



***Economic Assessment of the
Impacts of Hurricane Katrina
on Mississippi Seafood
Processors and Dealers***



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**Economic Assessment of the Impacts of Hurricane Katrina
on Mississippi Seafood Processors and Dealers**

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INTRODUCTION

An economic assessment of the seafood processors and dealers was undertaken to determine the level of damage sustained as a result of Hurricane Katrina in Mississippi. The devastation by this hurricane had created an urgent and compelling need to complete damage assessments in the affected areas in as short a period as possible. Congress will be developing damage assistance programs for the Gulf region in the near future. An accurate assessment of the damage created by this storm was needed to ensure that federal funds are both adequate and allocated to the appropriate sectors and recipients.

The assessment, to the extent possible, identified all seafood processing plants, seafood dealers and support facilities in the affected areas that existed prior to the hurricanes, identified original physical characteristics and production levels for these operations, and provided an estimate of the cost of rebuilding or repairing the facilities structure and equipment to their pre-hurricane state so that processing of seafood products can resume (Figure 1 and Table 1). Similar economic assessments of the damages on the commercial fishing fleet (Posadas, 2006b), charter boats for hire, marinas and livebait dealers

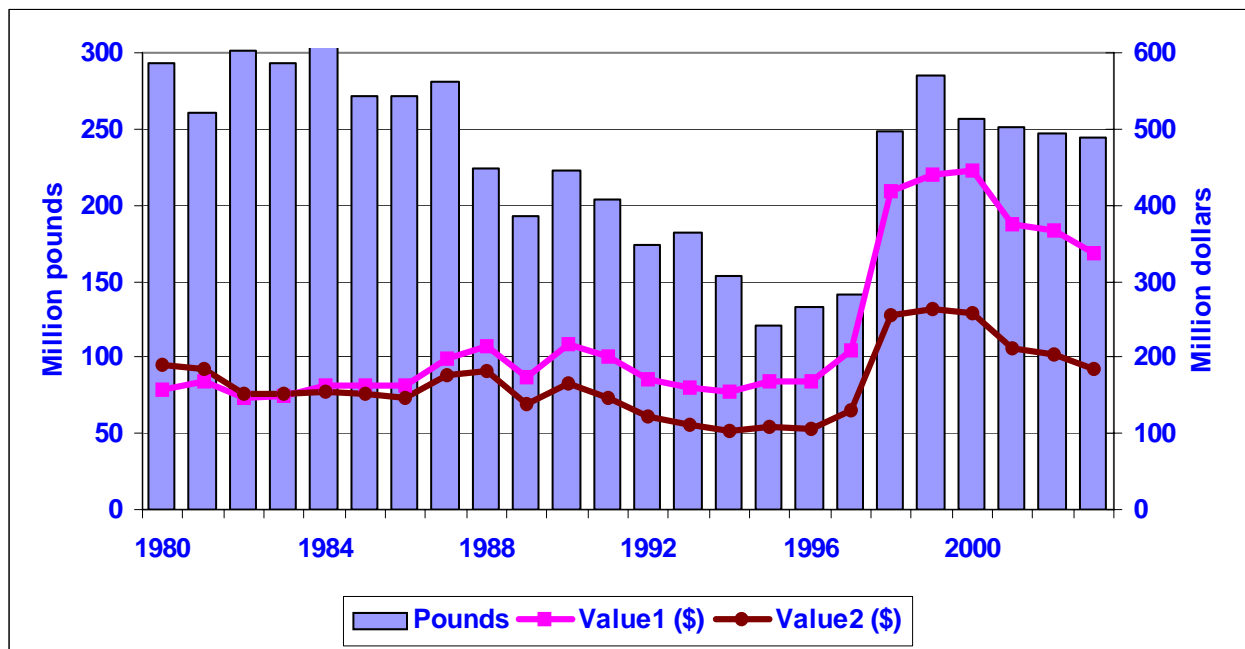


Figure 1. Volume and Plant-gate Values (in current [1] and deflated [2] prices) of Mississippi Seafood Processing Production. Source: National Marine Fisheries Service, personal communication.

