

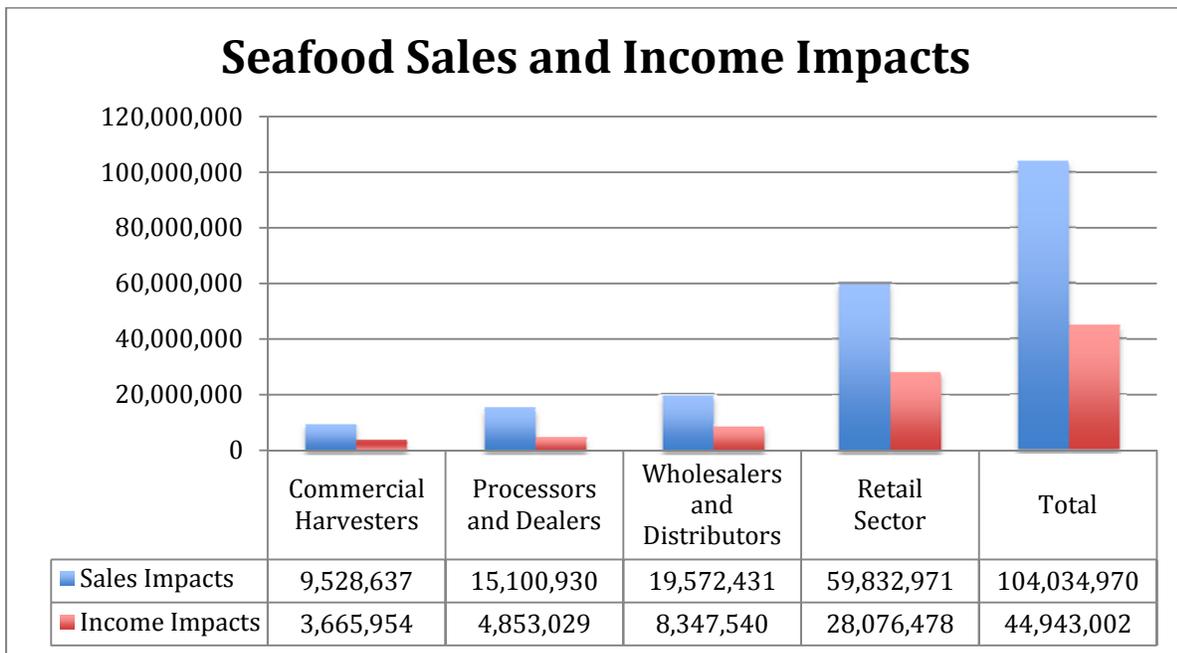
Seafood Jobs in America

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Prepared for the National Seafood Marketing Coalition

By Analytica Consulting

The U.S. Seafood Industry is a significant part of the U.S. economy, responsible for \$145 billion in economic activity and supporting a conservative estimate of 1.4M jobs.¹ The last 40 years have seen tremendous changes in the world marketplace and subsequently, the management of U.S. fisheries. Recent economic development, such as the expansion of both fishing area and diversity of species cultivated, and effective marketing practices have had dramatic results evident in market expansion and higher levels of employment. The U.S. seafood industry also contributes over 9 billion pounds of sustainable protein to the world food supply annually.² There is great opportunity for the increase in value of all U.S. seafood resources, and with it, proportional growth in the number of jobs supported by the industry.

