



ECONOMIC OUTLOOK SURVEY

WEST COAST GROUND FISH INDUSTRY



Author: Jana Hennig, Executive Director

Layout & Illustration: Marie Janine Murmann

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Acknowledgments:

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Positively Groundfish
1592 Union Street #336
San Francisco, CA 94123
www.positivelygroundfish.org

HELLO!

Welcome to our 2021 Economic Outlook Survey of the West Coast Groundfish industry! The year 2021 has been a mixed bag, bringing easing of restrictions, greater levels of adaptation to the on-going COVID-19 pandemic, and a return to stellar economic growth on the heels of a truly devastating 2020. However, the country and our industry are suffering the impacts of international and domestic supply chain problems, and resulting shortages of production inputs, delays of deliveries, and significant cost increases for shipping and all production inputs. Thus, we currently experience the highest inflation rate (7%) this country has known in over 40+ years. Simultaneously, the US has seen strong economic growth and very low unemployment numbers, resulting in labor shortages and wage hikes. Our survey of the West Coast Groundfish industry reflects these broader economic realities, showing both growing optimism as well as real concerns about rising input costs and labor shortages as they look toward 2022.

Positively Groundfish conducts this industry survey with the same set of questions at annual intervals, painting a longitudinal picture of our industry over time. Every year we survey West Coast Groundfish fishermen, processors, community supported fisheries, as well as consumer packaged goods manufacturers to unveil and quantify their perceptions and expectations of the market, of key challenges and opportunities, and of their own organizations' plans over the coming 12 months. It is, in essence, a pulse check on the West Coast Groundfish industry.

Economic outlook studies are inherently subjective. They are a study of subjective sentiment of key participants and their

predicted behavior, rather than a purely quantitative economic analysis. And as with all predictions of the future, they are inherently inaccurate, biased, and cannot account for the unexpected or unknown. Nonetheless, tracking economic confidence of key industry participants is valuable as a leading economic indicator and has some predictive ability. First, industry participants often have a forward view of contracts, new products, projects, or investments that are in the pipeline but are not yet public. Second, they have a much more intimate understanding of their own resources, production factors, and ability or limitations to meet the challenges they face. And finally, while industry participants' economic outlook and confidence is subjective, it is after all their subjective point of view that will be driving their decisions and behaviors, and collectively, that of the industry. Our hope is that this survey will prove insightful for policymakers, investors, researchers, media as well as members of our industry and communities.

Yours positively,

Jana Hennig
Executive Director





BACKGROUND

Total: 28 Respondents

Methodology

The survey was conducted via Google Forms during December 2021. Participants were specifically invited to participate in the survey. 28 of 80 invited took part. All response sets qualified and were accepted into the final survey. A copy of the survey questionnaire can be found at the back of this report.

It is worth noting specifically, that this is not a comprehensive survey of all industry participants and must be understood as such. Participating processors represent over 80% of all non-whiting West Coast Groundfish volume processed. However, the 19 participating commercial fishermen represent only 27% of vessels participating in the trawl fishery.

Organizations



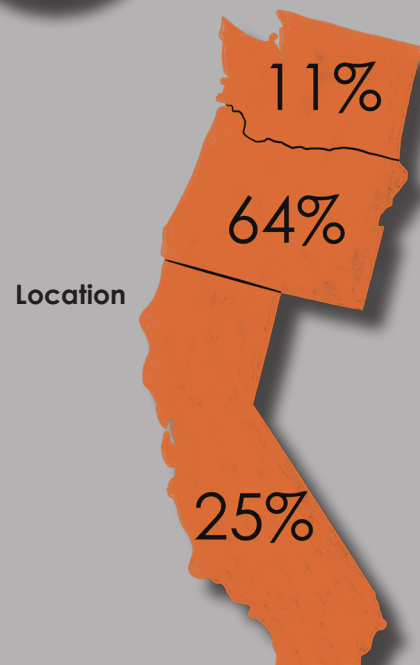
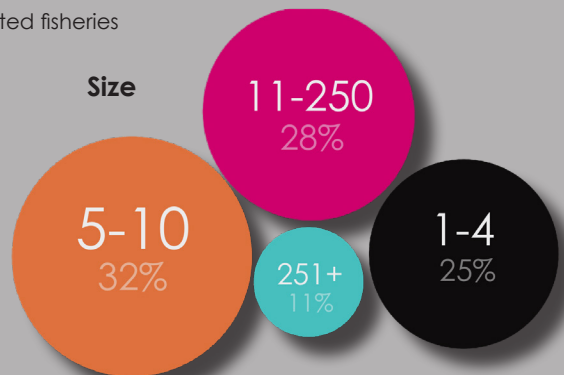
Survey Participant Profile

The 2021 West Coast Groundfish Industry Economic Outlook Survey received 28 responses from invited industry participants. Of these 28 respondents, 19 represented harvesters (captains or boat owners), 6 represented processors and 3 community supported fisheries (CSF) or Direct-to-Consumer businesses (D2C). All are directly involved in the West Coast groundfish fishery.

Respondents are all very senior decision-makers in their respective organizations such as boat captains or vessel owners (39%), CEO/owners (32%), general managers (21%) or Heads of Sales/Marketing/Distribution. All respondents thus have a thorough understanding of the breadth of opportunities and challenges facing their organizations, and have the authority to make decisions on investments, personnel, and business strategy.

Survey participants come from a diverse set of organization sizes. Almost 60% work for small businesses (25% in businesses between 1-4 employees, 32% in businesses with 5-10 employees), 28% manage medium-size businesses between 11-250 employees, and 11% are leaders of large organizations with more than 250 employees.

Approximately two thirds of respondents (64%) spend the majority of their time in Oregon, while 25% operate in California and 11% in Washington State. Although the study was not designed for it, this geographical split of respondents roughly aligns with the geographical breakdown of groundfish landing volumes.





KEY INSIGHTS

- 1 There are signs of a “post”-pandemic recovery.** The overall outlook for the US seafood industry and respondents’ own organizations are the most positive we’ve seen yet.
- 2 However, fishermen’s outlook for West Coast Groundfish is less optimistic,** which suggests they have concerns specific to the groundfish fishery, and are more optimistic about other fisheries they participate in.
- 3 West Coast Groundfish is expected to maintain if not grow in importance** to their businesses relative to other fisheries over the next 12 months. This is progress from 2020.
- 4 Inflationary pressures are mounting and are felt across the industry.** There are strong expectations that input costs and labor costs will increase further and negatively impact profits, especially by processors.
- 5 Any revenue increases are expected to be driven more by price than volume increases.** Revenue increases are likely not enough to offset input cost increases.
- 6 The industry is starting to plan for investments in the fishery again** after stalling investments in 2020/1, especially for equipment and IT, and more so by processors than by fishermen.
- 7 Availability of skilled processing labor is currently the bottleneck for industry growth.** Processors rank this as their greatest challenge. The tight labor market means that processors are understaffed and want to hire, but most are unable to fill the positions.
- 8 For the first time, we see no indication of equipment capacity constraints,** neither for fishermen nor processors. However, 83% of processors now underutilize their equipment.
- 9 Fish quota utilization is improving.** 41% of respondents still underutilize their quota, which is the lowest we have seen yet, while those feeling they have just the right amount of fish quota available is the highest yet.
- 10 The industry’s greatest challenges are regulations, infrastructure, and lack of labor.** Inflation concerns are also felt strongly.
- 11 Expectations about Covid impacts are turning more optimistic compared to last year,** but still lean negative for fishermen.

