



WASHINGTON MARITIME FEDERATION

A Coordinated Voice for Maritime Progress

STATE LEGISLATIVE PRIORITY 2018

MODERNIZATION OF WASHINGTON'S FISHING FLEET

The State of Washington is the historic home of the North Pacific commercial fishing fleet. Over 7,000 Washington residents directly participate in the North Pacific commercial fisheries annually, with over 34,000 direct and indirect jobs in our state attributed to the Alaska seafood industry.* These activities contribute a tremendous positive economic impact for our state. In fact, of the \$16.7 billion in revenue reported to the state by the maritime industry, \$9.4 billion is from commercial fishing and seafood processing companies, much of which is generated by the North Pacific fleet. **

WHY *Modernizing the fishing fleet will provide significant economic benefits to the shipbuilding and maritime industry in the state, while providing environmental and safety improvements in the industry, but it will take a substantial and coordinated effort at Federal, state and local levels. The Washington Maritime Federation (WMF) is united in support of these efforts.*

- **Aging Fleet** - The average age of the North Pacific fleet is over 40 years. As many as half of the boats now fishing in the Bering Sea and other Alaska offshore fisheries, need to be replaced.
- **Washington Jobs** - Rebuilding the vessels in our state will cement our place as the home for the fleet, and will mean new jobs for vessel owners, shipyards, and the numerous suppliers to the fishing and shipbuilding sectors.
- **Sustainable Fisheries** - Today, the North Pacific fishery is stable and is considered one of the best managed in the world. The quota system now in place means that vessel owners can be assured of their share of the catch and associated revenue going forward.
- **Economic Development** - By law, these boats must be built in the United States. We need to make sure that these boats are built in our state by providing a policy and regulatory climate encouraging that activity. A 2016 McDowell Group analysis prepared for WMF and the Port of Seattle states that "total direct investment in fleet modernization will total well in to the billions of dollars," with an estimated cost of replacing vessels to be over \$11 billion. In just the next 10 years, \$1.6 billion is expected to be invested in projects to modernize the fleet.*
- **Clean Technology** - New vessels are designed to exceed the highest standards, including first-of-its-kind technologies to maximize fuel efficiency, utilization of catch, and crew safety. New vessels can be designed to reduce fuel usage by more than 50%, and to utilize more than 95% of every fish caught. Building these projects here will help position our state at the leading edge of advancements in vessel construction in to the future.

- **Competition** - The main competition for Washington State are shipyards in the Gulf States. While they offer some advantages in labor costs, many local companies want to build here because of the quality of local shipyards and the presence of a comprehensive support and supply industry. Since 2016, two vessels were completed at Gulf shipyards because Washington shipyards could not compete with the lower costs to build in the Gulf. These projects alone totaled nearly \$200 million in lost revenues to our state.

HOW *Efforts are necessary at the federal, state and regional level to incentivize rebuilding of the fleet. The Washington State legislature can significantly support these efforts and help drive this tremendous economic development opportunity that supports a clean and sustainable fishery and maritime sector.*

- **Incentives** - A preferential business and occupation tax rate as well as preservation of the Multiple Activities Tax Credit for manufacturers of qualified vessels or components of qualified vessels when the qualified vessels or components are sold in state at retail or wholesale will help level the playing field by reducing cost of vessel construction and increase the competitiveness of Washington's fishing and seafood processing industry. The cost to the state of a reduction in the tax rate will be minimal, and the economic activity created by new shipbuilding will more than offset any reduction.
- **Maritime Workforce** - Support efforts to increase maritime workforce education and training through allocation of FTE's to the State Board of Community and Technical Colleges; marine engineering licensing programs; expanded CTE programming in K12, including Core Plus; and other non-formal maritime youth programming.
- **Financing** - Support efforts at all levels to ease financing challenges to construct new vessels. This includes efforts at the Federal level to change policies to finance the construction of new vessels across the North Pacific commercial fishing fleet, remove remaining restrictions, increase loan authority and develop a loan or loan guarantee program for new construction and rebuilding of fishing vessels.



The F/V *Blue North*, completed in 2016 in Anacortes, WA, is an innovative, state-of-the-art design utilizing clean technology — creating one of the most environmentally friendly and safe fishing vessels in the world.