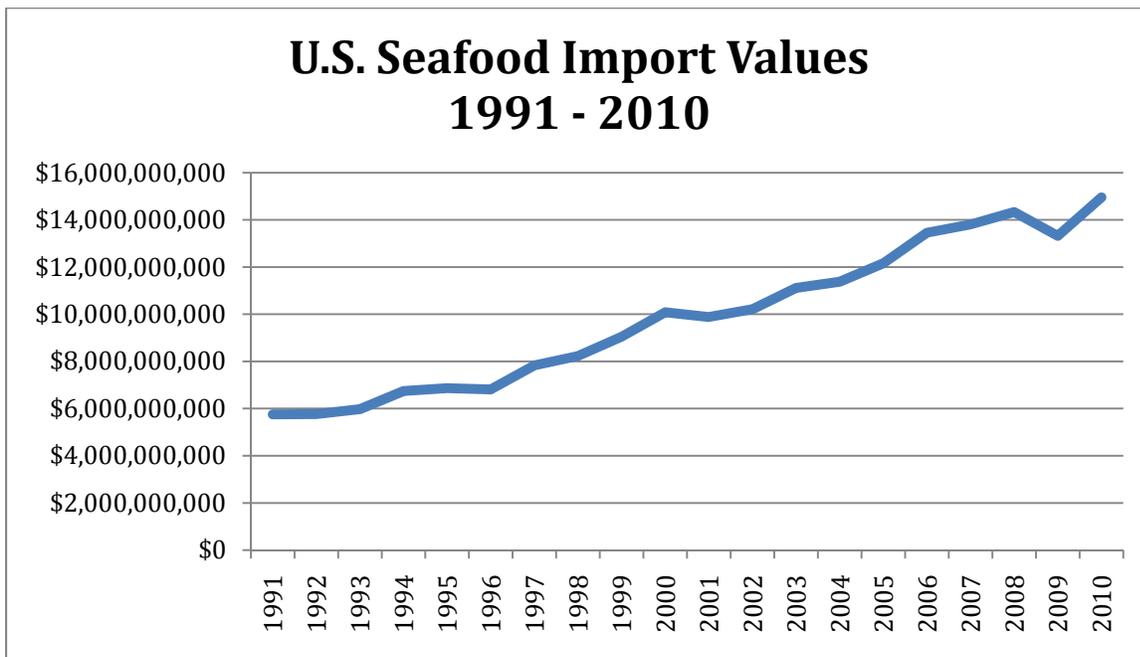


Source: National Marine Fisheries Service; See endnote.³

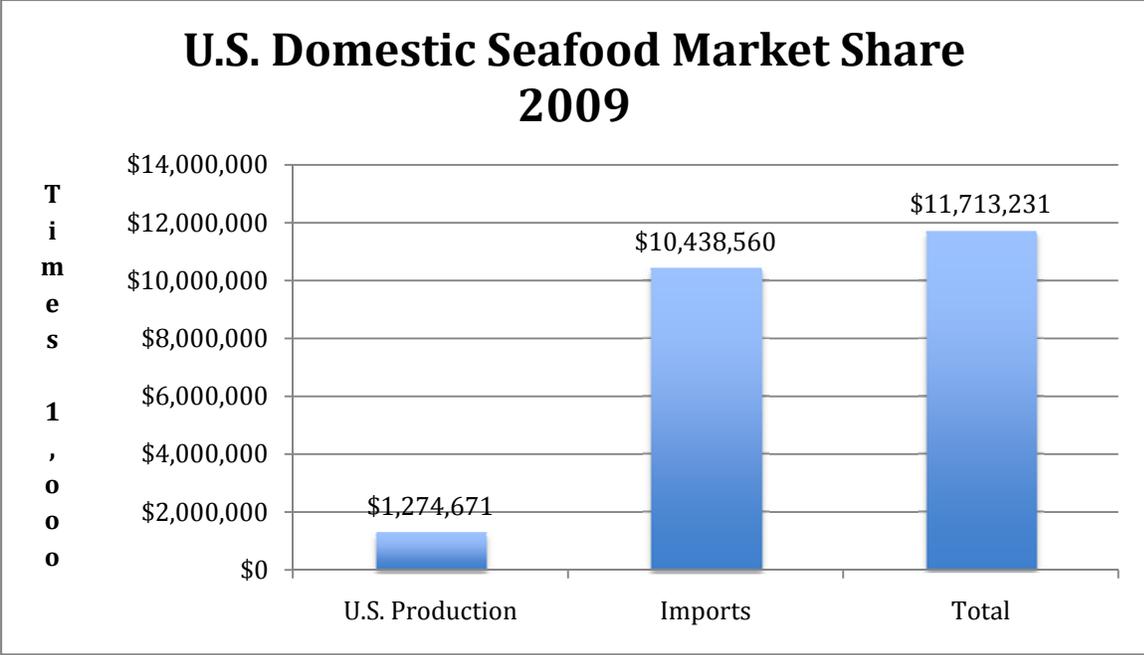
The American seafood industry is as old as the nation itself. Many of our founding fathers were involved in the harvesting and marketing of seafood products and in these same fishing communities and beyond, commercial fishing industry became the very fabric of

life. The U.S. commercial fishing industry, with the addition of our seafood aquaculture industry, is in many ways like the family farms of the Midwest. This similarity is particularly apparent when considering issues such as food security, healthy diets and the desire to sustain a robust economy. The Seafood industry is made up of a network of thousands of small businesses that are significant food producers and make a large contribution to the American economy. These small businesses create and sustain the majority of jobs in many coastal, rural economies of America.

The seafood industry is the very reason for many communities' existence, but for numerous reasons it has not kept pace with the rapid globalization of the world marketplace. This has led to a significant loss of overall market share for its products. The resulting loss of jobs and the creation of vast amounts of stranded capital has caused real decline in the U.S. seafood industry and the communities which it supports. Many factors, including current world trade agreements and practices, expansive aquaculture development, aggressive marketing of competing products, and both manmade and natural disasters, have presented tremendous challenges to our domestic seafood producers.