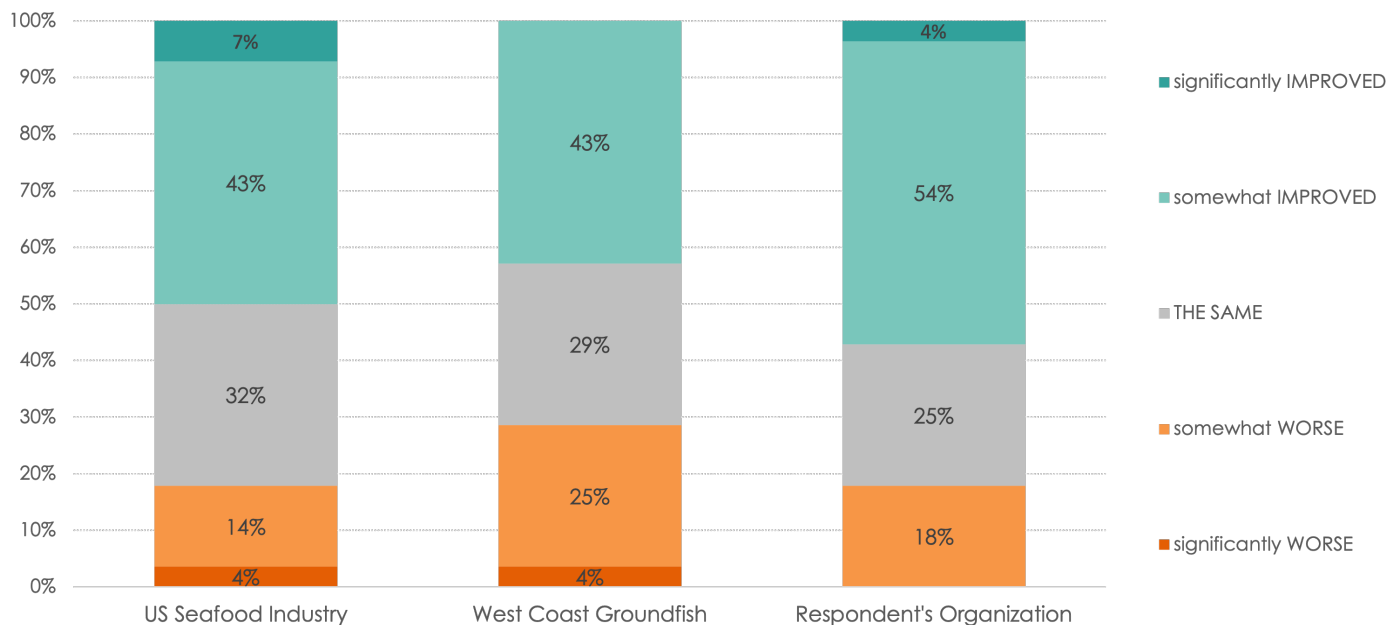


1. OVERALL ECONOMIC OUTLOOK

Looking into 2022 respondents are showing increasing optimism about the economic outlook for the US seafood industry as a whole, with 50% of respondents now expecting the domestic industry to improve at least somewhat compared to the previous 12 months, whereas only 18% expect it to worsen. In fact, this is the most optimistic outlook we've seen since the beginning of this annual survey in 2019. Somewhat surprisingly, given the current volatility of market conditions, approximately a third (32%) of respondents expect the economic outlook for the total US industry to remain more or less the same as in 2021.

Q1: Please select the rating that best describes your view of the economic outlook for the next 12 months (compared to the most recent 12 months). I expect it will get ...

All Respondents



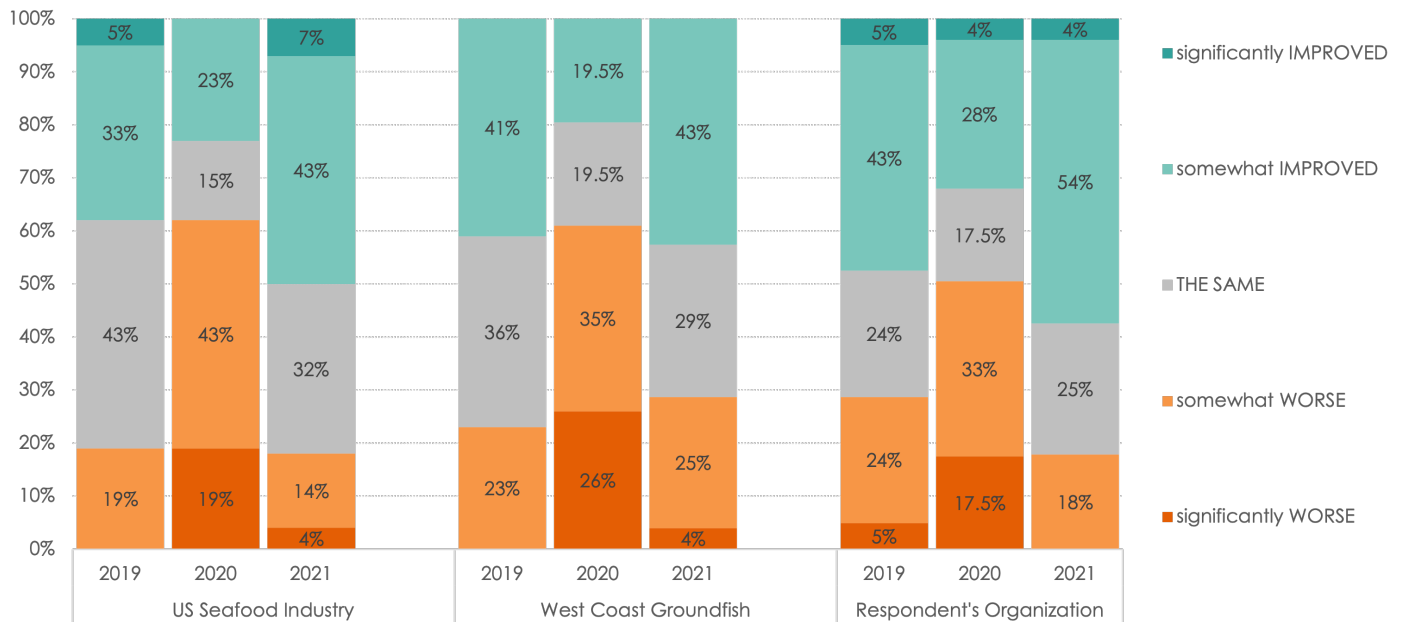
However, respondents have a less positive outlook for the West Coast Groundfish Industry as compared to the total US Seafood Industry - only 43% see the economics of the West Coast Groundfish fishery improving while 29% see it worsening in 2022. Encouragingly though, respondents are more positive in their outlook for their own organizations. Positive sentiment increases to 58%, which is significantly higher than for the wider industry, and the highest levels since the start of this annual survey in 2019. The discrepancy between respondents' view of the groundfish fishery and their own organizations could either mean that respondents believe they have an edge over groundfish competitors, or it could indicate their optimism about other fisheries they participate in. This survey was conducted in the middle of one of the most lucrative Dungeness Crab seasons in recent years, which may have contributed to the optimism for respondents' own organizations.



It is interesting to observe that the middle-ground answer of “remain the same” decreases as we get closer to the respondents’ field of influence. This is a pattern we have observed in every annual survey thus far. We believe it is a natural reflection of participants’ more nuanced knowledge of the economic situation and a greater ability to forecast and set distinct economic expectations for their own organization and the specific fishery sector they operate in.

Q1: Please select the rating that best describes your view of the economic outlook for the next 12 months (compared to the most recent 12 months). I expect it will get ...

All Respondents 2019 - 2021





Results by Participant Group

When breaking down responses by participant group, we see some notable areas of agreement but also some differences in economic confidence between fishermen, processors, and community-supported fisheries (CSF). Generally, processors and CSFs seem to be more optimistic about their organization's economic outlook than fishermen.

With respect to expectations for the Total US Seafood Industry we see divergent views within participant groups. Fishermen expectations are spread across the entire spectrum but, in aggregate, are leaning positive (50%) or stable (37%). Similarly, 50% of processors expect improvements and 33% a largely unchanging US Seafood Industry performance. And 2 out of 3 CSFs believe the economic performance of the industry will improve, while 1 out of 3 believes it will decline.

Both fishermen and CSFs are least optimistic in their expectations for the West Coast Groundfish fishery. In fact, 37% of fishermen believe the groundfish fishery will perform worse in 2022 than in 2021, which includes 5% of fishermen who think it will do significantly worse. While this may not look great, this is a significant improvement compared to the 2020 survey in which 70% of fishermen had a pessimistic outlook for the West Coast Groundfish fishery. But it is worse compared to the 2019 pre-pandemic survey where only 25% had negative expectations. Clearly, there are still some lingering pandemic concerns for fishermen.

Finally, all participant groups are most optimistic about their own organizations' prospects for the coming year. And processors are by far the most optimistic here – 5 out of 6 processors expect their business will “improve somewhat”. Similarly, 2 out of 3 CSFs expect some improvement in their own performance. Fishermen are the most split in their expectations. While 47% have a positive outlook for 2022, including 5% who expect significant improvements, there are still 21% of fishermen who believe 2022 will be worse for them than 2021.

Overall, across all groups, we see a rising optimism in this year's survey compared to the 2020 survey, likely a reflection of the improving economy and fewer Covid-19 related restrictions on the all-important restaurant markets in December 2021 as compared to August 2020 when the last survey was conducted. However, the fact that we see more optimism for the wider US seafood industry as well as their own organizations and more pessimism about West Coast Groundfish suggests that the sector sees challenges specific to the groundfish fishery, and that their optimism relates to other fisheries.

This pattern is clearest for processors and CSFs who tend to sell a wide array of species and are diversified across fisheries and can thus make up a shortfall in groundfish sales with other species. Fishermen on the other hand are split on this – some fishermen participate in several fisheries and may thus be more positive about their businesses' overall outlook, while others fish groundfish exclusively and are more pessimistic.

