



Alaska's "Other" Manufacturing

The 29 percent outside seafood processing

When taking the temperature of the national economy, we use the health of the manufacturing industry as an important bellwether. However, its effects on Alaska's economic climate are rarely examined, and for good reason. Manufacturing is a major player nationwide, but plays a smaller role in our state.

Despite 30 years of nonstop blows and the recent recession's near-knockout punch to the country's manufacturing sector, the industry still generates 12 percent of the nation's wealth (gross domestic product), and employs 9 percent of the country's wage and salary workforce.

Manufacturing makes up only 4 percent of Alaska's wage and salary employment and represents just 2 percent of our gross state product. And according to the most current economic census,

Alaska is home to the fewest manufacturing companies in the United States.

Seafood processing gets all of the attention when discussing manufacturing in Alaska, because it represents nearly three-quarters of the industry. (See Exhibit 1.) All the manufacturing companies that made the list of Alaska's 100 largest private-sector employers in 2009 were seafood processors. The remaining 29 percent of the industry, or "other manufacturing," deserves a detailed examination despite its diminutive size.

Sector small but diverse

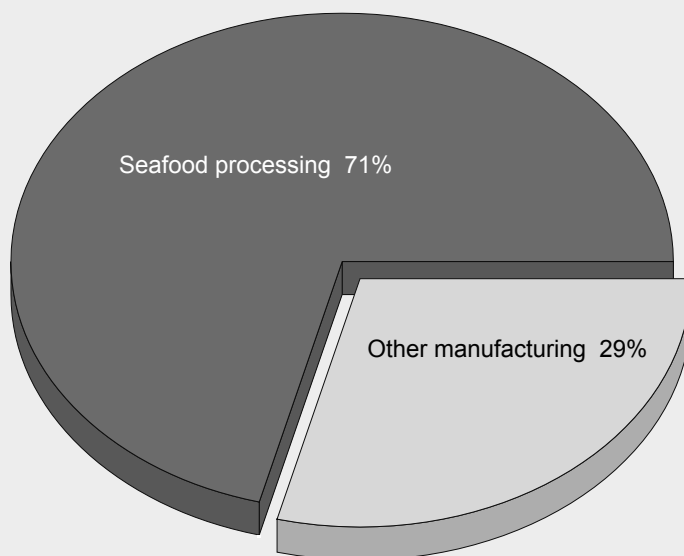
In 2009, there were 3,721 jobs in "other manufacturing" in Alaska, or a little over 1 percent of all the state's wage and salary employment. None of the narrowly defined subcategories generate more than 430 jobs, or 12 percent within "other manufacturing." (See Exhibit 2.)

Only transportation equipment, fabricated metal products, and refineries each create more than 400 jobs — and the remaining groupings quickly get smaller. (See Exhibit 3.) Even among the larger categories, employment is dispersed among an enormous number of employer units. For example, employment in the two largest categories — transportation equipment and fabricated metal products — is spread among 40 and 51 different employers, respectively.

In other words, Alaska's "other manufacturing" is small, the categories within it are small, and firm size is also small. This all adds up to a pocket-size sector that is amazingly diverse.

The other heavyweights in the rest of manufacturing include printers, wood product manufacturers, bakers, and brewers — but no

1 "Other" Manufacturing Employs Few Alaska, 2009



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

candlestick makers. Actually, a few of those might be hidden in the miscellaneous category. In addition, there are smaller producers of furniture, tents, clothing, chemicals, curios, plastics, electronics, knives, ulus, coffee, boats, signs, insulation, and a long list of other goods.

