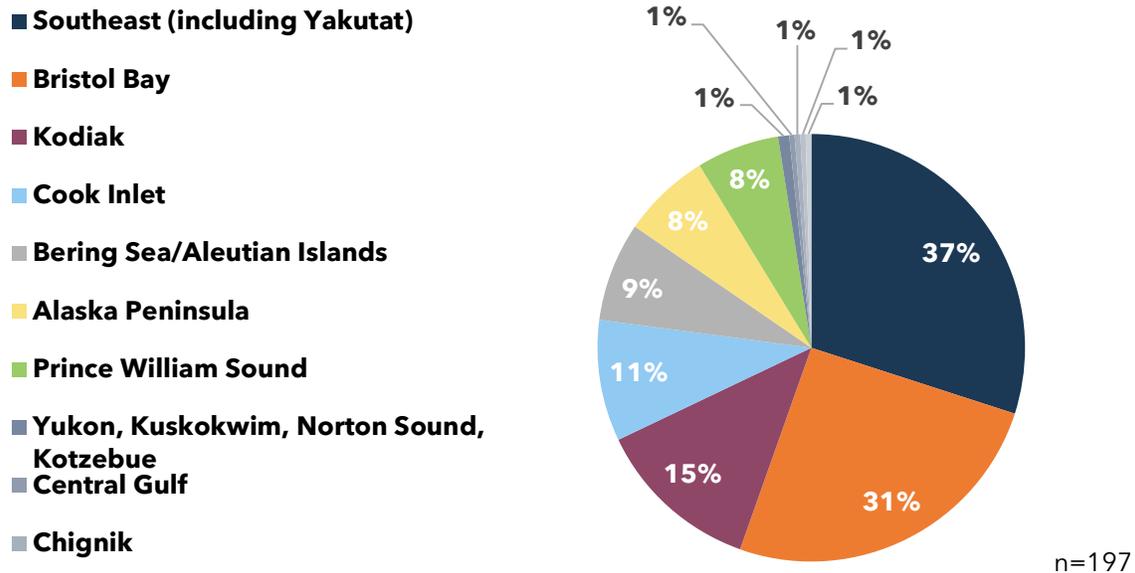
Harvester Respondent Characteristics

Respondents were screened for permit/quota holders that had fished commercially in 2020. There were 15 respondents who indicated that they had not fished commercially in 2020, and 60% of these said that COVID-19 was a major factor in their decision not to fish. Another twenty percent said that COVID-19 was a minor factor and 13% said the pandemic was not a factor.

Regions Fished Commercially in 2020

Harvesters who participated in the survey fished commercially in many regions across Alaska in 2020, and 17% fished in more than one region. Southeast and Bristol Bay were the most well-represented (at 37% and 31%, respectively). Fifteen percent fished in Kodiak, and about one in ten fished Cook Inlet, Bering Sea/Aleutian Islands, Alaska Peninsula, or Prince William Sound.

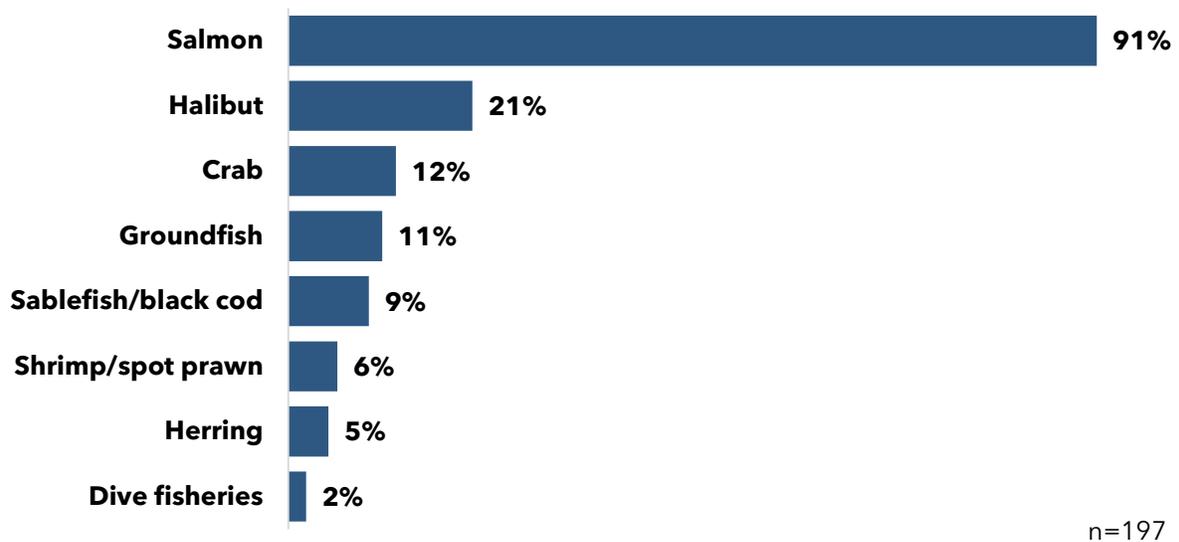
Figure 1. In what region(s) of Alaska did you commercial fish in 2020? (Check all that apply)



Species Harvested

Nearly one-third (32%) of the harvesters who participated in the survey fished for more than one species in 2020. Nine out of ten fished for salmon, one in five harvested halibut, and about 10% fished for crab, groundfish or sablefish.