(Posadas, 2006c) and recreational boats (Posadas, 2006d) were also conducted. Similar economic assessments were also conducted in Alabama (Chang, et al., 2006), Louisiana (Caffey, et al., 2006) and Florida (Adams and Gregory 2006). With all this information regarding the impacts of hurricanes on the regions' fisheries industry, the role of the federal government during hurricanes had been outlined (Ward, 2006). The damage assessment included the following information about the processing plants, seafood dealers and support facilities:

1. Inventory of facilities that existed at each county.
2. Original capital investment made in the facilities.
3. Estimate of physical damages to the facilities and the dollar value of that damage by county.
4. Estimate of the replacement cost of the capital needed to reestablish the facilities.
5. The level of insurance presently existing for the facilities, the capital debt remaining to be paid off, and whether the plant or some other collateral is used to secure the loan.

Table 1. Plant-gate Values and Number of Workers Employed in Mississippi Seafood Processing Plants		
Category	2003 plant gate values (\$)¹	2003 number of workers¹
Shrimp	73,402,922	503
Oysters	9,181,372	288
Crabs	838,128	78
Finfish ²	254,441,324	1,713
Total	337,863,746	2,582

¹ - National Marine Fisheries Service (2004). Personal communication.

² - These numbers were imputed from the total values and the individual values for shrimp, oysters and crabs, which included foodfish, and other finfish species including menhaden.

The National Marine Fisheries Service and the Mississippi Department of Marine Resources have an urgent and compelling need to immediately assess the damage inflicted on the seafood processors and dealers in Mississippi by the recent hurricane. The adverse social and economic impacts of the hurricane are reduced if recovery is not prolonged. This is accomplished by providing the necessary aid and assistance as quickly as possible. This assessment will aid in identifying critical relief, support, and rebuilding needs to assist the seafood processors and dealers and associated communities in recovering their economic vitality (Figure 1 and Table 1). This assessment is a necessary first step in providing the necessary aid to the affected businesses and communities. Providing the proper levels of assistance in a timely manner will reduce the waste and inefficient use of assistance and, ultimately, reduce the cost to the government and the nation.

There were 69 licensed seafood processing establishments in Mississippi when the hurricane hit the state (Table 2). Majority (82.7%) of the processing plants were located in the three coastal counties, with 49.3% in Harrison County, 20.3% in Jackson County, 13.0% in Hancock County, 4.3% in Pearl River County and the remaining 13.0% in other counties.

A total of 141 seafood dealers were licensed in Mississippi in 2005 (Table 2). More than half (56.1%) were located in the three coastal counties of Hancock (13.5%), Harrison (27.7%), and Jackson (14.9%), 7.8% in Pearl River County and 36.2% were located in other counties.

Table 2. Number of Mississippi Seafood Processing Plants and Dealers				
County	2005 licensed seafood processing plants ¹		2005 licensed seafood dealers ¹	
	Number	Percent	Number	Percent
Hancock	9	13.0%	19	13.5%
Harrison	34	49.3%	39	27.7%
Jackson	14	20.3%	21	14.9%
Pearl River	3	4.3%	11	7.8%
Others	9	13.0%	51	36.2%
Total	69	100.0%	141	100.0%

¹ - Mississippi Department of Marine Resources-Data management Office (2005). Personal communication.

METHODS

Data Collection

The assessment of the impacts of the natural catastrophic events on the state seafood processing plants and dealers covered the following facilities licensed by the Mississippi Department of Marine Resources - Office of Management Operations (DMR-OMO) in 2005: seafood processors - 69 plants; and seafood dealers - 141 houses. For the purpose of this study, the following definitions of seafood establishments are used:

1. Seafood means all oysters, saltwater fish, saltwater shrimp, diamondback terrapin, sea turtle, crabs and all other species of marine or saltwater animal life existing or living in the waters within the territorial jurisdiction of the State of Mississippi (Mississippi Code, 2006a).
2. Seafood wholesaler - any person buying or handling seafood secured from commercial fishermen, or from other wholesale dealers, for the purpose of resale, whether handling on a commission basis or otherwise, and every resident person shipping seafood out of the State of Mississippi on