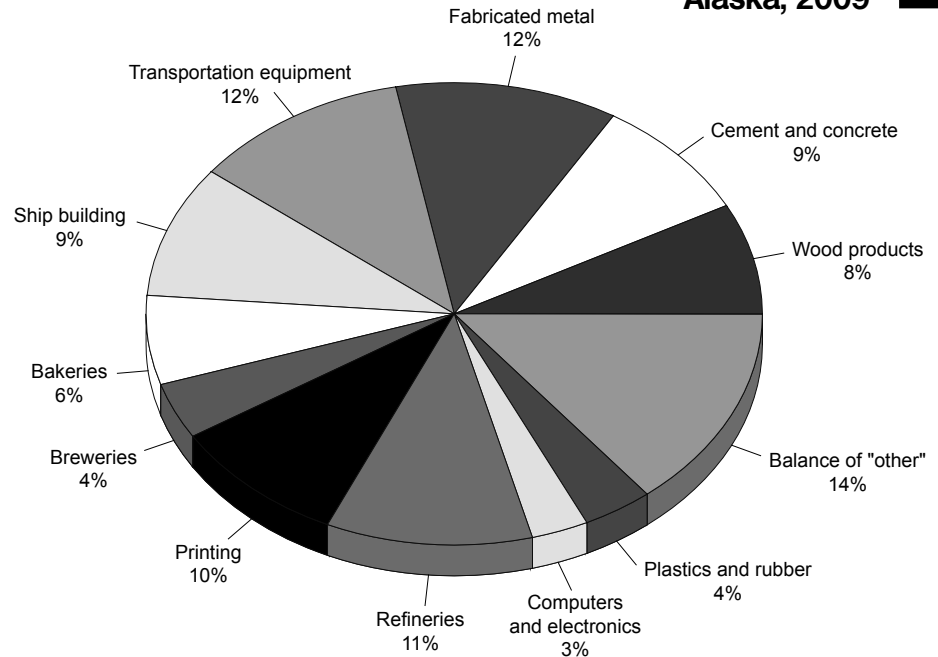
Who and where are they?

Because a majority of these companies are small, few of them have a substantial statewide presence. In 2009, no individual company generated more than 200 jobs on an annual basis.

Exhibit 4 is a list of the 50 largest companies in this industry. There are a few high-profile players: one is Alaskan Brewing Company, whose beer has quenched the thirst of many for nearly 25 years. There are also the state's two largest refineries—Tesoro and Flint Hills—recognized around the state as the major producers of gasoline, diesel, heating oil, and jet fuel. Most of these products are consumed locally or they help fuel the giant fleet of international cargo jets that visit the state each day.

These companies are widely dispersed across Alaska. For example, the list shows four ship and boat builders, all prominent in their own coastal communities but less known statewide. The largest of these is Alaska Ship and Dry Dock of Ketchikan, and the smallest is Magone Marine Services in Dutch Harbor. All of these ship builders service the state's giant fishing fleet, but they also provide services to the ferry system, the oil patch, the visitor industry, and other industries.

Manufacturing Minus Seafood Alaska, 2009 **2**



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

Employment in the Rest of Manufacturing Alaska, 2009 **3**

	Employment	Payroll	Average Earnings	Units
All other manufacturing (minus seafood processing)	3,721	\$182,990,918	\$49,181	403
Wood products	285	\$11,551,993	\$40,557	27
Nonmetallic mineral products	328	\$17,478,304	\$53,328	29
Cement and concrete products	315	\$17,154,440	\$54,473	24
Primary metals	23	\$1,169,707	\$50,857	7
Fabricated metal products	428	\$22,158,248	\$51,802	51
Machinery	82	\$4,705,897	\$57,447	11
Computer and electronics	112	\$8,143,383	\$72,980	10
Electrical equipment and appliances	26	\$1,388,269	\$54,265	4
Transportation equipment	430	\$20,493,388	\$47,715	40
Ship and boat building	345	\$17,494,971	\$50,784	23
Furniture and related products	116	\$4,144,464	\$35,883	27
Miscellaneous	207	\$7,177,356	\$34,757	43
Bakeries and tortillas	225	\$6,900,218	\$30,702	15
Beverages and tobacco	182	\$5,723,552	\$31,448	18
Bottled water	16	\$452,105	\$27,539	3
Breweries	148	\$5,034,789	\$34,115	10
Textile product mills	74	\$2,310,855	\$31,123	10
Leather and allied products	5	\$60,401	\$13,178	3
Printing and related support	356	\$11,886,673	\$33,413	42
Petroleum and coal	410	\$43,402,116	\$105,967	10
Petroleum refineries	395	\$42,298,295	\$106,971	8
Chemicals	51	\$2,888,660	\$56,456	12
Plastics and rubber	140	\$6,128,783	\$43,803	11
Total manufacturing	12,868	\$474,776,697	\$36,896	561
Percent of total manufacturing	29%	39%	133%	72%
Percent of total employment	1.2%	1.2%	105.5%	1.8%
Total, all industries: 2009	320,265	\$14,933,881,341	\$46,630	21,986

