

# Cook Inlet Drift and Set Net Salmon Fisheries—Executive Summary

*Prepared for*

**Alaska Salmon Alliance**

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*Prepared by*



**Northern  
Economics**

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## Executive Summary

This document was prepared for the Alaska Salmon Alliance and focuses on the drift and set net salmon fisheries in Cook Inlet, but when comparing the Cook Inlet salmon fisheries to other regions, the document includes the purse seine and hatchery fisheries as well. The following bullets summarize the main conclusions highlighted by the data analysis. Further explanation and illustration of each point may be found in the body of the report. The tables and figures and many of the numbers in the report are estimates that have been developed by Northern Economics, but which are based on data from the Alaska Department of Fish and Game (ADF&G) and the Commercial Fishing Entry Commission (CFEC) and the National Marine Fisheries Service (NMFS).

### The Cook Inlet Salmon Fisheries

- In 2011 the ex-vessel value of the Cook Inlet salmon fishery<sup>1</sup> was \$56.4 million, and exceeded the value of all Lower-48 salmon fisheries combined (Table ES-1).

**Table ES-1. Comparison of Cook Inlet Fisheries to other Selected US Fisheries**

Fishery	2005	2006	2007	2008	2009	2010	2011	Five-year Average
	Ex-vessel Revenue (\$, Millions)							
<b>Cook Inlet Salmon Fisheries</b>	<b>31.5</b>	<b>15.3</b>	<b>24.1</b>	<b>22.6</b>	<b>18.6</b>	<b>34.6</b>	<b>54.2</b>	<b>32.1</b>
All Lower 48 Salmon Fisheries	37.3	34.4	34.0	27.0	25.1	49.1	53.5	37.2
West Coast Shore-based Trawl Fishery	44.1	45.9	46.0	51.2	42.1	37.5	48.5	45.0
U.S. Northeast States Atlantic Cod Fishery	20.8	20.5	27.1	30.8	25.2	28.1	32.6	26.4
Hawaii Tuna Fishery	46.1	44.6	51.2	60.9	47.7	59.8	66.6	53.8
Other Alaska Salmon Fisheries	261.2	260.9	323.3	345.4	325.1	470.8	510.6	356.8

Note: Includes landings in the drift and set net fisheries as well as the purse seine fishery.

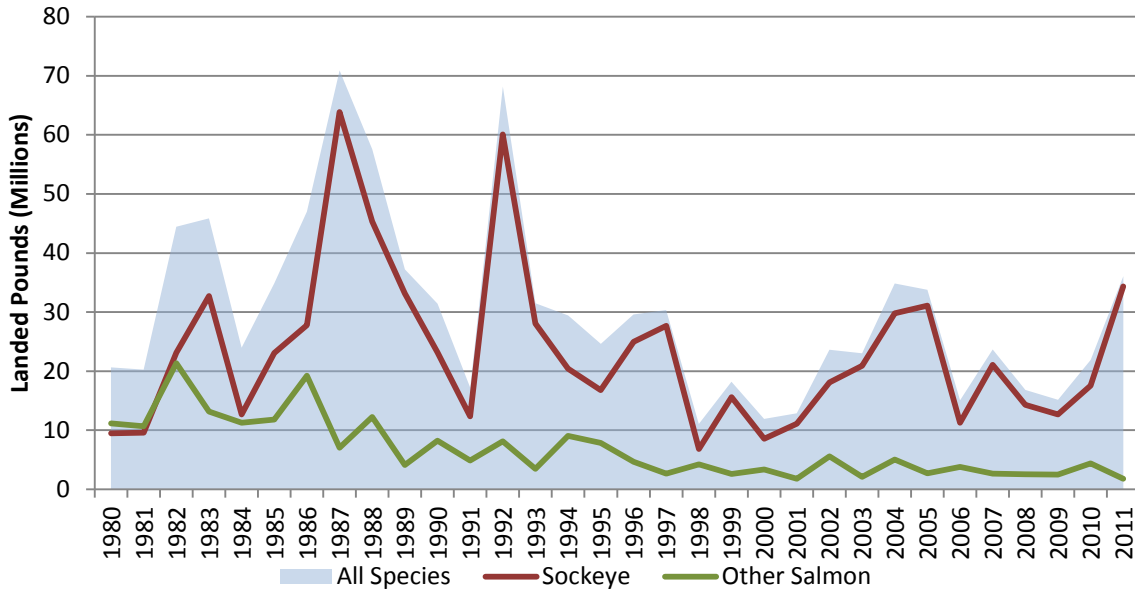
Source: Estimates developed by Northern Economics based on data from CFEC (2013b), ADF&G (2013, 2012a, 2012b), and NFMS (2013).

