Alaska Seafood Industry Update

Alaska Seafood Marketing Institute

McDowell Group

Prepared by:

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CAP Meeting – 7.28.15

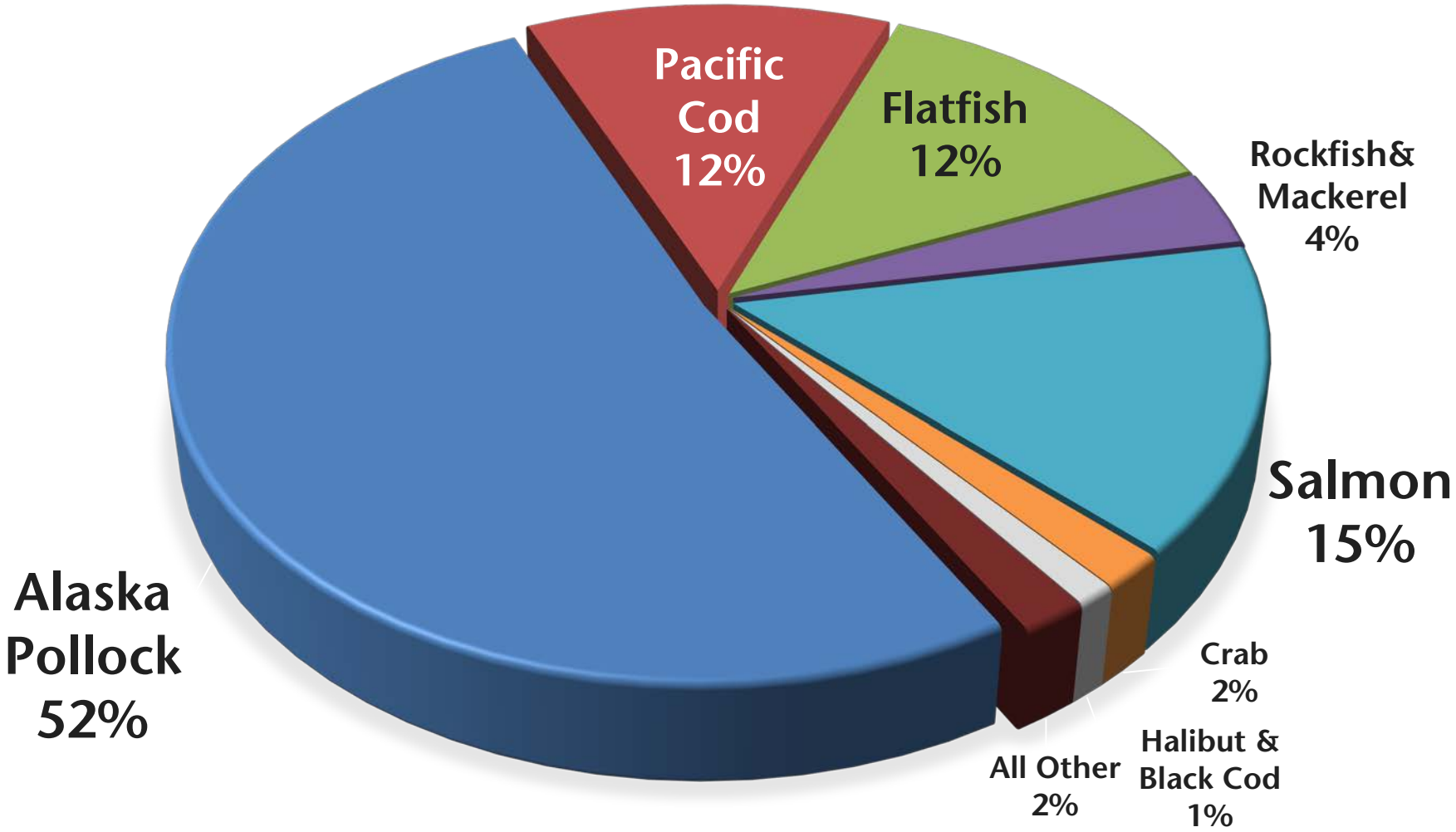
- Overview of AK Seafood
- Fishery & Market Update
- Key Issues
- Ketchikan Seafood Industry

Who and What is Alaska Seafood?