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

4 The Top 50 “Other” Manufacturers Alaska, 2009

Rank	Firm Name	Employment	Business Activity	Headquarters or largest work site
1	Tesoro Company Alaska	100 to 249	Petroleum refinery	Nikiski
2	Flint Hill Resources	100 to 249	Petroleum refinery	Fairbanks
3	Alaska Ship and Dry Dock	100 to 249	Ship and boat building	Ketchikan
4	Builders Choice	100 to 249	Wood products	Anchorage
5	Anchorage Sand and Gravel	100 to 249	Construction sand and gravel mining	Anchorage
6	Interstate Brands (Sunshine Bakery)	100 to 249	Bakery	Anchorage
7	Siemens	50-99	Computer and electronics	Anchorage
8	Alaskan Brewing Company	50-99	Brewery	Juneau
9	Alaska Wildberry Products	50-99	Sugar and confectionary	Anchorage
10	STEELFAB	50-99	Metal fabrication	Anchorage
11	Petro Star	1-49	Petroleum refinery	Valdez
12	Unique Machine	1-49	Machine shop	Anchorage
13	Allen Marine	1-49	Ship and boat building	Sitka
14	Silver Gulch Brewing and Bottling	1-49	Brewery	Fairbanks
15	Seward Ships Dry Docks	1-49	Ship and boat building	Seward
16	Alaska Sausage	1-49	Meat processing	Anchorage
17	GLM	1-49	Machine shop	Kenai
18	Capitol Glass/Northern Windows	1-49	Glass, windows, and door products	Anchorage
19	Greer Tank and Welding	1-49	Metal fabrication	Fairbanks
20	A T Publishing	1-49	Printing	Anchorage
21	Magone Marine Services	1-49	Ship and boat building	Dutch Harbor
22	Kinko's	1-49	Printing	Anchorage
23	Alaska Tent and Tarp	1-49	Textiles	Fairbanks
24	L'Aroma	1-49	Bakery	Anchorage
25	Alkan Shelter	1-49	Plastics	Fairbanks
26	Alaska Roteq	1-49	Metal fabrication	Wasilla
27	Equipment Source	1-49	Heating equipment	Fairbanks
28	Pip Printing	1-49	Printing	Anchorage
29	Alaska Serigraphics	1-49	Printing	Anchorage
30	Viking Lumber Company	1-49	Wood products	Craig
31	Klondike Concrete	1-49	Cement and concrete products	Anchorage
32	Harris Sand And Gravel	1-49	Cement and concrete products	Valdez
33	Great Harvest Bread Company	1-49	Bakery	Anchorage
34	Northland Wood Products	1-49	Wood products	Fairbanks
35	Dowland Bach	1-49	Mining and oil and gas field machinery	Anchorage
36	The Welding Shop	1-49	Metal fabrication	Fairbanks
37	Ketchikan Ready Mix and Quarry	1-49	Cement and concrete products	Ketchikan
38	Arctic Insulation	1-49	Insulation and foam products	Wasilla
39	Anchorage Printing	1-49	Printing	Anchorage
40	Warning Lites of Alaska	1-49	Signs	Anchorage
41	Sampson Steel Company	1-49	Metal fabrication	Anchorage
42	A T & S	1-49	Urethane and other foam products	Fairbanks
43	Delta Concrete Products	1-49	Cement and concrete products	Delta
44	Valley Block and Concrete	1-49	Cement and concrete products	Wasilla
45	Davis Block and Concrete	1-49	Cement and concrete products	Soldotna
46	Insulfoam	1-49	Insulation and foam products	Anchorage
47	Engineered Fire And Safety	1-49	Communications equipment	Anchorage
48	J R Heritage Construction	1-49	Commercial cabinet casework	Anchorage
49	AK Litho	1-49	Printing	Juneau
50	Glacier Sign and Lighting	1-49	Signs	Anchorage