- If total fishery landings of all species from Seward, Kenai, Homer and Anchorage are aggregated to form one port, the sum yields the sixth largest port in the nation in terms of landing value. If only the value of Cook Inlet salmon were included from these ports, the sum would form the twenty-ninth largest port in terms of landing value.<sup>2</sup>
- If total fishery landings from Seward, Kenai, Homer and Anchorage are aggregated to form one port, the sum yields the seventeenth largest port in the nation in terms of landing volume. If only the value of Cook Inlet salmon were included from these ports, the sum would form the thirtieth largest port in terms of landing volume.
- Sockeye are the predominant species harvested in the Cook Inlet salmon fisheries, accounting for 78 percent of landings between 1980 and 2011 (Figure ES-1). Over the same period sockeye accounted for 88 percent of the more than \$2 billion total in revenues in 2012 dollars.

<sup>1</sup> The \$54.2 million includes the purse seine and hatchery cost recovery fisheries as well as the drift and set net fisheries.

<sup>2</sup> It should be noted that not all ports make the list due to confidentiality issues. For example, Dillingham, AK has significant landings and is not listed.

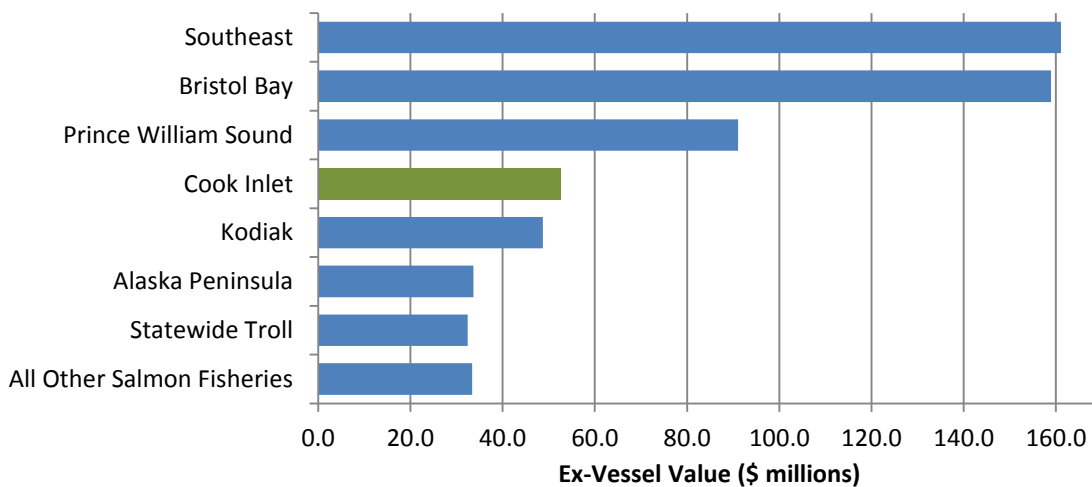
**Figure ES-1. Landings of Sockeye and Other Salmon in Cook Inlet Drift and Set Net Fisheries, 1980–2011**



Source: Figure developed by Northern Economics using data from ADF&G (2013, 2012a, and 2012b).

- Over the past ten years the purse seine, drift and set net salmon fisheries in Cook Inlet have generated approximately 7% of the ex-vessel value in Alaska Salmon Fisheries.
- In 2010 and 2011 ranked fourth among Alaska major salmon fisheries. Figure ES-2 compare ex-vessel values in the Alaska’s major salmon fisheries in 2011.