- About 60,000 fishermen, processors, fishery managers, etc… from Alaska and every other U.S. state
- Fisheries are managed by State and Federal Agencies
- Diverse Industry: Large corporations to sole proprietors
- Over 80 commercial species, caught by ~6,500 boats and processed in 120 shoreside plants
- 5-6 billion lbs. per year worth $4-$5 billion in Wholesale Value -
- Employs more workers than any other private sector in Alaska

Alaska Seafood: Harvest Volume by Species

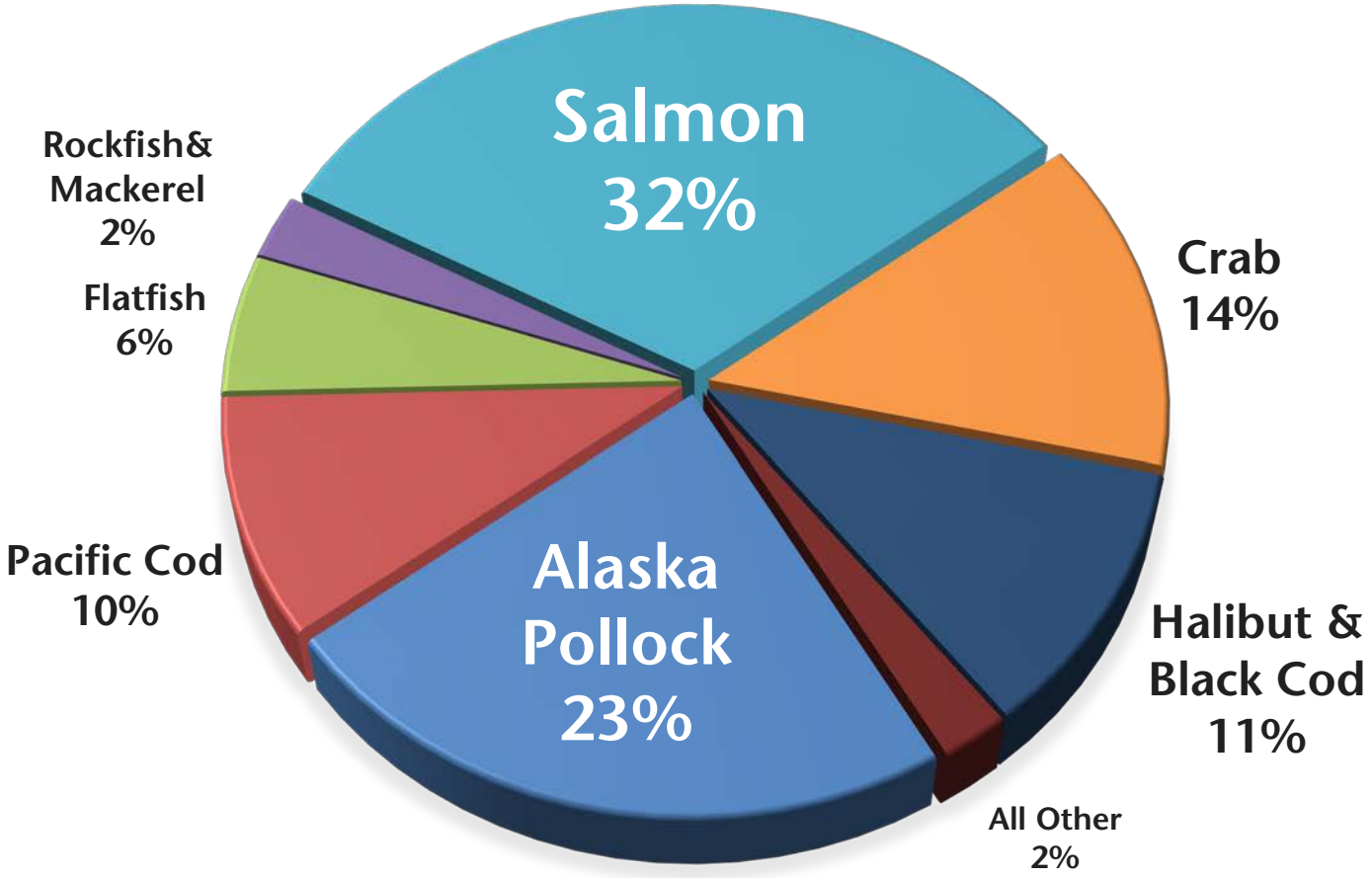
Total 2013 Harvest: 5.9 Billions lbs.



Note: Data represents 2012-2013 average.
Source: NMFS, ADF&G.