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

In a related vein, there is a long list of metal fabricators and machine shops. Two of these companies, STEELFAB in Anchorage and Greer Tank of Fairbanks, fabricate products for construction contractors as well as the fishing, oil, and mining industries. Much of their work is custom, but some also mass-produce products like fuel storage tanks.

And then there's food, a product that doesn't automatically invoke the subject of manufacturing but plays a prominent role. When we include seafood processing, food production represents three-quarters of the state's manufacturing industry, versus 12 percent for the nation. At the top of the "foodies" list is Sunshine Bakery of Anchorage, a company well known for national brands like Wonder Bread. L'Aroma and Great Harvest Bread Company also made the top 50, but there are another 12 bakeries beyond this roll call that show up as employers in Alaska.

Three other major players in the food business are Alaska Wildberry Products of Anchorage and Homer, Silver Gulch Brewing of Fairbanks, and Alaska Sausage of Anchorage. They cater to locals as well as visitors, and they ship their products around the world. Many of these manufac-

Resident and Nonresident Workers and Earnings “Other Manufacturing,” Alaska, 2008

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Industry	Resident workers	Nonresident workers	Percent nonresident	Resident wages	Nonresident wages	Percent nonresident	Resident earnings per qtr.	Nonresident earnings per qtr.
Manufacturing								
Food	5,897	15,691	72.7%	\$117,913,911	\$188,013,010	61.5%	\$6,274	\$5,808
Beverages and tobacco	194	55	22.1%	\$4,950,867	\$542,745	9.9%	\$7,724	\$4,342
Textiles	7	ND	ND	\$114,521	ND	ND	\$4,772	ND
Textile products	88	11	11.1%	\$2,309,501	\$188,836	7.6%	\$7,263	\$7,868
Apparel	10	ND	ND	\$157,151	ND	ND	\$5,069	ND
Leather and allied products	ND	ND	ND	ND	ND	ND	ND	ND
Wood products	497	97	16.3%	\$13,770,728	\$1,587,752	10.3%	\$8,407	\$6,785
Paper	7	ND	ND	\$243,855	ND	ND	\$9,032	ND
Printing and related support	401	57	12.4%	\$12,156,101	\$811,090	6.3%	\$8,537	\$6,008
Petroleum and coal	691	30	4.2%	\$53,857,421	\$619,109	1.1%	\$20,714	\$9,525
Chemicals	144	10	6.5%	\$7,613,558	\$315,873	4.0%	\$17,583	\$15,794
Plastics and rubber	156	21	11.9%	\$5,303,882	\$367,807	6.5%	\$9,877	\$7,826
Nonmetallic minerals	286	60	17.3%	\$10,226,749	\$1,034,613	9.2%	\$10,414	\$7,086
Primary metals	39	7	15.2%	\$1,446,563	\$73,285	4.8%	\$11,042	\$4,580
Fabricated metal products	509	82	13.9%	\$22,647,234	\$1,354,070	5.6%	\$12,745	\$7,965
Machinery	74	8	9.8%	\$4,001,262	\$240,933	5.7%	\$14,603	\$10,475
Computer and electronics	107	8	7.0%	\$7,055,229	\$313,782	4.3%	\$17,124	\$15,689
Electrical equipment, appliances, and components	30	ND	ND	\$1,578,286	ND	ND	\$14,092	ND
Transportation equipment	401	188	31.9%	\$12,591,460	\$3,563,805	22.1%	\$9,425	\$8,526
Furniture and related products	145	25	14.7%	\$4,507,290	\$343,073	7.1%	\$9,015	\$6,353
Miscellaneous	245	32	11.6%	\$7,329,143	\$438,555	5.6%	\$8,674	\$6,265
Total private sector	255,129	74,435	22.6%	\$9,007,138,038	\$1,696,847,263	15.7%	\$10,438	\$10,162
Local government	46,548	3,282	6.6%	\$1,465,682,598	\$49,459,058	3.3%	\$9,217	\$7,302
State government	25,856	1,902	6.9%	\$1,106,999,850	\$35,470,154	3.1%	\$11,705	\$8,303
Total private and government	327,533	79,619	19.6%	\$11,579,820,486	\$1,781,776,475	13.3%	\$10,372	\$10,010