See endnote ⁴



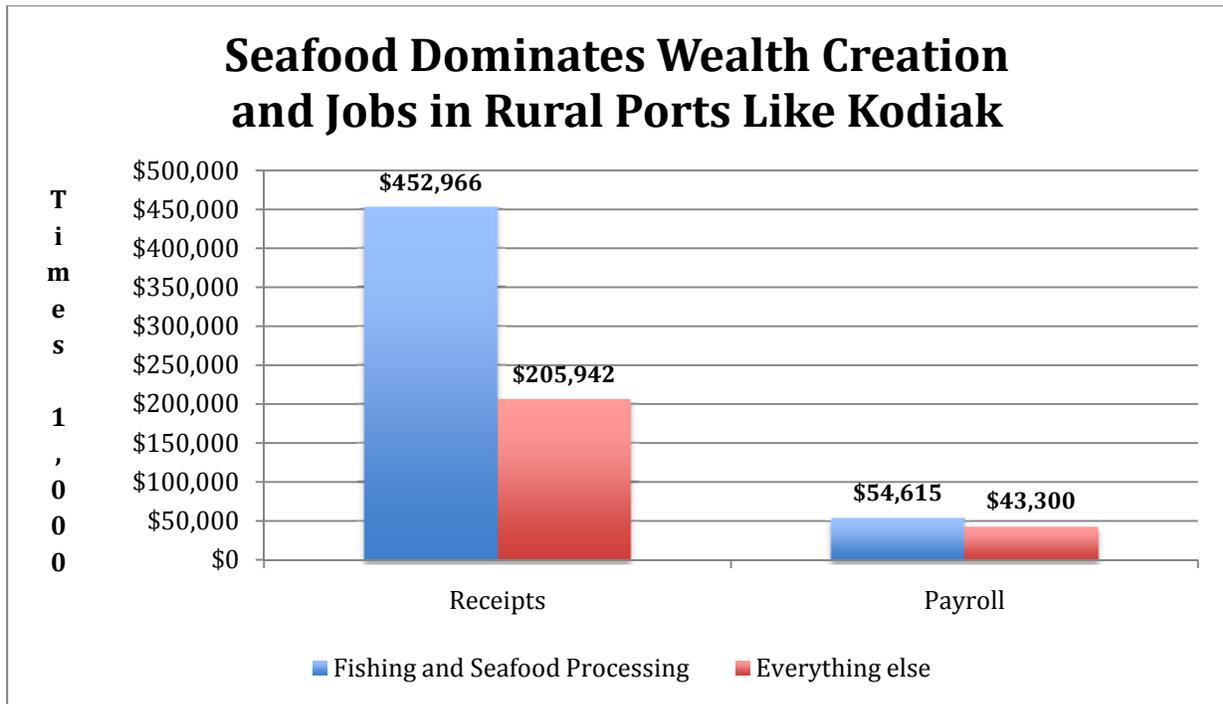
See endnote ⁵. The U.S. also exported \$4,759,967 in 2009.

Unlike some nations or fisheries, regulation of our fisheries in the United States is established on sustainability of the resource as its core operating principle. In contrast to many other goods, the supply of wild-caught seafood products cannot be adjusted to demand fluctuations of the world market. The natural and sustainable production of seafood products cannot be increased and the type of species available cannot be changed to follow market demand. Instead, wild caught products must rely on different criteria to sustain the values needed for a vibrant and expanding industry.

Achieving this mandate of sustainability has often required the limited harvesting of various stocks throughout the fisheries, which has in turn had an effect on market supply of that respective species. The industry’s commitment to sustainable resource management creates potential for interruptions in supply, which often have a negative effect on overall market share. Extreme competition in the global market does not allow for an interruption of supply from U.S. fisheries, and buyers will quickly replace these goods with equivalent or similar products that can better meet the demands of the global market.

Almost all U.S. fishery resources have lost market share at some point in our recent history. This loss affects individuals and sectors of the U.S. economy far from the deck of the harvesters, all the way down the value chain. Seafood processing and reprocessing support services, supply sectors, marine construction, as well as retail and food service are several of the more obvious groups impacted by these losses. However, when one focuses on rural,

coastal America, the U.S. seafood industry sustains the economy and the general tax base of these communities. Kodiak, Alaska is a good example of one such seafood-dependent rural community. Out of 1,857 total area businesses, 659 are in the fishing industry, and another 53 are in seafood processing.



See endnote 6.

Recent disasters, of both manmade and natural origins, have had extreme and negative effects on the supply chain and public perception of seafood. For example, the nuclear issues in Japan and the Gulf oil spill have caused great confusion in the market, lowering demand and costing the industry not only jobs, but value as well.

The opportunity for job growth and economic expansion is evident. U.S. domestic seafood consumption is supplied at a rate of 16% by domestic production⁷. The annual per capita seafood consumption in the United States is 15.8 pounds.⁸ In Japan, for instance, the annual per capita seafood consumption is 155.3 pounds.⁹ In accordance with the new dietary guidelines for Americans, it is recommended that individuals increase their fish consumption by at least double their current intake, to eight ounces per week or more.¹⁰ This is an opportunity upon which the seafood industry ought to capitalize.

A new U.S. Seafood Marketing Plan is the only way to accomplish the kind of economic expansion that is poised to take place. The plan must be sustained over time through

sufficient funding and it must reflect a multi-faceted approach that touches upon all of the needed parts of the industry and marketplace. An effective marketing strategy will include product education, promotion, quality, and efficiency, as well as a sound infrastructure.

The marketing plan must be designed and controlled regionally, by those familiar with each region's needs due to variations across the U.S. Seafood industry.