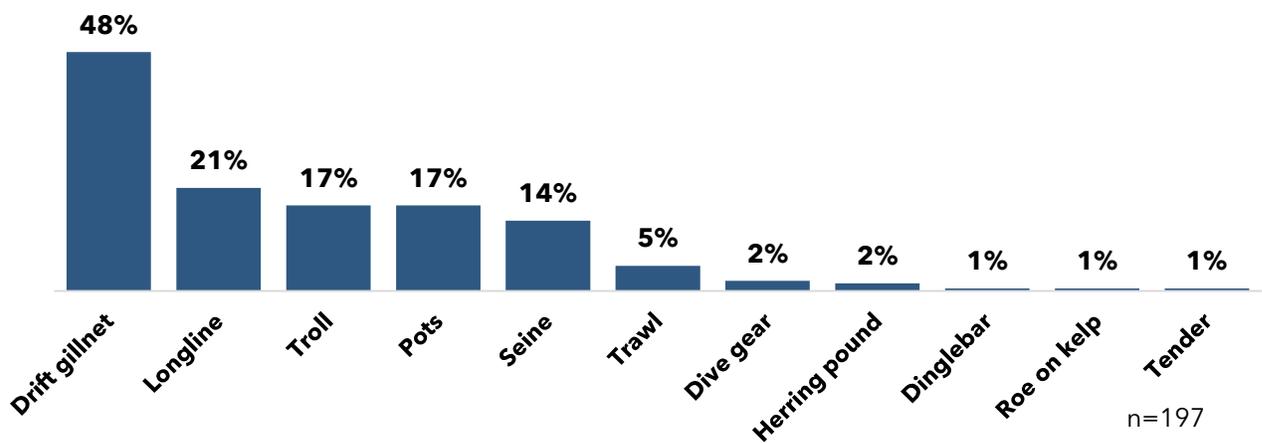
Figure 2. What species did you fish commercially for in 2020? (Check all that apply)



Gear Type

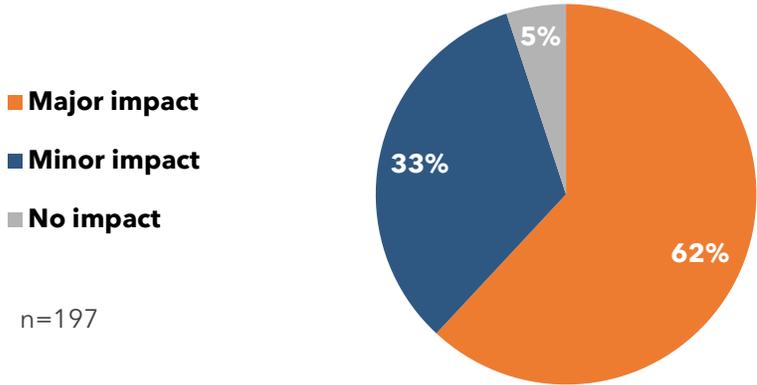
Nearly half (48%) of the harvesters in the survey fished with drift gillnets, and about one in five used longline gear, troll, or pots. One-third of harvesters who responded fished with multiple gear types.

Figure 3. What type of gear did you fish with in 2020? (Check all that apply)



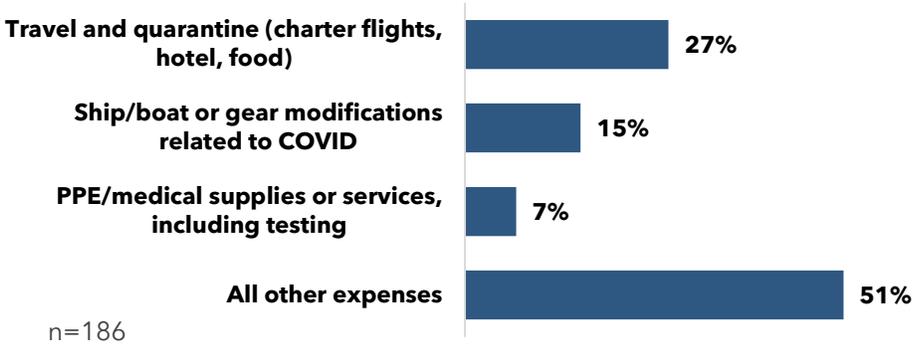
Harvesters were asked to rate the pandemic’s impact on their fishing operation’s expenses in 2020. Nearly two-thirds of harvesters (62%) reported that COVID-19 had a major impact on their expenses during the year, and one-third said the pandemic had a minor impact. One in twenty harvesters said the pandemic had no impact on their expenses.

Figure 4. Considering all the 2020 fisheries you participated in, did COVID-19 have a major, minor, or no impact on your fishing operation expenses?



Harvesters reported an average of \$9,350 in total additional expenses in response to COVID-19. Two-thirds incurred travel and quarantine costs, including charter flights, hotel, and food for employees – with 27% of overall mitigation expenses attributed to the category. Nearly four out of ten said they made modifications to their vessel or gear to mitigate the spread of COVID-19, with the category making up 15% of overall reported costs. Over two-thirds of harvesters said they incurred expenses for COVID-19 testing, PPE, and medical supplies – with these costs making up 7% of total mitigation costs. Other expenses made up over half of COVID-19 mitigation costs reported by harvesters.

