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# Summary of COVID Disruptions to Alaska Seafood Harvesters, Processors and Coastal Communities

*The pandemic contributed to widespread harvest value declines in 2020*

Alaska's fishing industry is resilient. Most years, a weak season for one species is offset by a strong year for another. But in 2020 the industry at large suffered both from industry-wide COVID-19 impacts and from harvest declines in several key fisheries.

COVID-related market impacts and disruptions – along with other factors such as depressed salmon runs and slower pollock fishing – resulted in lower overall values for Alaska's harvested resource in 2020. Preliminary estimates suggest 2020 could represent a drop of as much as 20-25% in ex-vessel value compared to 2019.

COVID-caused market disruptions most relevant to the seafood industry include:

- Widespread closures in the foodservice sector, which typically purchases a large share of Alaska's seafood and pays the highest prices.
- Shipping disruptions that made it more difficult and more expensive to get Alaska seafood to market.
- Added costs for harvesters and processors working to ensure the safety of their workers on fishing vessels and processing lines, as well as the Alaska communities where they operate.

## Fishery specifics

**Halibut and Sablefish:** Halibut and sablefish were among the most affected fisheries because they target high-value species that rely on the foodservice market, and because these seasons got underway just as the pandemic was hitting the U.S. Halibut landings started the year low but caught up by the end of the year. Sablefish did not catch up and the fishery ended with only 72 percent of the Total Allowable Catch (TAC) harvested.

**Salmon:** Poor salmon runs in most parts of the state defined the salmon fishery in 2020. Even with harvests exceeding forecasts in Bristol Bay, 2020 ranked as the eighth worst commercial fishing salmon harvest by volume since 1976, with particularly poor runs in Chignik, Southeast, and the Arctic-Yukon-Kuskokwim region. In addition, a surplus of farmed salmon that usually goes to the foodservice sector put downward pressure on wild salmon prices at retail.

**Alaska Pollock:** Strong retail demand for this key whitefish species kept prices up for Alaska pollock, along with slower fishing and smaller fish in the B season. Early in 2021, COVID-19 outbreaks at processing facilities in the Bering Sea and Aleutian Islands region complicated the harvest, landing, and processing of pollock and other whitefish.

## COVID-19 costs totaled more than \$50 million for Alaska's seafood processors

At the same time revenues were largely down across the industry in Alaska, all sectors of the industry reported higher operating expenses directly related to reducing the risk of COVID-19 transmission among local communities, fishermen, and the processing workforce. While no full accounting is available, interviews with processors indicate at least \$50 million was spent in 2020, including both the inshore and offshore sectors. ASMI is working to provide a more thorough accounting of COVID-19 expenses, including estimates for the harvesting sector, following the results of an industry survey that is currently in the field.



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### **Processing job numbers dropped during the peak of 2020 season**

Seafood processing jobs were down in 2020, as processors struggled to fill positions safely and reconfigured operating plans to increase social distancing. The most notable drop occurred at the peak of the salmon processing season in July, when processing jobs were down 13 percent compared to 2019 according to Alaska Department of Labor and Workforce Development data.

### **Federal aid mitigated the economic hardship of COVID outbreak for some but not all**

The two 2020 federal COVID relief bills provided hundreds of millions of dollars for aid to both the commercial fishing industry and communities affected by lost tax revenue. While funds flowed quickly to communities, distribution to industry has been less efficient, with a patchwork of programs and inconsistency in access.

- The CARES Act (March 2020) included a \$300 million allocation to coastal regions for fishery-related impacts from the COVID-19 pandemic. Under the distribution plan, Alaska received approximately \$50 million. The Alaska Department of Fish and Game has developed a distribution plan for those funds. However, as of February 2021, the plan was pending review by NOAA and no funds had been distributed. The December 2020 omnibus bill included an additional \$300 million in similar funding for U.S. commercial, recreational, and subsistence fishermen and seafood processors. Both the March and December allocations require a 35% revenue loss due to COVID -- a requirement that is a particularly poor fit for the seafood processors that spent heavily to be able to continue generating revenues.
- Other funds were available to some fishing industry participants via the Paycheck Protection Program (PPP) and Small Business Administration Loans. Access to these loans required access to banking relationships and sophistication with loan applications – characteristics that are not uniform across all regions of Alaska or individual industry participants. Industry participants report that the benefit of these programs accrued unevenly and that crewmembers had challenges accessing the programs as self-employed contractors.
- A significant portion of Alaska's seafood processing industry was unable to access PPP due to a limitation on firms with more than 500 employees.

### **Impacts on coastal communities**

Many of Alaska's coastal communities rely heavily on tax revenues related to the seafood industry. While some COVID-impacted tax and fee revenue losses (such as decreased sales taxes) impacted communities quickly, shared fisheries taxes are based on the ex-vessel value of the previous year's landings. As a result, revenue impacts from decreased values in 2020 fisheries will affect communities in 2021.

### **Booming retail sales brought new opportunities, didn't make up for foodservice losses**

2020 was a banner year for seafood at retail. In the United States, retailers saw an unheard-of 35% year-over-year sales growth in frozen seafood and 24% in fresh seafood as more consumers were cooking at home. While this surge in retail seafood purchasing did not make up for declining sales at shuttered restaurants and cafeterias, it presents an unprecedented opportunity for consumer education. ASMI and the Alaska seafood industry are working to turn new and experimenting home cooks into lifelong Alaska seafood customers.

This handout was prepared for the Alaska Seafood Marketing Institute by the McKinley Research Group.

**For more information on impacts of the Covid-19 pandemic to Alaska's seafood industry, visit [AlaskaSeafood.org/covid19](https://AlaskaSeafood.org/covid19).**