*Industry led, the **Washington Maritime Federation** utilizes the networks of existing maritime and related organizations to amplify their effect and be a united voice for the industry. As an "association of associations" it is important that each interdependent sub-sector has the opportunity to relate to the larger goal of **supporting a diverse, economically sustainable maritime industry.***



ECONOMIC IMPACT OF AFFECTED SUB-SECTORS IN WASHINGTON STATE

The charts below are adapted from the original study to highlight the sub sectors that will be greatly affected by modernizing the North Pacific Fishing Fleet. The Washington State Maritime Cluster Impact Study sought to quantify the impact of the maritime industry in order to better understand and strengthen its contributions to the regional economy.

Go to www.maritimefederation.com/studies to download the report.

INDUSTRY'S ANNUAL ECONOMIC IMPACT IN WASHINGTON

Direct Revenue of Affected Sub-Sectors



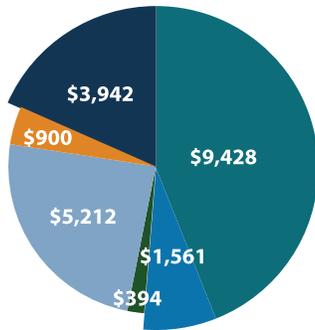
Additional Revenue



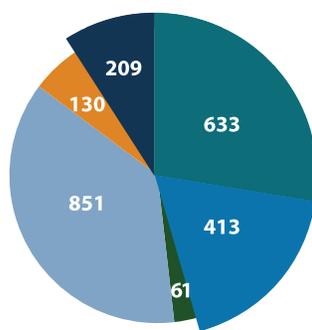
Combined Impact to WA Economy



Revenues (\$millions)

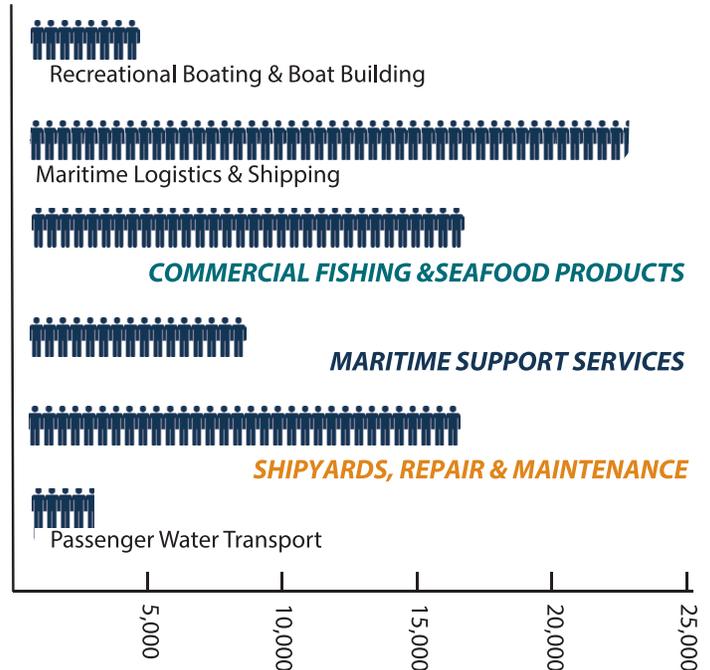


Establishments (Total: 2,300)



- Recreational Boating & Boat Building
- Maritime Logistics & Shipping
- **Commercial Fishing & Seafood Products**
- **Maritime Support Services**
- **Shipyards, Repair & Maintenance**
- Passenger Water Transportation

JOBS BY INDUSTRY SUBSECTOR



In 2015, the maritime cluster directly employed **69,500**. Indirect and induced maritime jobs accounted for another **120,000**, for a total impact of nearly **190,000** jobs in Washington.

The combined annual revenues of the fishing and seafood processing, maritime support services, and ship building total **\$14.2 billion**. Estimates on the impact from modernization could be as much as **\$785 million** between 2017 and 2026, and generate as many as **750** new jobs.***

The affected sectors employed over **42,000** people in 2015 across Washington state. The maritime industry paid nearly **\$4.5 billion** in wages with average salaries of **\$65,150**. In comparison, the state's median wage is **\$56,700** (does not include benefits).

*2013 Washington Maritime Economic Impact Study, www.maritimefederation.com/studies ** The McDowell Group, *Modernization of the North Pacific Fishing Fleet: Economic Opportunity Analysis*, November 2016 ***Community Attributes, *Washington State Maritime Sector Economic Impact Study: 2017 Update*, April 2017