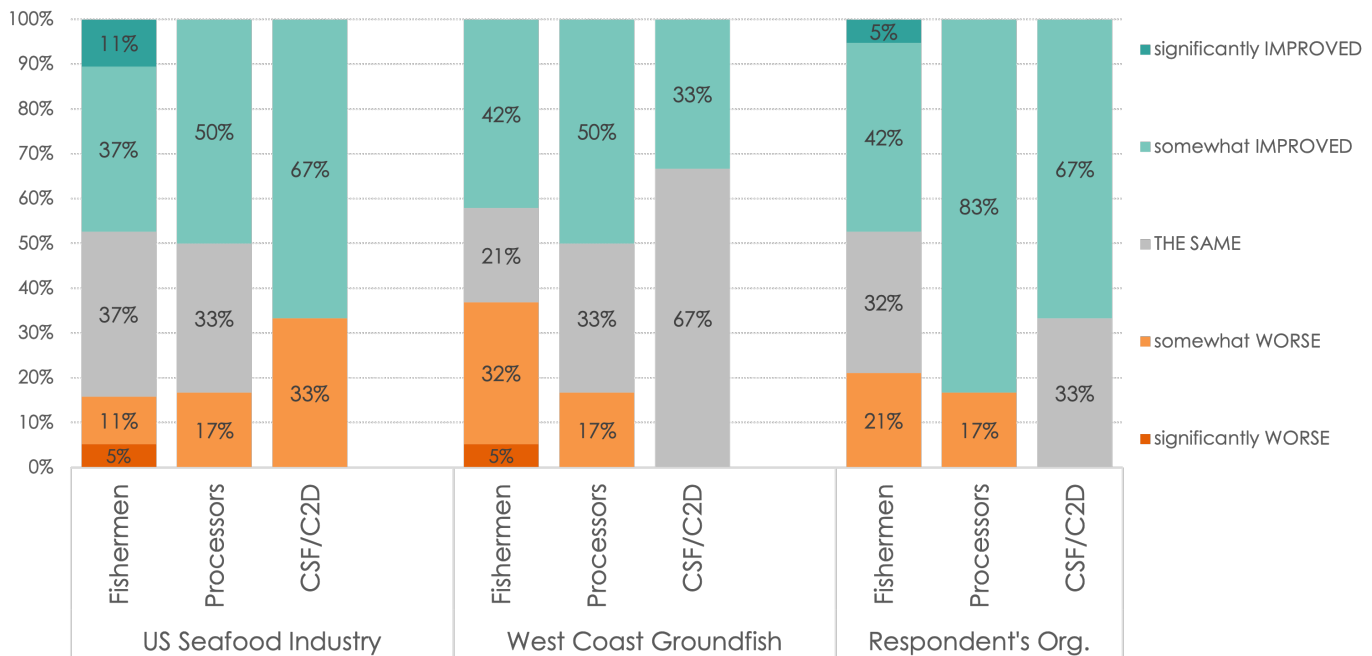


Finally, we see a repeating pattern across the years showing processors and CSFs as generally more optimistic than fishermen. Processors tend to have more information about the downstream supply chain and markets, pending deals, new product launches, and consumer level data, which may give them more confidence in the future.

Further, processors may have a more optimistic view because they have higher confidence in their ability to extract value from their product lines, including West Coast Groundfish, through negotiation power or projected efficiency gains. And finally, economic confidence and outlook are inherently subjective and may be influenced by participants' general outlook on life, tendencies toward optimism or pessimism, and varying interpretations of events and information. Different roles in the industry may attract people with different dispositions, which could be reflected in this survey.

Q1: Please select the rating that best describes your view of the economic outlook for the next 12 months (compared to the most recent 12 months). I expect it will get ...

By Respondent Group





2. ORGANIZATIONAL INDICATORS

Next, we asked survey participants to give us their expectations of directional change for key organizational metrics and indicators.

Respondents' revenue expectations for 2022 are a mixed bag, with roughly a third of respondents expecting it to increase somewhat, another third expecting it to remain the same as 2021, and a quarter believing it will decline somewhat. In aggregate, the survey group expects that slightly more of that revenue growth will be driven by increases in the price of fish (54%) and less so from volume increase, which 43% of respondents believe to remain the same.

However, the point that stands out the most from this year's survey is that a full 93% of survey respondents expect input costs to increase, including 36% who think input costs will increase significantly (defined as >10%). This is the highest level we have seen in our annual surveys yet and aligns with the currently very high inflation rate in the wider US economy. Respondents expect these cost increases to affect their organizations' profit line, which is viewed more pessimistically than any other indicator we studied. This year, 50% of respondents expect their profits to decline, including 11% who think profit will decline significantly. So, while 36% of respondents expect their top-line revenue to increase, only half of those (18%) think their bottom-line profit will increase, too, presumably due to increases in the cost of production.

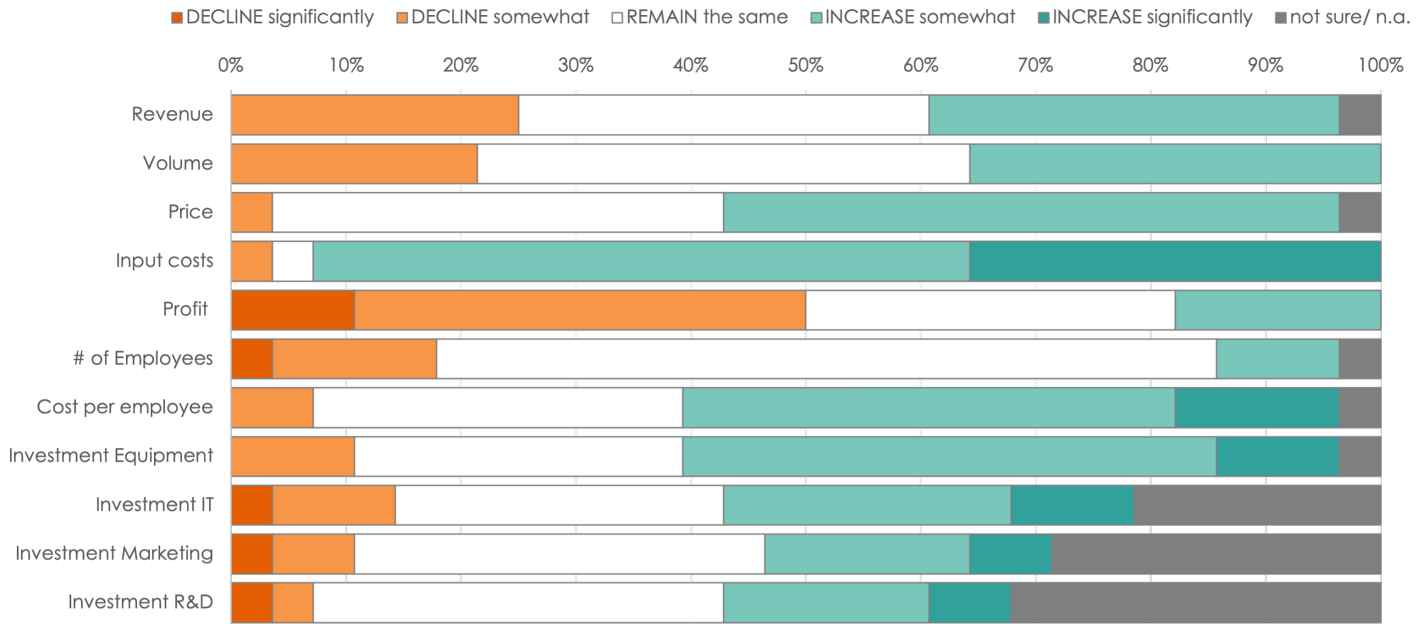
We see that two thirds of respondents (68%) expect the number of employees to remain stable over the coming year, but 57% also expect the cost per employee to increase, reflecting high inflation levels and an ever tighter and more competitive labor market in the US.

Most organizations expect to continue making investments in West Coast Groundfish operations, at least at the same level if not at an accelerated level compared to the previous year, across key departments/investment categories. Very few respondents expect to be reducing their investment in this fishery over the coming 12 months. 57% of respondents expect to be making increased investments in equipment relating to West Coast Groundfish. These investment expectations are much higher than in our 2020 survey, reflecting a renewed (dare I say?) post-pandemic optimism in the future of West Coast Groundfish operations. Investment in equipment is expected to increase more than any other category. This is followed by investment in IT systems, and finally in investments in Marketing & Sales and Research & Development, which almost a third of respondents feels are not applicable to their organizations.



Q2: Please indicate your view of the probable change over the next 12 months (vs most recent 12 months) for your organization, for the following key indicators, as it relates to WC Groundfish.

All Respondents



Results by Participant Group

Looking at responses by participant groups reveals contrasting patterns between fishermen’s and processors’ expectations for their West Coast Groundfish business.

The greatest commonality between both groups is a shared expectation that input costs will increase (only a single fisherman expects input costs to decrease), which results in both groups being more pessimistic about their profit line than their revenue line. However, that is where the similarities end.

Overall, even a passing glimpse of the charts quickly reveals that processors are generally more optimistic than fishermen about their organization’s outlook for West Coast Groundfish. Two thirds of processors but only one quarter of fishermen expect a moderate increase (1-10%) in groundfish revenue in 2022. Conversely, a third of fishermen expects their groundfish revenues to decline, whereas only 1 in 6 processors expects a decline. Fishermen seem to largely expect prices for groundfish to increase but have very split opinions about expected volumes. Whereas processors are far more optimistic about volumes and market prices.