Alaska Seafood: Harvest Value by Species

Total 2013 Ex-Vessel Value: $2.0 Billion



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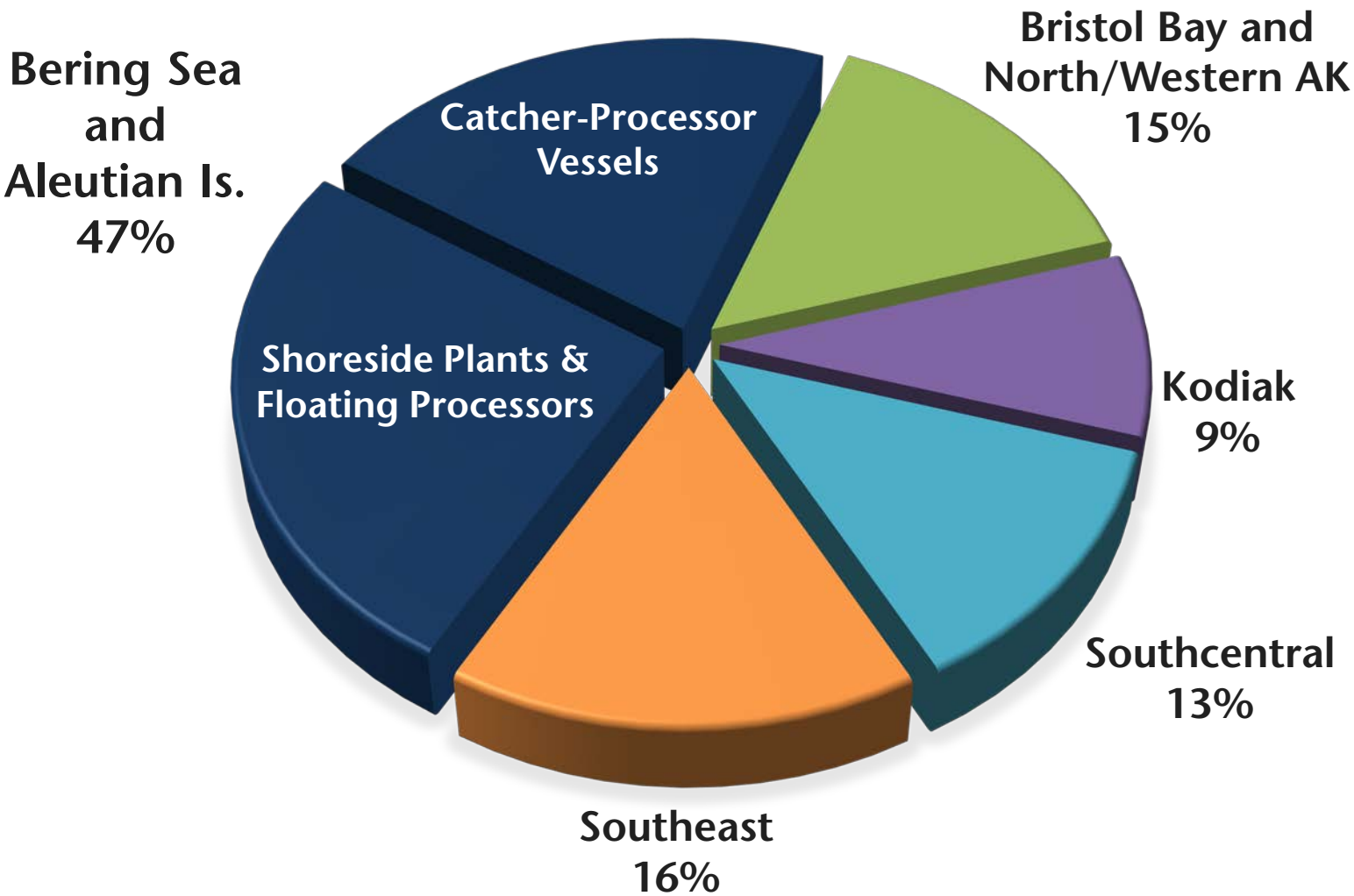
Source: NMFS, ADF&G.

Alaska Seafood Harvest Value by Region, 2013



Source: McDowell Group estimates based on NMFS and ADF&G data.