**Figure ES-2. Ex-vessel Values in Alaska’s Major Salmon Fisheries in 2011**

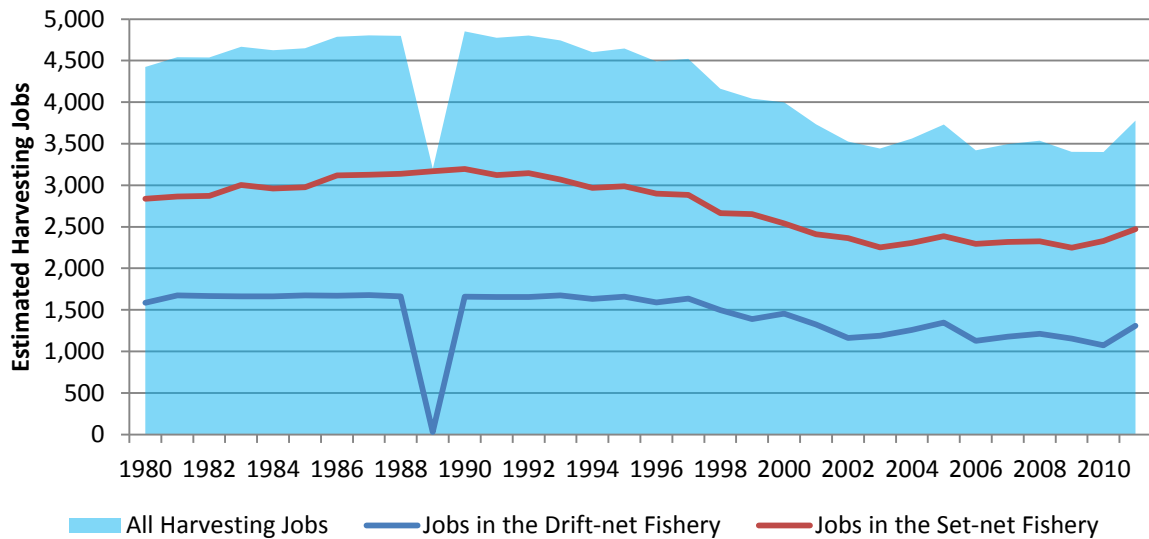


Source: Figure developed by Northern Economics using data from CFEC (2013b)

**Cook Inlet Harvesting**

- Residents of the Kenai Peninsula Borough have owned more than half (roughly 54 percent) of the Cook Inlet drift and set net permits since 1980.
- According to the Alaska Department of Labor and Workforce Development (ADOLWD), in the Cook Inlet drift-net fishery 1.82 crew jobs are generated per permit, while in the set-net fishery 3.76 crew jobs are generated per permit. These estimates do not include the permit holder.
- From 2001 to 2011, between 3,000 and 4,000 harvesting jobs were generated by the Cook Inlet drift and set net fisheries each year.

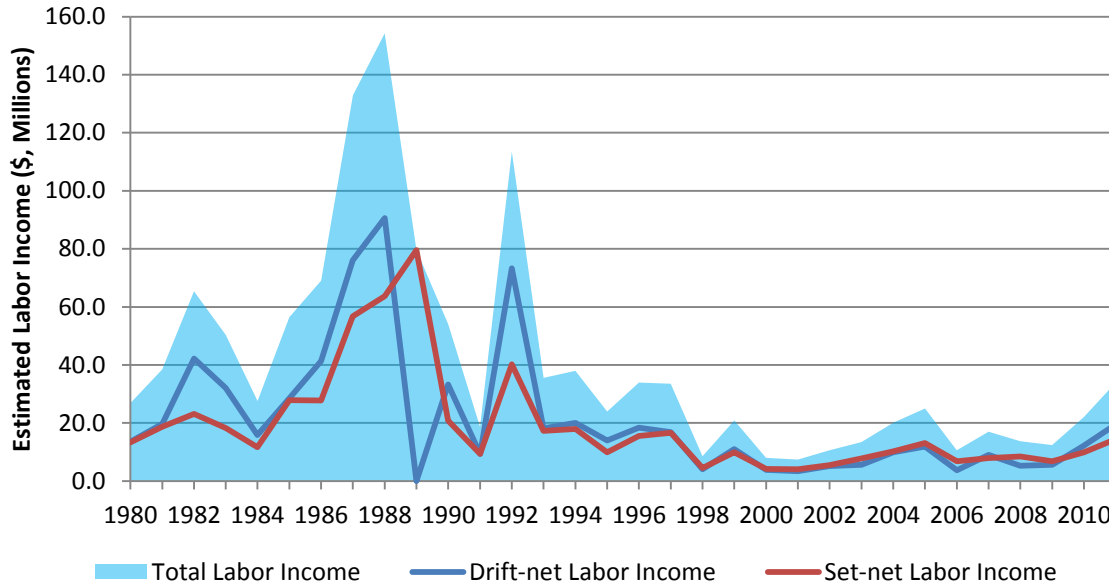
**Figure ES-3. Estimated Harvesting Jobs in the Cook Inlet Drift and Set Net Fisheries, 1980–2011**



Notes: Estimates include both crew and permit holder and assume the permit holder is the skipper. Also note that the Exxon Valdez oil spill closed the drift-net fishery in 1989. The set-net fishery was not closed.  
 Source: Tables developed by Northern Economics using data from CFEC (2013b) and Warren (2013).