Figure 5. Percentage of total mitigation costs by expense type

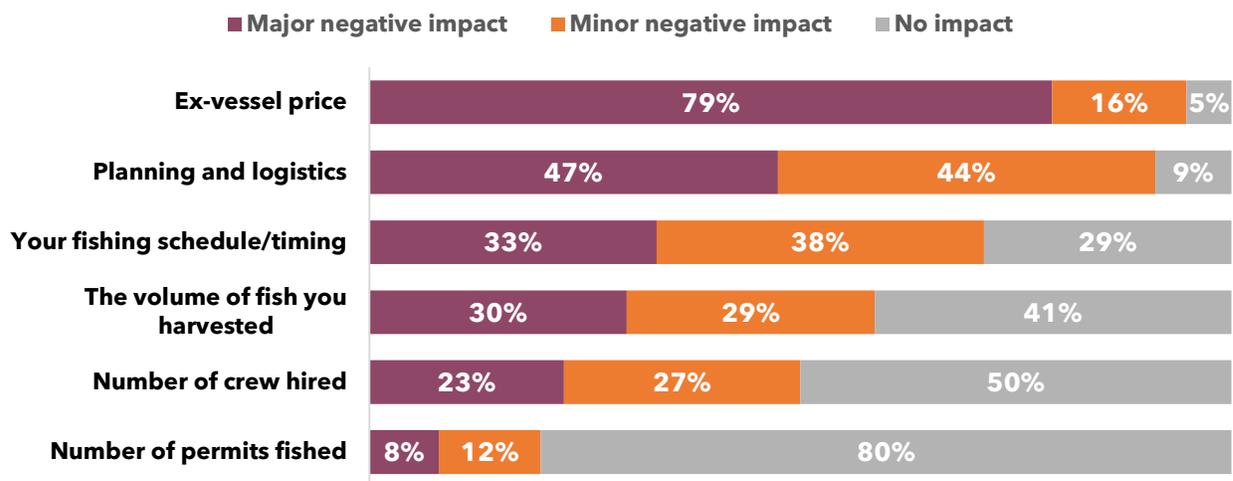


The pandemic impacted most aspects of commercial fishing operations in 2020, with harvesters reporting the greatest negative impact on ex-vessel price and planning and logistics. Nearly four out of five harvesters (79%) reported that COVID-19 had a major negative impact on the ex-vessel price they received, and another 16% said there was a minor

negative impact due to COVID-19 (95% combined). About half said the pandemic had a major negative impact on the planning and logistics for their fishing trips, and a similar percentage said there was a minor negative impact (91% combined).

Six out of ten respondents reported a negative impact on their fishing schedules or the volume of fish they harvested, with about one-third saying the pandemic had a major negative impact. Half said COVID-19 negatively affected their hiring of crew, with 23% reporting a major negative impact. The pandemic had a negative impact on one in five harvesters regarding the number of permits they fished in 2020.

Figure 6. Did COVID-19 have a major, minor, or no impact on each of the following other aspects of your fishing business?

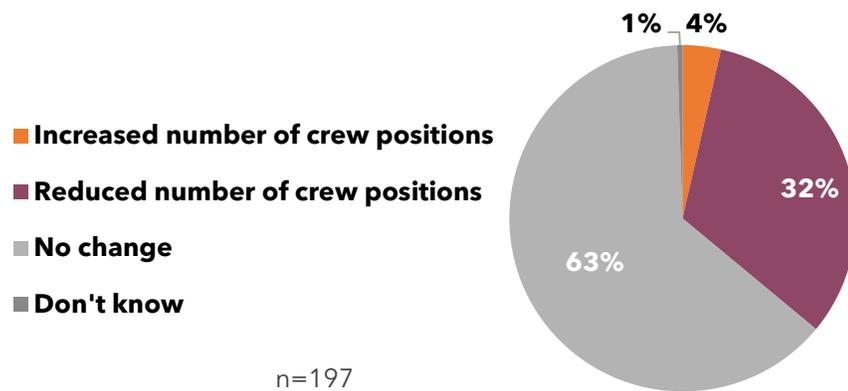


n=173 to 195

Hiring for Crew Positions

While the majority (63%) said they made no changes due to the pandemic, one-third of harvesters said they reduced the number of crew positions hired in 2020 due to COVID-19. Harvesters that reduced crew reported hiring an average of 2.2 fewer people. Slightly less than 5% said they increased the number of crew hired, averaging 1.7 additional crew members.

Figure 7. Did you reduce or increase your number of crew positions in 2020 due to the impacts of the pandemic, or was there no change?

