

# Seafood processing's headwinds

## Jobs have trended down long-term but wages rose after 2020

By DAN ROBINSON

Preparing Alaska's seafood for sale to wholesalers and retailers includes everything from sorting, grading, and cleaning to freezing, canning, and packaging. That's the role of Alaska's seafood processing industry, which has struggled in recent years and expects to see at least a few more years of choppy seas.

The profitability of Alaska's fishing and processing depends on a mix of biological and environmental factors, fisheries management, and complicated international commodities markets, but the current challenges for the highest-value harvests are more on the market side. In other words, we have the fish, but selling them profitably has become difficult.

### A mix of industry challenges

The seafood processing sector is in the middle of a shakeup. A handful of Alaska seafood processors were put up for sale or scheduled to close before

or during the 2024 season. In the [April 2024 issue of Trends](#), we detailed how the affected plants employed about 15 percent of all seafood processing workers during the peak month of July.

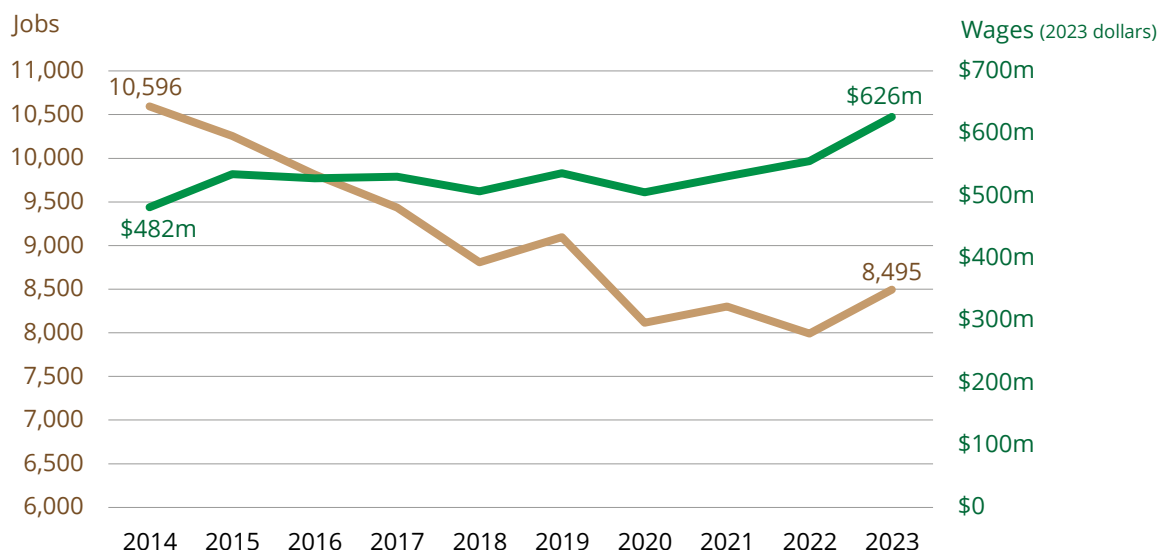
In October 2023, the Alaska Seafood Marketing Institute's Board of Directors summarized the market forces working against Alaska's fishing industry in recent years — both the harvesting and processing sides.

Large Alaska salmon harvests, especially pink salmon, and much larger Russia salmon harvests created extra supply, which pushed prices down. They fell further because of exchange rates; in particular, the low value of the Russian ruble meant Russia could sell salmon and roe at very low prices on international markets.

Another factor is the ongoing trade war with China, which has cut U.S. exports to Chinese buyers.

At the same time, although inflation has eased considerably, high inflation over a few years reduced demand for Alaska seafood in U.S. restaurants,

### Alaska seafood processing jobs and total wages paid, 2014-2023



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

where it's often considered a luxury purchase.

Low dock prices for fish don't necessarily mean the finished product is cheap in a restaurant, where meal prices factor in a range of other costs, such as paying the kitchen and serving staff.

Consumers with tight budgets can also simply decide their money is better spent in other ways, regardless of price.

Many processors and warehouse workers had to hold more products in inventory while waiting out the reduced demand and low market prices. For those looking to borrow money to make that possible, rising interest rates during that period compounded the cost of managing overstock.