Alaska Seafood Export Markets

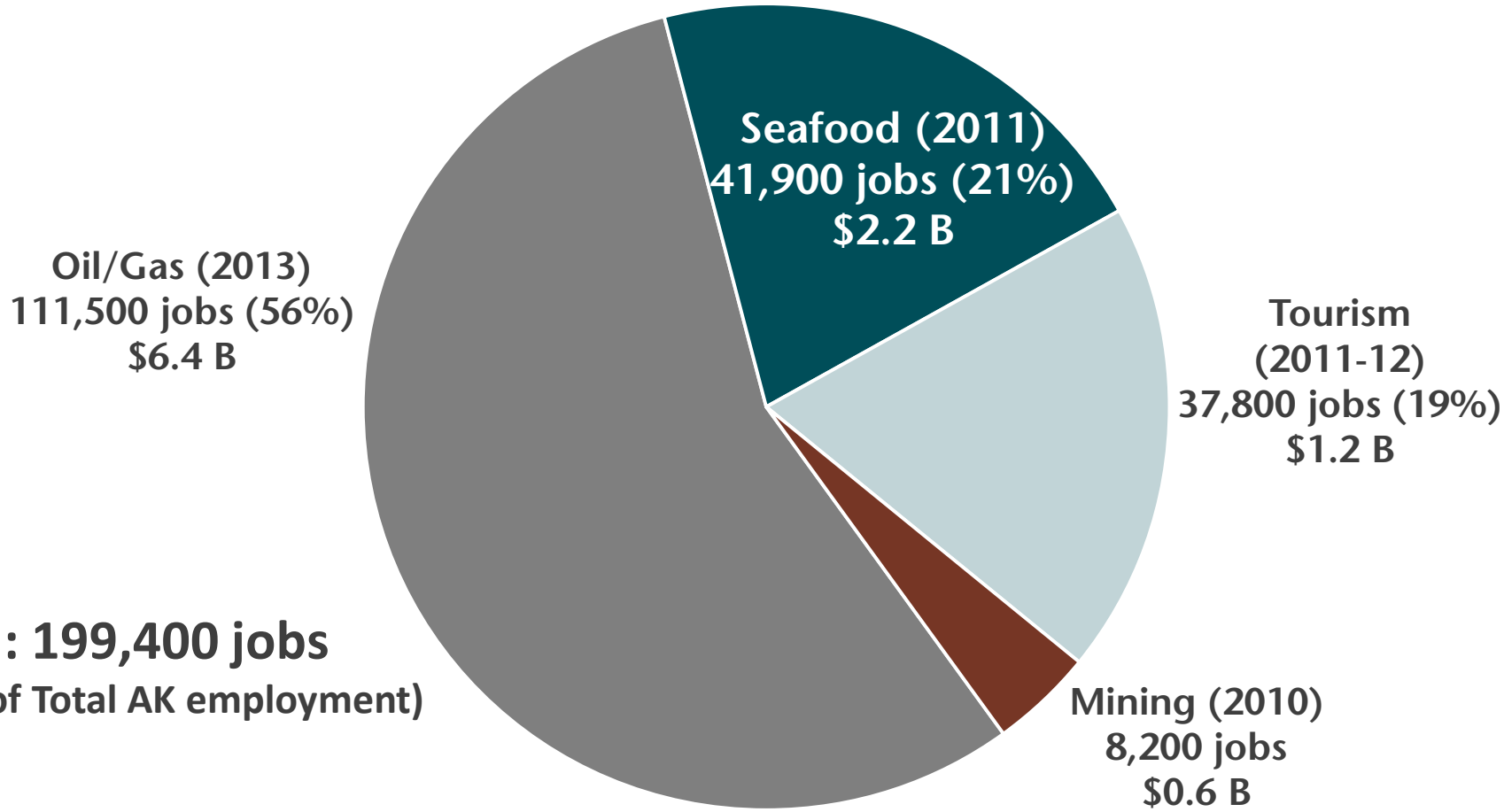
- Exported to ~120 countries
- 1.1 million tons & $3.3 Bn
- Groundfish = about half ($)
  Salmon = 20-30%
- China is largest partner
- EU & Japan largest markets
- Exports = 60-70% of value

Alaska is the 6th Largest Seafood Exporter

2013 Rank	Country (Primary Exporters Only)	Edible Seafood Exports in Billions of $US (2013)
1	Norway	$10.7
2	Chile	4.5
3	Russia	4.3
4	Vietnam	4.2
5	Canada	3.9
6	***A L A S K A***	**3.1**

Notes: Does not include China which is primarily a re-processor. Figures include exports of product classified with the "03" two-digit HS code, which includes the vast majority of edible seafood. Source: NMFS and Global Trade Atlas, compiled by McDowell Group.

Total Employment and Labor Income Supported by Key Basic Sectors in Alaska



Total: 199,400 jobs
(43% of Total AK employment)

Note: Figures include multiplier effects. Includes jobs held by residents and nonresidents.
Sources: McDowell Group industry economic impact studies (2012-2014).