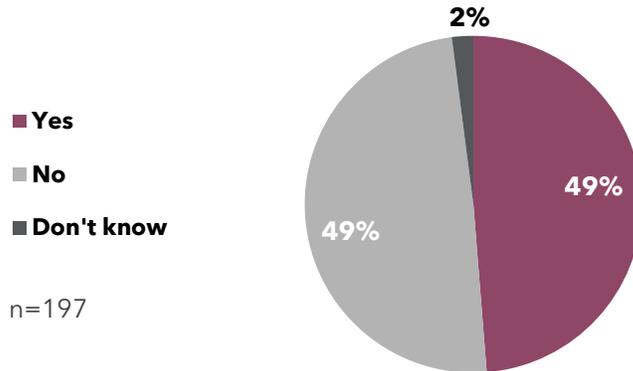


This finding aligns with crew license sales data from Alaska Department of Fish and Game showing a significant drop in the number of crew hired to support fishing operations. A total of 17,588 commercial crew licenses of all types were sold in 2020, down 31% from the 25,378 sold in 2019. The total in 2020 was the lowest seen since at least 2009.

COVID-19 Relief Payments

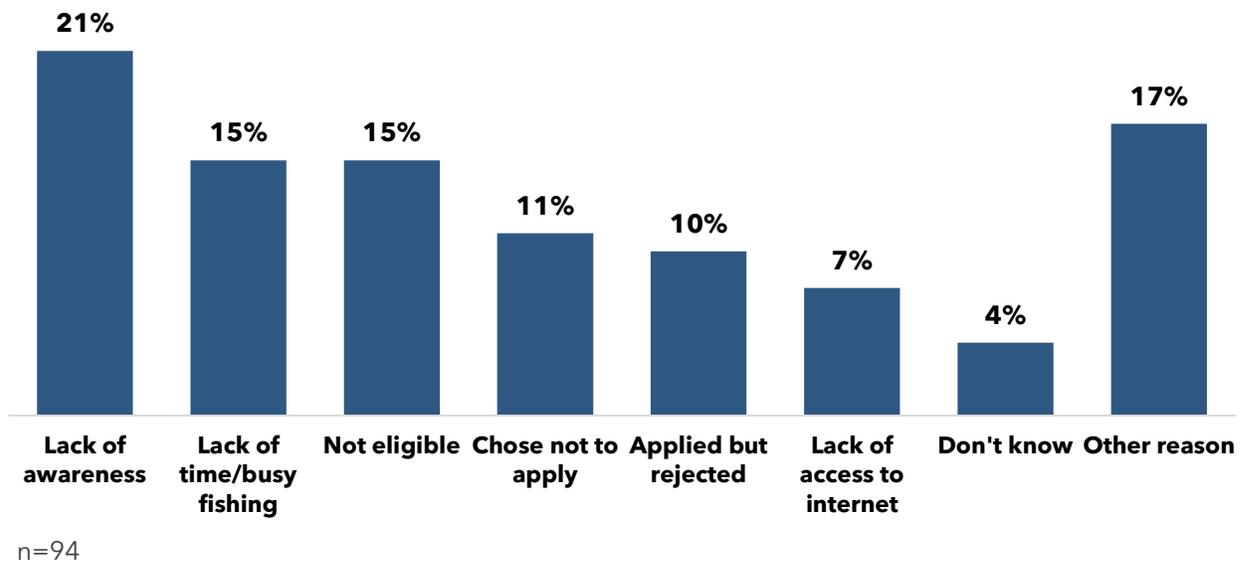
Harvesters were asked whether they received COVID-19 relief payments, excluding Paycheck Protection Program (PPP) payments. About half of harvesters said their fishing operations received COVID-19 relief payments.

Figure 8. Did your fishing operation receive any COVID-19 relief payments (excluding PPP)?



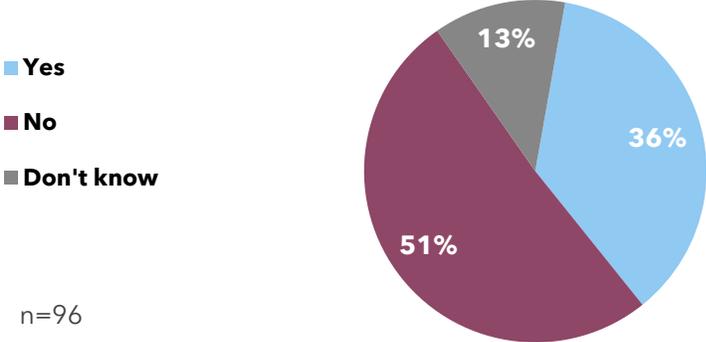
When asked why their fishing operation did not receive COVID-19 relief payments, just over one in five respondents said they lacked awareness of the program (21%). Fifteen percent said they lacked time to apply or were busy fishing or were not eligible for payments. One out of ten chose not to apply or applied and were rejected, and seven percent reported they lacked access to the internet. Harvesters provided other reasons they did not receive payments, and five percent of these respondents reported that they had applied, but the relief funds had run out. Comments from those who selected “other reason” can be found in Appendix B.

Figure 9. Why did you not receive any COVID-19 relief payments? (Check all that apply)



Harvesters who received a COVID-19 relief payment were asked whether this payment covered all the losses they incurred due to the pandemic. Half of respondents said the payments did not entirely cover their losses, while one-third of harvesters reported that their losses were entirely covered by the payments.