Increasing consumption and demand, and therefore the total value of domestic seafood will be followed by new investment at all levels, from the harvesting boat to the consumer's plate. The experience of thoughtful, value driven marketing, (like wild Salmon and Pollock) has shown that new value drives investment in all aspects of the Seafood producing industry, which in turn brings about still greater values and significant job increases. New jobs and opportunities will increase the tax base at all levels, enhance export opportunities, and bring much needed economic development to rural, coastal America, returning the waterfront to its lucrative past.

Examples of the need and opportunity for the expansion of market share and increased value of the seafood products are significant. For instance, the Gulf of Mexico Shrimp and Oyster resources and values are in severe decline due not only to market competition, but also from recent and reoccurring natural and manmade disasters.¹¹

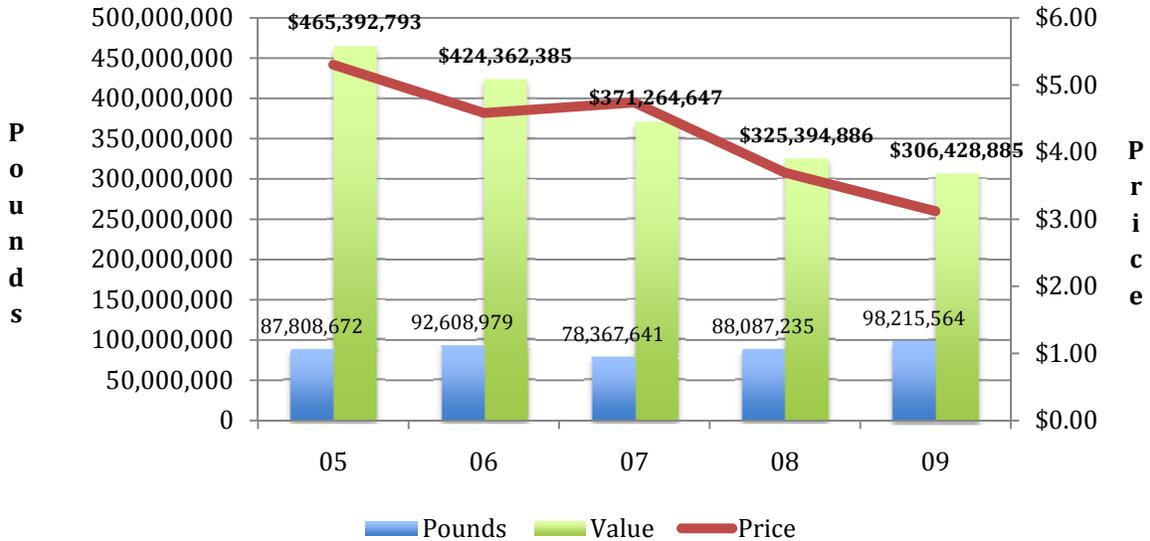
New England Lobster is also realizing the impact of new market competition. Although they are experiencing significant harvest increases, they are behind the rest of the market in new product development and are limited by their processing infrastructure. This market faces particular difficulties of matching supply, regulated by Mother Nature, to consumer demand.

The value loss of catfish from the S.E. United States has led to a great decrease in production. A marketing overhaul would ensure the catfish industry's recovery nationally instead of marginalization to a regional status.¹²

Blue Crab from Chesapeake Bay are experiencing an increased supply as their efforts to rebuild the stocks thru water quality and reduced fishing are paying off. During this rebuilding time, their place in the market has been filled from other sources and now that their harvest volume is up, demand is still low resulting in very low prices.

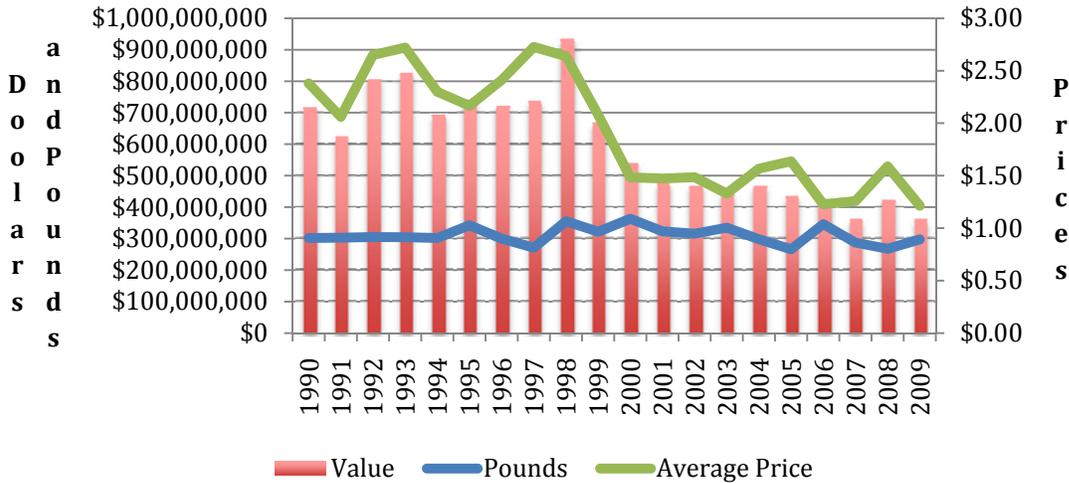
All of these market challenges are somewhat different, but all of them can certainly be cured with a marketing plan that is specifically tailored to each of them by those that are regionally closest to the effected fishery.

