

# Processing sales and closures

## How plant changes may affect seafood processing jobs

By DAN ROBINSON and SAM TAPPEN

A wave of seafood processing facilities from False Pass to Ketchikan were either put up for sale or scheduled to close during all or part of 2024, beginning with a press release from Trident Seafoods in early December 2023 and ending with an announcement from OBI Seafoods at the end of January.

Trident announced it was seeking buyers for its processing and related assets in Kodiak, Ketchikan, Petersburg, False Pass, South Naknek, and Chignik. The company will also significantly scale back its winter operations in Kodiak this year.

Peter Pan Seafoods said it would close its King Cove plant for the 2024 “A” pollock season, which runs from January through April.

OBI will not open its summer fish processing plant in Larson Bay, on Kodiak Island, this year but said it would still buy salmon from area harvesters.

recent years, paying more than \$600 million in annual wages. Its importance to the state’s economy is amplified by the market it provides to the tens of thousands of Alaska fishermen working mainly from coastal communities whose economies depend on the seafood industry.

The exhibit below puts the number of jobs that will be affected by the announced changes into the context of the seafood processing industry’s total employment each month. The processing facilities that will be sold or closed, temporarily or permanently, represent about 15 percent of the state’s seafood processing jobs at the yearly peak — typically July — so the potential disruption is not small.

Sales are already in progress for many of the plants — Trident announced in March, for example, that sales are nearly final for its False Pass, Petersburg, and Ketchikan plants — which will mitigate the loss of processing capacity and buyers for the fishing fleet, but it’s clear market forces have created a difficult environment for processors and harvesters.

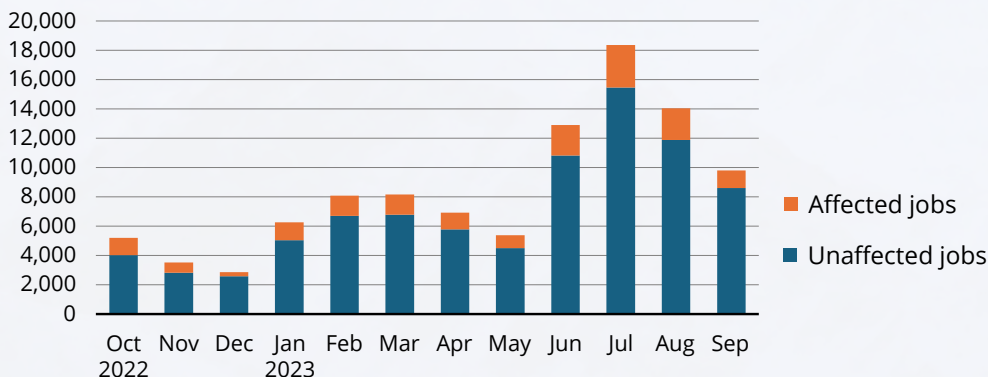
### How much of the processing industry will be affected?

Seafood processing has employed nearly 20,000 people at the yearly salmon processing peak in

### The market forces affecting fish processing in the last few years

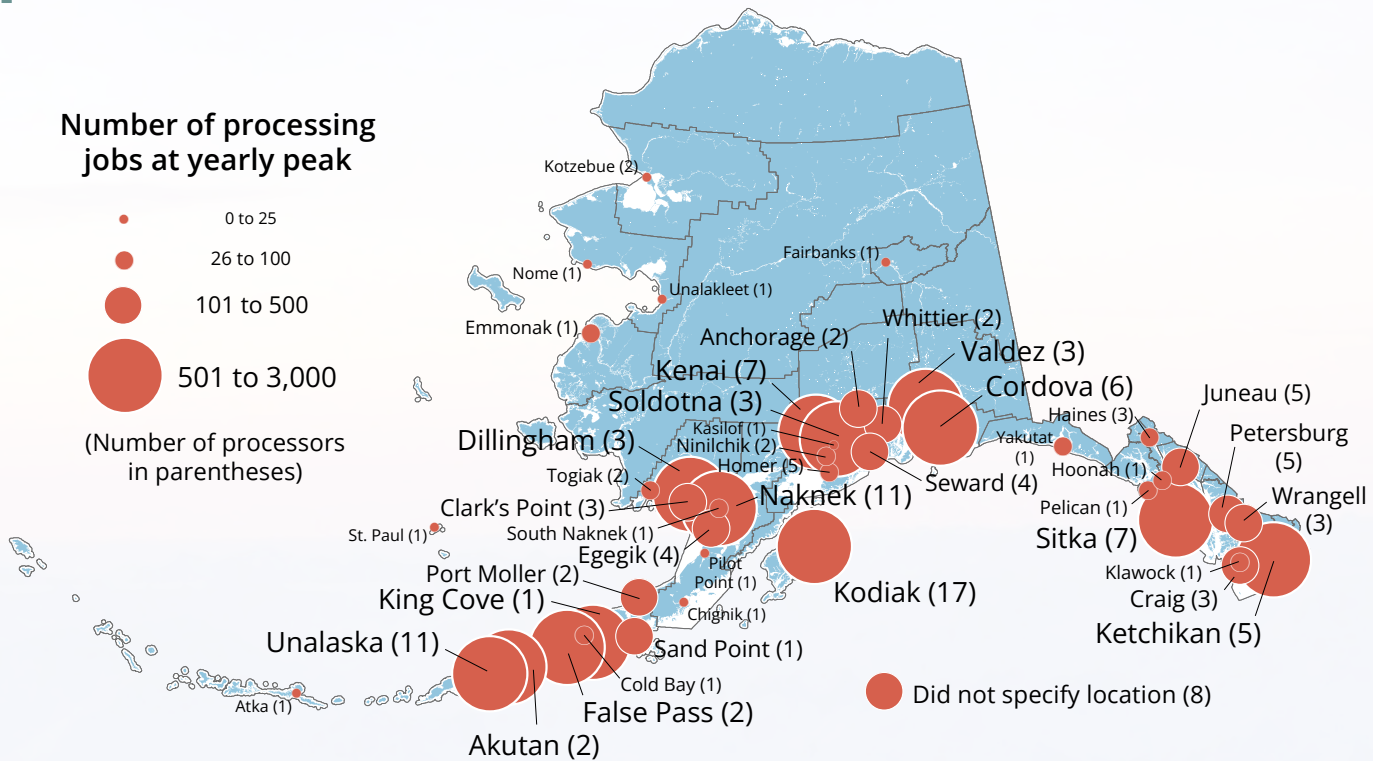
A few months before the announcements, the Alaska Seafood Marketing Institute’s Board of Directors