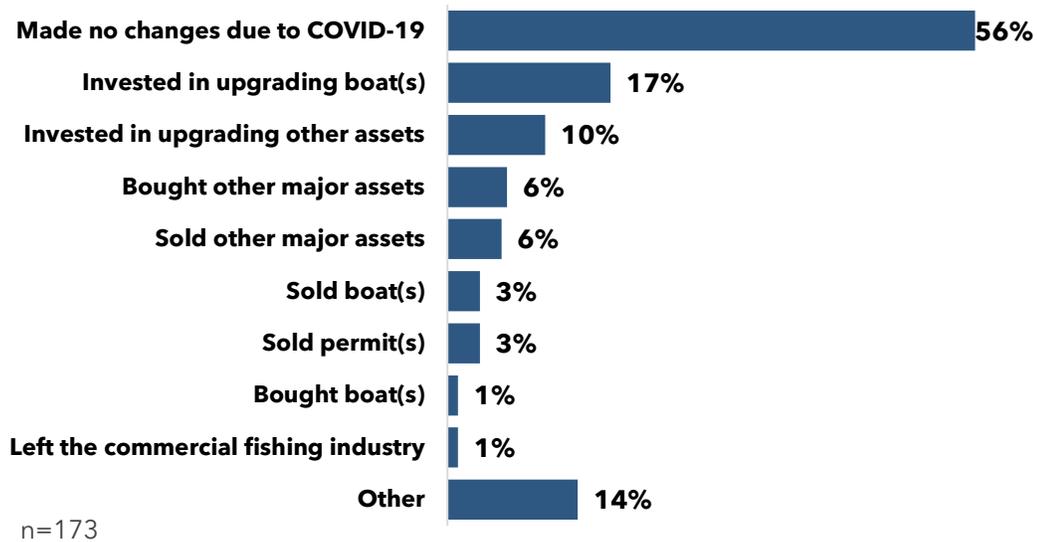
Figure 10. Did the payment cover all the losses you incurred due to the pandemic (excluding PPP)?



Changes in Response to COVID-19

While more than half of harvesters (56%) said they have made no changes due to COVID-19, those who made changes tended to make investments rather than divesting from the industry. Seventeen percent reported they have responded to the pandemic by upgrading boats, one in ten invested in upgrading other assets besides boats, 6% bought other major assets for their business, and 1% bought boats.

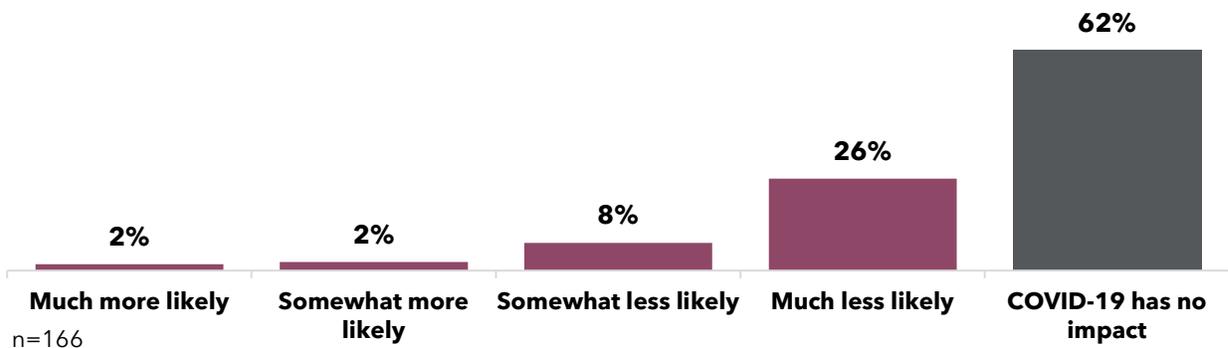
Figure 11. Have you made any of the following changes to your commercial fishing business due to COVID-19? (Check all that apply)



While most harvesters who made changes due to COVID-19 in 2020 tended to make investments rather than sell assets in 2020, when asked about their plans going forward, one-quarter to one-third of harvesters appear less likely to make investments in their commercial fishing business due to the pandemic.

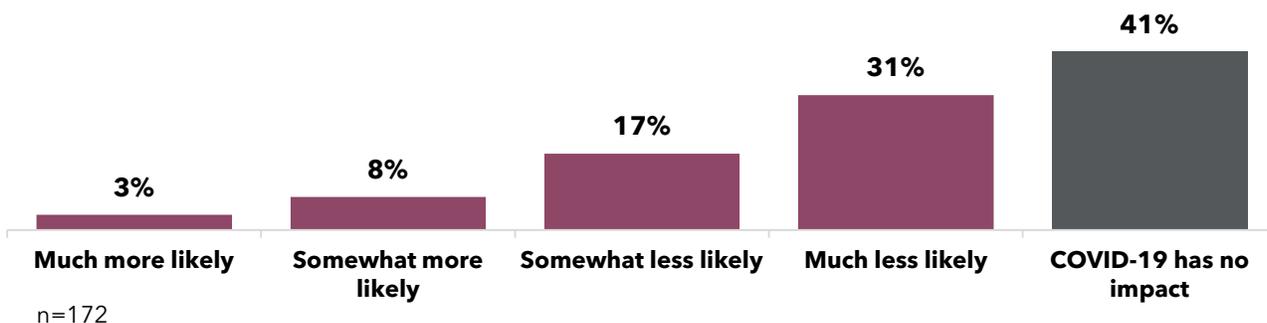
About two-thirds of harvesters said their plans regarding buying additional permits were not affected by COVID-19. However, one-quarter of harvesters (26%) said they were much less likely to buy additional permits due to COVID-19, and another 8% said they were somewhat less likely (34% combined). Less than 5% reported that they were much more or somewhat more likely to buy permits.