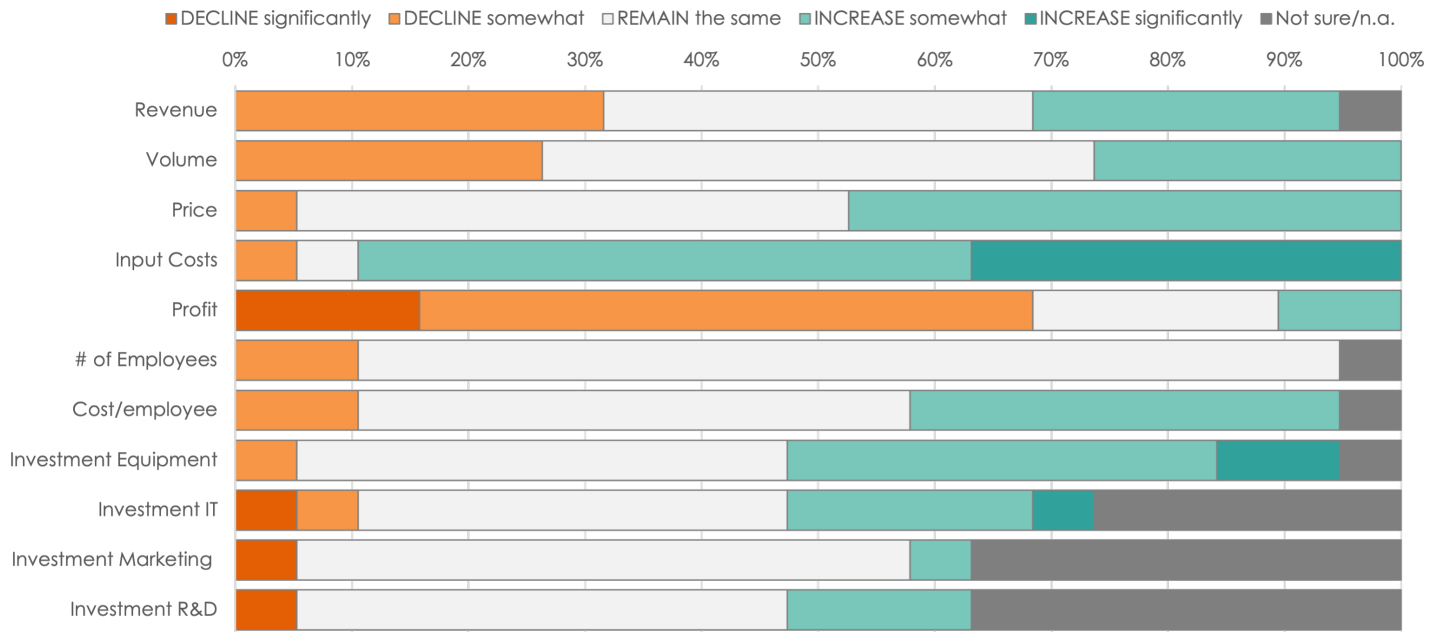


Fishermen don't expect any increases to the number of employees at all and have mixed views on whether costs per employee will increase, decline, or stay the same. However, half of processors expect a decrease in the number of employees (which is the first time we've seen this in our annual survey). But processors are unanimous in their expectation that costs per employee will increase, with half believing salary & benefit costs per employee will increase by more than 10% in 2022, reflecting inflationary pressures and a tight labor market at the end of 2021.

Overall, processors are planning for more investment expenditures than fishermen across the board but especially so for IT systems and equipment (more automation to address the difficulty in recruiting and retaining labor). Processors are also more inclined to invest more in marketing & sales and Research & Development than fishermen. In fact, 33% of fishermen don't believe that marketing & sales or R&D expenditures are applicable to them.

Q2: Please indicate your view of the probable change over the next 12 months (vs most recent 12 months) for your organization, for the following key indicators, as it relates to WC Groundfish.

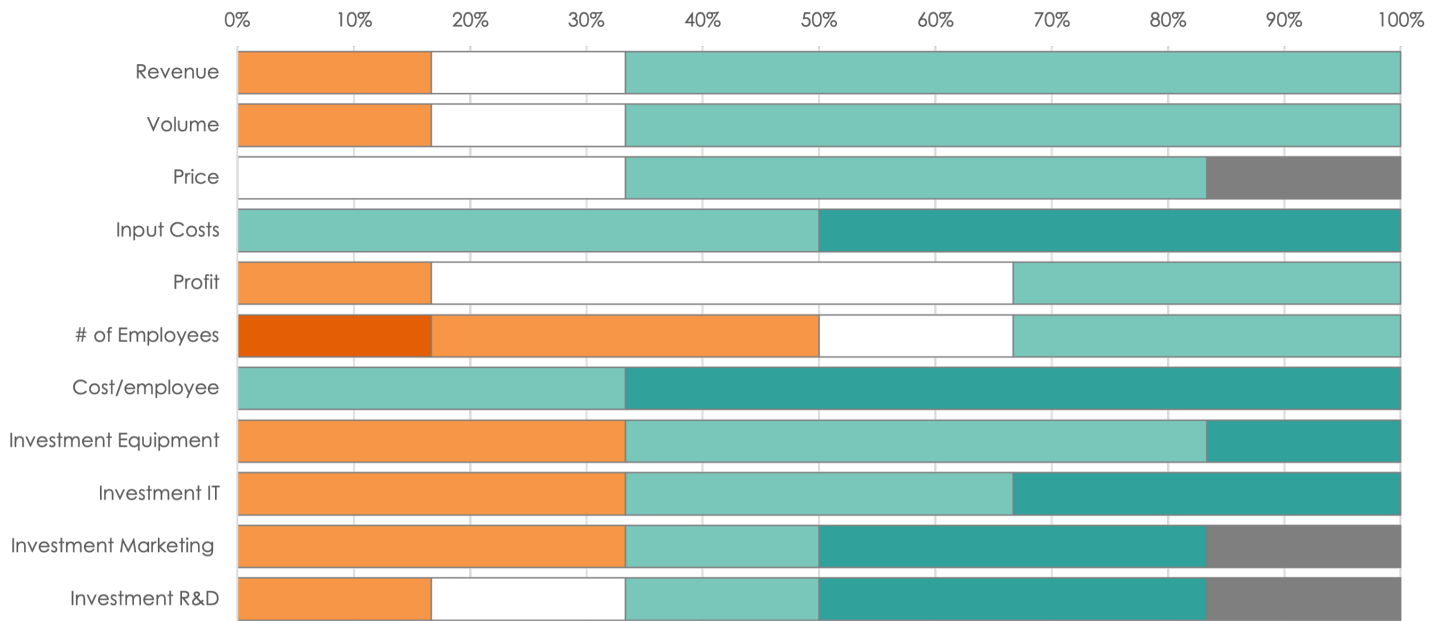
Fishermen





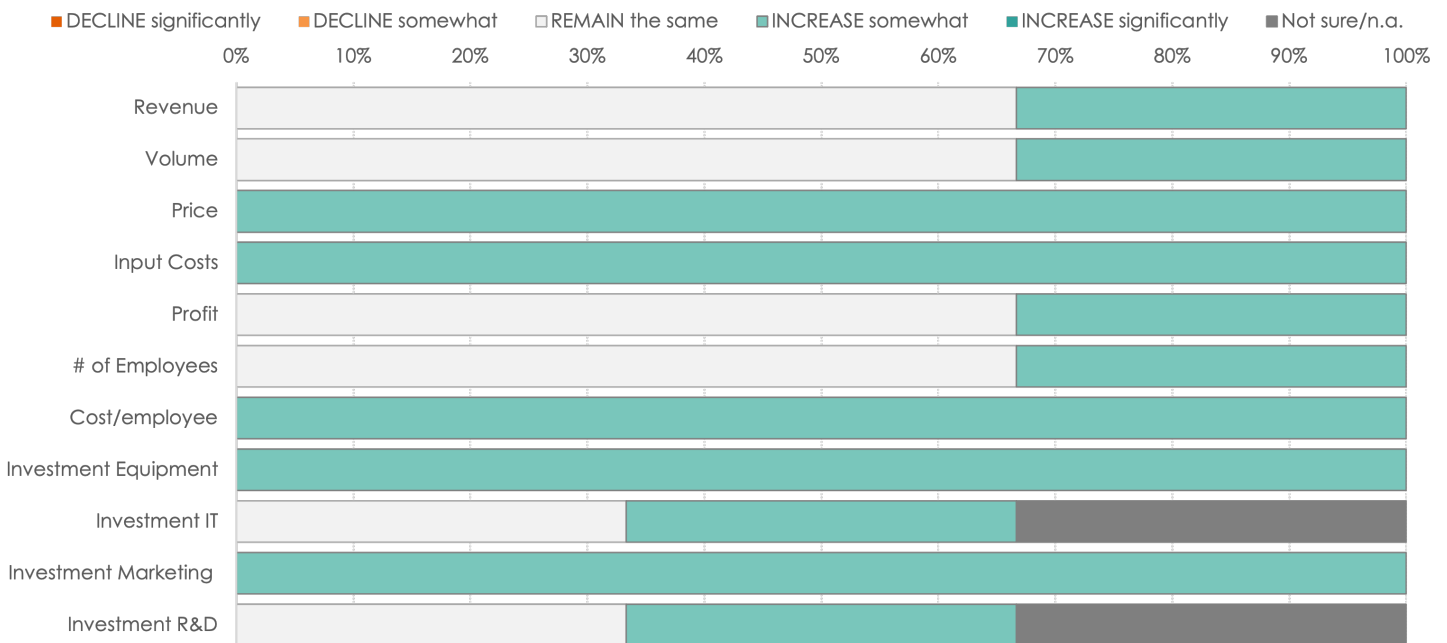
Q2: Please indicate your view of the probable change over the next 12 months (vs most recent 12 months) for your organization, for the following key indicators, as it relates to WC Groundfish.