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Alaska Fisheries & Market Update

July 2015

Alaska Salmon Supply Picture

Species	**2013**	**2014**	**2015e**
Sockeye	178	248	(!) 350
Pinks	692	330	480
Keta	144	93	(!) 135
Coho	33	44	31
Chinook	3.6	5.9	3.5
Total	**1,050**	**721**	**~1,000**

Figures in Millions lbs.

Competing Supply:

Atlantic Salmon: 4% growth expected in 2015

Russian Salmon: Roughly flat to up slightly from 2013

Frasier River Sockeye: Down significantly

Note: 2014 data is preliminary, 2015 is based on pre-season forecasts. All figures are in millions of pounds. (!) indicates actual harvest likely well below forecast.
Source: ADF&G and McDowell Group estimates.

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Alaska Salmon Fisheries & Market Update

- Bristol Bay sockeye fishery well below forecast
- Pink salmon forecast is largest on record
- Keta harvest far behind last year's poor harvest
- Coho forecast down 27%
- Chinook forecast down 40%
- Implications of warmer water temperatures?
- Wholesale prices have declined for most key products, due to increased supply and/or strong USD

Alaska Whitefish Supply Picture

Species	2013	2014	2015
Alaska Pollock	1,387,146	1,461,051	1,528,251
Pacific Cod	320,600	318,632	324,624
Sole	410,212	388,766	333,287
POP	52,431	51,512	53,033
Atka Mackerel	34,322	27,920	56,500

TACs in Metric Tons

Competing Supply 2015 Forecast:

Atlantic Cod: Down ~10% (Barents Sea)

Russian Pollock: TACs up ~100,000 MT in 2015, increasing supply trend

Tilapia: possibly down out of China, Latin America growing rapidly

Note: Figures represent Total Allowable Catch in metric tons.
Source: NMFS, compiled by McDowell Group.

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Whitefish Market Summary

- Euro down 18% vs USD in past 12 months
- Low pollock fillet prices… MSC/Russia + supply
- Spring pollock roe prices down ~40%
- Cod prices up slightly (in USD terms)
- Russia incentivizing domestic sales, but exports attractive due to weak currency
- Flatfish prices also lower (in USD terms)

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Alaska Halibut, Black Cod, and Crab Supply Picture (TACs)

Species	2013	2014	2015
Pacific Halibut	23.1	16.8	17.9
Black Cod	29.1	24.5	24.5
Red King Crab	8.6	10.0	*N/A*
Golden King Crab	6.0	6.7	*N/A*
Snow Crab	66.4	54.0	68.0
BSAI Bairdi/Tanner Crab	-	3.1	15.1
Dungeness (harvest)	2.7	5.4	*N/A*

TACs in Millions lbs.

Note: IFQ and CDQ TACs. All figures are in millions of pounds
Source: NMFS, compiled by McDowell Group.

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Market Summary

- Halibut supply up from Southeast and CGOA
- Fresh halibut prices down slightly
- Higher black cod prices, less supply to Japan
- King Crab prices up after declining since 2012
- Opilio prices stabilize after declining last fall
- WA/OR Dungy fisheries closed… water temp

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Key Issues
for
Alaska Seafood

Key Issues Facing AK Seafood

- Strong US dollar and very weak euro, yen, & ruble
- Canned salmon inventory (half pinks & reds)
- Low prices for pollock, Pacific cod and flatfish
- Increasing AK salmon sales/consumption
- IUU Russian crab… keep differentiating
- Opportunities from high tilapia and beef prices
- Economic impact awareness in “urban” Alaska
- Market acceptance of sustainability program
- Lower wholesale prices create opportunities

Alaska Seafood

in

Ketchikan

Population (Borough): 13,825 Resident Fishermen: 627

Local Processors: 7 Landed Volume (Millions lbs.): 143.5

Ex-Vessel Value ($M): $76.2 National Rank (2013): #11

Salmon – Geoducks – Sea Cucumbers – Halibut – Black Cod

Vigor Ketchikan Shipyard

Shipyard for Large Ships

Owned by State of AK

Built F/V Arctic Prowler in 2013

- 136’ Freezer/LL
- Owned by AK Longline Co. & APICDA

OceansAlaska

Marine science center

Construction in progress

Floating Lab Facility (2012)

Producing oyster seed

Outstanding water quality

Transportation Providers

Provides for high volume fresh/frozen

Alaska Airlines: 5 KTN-SEA flights/day

AML/Lynden: 2x weekly barge service

Also has Alaska Ferry service

Training & Education

Training offered through UAS

Wide range of programs

Fills a significant need

Marine Advisory Program

- Extension service

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