Figure 12. Because of COVID-19 are you more likely, somewhat likely, or not likely to buy permit(s)?



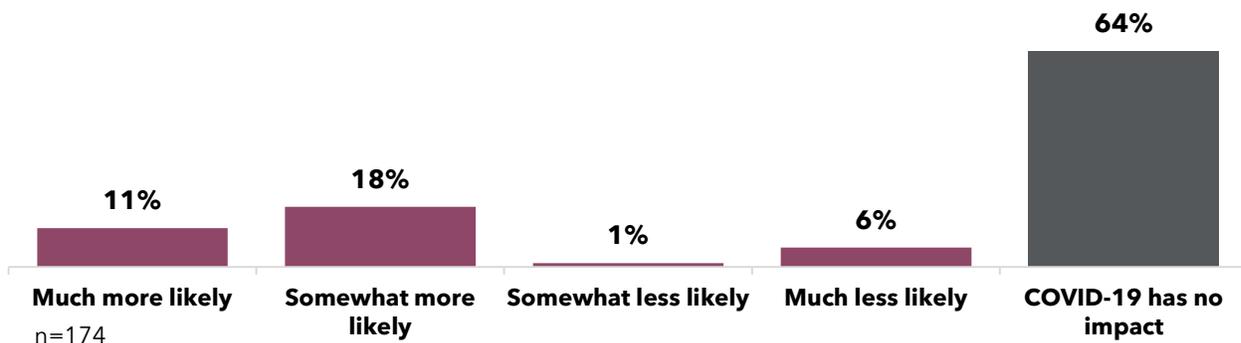
Nearly one-half of harvesters said they were somewhat less likely or much less likely (48% combined) to make new investments in their fishing business due to COVID-19. One in ten said they were much more likely to somewhat more likely to make new investments (11% combined). Four in ten said COVID-19 had no impact on their plans for new investments.

Figure 13. Because of COVID-19 are you more likely, somewhat likely, or not likely to make new investments in your fishing business?



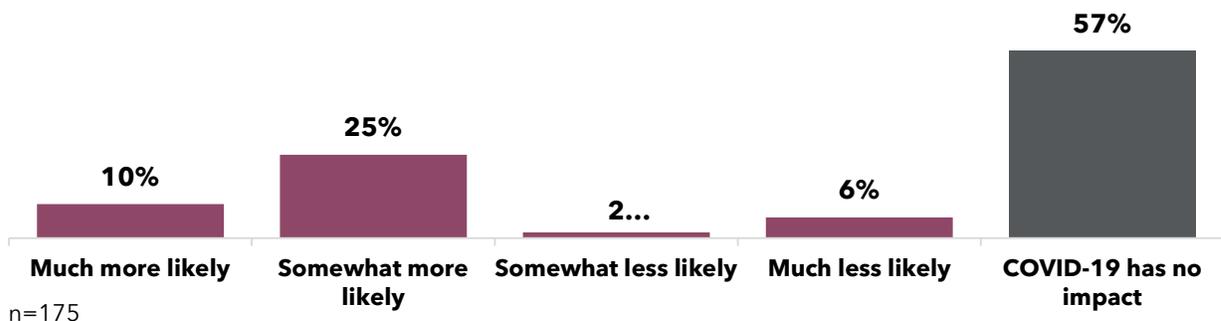
Nearly one-third of harvesters said they were somewhat or much more likely to sell permits due to COVID-19 (29% combined). Seven percent said they were either somewhat or much less likely to sell permits. Two-thirds reported that COVID-19 did not affect their likelihood of selling permits.

Figure 14. Because of COVID-19 are you more likely, somewhat likely, or not likely to sell permit(s)?



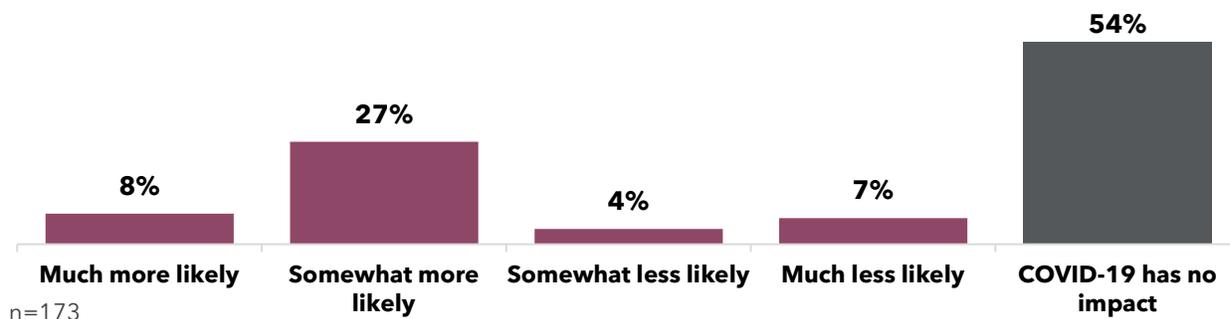
Over one-third of harvesters said they were somewhat or much more likely (35% combined) to sell boats or other assets due to COVID-19. Eight percent said they were somewhat less likely or much less likely to sell boats or other assets. Over half said their plans were not affected by COVID-19.

