

# Economic Impact *of the* Maritime Industry in Washington State

The 2017 Washington State Maritime Cluster Economic Impact Study builds on the success of the 2013 study and capitalizes on the increased understanding of the industry that has been, in large part, facilitated by the creation of the Washington Maritime Federation. Through increased dialogue the Federation has fostered, we are better able to capture the nuances within the various sub-sectors and quantify the total impact of the maritime industry and its contributions to the state economy. Below are some of the study's key findings. Go to [www.EDC-SeaKing.org/maritime-study](http://www.EDC-SeaKing.org/maritime-study) to download the report.

## Industry's Annual Economic Impact in Washington

Direct Revenue

**\$17.1B**

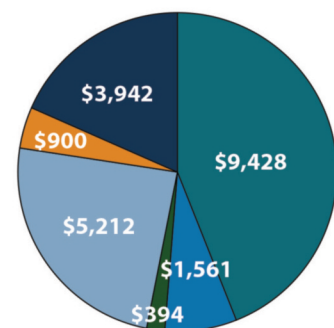
Indirect/Induced  
Revenue

**\$20.7B**

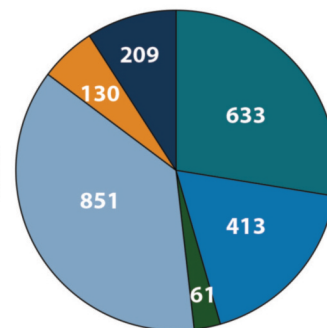
Combined Impact  
to WA Economy

**\$37.8B**

Revenues  
(\$millions)

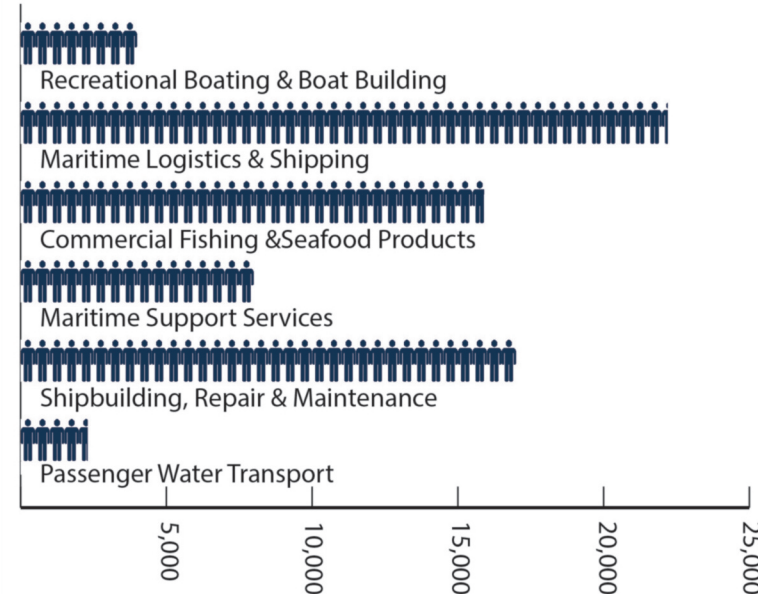


Establishments  
(Total: 2,300)



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

## Jobs by Industry Subsector



**69,500** direct jobs in the maritime industry support **1.8 jobs** elsewhere in the economy. And for every \$1 million in revenue, **11 jobs** are supported elsewhere in the economy.

Industry-wide, revenues have grown **2.4%** per year from 2012 to 2015, with the largest growth rate in Maritime Logistics & Shipping at **5.2%**.

The maritime industry paid over **\$4.7 billion** in wages in 2015 with average salaries of **\$67,000**. In comparison, the state's average wage in 2015 was **\$56,700** (does not include benefits).



Prepared by: Community Attributes Inc.

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WASHINGTON MARITIME FEDERATION  
*The Unified, Statewide Advocate for of our Maritime Industry*

## WASHINGTON MARITIME FEDERATION 2020 POLICY AND LEGISLATIVE PRIORITIES

The Washington Maritime Federation (the Federation) represents the unified voice of the diverse and interdependent sub-sectors of the maritime industry, including shipyards and boatyards, cargo and logistics operations, fishing and seafood processing, recreational boating, passenger vessel operations, maritime labor and a diverse group businesses and organizations that support and supply the industry. The Federation advocates for policy and investment priorities that enhance the vitality, growth and resilience of Washington's maritime industry. Regional, state and federal priorities are based on a full consensus decision-making process by Federation members advised by associate members and a broad group of business, labor and government stakeholders. *Following are our priorities for 2020:*

- **Work to maintain and preserve Washington's maritime, manufacturing, and industrial lands.**
- **Work to ensure that Washington State continues to be a leader in scientifically-supported environmental leadership.**
- **Align and simplify the regulatory and permitting process across state and federal agencies to improve, speed, efficiency and predictability in shoreside maintenance, remediation and construction while maintaining necessary environmental protections.**
- **Support incentives to grow Washington's shipbuilding sector and supply chain, including the modernization and recapitalization of Washington's Commercial Fishing Fleet and Ferries.**
- **Investment in modernization of critical port and maritime infrastructure to maintain and increase competitiveness.**
- **Dedicated funding for maritime-specific career, technical training and education (CTE) at the K-12, community college, and four year university levels, including expansion of registered apprenticeships and youth programs.**

## MARITIME POLICY FOCUS AREAS

### LAND USE, INFRASTRUCTURE AND COMPETITIVENESS

**At a time of immense global shipping pressures coupled with increased gentrification in industrial areas of the state, it is critical that action is taken that enables our ports and maritime infrastructure to maintain competitive and resilient.**

Washington State must preserve its maritime, manufacturing, and industrial lands in order to remain competitive. Currently, these lands are under threat from competing uses throughout the state.