Processors



Q2: Please indicate your view of the probable change over the next 12 months (vs most recent 12 months) for your organization, for the following key indicators, as it relates to WC Groundfish.

Community-Supported Fisheries / Direct-to-Consumer





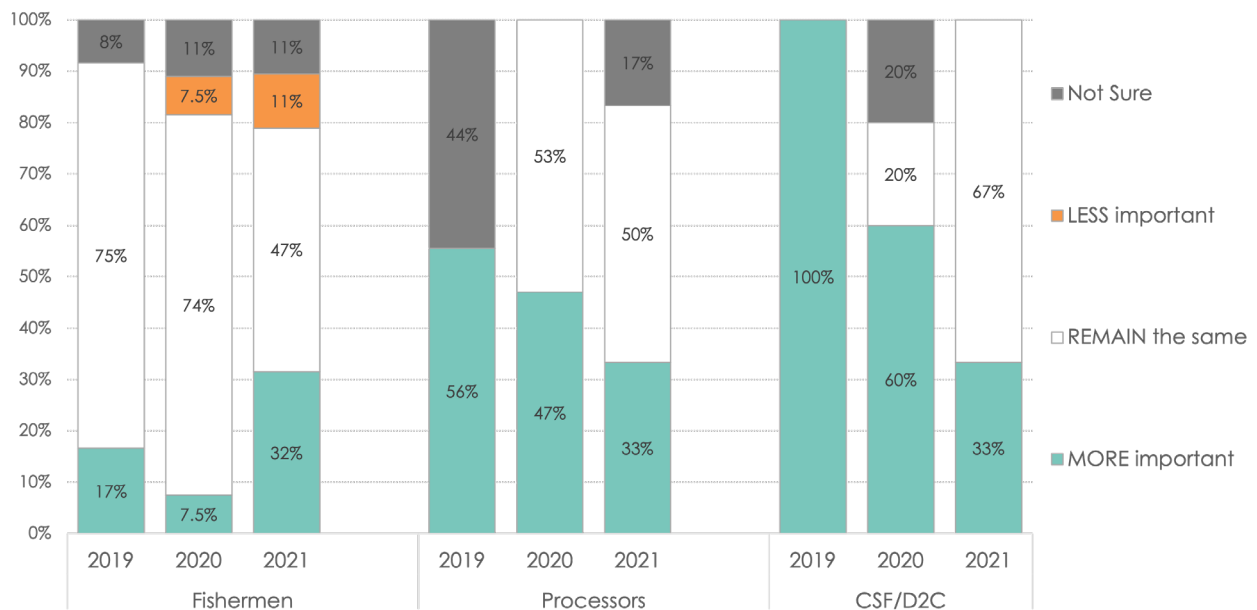
3. RELATIVE IMPORTANCE OF WEST COAST GROUND FISH

Our survey shows that the industry is expecting the importance of West Coast Groundfish relative to other fisheries they participate in to remain relatively consistent if not grow over the next 12 months. Only 2 respondents expect West Coast Groundfish to become less important to their organizations.

Indeed, compared to the results of our 2020 annual survey, these 2021 results are much more positive regarding the role of West Coast Groundfish to participants' businesses. While in recent years only few fishermen expected the relative importance of West Coast Groundfish to increase (16% in 2019, 7% in 2020) and three quarters of fishermen (75% in 2019, 74% in 2020) expected it to remain the same, this year 32% of fishermen expect groundfish to take on a larger role in their businesses and 47% expect it to remain at the current level. Given that most fishermen do not fully utilize their groundfish quota, there's clearly room for this fishery to increase in economic value by increasing landing volumes.

Similarly, one third of processors and CSF/C2D organizations expect groundfish to become more important to their overall organizations, while the majority expects this fishery to hold a similar importance in their overall species mix. Compared to previous years, these are less optimistic numbers for groundfish coming from processors and CSFs. For those processors and CSFs expecting no change, it may simply be an expectation of consistent performance. Or it may be indicative of factors constraining their output, such as a shortage of labor or equipment capacity that precludes the growth of groundfish volumes. Or indeed, they may not see more market demand. Conversely, those processors predicting positive change may expect the US market to demand more domestic and less imported product in 2022, as a result of the pandemic and current international supply chain and logistics challenges.

Q3: What is your expectation of the relative importance of West Coast Groundfish to your organization over the next 12 months? I expect...





4. PRODUCTION FACTORS: EMPLOYMENT

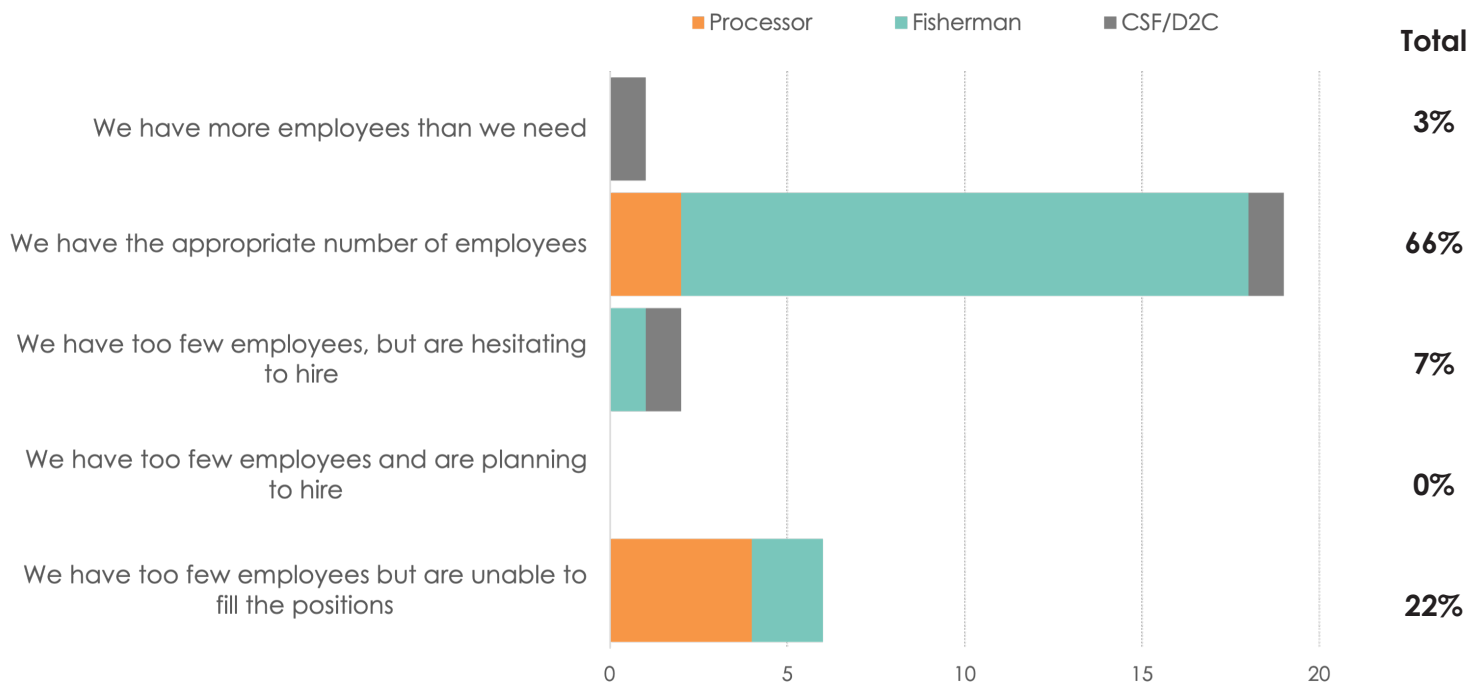
With a closer look at key operational input factors we can get a sense of how much room for growth there is in the system or identify systemic bottlenecks that could restrict growth of the West Coast Groundfish sector.

84% of fishermen currently feel they have the appropriate number of employees, and only 3 out of 19 surveyed (16%) feel understaffed but are either hesitating to hire or can't fill the positions. Conversely, the picture for CSFs/C2Ds has no clear pattern and can only be attributed to their organizations' current individual situations.

Processors on the other hand feel understaffed and are all planning to hire more people for their West Coast Groundfish operations. Worryingly, two thirds (66.7%) of surveyed processors say that they are trying to hire but are unable to fill the positions (qualitative commentary clarified that this is mainly about filleters), making labor availability a key bottleneck for growth in the industry.

These findings are consistent with previous years, both in direction and amplitude, and suggest that these processing labor shortages could be structural long-term issues for the industry, and not just temporary shortages.

