



March 20, 2020

OREGON'S SEAFOOD INFRASTRUCTURE

Immediate Needs to Support Government Efforts to Contain COVID-19

COVID-19 Response Impacts to Oregon's Seafood Infrastructure

- Unprecedented public health measures have caused significant economic disruptions uniquely affecting domestic food producers and distributors (i.e., the “domestic seafood supply chain”)
- Forced restaurant closures and active encouragement for Americans to “shelter in place” at home have decimated food service demand virtually overnight (70% plus drop in some markets)
- Food service tends to purchase higher-margin, U.S.-sourced products such as Oregon Dungeness crab, cold water shrimp, and other fresh, wild-caught products
 - Retail (i.e. grocer) demand has shifted to staples such as chicken, red meat, and frozen imports
- Without customers, restaurants cannot pay distributors, distributors cannot pay processors, and processors cannot pay producers (both wild harvest and farm)

Options to Preserve Food Infrastructure, Protect Jobs, and Ensure Continued Seafood Production

- NEED: Immediate operating liquidity to maintain viability of Oregon seafood supply chain
- Options:
 - Dollar-for-dollar grant programs to fund account receivable losses from food service impacts
 - POTENTIAL VEHICLE: Fund for Severely Distressed Sectors of the Oregon Economy
 - Government purchase of domestically produced and processed food products
 - POTENTIAL VEHICLES: Mandating purchases from Oregon business for food assistance programs within the State, including meals for those who receive free and reduced lunch.
 - Delay implementation of the CAT Tax
 - Temporary Payroll Tax abatement
 - Temporary suspension of Unemployment Tax obligations
 - Direct stimulus for domestic food producers (those producing and processing Oregon products)

Scale of Assistance

- Relief options must be targeted to both smaller, privately held employers impacted by immediate market disruptions AND larger employers who are better positioned to invest in and preserve the critical food infrastructure needed to ensure resilience to likely future disruptions
- Loans, loan guarantees, and other such debt-oriented proposals are not appropriate options due to:
 - The unknown duration/extent of disruption in connection with the rapidly evolving situation
 - The fact that further leveraging employers which only will deepen and prolong financial impacts, creating further strain on domestic food infrastructure

Oregon Commercial Fishing Industry Economic Contributions

- Oregon's Commercial Fishing Industry is vital to the long-term viability of the coastal economy
 - More than 6,848 jobs statewide (\$356.2 million in labor income) (2017)
 - \$697.9 Million in total economic output (2017)
 - 10% of net earnings on the Oregon Coast (as high as 20% in some areas), and
 - \$62.9 million in traded sector activity (exports to foreign countries) (2017)
- Pacific Seafood pays more than \$61.94 Million in payroll and benefits to Oregon team members (2018)
- Continued COVID-19 response efforts threaten the economic viability of Oregon's seafood infrastructure, which provides significant social and economic value to the State