- In 2011 it is estimated that the Cook Inlet drift-net fishery generated \$18.2 million in labor income and the set-net fishery generated \$13.1 million, for a total of \$31.3 million in labor income.<sup>3</sup> For the purpose of this analysis, labor income is defined as the estimated portion of total ex-vessel revenues that accrue to either crew members or permit holders.

**Figure ES-4. Estimated Labor Income in the Cook Inlet Drift and Set Net Fisheries, 1980–2011**



Notes: Estimates include both crew and permit holder and assume the permit holder is the skipper. Also note that the Exxon Valdez oil spill closed the drift-net fishery in 1989. The set-net fishery was not closed.

Source: Tables developed by Northern Economics using data from CFEC (2013b) and Warren (2013).

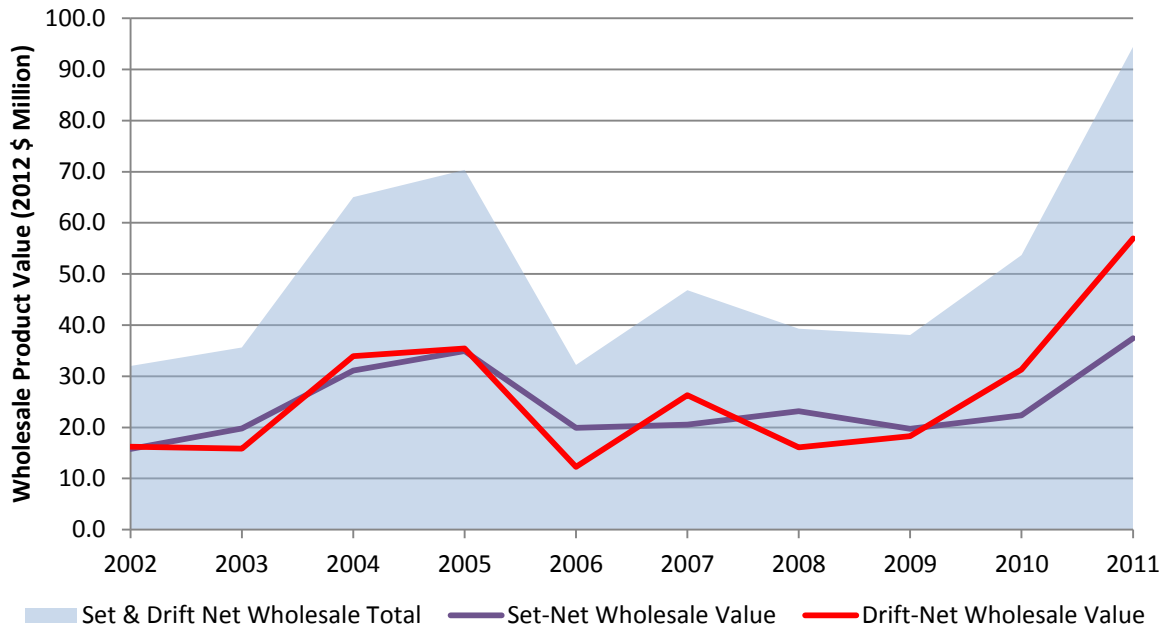
- Cook Inlet set and drift harvesters are also active in other Alaska fisheries. In 2011, 149 of the 976 active Cook Inlet set and drift harvesters participated in other fisheries as permit holders and generated nearly \$30 million in additional ex-vessel revenue.
- Many Cook Inlet drift and set net permit holders also have regular wage and salary employment. In 2011, a total of 297 active Cook Inlet drift and set net permit holders had wage and salary jobs, and earned over \$14 million in wages and salaries with an average of over \$48,000. The top five occupations (education, construction, transportation, administrative, and production) accounted for 55 percent of the employment.

<sup>3</sup> In 2012 dollars.