Q4: Employment - Given current conditions, how would you characterize your overall staffing situation relative to your needs?





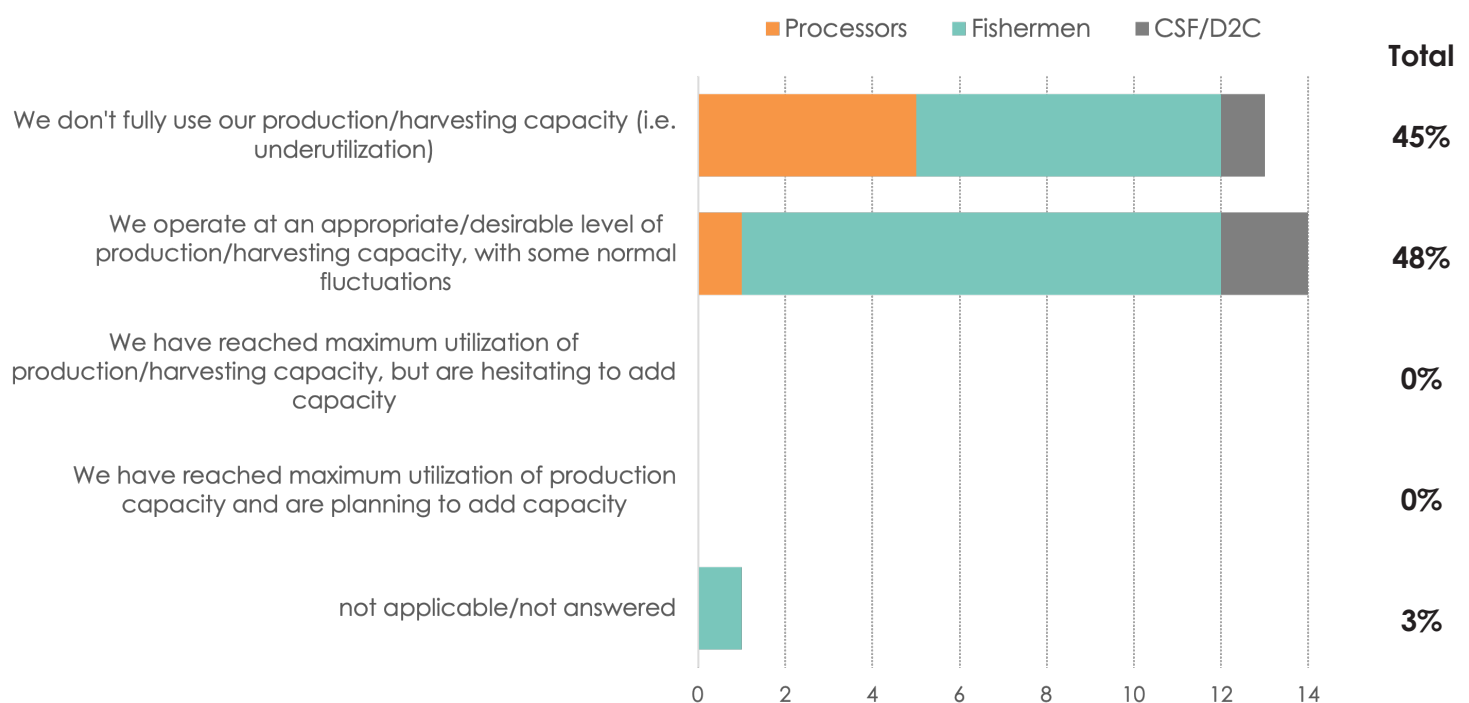
5. PRODUCTION FACTORS: EQUIPMENT CAPACITY & UTILIZATION

Production capacity or equipment capacity (i.e. machinery, vessel size) is not currently a constraining factor for groundfish production. In fact, this is the first year since this survey's start in 2019, that we see absolutely no indication of equipment capacity constraints, neither for fishermen nor processors. This is also the first time we have seen "appropriate/desirable production capacity" as the number one answer, suggesting that the industry is adjusting and is finding its sweet spot for equipment utilization.

However, equipment underutilization is nonetheless a major theme this year. 83% of processors and 37% of fishermen say that they don't fully use their equipment's production capacity (i.e. underutilization), and thus have room for growth without needing to invest in equipment. We have seen a change here in recent years – in 2019 many processors had reached maximum equipment capacity while also facing labor shortages and were thus planning on adding more automated machinery for processing operations. These investments may have been made and created the additional production capacity that we now see reflected in this year's numbers.

Overall, this paints a picture of there being plenty of fishing and processing equipment capacity in the system and that we shouldn't expect that to increase substantially over the coming 12 months. However, this does not appear to align with fishermen's and processors' expectations to be increasing their equipment investment levels over the next 12 months from Question 2.

Q5: Production Capacity/equipment - Given current conditions, how would you characterize your overall production capacity situation relative to demand for your product?



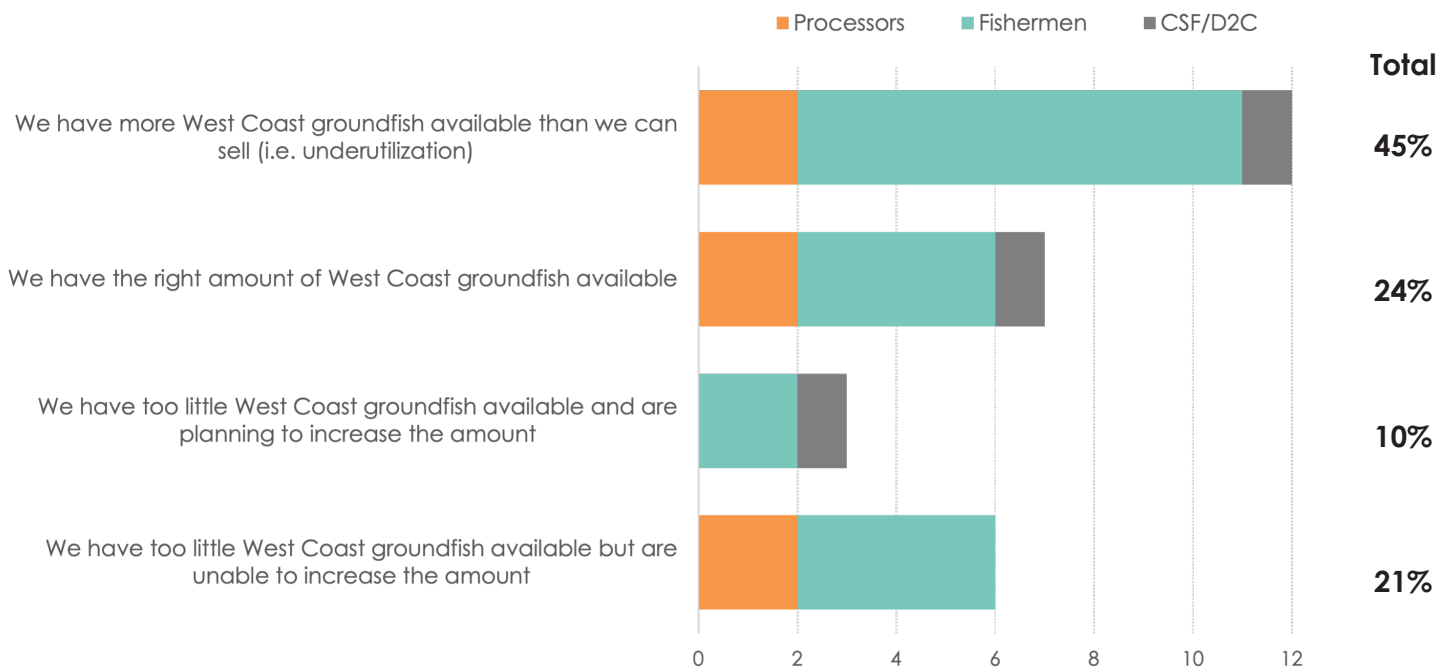


6. PRODUCTION FACTORS: GROUNDFISH AVAILABILITY & ACCESS

Finally, we looked closer at participants' perceived availability or access to West Coast Groundfish relative to demand for these species. 41% of survey participants (47% of fishermen and 33% of processors) believe they have more access and availability of West Coast Groundfish than demand for it and are thus in a state of quota underutilization. In effect, they believe they couldn't sell more even if they had more available to them. Underutilization has been an issue for the West Coast Groundfish fishery for many years now, and it continues to be so. However, this year's level of 41% (of those underutilizing) is the lowest we have seen yet, while those feeling they have the appropriate amount of fish available is the highest yet. This may offer a glimmer of hope that things are moving in the right direction.

Conversely, 31% of respondents actually feel they currently have too little access to West Coast Groundfish and want to get more. But approximately two thirds of those wanting more fish are unable to get more. So, 21% of respondents (21% of fishermen, 33% of processors) have growth bottlenecks due to a lack of available quota or fish coming to them. Qualitative commentary by processors added that often it's not an overall lack of fish availability, but the timing and consistency of fish availability that present the greatest challenges to their ability of meet demand.

Q6: Fish Availability - Given current conditions, how would you characterize your overall availability/access to West Coast Groundfish relative to demand?