American Lobster Landings Increased But Values have Dropped 34% Since 2005

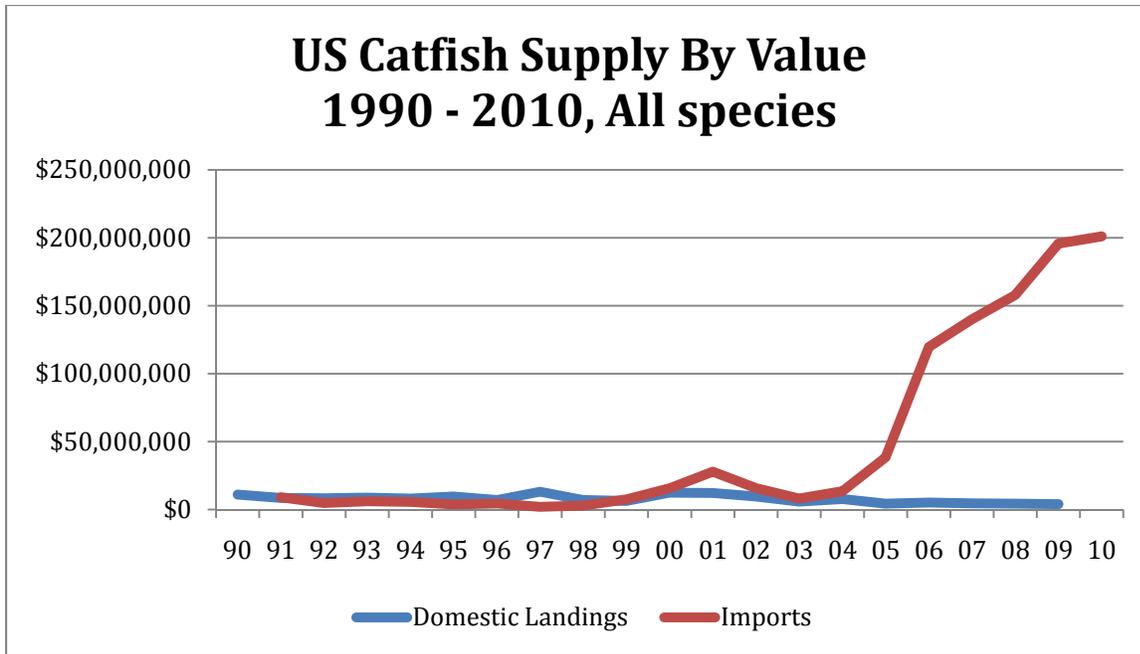


See endnote ¹³

US Shrimp Landings, Prices and Values (Values Down 50% 1990 - 2009)