ND: Not disclosable

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

turers are major participants in the state’s visitor industry, providing local flavor that tourists often hunger for.

The demise of wood products

Exhibit 4 shows just three wood product manufacturers. The largest is Builders Choice of Anchorage: a manufacturer of modular homes, trusses, and wall panels. The weak showing of wood is historically significant, because wood was once a powerhouse in Alaska’s economy. In 1990, there were four wood product manufacturers that made the list of 100 largest private-sector employers in the state — and they were all in Southeast Alaska. That year, the Ketchikan Pulp Company was the largest manufacturing employer in the state with 903 employees, and it was also the ninth-largest

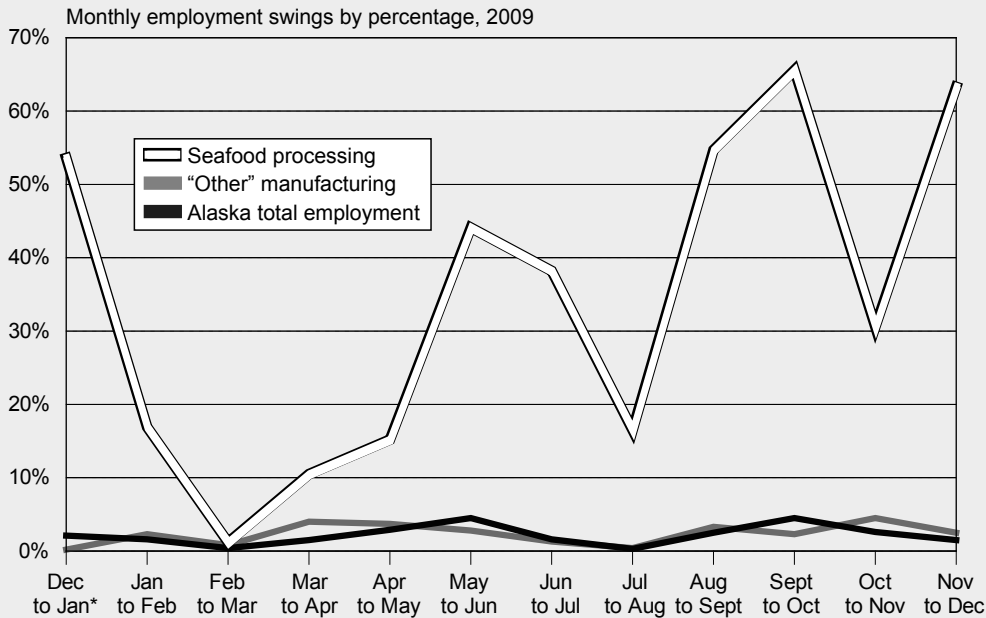
overall private sector employer. The Ketchikan pulp mill closed in 1997. And in 2009, no wood manufacturer even made the list. For more on the decline of the timber industry, see the October 2010 issue of *Alaska Economic Trends*.