7. KEY CHALLENGES

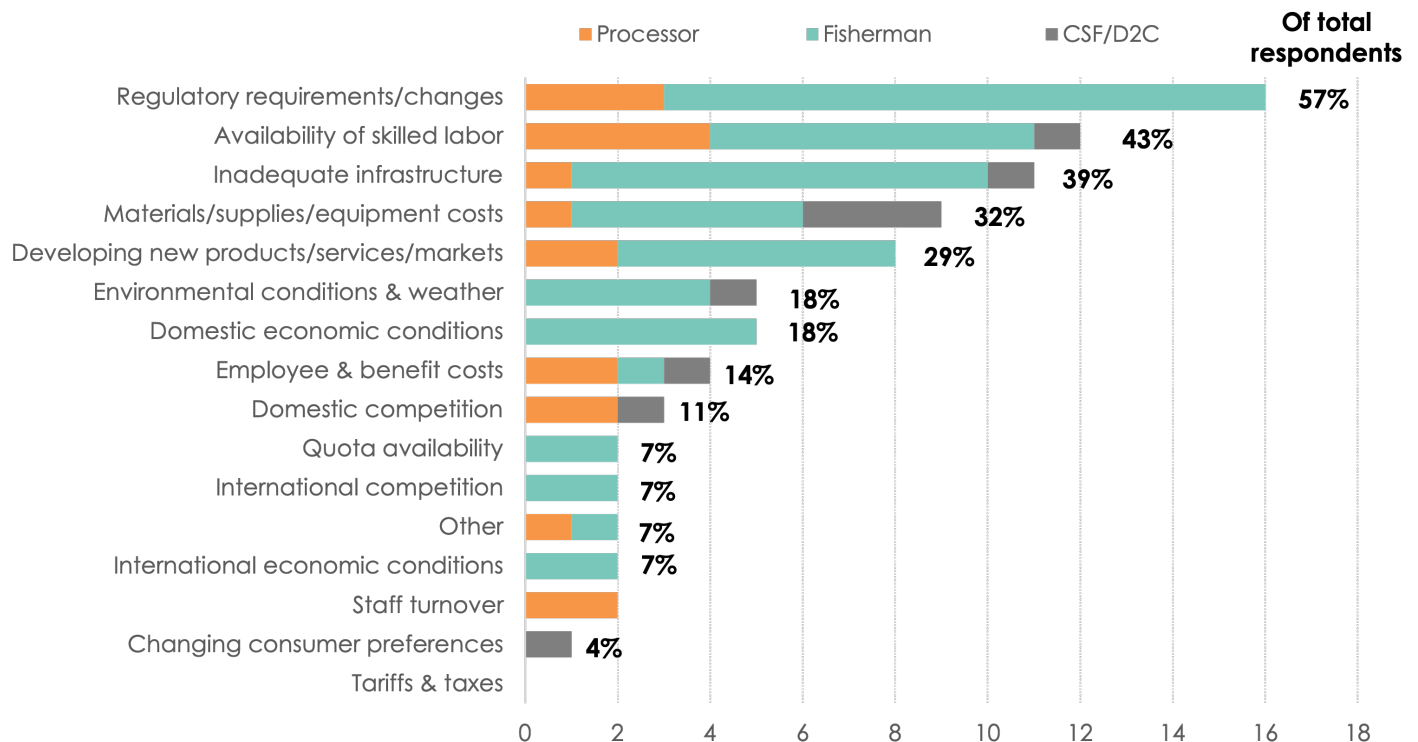
Question 7 of this survey asked participants to identify the top 3 areas that currently present the greatest challenges to their businesses.

Across all participants the 3 leading challenge areas are: Regulatory requirements and changes (57%), availability of skilled labor (43%) and inadequate infrastructure (39%), which are the same 3 leading factors, in the exact same order, as in our pre-pandemic 2019 survey. Despite the turbulent changes in recent years, the wider policy-driven factors, such as regulations, quotas, infrastructure and sheer availability of labor (which relies on temporary work visas) continue to present the greatest challenges to the West Coast Groundfish industry.

Conversely, the 2020 survey showed domestic economic conditions take the first spot (55%), when pre-pandemic it hadn't even registered. This factor has now dropped back to 7th place. We see the impact of economic recovery in the fact that external market factors such as domestic economic conditions (18%), international economic conditions (7%), domestic (11%) or international competition (7%), changing consumer preferences (7%), or tariffs and taxes (0%) are of comparatively low concern at the moment.

However, we do see inflationary cost pressures such as materials/supplies/equipment costs (32%) or employee costs (14%) rising to their highest rankings yet. This aligns with respondents' expectations of increases in input costs in Question 2.

Q7: Please indicate the top 3 challenges for your business.





Finally, the development of new products and markets has risen to its highest position yet, even higher than 2020 (19%) when the foodservice market contracted significantly. This year, 29% of participants rate developing new markets for this underutilized fishery among the top 3 challenges in their business. This is a sign of a more permanent shift in markets, along with increasing quotas, and highlights the urgent need for demand and market development efforts.

Results by Participant Group

Looking at results broken down by participant group reveals some interesting granularity. We see some agreement between fishermen and processors – both rank concerns about changing regulations, availability of skilled labor and development of new markets/products in their top 4.

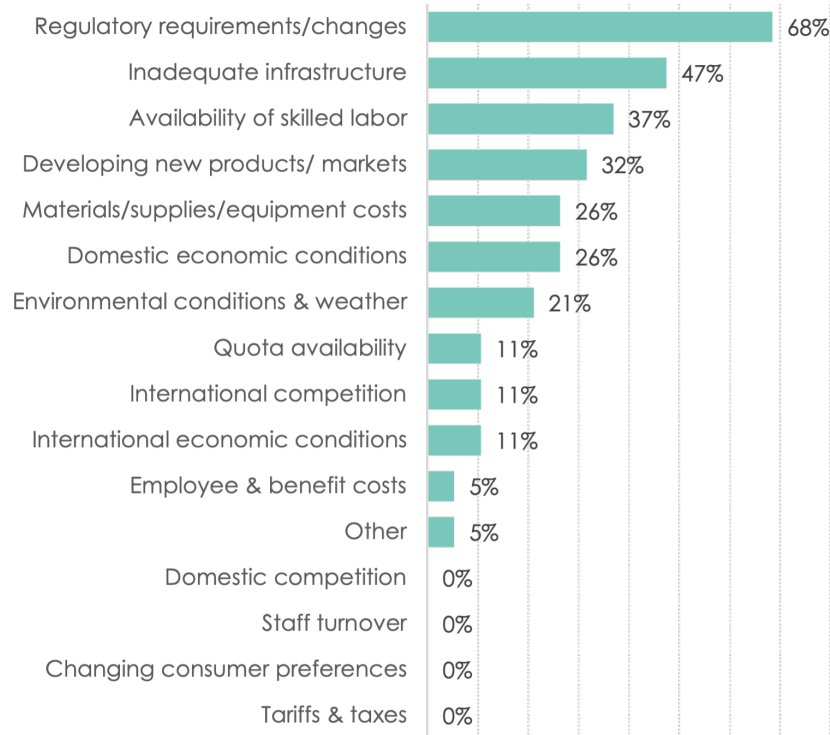
However, fishermen are far more concerned about inadequate infrastructure and materials/supplies/equipment costs, domestic economic conditions, as well as environmental conditions/weather than processors. Whereas processors are more concerned about labor and domestic competition than fishermen.

In fact, Question 7 makes it clear just how big of a concern labor is for processors. The availability of skilled labor is currently their number one concern, while employee costs as well as staff turnover made the list for 33% of processors respectively. There are some processor respondents whose top 3 answers were all labor-related.

Interestingly, the need for new products/market development has shot into the top 4 for both fishermen and processors, a markedly big jump for groups compared to previous surveys. This shared interest might be an area of collaboration between fishermen and processors going forward. Arguably though, as long as big policy challenges around regulation, infrastructure and quota remain as pertinent as they are today, fishermen and processors may not have the headspace, flexibility or ability to develop new markets and products, and take on the domestic or international competition more effectively.



Q7: Please indicate the top 3 challenges for your business.



Q7: Please indicate the top 3 challenges for your business.





8. COVID IMPACTS

Finally, in Question 8 we asked respondents in an open-ended question to describe their expectations of the pandemic's effects on their businesses over the next 12 months. Responses for this question were diverse, reflective of individual circumstance and beliefs about the pandemic. However, overall, the responses were 36% optimistic, 18% neutral, and 46% pessimistic, which is a lot more positive than in last year's survey when 90% of responses were pessimistic.

Fishermen had slightly more pessimistic views in aggregate compared to processors or CSF/ C2D businesses. The most common concern of fishermen (4 out of 19) is for fish plants to shut down or reduce their capacity due to Covid outbreaks, which could cost them valuable fishing trips. Another 4 fishermen are mainly concerned about potential restaurant closures and the disappearance of restaurant demand for groundfish. And one fisherman is most concerned about the lack of science during the Covid-19 pandemic. They explain that the pause on stock assessments increases the level of uncertainty in stock levels which, they predict, will have a negative impact for the whole fishery in future.