**The Federation supports efforts to protect and grow industrial lands and clarify their status** as critical and essential public facilities for manufacturing and trade.

To maintain port competitiveness, it is critical that state costs related to shipping and freight movement are minimized, and that goods movement becomes more efficient. Because 70% of imported cargo to the state is bound for other parts of the US, it is considered 'discretionary'. This cargo supports critical jobs and infrastructure our exporters must have to access their markets. Additional costs of using our ports will result in the continued loss of market share.

**The Federation supports efforts to maintain or reduce costs and improve infrastructure for shippers utilizing Washington ports.**

### ECONOMIC DEVELOPMENT OPPORTUNITIES

■ **Washington State Ferries Construction and Repowering** – Many of the Washington State Ferry System vessels are old and in need of replacement. In addition, new electric and hybrid-electric power systems are available and affordable. Converting some ferries to electric or hybrid-electric power, (in addition to the construction of new, more fuel-efficient ferries), will result in cleaner air, reductions in greenhouse gas emissions and provide well-paying construction jobs at the state's shipyards. While money was appropriated for this purpose in the last legislative session, additional funds are needed. **The Federation supports construction and power conversion of Washington State Ferries.**

**Recapitalizing the fleet will provide significant economic benefits to the shipbuilding and maritime industry in the state** and will showcase the high quality craftsmanship and commitment to clean technology, energy efficiency, sustainable fisheries and safety.

■ **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

(cont.)



*In 2015, a total of **78 million tons** of imports and exports passed through Washington State's marine terminals.\**



- **Sustainable Fisheries** – Today, the 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 catch and associated revenue going forward.
- **Economic Development** – We need to make sure that these boats are built in Washington by providing a policy and regulatory climate that encourages that activity. Between 2017 and 2026 an estimated \$785 million will be spent on the fleet.\*\*\*
- **Clean Technology** – Washington State boasts global leadership in the advancement of clean technology and best management practices in vessel construction. New vessels have been, and will continue to be, built above and beyond standards that increase fuel efficiency, full utilization of every fish, and safe operation.
- **Competition** – These boats must be built in the United States, but they don’t have to be built in Washington, and we face strong competition from low-cost labor states in the Gulf region. The Federation encourages the state to provide incentives to ensure these vessels are built in our state.

***Specifically, the Federation supports any tax incentive, or credit, for manufacturers of qualified vessels or components of qualified vessels. A comprehensive incentive program will keep and expand jobs in Washington State. The cost to the state will be minimal and any cost will be more than offset by the value of the economic activity created by building the boats here. In addition, we believe the legislature should consider tax credits for fuel efficiency similar to those available to other transport modes. New vessels can reduce energy usage by more than 50%.***

- **Boating Facilities Program** – This program is a dedicated account created by voters and 100% paid into by boaters. These dollars are then granted back into local communities to improve boating infrastructure (e.g. marina bathrooms, launch ramps) around the state. In the past, the Legislature has used money from this fund for purposes other than those intended by the voters. The Federation requests the Legislature respect the will of the voters and only use the funds for their intended purpose.

**DEVELOPING PORT AND MARITIME INFRASTRUCTURE TO IMPROVE COMPETITIVENESS**

While other major container port complexes in North America have seen significant cargo volume increases over the last two years, The Northwest Seaport Alliance has seen flat to negative growth, resulting in a loss of market share. The time for investment in maritime and freight transportation infrastructure is now.

The Federation strongly encourages state, county, and municipal governments to invest in port and waterways infrastructure projects that spur real economic development and provide economic livelihood for the most people. The Federation is concerned that maritime interests have been compromised by controversial infrastructure projects that serve the needs of small but vocal special interest groups while imposing burdens on maritime industrial areas and, in some cases, displacing maritime industrial uses entirely. If we fail to invest in our maritime infrastructure now, jobs will be lost, our cargo market share will continue to erode and Washington’s notable competitive advantages for international trade will be squandered.

In developing Port and other maritime infrastructure, the ports, businesses, state, Federal and local governments should work together to improve our region’s competitiveness and look to innovative financing mechanisms, as well as encourage global investment in our booming region. British Columbia, one of our regions primary competitors, offers a good example of how the ports, railroads, local, state and Federal governments can work together and invest jointly to make a region’s ports more competitive, thereby creating jobs and positive economic activity.