### How many seafood processing jobs are in affected plants



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# Seafood processing employment and number of facilities by area



**Note:** Based on employment data from fourth quarter 2022 to third quarter 2023. Does not include at-sea processors that largely fish outside Alaska waters.  
**Source:** Alaska Department of Labor and Workforce Development, Research and Analysis Section

identified some of the market forces that have been working against harvesters and processors in Alaska for the last few years.

First, especially large pink salmon harvests in Alaska and much larger harvests in Russia combined with the low value of the Russian ruble have driven salmon prices down. Additionally, the ongoing trade war with China has caused a large drop in U.S. exports to Chinese buyers. The result has been a large increase in supply and a decrease in demand.

Other factors include higher inflation, which has further reduced demand for Alaska seafood in U.S. restaurants and stores, where it's often considered a luxury. Higher interest rates — the result of the Federal Reserve's fight to bring inflation down — have made it harder for processors to secure financing that would allow them to hold more products in inventory while they wait for better market prices.<sup>1</sup>

These combined forces have led to historically low prices paid to fishing crews and processors across multiple species harvested in Alaska.

<sup>1</sup>"Extraordinary Circumstances," *National Fisherman*, Oct. 19, 2023

## Alaska's broad seafood processing infrastructure

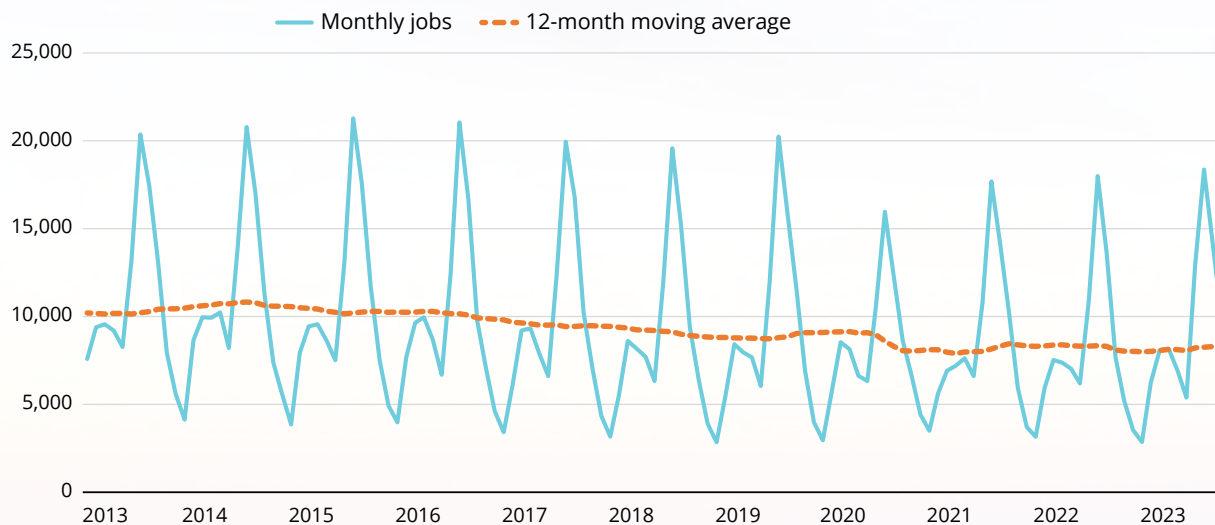
In the most recent year available, 149 facilities reported seafood processing employment, with nearly all located in the Southwest, Gulf Coast, and Southeast regions. This included eight floating processors that didn't report the specific location of their operations. (See the map above.)

Kodiak had the most at 17, partly because Kodiak catches and processes so many types of fish and seafood throughout the year. But like many other areas, Kodiak's peak is tied to the late summer salmon runs.

## Processing jobs were already on a downward trajectory

Some of the disruptions to Alaska's fisheries and seafood processing markets have cropped up in just the last few years — Russia dumping its

## Seafood processing's seasonality and the longer-term downward trend



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

oversupply of salmon into world markets and the trade war with China and consequent drop in demand — but processing employment has been on a downward trend for much of the last decade.

As the chart above shows, by 2019, 2015's summer peak of nearly 21,300 jobs had gradually fallen by about 1,000.

The industry showed relative resilience during the pandemic years, with peak summer employment dropping to just under 16,000 in 2020 and then rebounding to nearly 17,700 jobs in 2021. The rebound continued over the next two years but lost steam. The July peak in 2023 was almost 3,000 jobs below 2015.

Few industries in the world are as seasonal as

seafood processing in Alaska, although fish are processed year-round. The low point is almost always December, at about one-sixth of July's employment level.

Averaging job numbers over the full year gives a better sense of the activity across all types of processing, from salmon, groundfish, and halibut to herring and shellfish. Using that measure, processing employment reached its decade high in 2014 at more than 10,800. As of September 2023, the number was about 8,500.

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