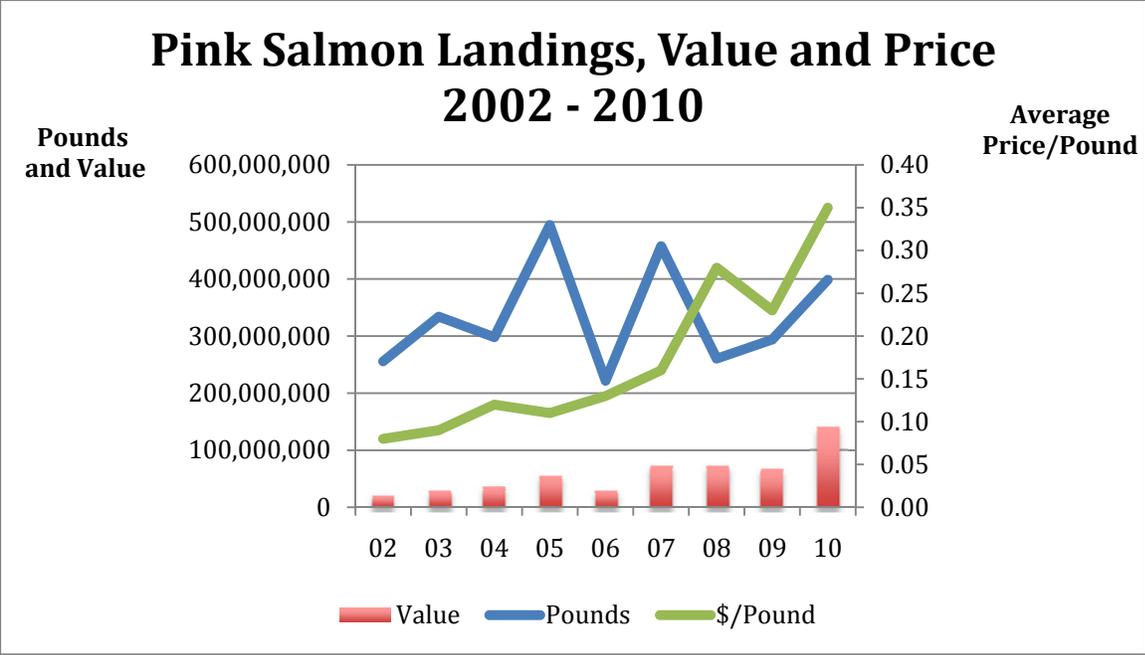


See endnote ¹⁴



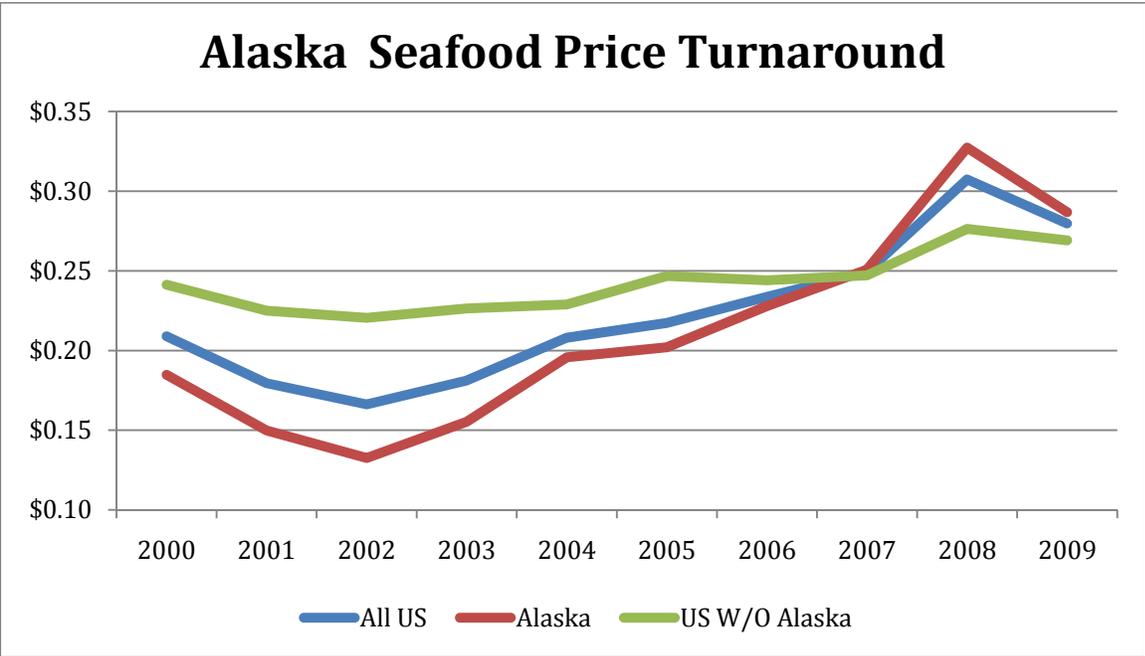
See endnote ¹⁵

There is strong local and regional evidence that a national marketing effort will work. In 2002 and 2003 the Alaskan seafood industry, the state’s largest private employer, suffered a long decline and was ultimately facing a depression. There were many contributing factors; some of them were naturally occurring downturns in production and market cycles, but the most significant impacts were rapid changes in the world market without the corresponding adaptation of the fishing industry in a timely manner. By 2002, salmon in general, but Pink Salmon in particular had lost so much value that they were being sold dockside for less than the cost of landscaping dirt. A sustained marketing effort, specifically funded through the Saltonstall/Kennedy Act, (2004 through 2007) turned Pink Salmon prices and values around in a big way.¹⁶ Values rose 276% over six years.¹⁷



See endnote¹⁸

But Pink salmon are just part of the story. During the early 2000s, mainstay Alaskan products like Salmon and Pollock were priced well below national averages. Nationally, seafood prices recovered in the mid-2000s, but aggressively marketed Alaska species recovered at a much more rapid rate, surpassing the national average in 2007.