## Jobs are down but wages are up

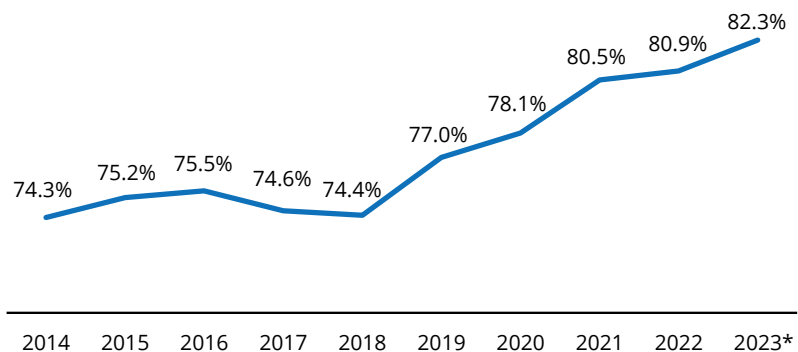
It's still too early to know what all of this means for the 2024 processing season, but employment in the first quarter of 2024 was down 12 percent from the same quarter last year. Preliminary numbers for the second quarter of 2024 show an over-the-year decline of 11 percent.

The most important quarter of the year is always the third, when the bulk of the state's salmon are processed. When those numbers are available in early 2025, we'll have a much better sense of the impact the sales and closures had on processing jobs.

Seafood processing employment has trended downward for the last decade, however, as the exhibit on the previous page shows. Despite a small uptick in 2023, the annualized job count was still more than 2,000 below 2014.

In contrast, total wages paid to workers were flat or rising over the same period. Adjusted for inflation, processing workers earned \$626 million in 2023: a

## Percentage of seafood processing workers in Alaska who were nonresidents, 2014-2023



\*Preliminary

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

\$144.6 million increase since 2014.

Falling job numbers and higher overall wages mean the average worker's wages have also increased. Average monthly wages for fish processing workers rose 60.6 percent in nine years, from about \$3,800 in 2014 to \$6,100 in 2023.

## A low base hourly wage tells only part of the story

Despite the substantial increase in total wages, the base hourly rates for seafood processing workers have long been among the lowest in the state with a median of \$17.08 in 2023 for "meat, poultry, and fish cutters and trimmers," one of the largest processing occupations.

However, the industry also employs supervisors, plant operators, tenders, and machine operators who earn much more per hour than the line-level workers.

Despite the COVID disruptions, processors still transported a massive number of people to Alaska in 2020 to do the work.

Overtime and bonuses are also common for seafood processing work at all levels, which raises total monthly take-home pay, often considerably. Despite the low hourly wages for many seafood processing workers, their overall average monthly wage in 2023 was \$6,100, now above the statewide average of \$5,700 for all workers.

## The effects of the labor shortage

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It may seem counterintuitive for an industry struggling to make money to pay such big wage increases. One reason is the difficulty U.S. employers, and Alaska employers in particular, have had finding enough workers to fill open positions, something we've written about frequently over the last few years.

A shortage of anything — whether it's oil or eggs or workers — tends to mean you have to pay more to get it. For Alaska employers looking to fill jobs, it can also mean hiring more nonresidents.

No industry in the state relies as heavily on out-of-state workers as seafood processing, where in past years about three out of every four workers came from other states or countries. The percentage has climbed since 2018, topping 82 percent in 2023. (See the graph on the previous page.)

Another hint that the labor shortage is playing an important role in processing workers' wages and availability is that employers in tourism, another highly seasonal industry, have also been hiring a growing percentage of nonresident workers over the last decade. Some tourism job categories hit their highest nonresident percentages in decades last year. Like seafood processing, many tourism jobs tend to pay lower-than-average wages and don't require a significant amount of training or education.

## The role of H-2B visas and international workers

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The H-2B visa program, which seafood processing employers have relied on to varying degrees over the years, allows U.S. employers to bring in foreign nationals to fill certain temporary nonagricultural jobs.

The U.S. Department of Labor's Employment and Training Administration received 43 requests from Alaska employers in federal fiscal year 2023 to hire workers under the H-2B visa program. The employers were certified to hire 825 workers, and 554 were seafood processing worker certifications.

Much can change from year to year with worker visa programs, including the types of visas used. In 2014, only one request was granted to hire workers under the H-2B program, and for just 20 workers.

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