**Cook Inlet Processing**

- It is estimated that total processed product value (wholesale value) of Cook Inlet set and drift net salmon in 2011 exceeded \$94.5 million (Figure ES-5) and \$102 million if the Cook Inlet seine and hatchery cost recovery fisheries are included.
- In addition, processors of Cook Inlet set and drift salmon generated an estimated \$110 in wholesale value from other fisheries, including salmon fisheries in Prince William Sound and the halibut fisheries of South Central Alaska.
- The total wholesale value of all species and products produced by processors of Cook Inlet salmon exceeded \$212 million in 2011. This estimate includes wholesale value from salmon, halibut, sablefish, groundfish and other species.
- The \$212 million of total output from seafood processing in Cook Inlet represents the direct contribution of the seafood industry to the region’s economy. Although not estimated in this document, the direct impacts generate millions of dollars of additional indirect and induced spending in the economy.
- Over the last 10 years, the study team estimates that processed product values of Cook Inlet salmon were about double the amount paid to harvesters. This increase represents the value added to the fishery by processors.

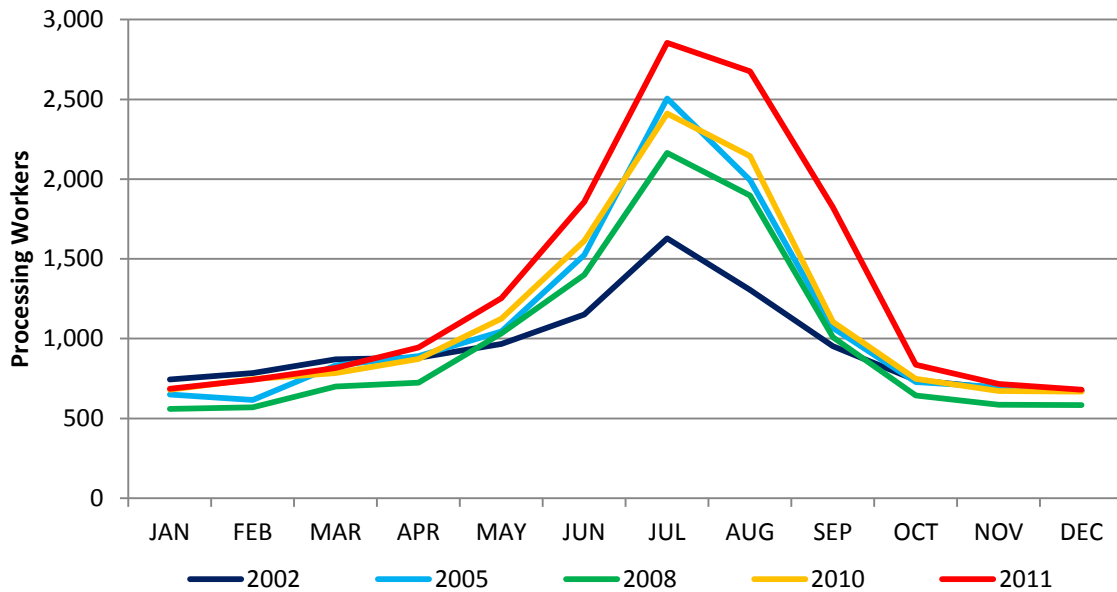
**Figure ES-5. Inflation Adjusted Estimates of Wholesale Value from Cook Inlet Set and Drift Net Fisheries, 2002–2011**



Source: Table developed by Northern Economics using data from ADF&G (2013, 2012a, & 2012b) and CFEC (2013b).

- ADOLWD combines industry sectors for purposes of reporting, and the seafood processing industry is combined with all other food manufacturing businesses.<sup>4</sup> In 2011, wages and Salaries paid to workers in the food manufacturing sector in the Cook Inlet Region were \$33.3 million.
- Between 2002 and 2011, there was a monthly average of 1,077 jobs in the food processing sector. In 2011 the number was at a 10-year high of 1,324.
- In 2011 it is estimated that 1,617 Cook Inlet jobs were attributable to processing salmon.<sup>5</sup>
- Figure ES-6 illustrates the seasonal swings in food manufacturing jobs, which mirror the salmon season harvests.

**Figure ES-6. Seasonal Food Processing Employment in the Cook Inlet Region in Selected Years**



Source: Figure developed by Northern Economics based on data from ADOLWD (2013).

<sup>4</sup> In addition to seafood processing the food manufacturing sector includes include dairies, and sausage makers and other food manufacturers. For the state as a whole seafood processing accounts for over 93 percent of food manufacturing jobs, wages and salaries from 2002 - 2011. In 2011 there were an average of 10,130 seafood processing and only 488 jobs in other food manufacturing businesses.

<sup>5</sup> Salmon processing jobs are typically of a 2-3 month duration, and thus over the course of a year these jobs account a smaller portion of average monthly employment.



