

Northern Economics The First Twenty Years

This year Northern Economics celebrates 20 years of providing expert economic analysis to clients throughout Alaska, as well as nationally and internationally.

Founded by President Pat Burden in 1982, Northern Economics has as its purpose the simple statement:

"To Help Society Make Better Decisions."

Our economists do that by providing clients with the highest quality economic analysis. Our belief is that the best path to a good decision is the ability to make an informed decision.

A few highlights of Northern Economics' past 20 years include:

- An analysis of the positive socioeconomic effects related to the Red Dog Mine and DeLong Mountain marine terminal for the Alaska Industrial Development and Export Authority (AIDEA)
- An evaluation of potential socioeconomic impacts of construction of alternative northern and southern gas pipeline routes for the North American Natural Gas Producers Group
- Multiple studies for the development of Alaska's fisheries. This issue's feature article details one recent study.

SWAMC Steller Sea Lion Protection Measures

In December 2000 the U.S. Congress gave the Southwest Alaska Municipal Conference (SWAMC) the daunting task of distributing \$30,000,000 to participants in the groundfish fisheries in compensation for damages resulting from federal actions to protect Steller sea lions (SSL). SWAMC teamed with Northern

Economics to develop an assessment of damages to communities, processors, vessel owners and employees. With the report from Northern Economics as a guide, SWAMC has developed a distribution plan.



All fishing has been banned within 10 miles or more of Steller Sea Lion Haulouts

The draft damage report, which may be obtained from SWAMC, indicated that the SSL measures had significant effects on several different groundfish fisheries and affected these fisheries in different ways. These effects can be summarized as follows:

- The Aleutian Islands pollock trawl fishery was eliminated in 1999 and has not reopened.
- Approximately 10 percent of the harvests in the lucrative Bering Sea pollock roe fishery shifted to the non-roe season, and fishing vessels were forced to operate outside their normal areas, creating higher costs and affecting catch rates.
- The Western and Central Gulf of Alaska pollock fisheries were affected not only by the court-ordered injunction

in 2000, but also by the establishment of pollock Total Allowable Catch (TAC) in the Shelikof Strait Conservation Area, which had the effect of redistributing the TAC to the east, thereby altering the distribution of harvests.

- Trawl restrictions in Steller sea lion critical habitat and the 2000 injunction had significant impacts on the Atka mackerel fishery, as this fishery is prosecuted primarily in sea lion critical habitat in the Aleutian Islands. The closure of areas to trawl fishing forced vessels targeting Atka mackerel to move

to alternate fishing grounds. The high levels of rockfish bycatch in these new fishing areas shut the fishery before most of the TAC could be harvested.

- The shallow water flatfish fishery had successfully limited bycatch on their traditional fishing grounds. However, the 2000 injunction forced these fishers to areas where they had not previously targeted shallow water flatfish. Although bycatch rates remained low, the fishery

NEXT ISSUE

In the next Briefings we will be highlighting Input-Output Analysis. What is it? What is it used for? How can it help you?



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closed at the season's end with a significant portion of the TAC unharvested.

Overall, it is estimated that groundfish fishery participants experienced at least \$103.5 million in lost gross revenues in 1999 and 2000 combined, as the result of federal actions to protect Steller sea lions. The distribution of these economic losses across fisheries is shown in the table below. It is important to note that these various economic losses are

overlapping, as a portion of the revenue of processors goes to pay for the fish landed by catcher vessels. For this reason, the losses cannot be added together; to do so would result in double counting. In addition to the losses shown in the table are lost revenues to communities from foregone fish and sales taxes. It should be noted that the SSL measures also resulted in higher operating costs in groundfish fisheries; however, no data are available to provide reliable estimates of these additional costs.

Estimated Gross Revenue Losses Experienced by Various Fisheries as a Result of SSL Measures

Fishery and Time Frame	Gross Revenue Losses (\$Millions)	
	Processors	Catcher Vessels
Aleutian Islands pollock fishery, 1999 and 2000	39.1	6.2
Aleutian Islands Atka mackerel fishery, 1999 and 2000	10.1	0.0
Bering Sea pollock fishery, 1999 and 2000	37.2	5.5
Western and Central Gulf pollock fishery, 2000	16.3	6.2
GOA Shallow-water flatfish fishery, 2000	0.7	0.3
Total for all fisheries	103.5	18.2

Bristol Bay Salmon Fishery Restructuring

Northern Economics is participating in the Bristol Bay Salmon Fishery Restructuring Study, which is funded by the Bristol Bay Economic Development Corporation. The study is scheduled for completion by the end of 2002 and will take a comprehensive look at potential Bristol Bay salmon fishery restructuring options and their implications for the fishery. Options include modifying regulations to improve efficiency, effort consolidation including permit buybacks, and methods to reduce or eliminate the race for fish. The analysis will also review existing fishery conditions, infrastructure needs including ice making, and potential improvements in marketing. Please see the study website for more information. (<http://www.bbsalmon.com>)

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