Wages are decent

The average annual earnings for the “other manufacturers” in 2009 were \$49,181, or more than \$12,000 higher than overall manufacturing wages and 5 percent above earnings across all industries. (See Exhibit 3.) The reason is the exclusion of seafood processing’s lower average annual earnings of \$31,898.

The earnings for the rest of manufacturing vary widely, from a high of \$106,971 for refineries to a

6 “Other” Manufacturing Employs Few Alaska, 2009



*Represents December 2008 to January 2009. The rest are 2009 monthly changes.

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

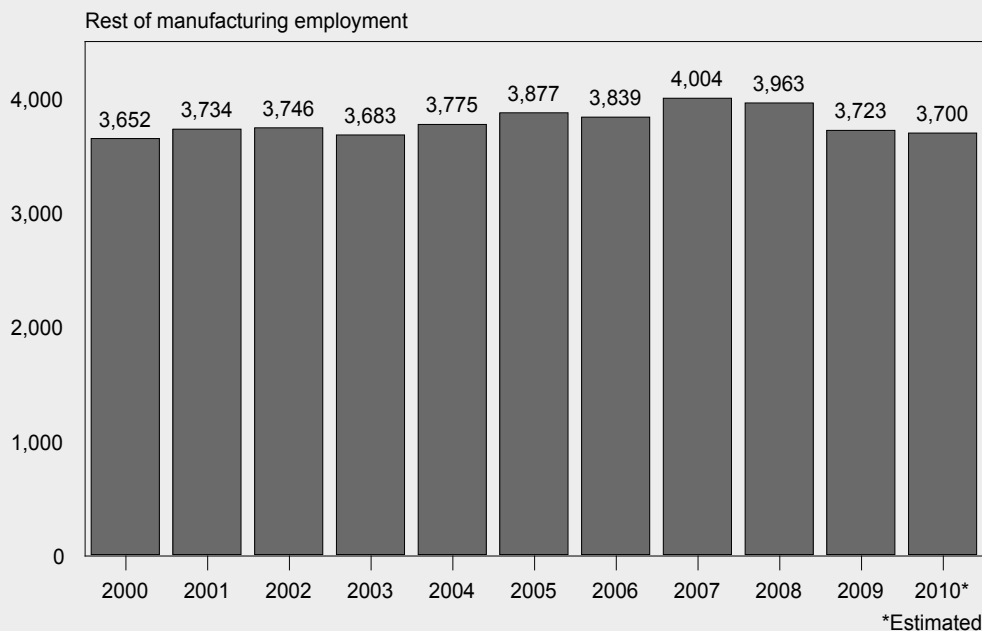
low of \$27,539 for water bottlers.

Employs residents

Alaska’s manufacturing industry employs more nonresidents as a percentage of the workforce than any other industry. In 2008, over 64 percent of Alaska’s manufacturing workers were from out-of-state, mostly because three-quarters of seafood workers were nonresidents. This is because seafood processing is highly seasonal, but the “rest” of manufacturing is not. When we exclude seafood workers, the residency picture changes dramatically. (See Exhibits 5 and 6.) In that case, the category with the highest percentage of nonresidents was transportation equipment at 32 percent, and lowest was refineries at just 4 percent. All other manufacturing categories fell somewhere in between.

Over the past decade, employment in Alaska’s “other” manufacturing hasn’t changed much — a different story from the huge losses in the national industry. (See Exhibit 7.) In part, the recent U.S. recession had a muted effect on Alaska. Also, a big piece of Alaska’s manufacturing industry exists to serve locals and their industries, and both have been relatively stable over the last decade. This has kept Alaska’s manufacturers on a more even keel than their national counterparts.

7 Employment Steady the Past Decade Alaska, 2000 to 2009



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