Conversely, 4 fishermen expect Covid impacts to be roughly the same in 2022 as in 2021. Another 4 expect not much impact from Covid at all in 2022, and simply see it as a new reality we live with and have to continue business as usual. Finally, 2 fishermen actually see positive opportunity in Covid, mentioning rising prices, more demand for local seafood versus imported products, and an opportunity to develop their own direct-to-consumer business.

Processors are also split in their views. One expects continued global shipping issues, labor constraints and inflation caused or exacerbated by the pandemic. Another sees the lack of skilled labor constraining their ability to go after new opportunities and having to focus solely on a few core business lines. While others now see more opportunity for local products to win against imported seafood.

Finally, CSF/C2D businesses continue to expect little to no impact or positive impacts from the pandemic. Overall, the pandemic has brought a boon for their business models, and they see no reason for this to slow down in 2022.



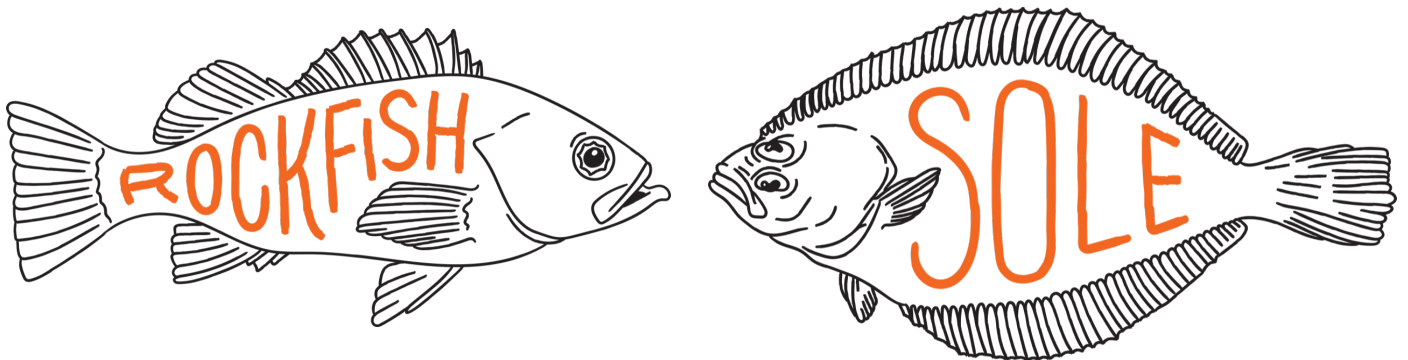
CONCLUSION

This survey paints a picture of renewed optimism as the industry recovers and adjusts to the impacts of the Covid-19 pandemic. This year's survey is notably more optimistic compared to the 2020 survey across all indicators and all respondent groups, and in some respects is even more optimistic than pre-pandemic surveys.

Processors and Community-Supported Fisheries or Direct-to-Consumer businesses, in particular, appear confident about the future of this fishery again. They are looking to invest in its growth and are more confident about its role in their company portfolios once more. We see a greater diversity of views among fishermen – some are very optimistic while some remain pessimistic about their ability to make a better living in 2022 compared to previous years.

By and large, the conditions for industry growth are met: There is un-used West Coast Groundfish quota, there is un-used equipment capacity both on the harvesting and processing side, as well as increased readiness and willingness to invest in this fishery. The greatest bottleneck constraining growth for this industry is a persistent lack of skilled processing labor, which is restricting processors' output, drives up their recruitment and labor costs, and is increasingly pushing processors to invest in more automation and equipment.

As the impacts of the pandemic-related shutdowns ease, we've seen the industry shift from being most concerned about the wider economy and restaurant markets disappearing in 2020, back to worrying about factors like regulations, inadequate infrastructure, and lack of skilled labor, as well as inflation hitting their bottom line. And as such, the West Coast Groundfish industry reflects the broader economic realities at the end of 2021.





2021 West Coast Groundfish Industry Economic Outlook Survey

State of operation

CA OR WA

Type of Organization

- Groundfish Fisherman
- Groundfish Processor
- Groundfish CSF/C2D
- Groundfish CPG

Size of Organization

- 1-4 employees
- 5-10 employees
- 11-50 employees
- 51-250 employees
- 251+ employees

Your Position

- Captain/Skipper
- CEO/Owner
- General Manager
- Head of Sales/Distr./Marketing
- Head of Production/Plant Mngr

1. Please select the rating that best describes your view of the economic outlook for the next 12 months (compared to the most recent 12 months). Choose 1 per row.

	significantly WORSE	somewhat WORSE	approx. the SAME	somewhat IMPROVED	significantly IMPROVED	Not sure
US Seafood Industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
West Coast Groundfish Industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your Organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Please indicate your view of the probable change over the next 12 months (vs most recent 12 months) for your organization, for the following indicators, as it relates to WC Groundfish.

	DECLINE significantly	DECLINE somewhat	REMAIN the same	INCREASE somewhat	INCREASE significantly	Not sure/ Not applicable
Revenue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Volume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Input Costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Profit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cost per Employee (Wages, Recruitment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment - IT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment - Marketing & Sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment – R&D	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



3. What is your expectation of the relative importance of West Coast groundfish to your organization over the next 12 months? I expect...

- West Coast Groundfish will become MORE important to my organization
- West Coast Groundfish will become LESS important to my organization
- West Coast Groundfish will REMAIN as important to my organization as it is now
- Not sure

4. Employment: Given current conditions, how would you characterize your overall staffing situation relative to your needs (i.e., do you have excess capacity or are you stretched)?

- We have more employees than we need
- We have the appropriate number of employees
- We have too few employees, but are hesitating to hire
- We have too few employees and are planning to hire
- We have too few employees but are unable to fill positions

5. Production Capacity: Given current conditions, how would you characterize your overall production/harvesting capacity situation relative to demand for your product?

- We don't fully use our production/harvesting capacity (i.e. underutilization)
- We operate at the appropriate level of production/harvesting capacity utilization
- We have reached maximum capacity utilization, but are hesitating to add capacity
- We have reached maximum capacity and are planning to add capacity

6. Availability of Groundfish: Given current conditions, how would you characterize your overall availability/access to West Coast groundfish relative to demand?

- We have more West Coast groundfish available than we can sell (i.e. underutilization)
- We have the right amount of West Coast groundfish available to us
- We have too little West Coast groundfish available and are planning to increase the amount
- We have too little West Coast groundfish available but are unable to increase the amount

7. Please indicate the top 3 challenges for your organization at the moment. Choose 3.

- | | |
|-------------------------------------------------------------|------------------------------------------------------------|
| <input type="checkbox"/> Regulatory requirements/ changes | <input type="checkbox"/> Domestic economic conditions |
| <input type="checkbox"/> Quota availability | <input type="checkbox"/> International economic conditions |
| <input type="checkbox"/> Environmental conditions & weather | <input type="checkbox"/> Tariffs & taxes |
| <input type="checkbox"/> Materials/supplies/equipment costs | <input type="checkbox"/> Domestic competition |
| <input type="checkbox"/> Inadequate infrastructure | <input type="checkbox"/> International competition |
| <input type="checkbox"/> Availability of skilled labor | <input type="checkbox"/> Developing new markets/products |
| <input type="checkbox"/> Employee costs | <input type="checkbox"/> Changing consumer preferences |
| <input type="checkbox"/> Staff turnover | <input type="checkbox"/> Other _____ |

8. What impact do you foresee the Covid-19 pandemic to have on your organization over the coming 12 months? _____

9. Please provide any commentary and contextual information about your previous answers. (optional) _____

10. Please provide your name for potential follow-up questions. (optional) _____



ABOUT POSITIVELY GROUND FISH

Positively Groundfish is a non-profit organization (501c6) that was incorporated in April 2018, but it represents a fishery that has been around for generations and that was once the economic and cultural backbone of coastal communities along the West Coast. The story of the West Coast Groundfish fishery has all the elements of a classic tale of success, downfall, and redemption; and Positively Groundfish was formed to give it its happily-ever-after. West Coast Groundfish faced ecological collapse and was declared a federal economic disaster in 2000, but, thanks to comprehensive sustainability measures, has since experienced a remarkable recovery and is now considered “the ecological comeback story of the century” (quote: NOAA) and a posterchild for what sustainable fisheries management can achieve. However, more work is needed to also make it an economic success story, to communicate this hopeful story to the public, and make West Coast Groundfish a truly compelling case study that can persuade other fisheries around the world to adopt better practices. That is the work of Positively Groundfish.

Positively Groundfish was formed as a collaborative multi-stakeholder initiative by a collective of environmental non-profits, fishermen associations, seafood processors and academia that have partnered with a shared vision for a healthy and vibrant fishery. Positively Groundfish's stated mission is to tell the positive story of sustainable underutilized West Coast Groundfish to cultivate public appreciation and support the long-term economic success of local fishing communities. It is spreading a message of hope and positive responsible engagement with our ecosystems in which ecological and economic goals go hand-in-hand.

To learn more visit www.positivelygroundfish.org.

2021

www.positivelygroundfish.org