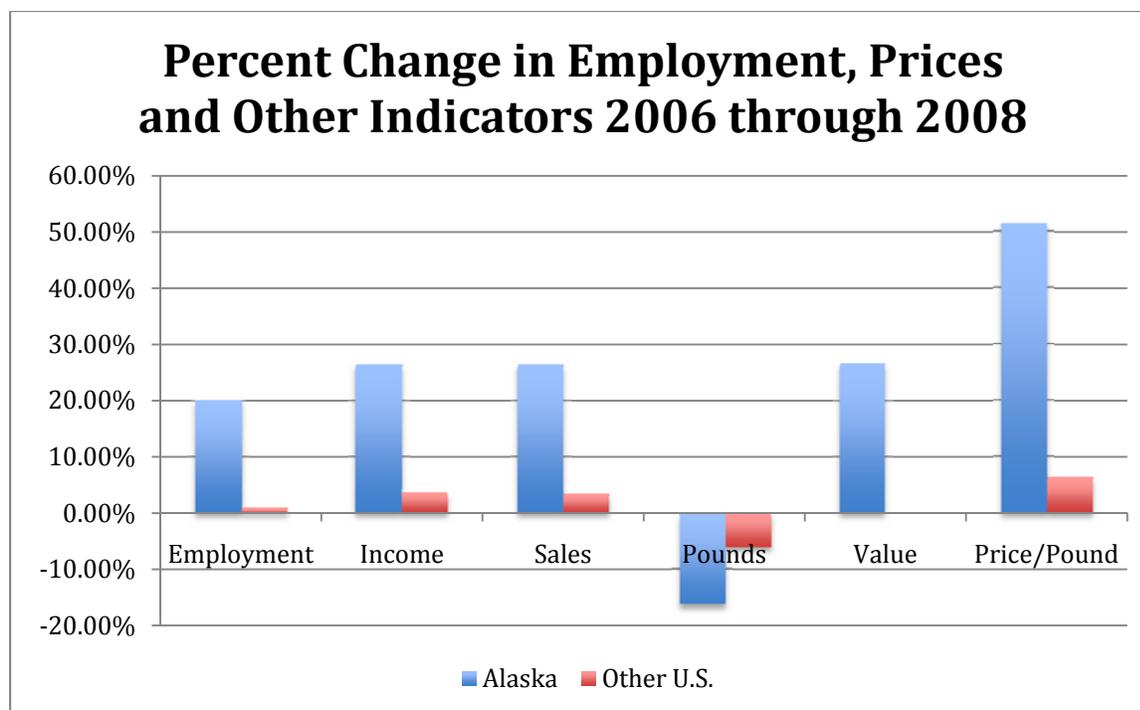


See endnote ¹⁹

One would expect a turnaround in seafood prices and values in Alaska to lead to significant increases in employment and they did. The table below shows results for 2006 – 2008, when the results of Alaska marketing were making significant price gains. Overall, U.S. seafood performance was essentially flat for the period. Landings were down 6%. Prices were up 6.3%. Employment income and sales showed minor gains. In Alaska, by contrast, *landings were down 16%, yet income went up 26% and jobs were up 20%*. The difference was prices, and these were due in great part to a well funded and aggressive marketing plan.

	Alaska					
	Employment	Income	Sales	Pounds	Dollars	Price/Lb
2008	59,642	1,893,713	5,430,369	4,533,624,311	1,700,851,334	0.38
2007	53,713	1,666,492	4,777,083	5,312,288,473	1,493,482,123	0.28
2006	49,607	1,497,312	4,292,911	5,421,263,745	1,342,293,878	0.25
% Increase	20.23%	26.47%	26.50%	-16.37%	26.71%	51.52%
	Other U.S.					
	Employment	Income	Sales	Pounds	Dollars	Price/Lb
2008	1,397,560	46,323,611	104,418,588	3,818,759,969	2,698,500,555	0.71
2007	1,356,428	44,045,850	99,407,197	3,989,913,332	2,705,873,530	0.68
2006	1,386,034	44,676,994	100,947,107	4,062,692,317	2,699,200,963	0.66
% Increase	0.83%	3.69%	3.44%	-6.00%	-0.03%	6.36%

See endnote ²⁰



See endnote 13.

Another great example of what is possible across the entire US seafood Industry is the effort by the US pole & troll albacore fishery to preserve a distressed fishery and bring the albacore harvested by these U.S. fishing families to U.S. consumers.

As it was and still is, the majority of albacore harvested by the American Tuna families was exported to other countries. As a result, the albacore harvested by these small U.S. family businesses was thrown into the commodity market and pricing. These families had little to no control of what the price per lb would be for the albacore they harvested from season to season. The future was bleak and the next generation of US pole & troll albacore fishing families was severely lacking. With a little marketing money and a dedicated plan, the American Tuna families told their story of tradition and heritage and now, “American Tuna” has become a brand that is available in National Retailers, Zoos, Aquariums, Universities, Sandwich Shops, Restaurants, and delis across the U.S. The price per lb for U.S. Pole & Troll albacore fishing families has increased more than 100% creating a brighter future for the next generation and creating new, U.S. jobs, from processing to distribution.

These are just 2 dramatic examples of what is possible for any and all species of U.S. Seafood production, whether it be Catfish from the South, Perch from the Great lakes, or Shrimp from all over the U.S.

America is a very large market for our domestic seafood production that has the potential for significant expansion. The need is apparent and the opportunity is available to capture market share, value and new wealth, but it will require a change in strategy. We produce sustainable seafood in the best-managed fisheries in the world. We are also capable, with our infrastructure, of producing seafood of the highest quality. While the industry is not in complete disarray, it is broadly suffering from low prices, low values and retreating market share. The opportunity to reverse these trends is through marketing. The example of the Alaska experience and the heart of its success was that marketing seafood as high quality actually drove the industry to make continuing quality improvements throughout the supply and processing chain; a strategic shift that is ongoing today.

