



ADDING VALUE TO ALASKA'S SEAFOOD INDUSTRY

Southeast Conference Mid-Session Summit- Juneau, Alaska
February 4, 2020



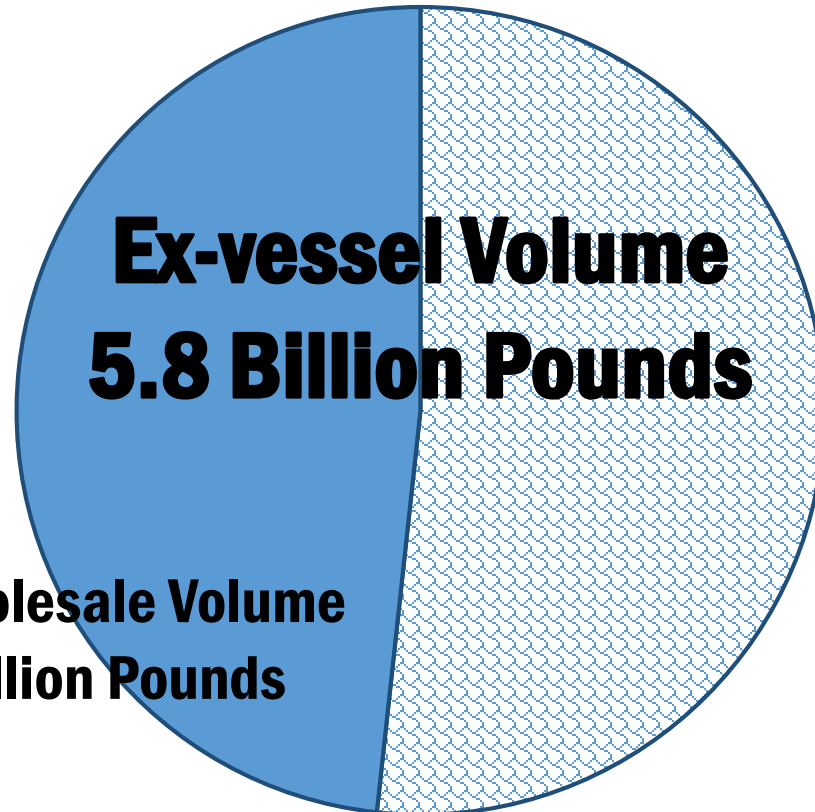
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*Jeremy Woodrow, Executive Director
Alaska Seafood Marketing Institute*

Volume vs Value: (2017/18 Annual Average)



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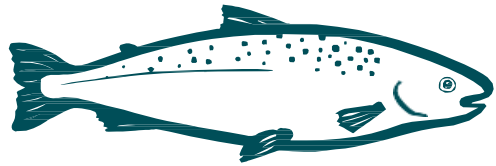
Ex-vessel Value
\$2.0 Billion

First Wholesale Value
\$4.7 Billion

PRODUCT TYPE



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H/G & Whole Fish 41%



Surimi 13%



Fillets 20%



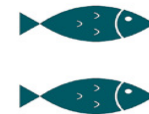
Roe 10%



Canned 5%



Meal & Oil 3%



Other 7%

EXPORT MARKETS
~ 66% (value)

DOMESTIC MARKET
~ 33% (value)

Alaska produces mostly primary and intermediate products

Note: Percentage of first wholesale value, estimated 2017-2018 avg.

Source: NMFS and ADF&G, compiled by McDowell Group.

TRADE IN KEY EXPORT MARKETS



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China *(as of Jan 22, 2020)*

- 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 increasing exports to U.S.
- 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

Japan

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

INDUSTRY INVESTMENT IN ALASKA



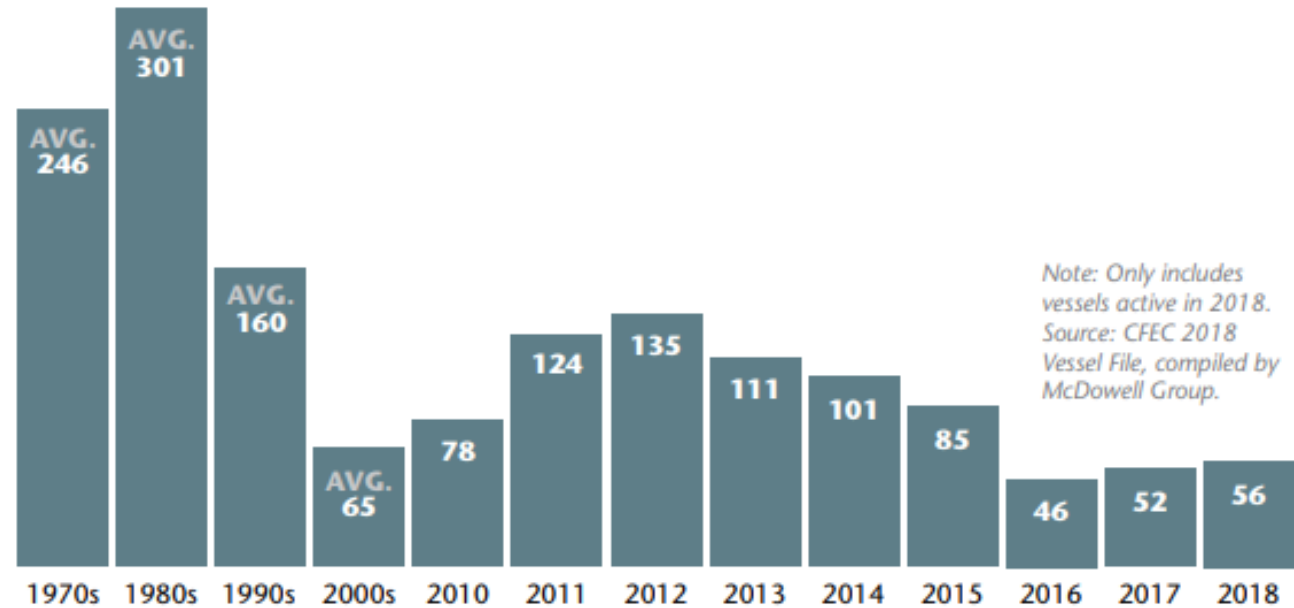
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Industry Taxes: \$172M (2018)

- State: \$73 million (42%)
- Municipal: \$51 million (30%)
- Federal: \$8 million (5%)
- Salmon Hatchery Mgmt: \$40 million (23%)

On average, shoreside processors invest over **\$100 million** annually in capital improvements in Alaska.

- Improves production
- Keeps labor in Alaska
- Benefits local communities



Note: Only includes vessels active in 2018.
Source: CFEC 2018 Vessel File, compiled by McDowell Group.

New Commercial Fishing Boats Added to Alaska Fleet

OPPORTUNITIES & CHALLENGES



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Opportunities:

- Innovation
 - NEW PRODUCTS FORMS
 - PET FOOD
 - NUTRACEUTICALS / PHARMACEUTICALS
- Sustainable Management
 - ECO-CERTIFICATION
 - IN-SEASON MANAGEMENT
- Mariculture
- Full Utilization
- Alaska Name

Challenges:

- Trade Policies
 - CHINA
 - RUSSIA
 - EUROPEAN UNION
 - BREXIT
 - JAPAN
- Foreign Investment
 - RUSSIA
 - NORWAY
- Aging Infrastructure
 - Processing plants
 - Vessels
- Workforce Recruitment