

# WASHINGTON STATE MARITIME CLUSTER



## Economic Impact Study

November 2013



Economic Development Council  
of Seattle and King County

prepared for



with support from



prepared by



## **EXECUTIVE SUMMARY**

### **Cluster Overview**

Washington State's Maritime industry is rooted in the State's rich history of timber production, its location as a trade hub, and its proximity to some of the world's most productive fisheries. The Maritime Cluster includes core sectors Passenger Water Transportation; Ship and Boat Building; Maintenance and Repair; Maritime Logistics and Shipping; Fishing and Seafood Processing; and Military and Federal Operations. Companies in the cluster range from owner-operated boatbuilding firms, to Fortune 500 global logistics companies employing thousands in Washington and elsewhere.

Ship and Boat Building, Maintenance and Repair, Fishing and Seafood Processing, and Maritime Logistics and Shipping are the oldest and most established sectors in the state. The region's competitive advantage in both sectors stems from Washington's geographical location. As a trading hub linking the rest of the U.S. to Alaska, Canada, and Asia, Washington's Maritime Logistics and Shipping sector moves goods across the globe efficiently. Additionally, Washington's natural resources have supported the success of Washington's economy throughout the history of the State.

Despite the maturity of the industry, newer areas of the cluster, such as the cruise industry, have only just begun to take advantage of the region's strengths for their businesses. Innovation drives growth in each sector of Washington's Maritime. Research and resource management has transformed Washington and Alaska's fisheries from endangered to some of the best managed in the world. Technological advances have allowed commercial seafood processors to more efficiently use and capitalize total catch of fish – in the words of one company, they now make two fish out of one. Lighter building materials (first aluminum, now composites) have enabled boat and ship builders to construct stronger, cheaper, and safer vessels for their customers.

The Maritime Cluster relies on a robust and concentrated support system to fuel its growth. This includes everything from fueling operations to research, naval architects, marinas, accountants, Maritime lawyers, cold storage, boat dealers, and Public Ports. Maritime Support Services industries facilitate global movement of export goods and maintain and create new distribution channels. Each company in the cluster benefits from the agglomeration of close-by Maritime Support Services firms.

Federal Government spending in the form of contracts to Naval shipyards accounts for much of Ship and Boat Building, Maintenance and Repair in Washington – nearly one quarter of all Maritime jobs in the state are located in Kitsap County, home to Puget Sound Naval Shipyard. The Coast Guard and NOAA have a significant footprint in Washington, and they are substantial buyers of goods and services related to Ship and Boat Building, Maintenance and Repair in Washington.

### **Measures and Impacts**

#### **Direct Impacts**

In 2012 Washington's Maritime Cluster employed more than 57,700 people directly in the state, and was responsible for \$15.2 billion in gross business income in 2012

numerous. Included in this subsector are more than 11,000 civilian jobs at the Puget Sound Naval Shipyards in Bremerton.

### Exhibit E1. Summary of Maritime Impacts, Washington State, 2012

Core Sectors	Employer Establishments	Wages (\$ millions) <sup>1</sup>	Jobs <sup>2</sup>	Gross Business Income (\$millions)
Passenger Water Transportation	130	\$262.8	4,500	\$544.5
Boat and Ship Building, Repair, and Maintenance	150	\$1,163.8	16,500	\$1,489.7
Maritime Support Services	300	\$387.7	4,600	\$864.2
Fishing and Seafood Processing	720	\$1,113.4	15,400	\$8,592.6
Maritime Logistics and Shipping	800	\$1,156.0	16,700	\$3,722.4
<b>Total</b>	<b>2,100</b>	<b>\$4,083.7</b>	<b>57,700</b>	<b>\$15,213.3</b>

Source: Bureau of Labor Statistics (2013), Washington State Employment Security Department (2013), U.S. Department of Labor Bureau of Labor Statistics, U.S. Census (2013). Includes covered private and public jobs, and sole proprietors.

#### Maritime Logistics and Shipping

Maritime Logistics and Shipping includes Port and harbor operations, deep and shallow water goods movement, inland water freight transport, and refrigerated warehousing and storage. This sector includes many support firms and services, such as Maritime construction firms who contract with the Ports, and longshoremen.

#### Fishing and Seafood Products

Fishing and Seafood Products includes commercial and recreational fishermen, seafood processing firms, aquaculture and fish farming, and wholesale and retail seafood markets. Alaska's distant-water commercial fishing fleet is home ported in Puget Sound, and the economic impact of this is very large; the sector is one of the largest single employers in the Maritime Cluster, despite a decline between 1990 and 2000. Since 2000, covered employment in the sector has remained very steady.

#### Maritime Support Services

These services include support for commercial, recreational, and defense-related Maritime, including boat dealers, marinas, fueling and lubricant businesses, to naval architects, engineers, parts suppliers, and construction, to professional services such as attorneys and accountants, and federally-funded support involving NOAA and the Army

<sup>1</sup> Does not include benefits.

<sup>2</sup> Employment contains self-employer data for which the latest year available is 2011. 2012 self-employment estimates are based on a five-year average by sector.