Figure 15. Because of COVID-19 are you more likely, somewhat likely, or not likely to sell boat(s) or other assets?



Over one-third of harvesters said they were somewhat or much more likely to leave the commercial fishing industry entirely due to COVID-19 (35% combined). Over half said their plans were not affected by COVID-19.

Figure 16. Because of COVID-19 are you more likely, somewhat likely, or not likely to leave the commercial fishing industry entirely?



One in ten harvesters who participated in the survey shared additional comments about their plans for their commercial fishing business going forward in light of the pandemic (n=21). Five harvesters said they were trying to sell vessels and/or permits, and two mentioned that there were no buyers.

Others commented on the financial strain the pandemic has caused, with one reporting that they had just financed a new refrigerated sea water (RSW) unit before the virus hit, three harvesters mentioned they were coping with lost income, a tight 2021 budget and *“just absorbing the loss,”* and another said they had borrowed operating capital to weather the pandemic. One harvester said due to their upgrading boat prior to the pandemic, they might have to sell their boat and permit and leave the industry entirely. Two other harvesters said they responded to the pandemic by delaying maintenance and upgrades or other investments.

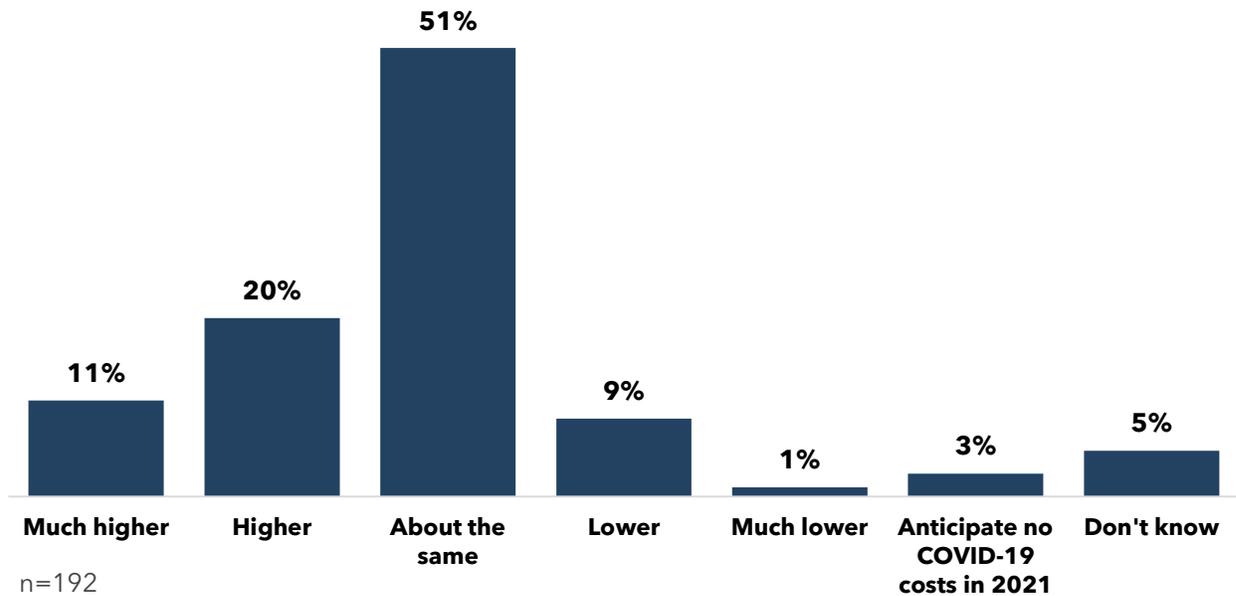
Two mentioned that they reduced hiring for 2021, with one reporting that they *“have had to fish alone 25% of the time,”* One of these harvesters also mentioned spending less on supplies than normal. Another mentioned that there was continued uncertainty in the logistics for their fishing trips due to the pandemic.

A few harvesters plan to expand their fishing operations or change their business models in response to COVID-19. One reported that they bought more IFQ shares, and two said they would expand direct marketing instead of selling wholesale due to restaurant closures.

Anticipated 2021 Costs

Half of harvesters said they expect their 2021 COVID-19 related costs to be about the same as in 2020, while nearly one-third expect their costs to be higher (20%) or much higher (11%) in 2021.

Figure 17. Do you expect your 2021 COVID-19 related costs to be higher, lower, or about the same as those you incurred in 2020?



Appendix A: Survey Instrument

While the survey was conducted via an online website, the survey instrument followed the format below.

ASMI COVID-19 Harvester Survey 2020

S1: Are you an Alaska commercial fishing permit or quota holder?

1. Yes
2. No (Screen out; This survey is intended for permit / quota holders only. Thank you.)

S2a: Did you participate in any commercial fishing in Alaska in 2020?

1. Yes (skip to Q1)
2. No

S2b: Was COVID-19 a major factor, minor factor, or not a factor in your decision to not fish in 2020?