***The Federation supports new investment in port and marine infrastructure by our public ports, enhanced by private, state, Federal and local government funding.***

**ENVIRONMENTAL RESPONSIBILITY**

**Washington State is a place where nature and humans are inextricably linked.** The state’s maritime industry understands this balance, has an outstanding record of leadership in environmental initiatives and is committed to preserving and protecting the environment in which it operates. However, many regulatory processes result in lengthy project permitting and implementation. This adds cost, time and uncertainty for investors in our industry. We support strong environmental protections, but it is imperative that our regulatory approach to environmental and land use regulation is in balance with the importance of a sustainable economy and family wage jobs.

We fully recognize that climate change requires emissions reductions across the board. To that end, the industry continues implementation of efficiencies to reduce energy use such as: leveraging economy of scale operations, using cleaner engines and fuels, including LNG, implementing



*The F/V Blue North, recently launched 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.*



*The maritime sector contributes **\$16.7 billion** in direct revenue, and employs **69,500 people**. Including indirect and induced impacts, the sector is responsible for 189,600 jobs in the state and **\$37.6 billion** in economic activity.\**

more efficient vessel transit speeds, improved hull coatings to reduce friction and fuel consumption, better water flow and propeller designs. Efficiencies have already led to huge reductions in fuel consumption, but efficiency improvements alone are not enough and that is why there are ongoing efforts to develop and test other means of propulsion within an overall look at the entire supply chain including terminals, trucks, trains and warehouses.

It is essential that we provide a predictable and efficient process for those wanting to invest in and conduct maritime business in our state while retaining environmental protections.

The state should explore regulatory improvements that provide additional speed and certainty in permitting maritime projects. For example, British Columbia has developed regulations setting strict time limits on certain reviews.

***The Federation supports continuing, science-based efforts to reduce harmful emissions and supports any process that reduces competing, redundant or conflicting permitting processes.***

***Currently some of the specific concerns of the Washington Maritime Federation are:***

- **Environmental Cleanup (Model Toxics Control Act)** – Legislative support for MTCA funding provides a model for how contaminated properties can be cleaned up and returned to productive, job creating uses. Using funds from MTCA, port districts have delivered wins for the economy and the environment. The Washington Maritime Federation supported the reform legislation enacted in 2019 because it promised to stabilize funding for site remediation activities. Action by the legislature last year enabled the cleanup of additional properties, including the Port of Everett’s mill site. This year we **strongly support the Department of Ecology’s \$23.7 million 2020 Supplemental Budget** request to fund additional cleanup sites.
- **Scientifically Supported Water Quality Programs** – The creation of water quality programs such as Aquatic Invasive Species, Ballast Water, Biofouling, Fish Consumption must be informed by the best available science, not be repetitive of existing or proposed federal regulations and must not reduce the competitiveness of Washington’s ports and support services relative to other ports and areas that do not have similar programs in place.

***The opportunity exists to create in our region a precedent that would both achieve our desired environmental goals and encourage industry growth and technological progress to support human health and sustainable economic industries - ensuring our state is positioned to thrive in the increasingly competitive national and international marketplace for maritime services. The state’s Maritime Blue Initiative is a program that can help achieve these goals***

**WORKFORCE DEVELOPMENT, EDUCATION AND TRAINING**

***To enhance the competitiveness of Washington’s exceptional maritime industry, we must invest in innovative, relevant education and training to increase a diverse and inclusive workforce for youth, students, faculty, and incumbent workers.***

***The Federation supports the following objectives to meet the immediate needs of the industry.***

- **Port authority for investment in Workforce Development** – Support proposals to enhance public investment in workforce development in the maritime, manufacturing, and industrial sectors.
- **Career Connect Washington** – Adopt recommendations of Career Connect Washington and regional efforts to define and support maritime career pipeline development.
- **Youth Maritime Collaborative** – Expand the pathways for youth pursuing careers in the maritime industry through experiential events, high school internships, and connecting companies with the next generation of skilled workers.
- **Incumbent Worker Training** – Investments the Workforce Training Board that are flexible and aligned with community and industry sector based priorities.
- **Domestic Center of Excellence** – Support the application of the Northwest Center of Excellence for Marine Manufacturing and Technology for federal designation to qualify for funding.
- **K-12 Education** – Expansion of **Career and Technical Education (CTE)** funding, and **Core Plus** programming to enhance industry-driven skills.
- **Community and Technical Colleges** – Increased funding delivered to the State Board of Community and Technical Colleges (SBCTC) for dedicated maritime education and training FTE’s.



*Employment in the Maritime industry increased at an annual rate of 2.7% between 2012 and 2015.*

*The Maritime industry paid nearly **\$4.5 billion** in wages in 2015 with an average salary of **\$65,150** (does not include benefits).\**

\*2016. Community Attributes. Washington State Maritime Economic Impact Study \*\*2013. McDowell Group. Economic Valued of the Alaska Seafood Industry. \*\*\*2016. McDowell Group. Modernization of the North Pacific Fishing Fleet. Accessed at: [www.maritimefederation.com/studies](http://www.maritimefederation.com/studies)