There is no economic model that can predict accurately the relationship between new seafood income and new jobs. However, we can show vividly that during the period for which we have comprehensive data, a 26% income growth in Alaska was associated with a 20% growth in jobs. Based on this model, one can easily understand that a substantial number of new jobs will be produced across America as new investment follows increased value associated with the successful market expansion that is available to our U.S. seafood industry. The economic development that is fueled by new and expanded demand for our seafood products will reach far into the U.S. economic tax base.

The US seafood industry is innovative, productive and an important employer. The sustained marketing effort that is driving reform, investment, wealth creation and jobs in some parts of the industry will absolutely accomplish the same results throughout the industry when applied nationally. It will all be accomplished only with a fully funded, regionally controlled and sustained effort by the industry as a whole.

¹ Primary jobs in commercial fish harvest totaled 115,000 in 2008. Seafood processing jobs numbered 105,000, with another 155,000 in wholesale and distribution and an additional 1,100,000 jobs in retail supported by seafood. Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

² Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

³ NMFS economists have modeled the income and employment impacts seafood industry jobs have upon the greater economy. (James Kirkley, Ph.D, Virginia Institute of Marine Science) They present three types of industry impacts: Direct impacts - sales, income and employment in the given sector. Indirect Impacts - the effects of providing goods and services to that sector. Induced Impacts - the effects of the personal consumption of employees in the direct and indirect sectors. The primary impacts of fishing and aquaculture for 2008 are \$9.5 billion in sales and \$3.6 billion in income. When direct and induced impacts are calculated the U.S. commercial seafood industry creates \$104 billion in sales impacts and \$45 billion in income. When direct and induced impacts are calculated the U.S. commercial seafood industry creates \$104 billion in sales impacts and \$45 billion in income. For more information see the model manual on the NMFS website.

⁴ Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

⁵ Fisheries of the United States, 2009. National Marine Fisheries Service, Fisheries Statistics and Economics Division, Silver Spring, Maryland. September 2010. Derived from chart, page 64.

⁶ Source: Sector 00: SB0700CSA01: Survey of Business Owners (SBO): Company Statistics Series: Statistics for All U.S. Firms by Geographic Area. And, Kodiak, AK Micropolitan Statistical Area and Sector 00: EC0700A1: All sectors: Geographic Area Series: Economy-Wide Key Statistics: 2007 Seafood processing and non-seafood manufacturing payrolls above were obtained by interpolating these two sources. Non-seafood manufacturing firms and receipts were too insignificant to be so derived. These figures exclude federal, state and local government employment, which because of a Coast guard base and other facilities is a major source of employment on Kodiak. While Kodiak with its isolation and valuable landings might be considered an extreme case, a high level of importance of seafood jobs is actually typical of many small, rural coastal communities.

⁷ Combined edible and industrial U.S. seafood imports were valued at \$10,868,254,000 in 2009. Total supply value was \$12,997,787. Fisheries of the United States, 2009. National Marine Fisheries Service, Fisheries Statistics and Economics Division, Silver Spring, Maryland. September 2010. Page 64.

⁸ Fisheries of the United States, 2009. National Marine Fisheries Service, Fisheries Statistics and Economics Division, Silver Spring, Maryland. September 2010.

⁹ FAO Fisheries and Aquaculture Statistics, 2010.

¹⁰ U.S. Department of Agriculture and U.S. Department of Health and Human Services. 2010. Dietary Guidelines for Americans, 7th Edition. Washington, DC: U.S. Government Printing Office.

¹¹ US shrimp landings lost 75% of their value 1979 – 2009, dropping from \$1.44 billion to \$360 million. The U.S imported \$4.3 billion in 2010. Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

¹² In 1990 U.S catfish aquaculture was an \$11 million industry. In 2009 production was worth \$4 million. Catfish imports increased 2100% during the period, from \$9 million to over \$200 million. Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

¹³ Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ For a more complete description, see Alaska Fisheries Marketing Board, A Retrospective Overview of Activities, McDowell Group, NMFS, April 2011.

¹⁷ Pink salmon were valued at \$17,588,401 in 2002. That value increased 323%, to \$74,431,605, in 2008. Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

¹⁸ Derived from Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland and from Alaska Department of Fish and Game 2010 Commercial Salmon Harvest and Ex-Vessel Values Report, Juneau, AK 2011. 2010 volume and prices are preliminary estimates that do not include WA and OR harvest.

¹⁹ Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland.

²⁰ Chart and table derived from NMFS statistical data and the NMFS Commercial Fishing and Seafood Input-Output Model 2006 - 2008. Personal communication from the National Marine Fisheries Service, Fisheries Statistics Division, Silver Springs, Maryland. There are caveats that must accompany this analysis. First, prices, values and employment in Alaska were seriously depressed in the early 2000s. So some of the improvement seen here can be ascribed to the upturn of industry cycles, however strong the evidence for the marketing. Second, input-output modeling is static, like a snapshot; it does not describe causes and it is not predictive.

The National Seafood Marketing Coalition and Analytica Consulting are grateful to Thomas Lansing, a student at the University of Idaho Martin School of International Studies, for his assistance in writing this paper.