1. Major factor
2. Minor factor
3. Not a factor
4. Don't know

End survey: This survey is intended for permit holders who fished commercially in 2020 only. Thank you for your response.

1. In what region(s) of Alaska did you commercial fish in 2020? (Check all that apply)

1. Southeast (including Yakutat)
2. Prince William Sound
3. Cook Inlet
4. Kodiak
5. Alaska Peninsula
6. Bering Sea/Aleutian Islands
7. Yukon, Kuskokwim, Norton Sound, Kotzebue
8. Bristol Bay
9. Other _____

2. What species did you fish commercially for in 2020? (Check all that apply)

1. Salmon
2. Halibut
3. Sablefish / Black Cod
4. Groundfish
5. Herring
6. Crab
7. Dive fisheries
8. Other species _____

3. What type of gear did you fish with in 2020? (Check all that apply)

1. Seine
2. Drift gillnet
3. Set gillnet
4. Troll
5. Trawl
6. Longline
7. Pots
8. Dive gear
9. Other gear _____

The following questions relate to the impact of the COVID-19 pandemic on your fishing business in 2020. We recognize that other issues, such as slower fishing and low runs, may have impacted various fisheries. Please estimate the impacts to your fishing operations specifically related to COVID-19. Your best estimates are fine.

4. Considering all the 2020 fisheries you participated in, did COVID-19 have a major, minor, or no impact on your fishing operation expenses?

1. Major impact
2. Minor impact
3. No impact (skip to Q6)

5a. For each of the following categories, were extra COVID-19 related costs incurred by your Alaska operations in 2020? In other words, costs above and beyond those you would have normally incurred.

	No additional costs	Additional costs	Don't know	Not applicable
a. Travel and quarantine (charter flights, hotel, food)				
b. Ship/boat or gear modifications related to COVID				
c. PPE/medical supplies or services, including testing				
d. All other expenses				

5b. For each of the following categories, please estimate the COVID-19 related additional costs incurred by your Alaska operations in 2020. Include only costs above and beyond those you would have normally incurred. Your best estimate is fine.

Additional costs

Travel and quarantine (charter flights, hotel, food) \$

Ship/boat or gear modifications related to COVID \$

PPE/medical supplies or services, including testing \$

All other expenses \$

Total, all expenses \$ _____

6. Did COVID-19 have a major, minor, or no impact on each of the following other aspects of your fishing business:

	Major negative impact	Minor negative impact	No impact	Don't know	Not applicable
a. Number of crew hired					
b. Planning and logistics					
c. Number of permits fished					
d. Your fishing schedule/timing					
e. The volume of fish you harvested					
f. Ex-vessel price					

7. Did you reduce or increase your number of crew positions in 2020 due to the impacts of the pandemic, or was there no change?

1. Reduced number of crew positions
2. Increased number of crew positions (skip to Q7b)
3. No change (skip to Q8)
4. Don't know (skip to Q8)

7a. How many crew positions were not filled due to the pandemic?

#: _____ (skip to Q8)

Don't know (skip to Q8)

7b. How many additional crew members were hired due to the pandemic?

#: _____

Don't know

8. Did your fishing operation receive any COVID-19 relief payments (excluding PPP)?

1. Yes (skip to Q9)
2. No
3. Don't know (skip to Q10)

8a. Why did you not receive any COVID-19 relief payments? (Check all that apply)

1. Chose not to apply
2. Applied but rejected
3. Lack of access to internet
4. Lack of time/busy fishing
5. Not eligible
6. Lack of awareness
7. Other reason _____
8. Don't know

9. Did the payment cover all the losses you incurred due to the pandemic (excluding PPP)?

1. Yes
2. No
3. Don't know

10. Have you made any of the following changes to your commercial fishing business due to COVID-19? (Check all that apply)

1. Left the commercial fishing industry
2. Sold permit(s)
3. Sold boat(s)
4. Sold other major assets
5. Bought permit(s)
6. Bought boat(s)
7. Bought other major assets
8. Invested in upgrading boat(s)
9. Invested in upgrading other assets
10. Other: _____
11. Made no changes due to COVID-19
12. Don't know

11. Because of COVID-19 are you more likely, somewhat likely, or not likely, to ...

	Much more likely	Somewhat more likely	Somewhat less likely	Much less likely	COVID-19 has no impact	Don't Know
a. Leave the commercial fishing industry entirely						
b. Sell permit(s)						
c. Buy permit(s)						
d. Sell boat(s) or other assets						
e. Make new investments in your fishing business						

12. Do you have any other comments about how the pandemic impacted your commercial fishing business in 2020?

The following questions regard potential impacts of COVID-19 on your 2021 fishing business. We recognize that other issues could impact your 2021 season. Based on what you know now, please estimate the impacts to your fishing operations specifically related to COVID-19 only. Your best estimate is fine.

13. Do you expect your 2021 COVID-19 related costs to be higher, lower, or about the same as those you incurred in 2020?

1. Much higher
2. Higher
3. About the same
4. Lower
5. Much lower
6. Anticipate no COVID-19 costs in 2021
7. Don't know

14. Is there anything else you would like to share regarding future COVID-19 impacts?

(1) No comments

Thank you for participating in this survey.