

Manufacturing and Natural Resources

Trends in Alaska and the United States

Alaska Employment Scene

by
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In October 2003, Alaska had 400 more manufacturing jobs than it did in October 2002. Half of this increase could be attributed to slightly higher seafood processing employment. While the numbers were modest, they were sufficient to temporarily propel Alaska to the head of the nation in terms of the rate of manufacturing job growth. October's four percent over-the-year gain was an aberration and does not reflect the prevailing trend of Alaska's 2003 manufacturing employment. Average annual employment will almost certainly be lower in 2003 than it was in 2002.

Over the past several years the loss of manufacturing jobs has been a cause of national concern. Since 1997, manufacturing jobs have declined by 12.1 percent, from 17,419,000 to 15,306,000 in 2002. Less noticed has been a similar trend in the Natural Resources & Mining sector, which includes such things as logging, mining, and oil and gas extraction. Over the same time period, natural resource related employment has fallen 73,000, from 654,000 to 581,000, which represents an 11.2 percent decline.

The Manufacturing sector plays a relatively small role in Alaska's economy, accounting for only 3.8 percent of total employment. On the national level, manufacturing employment represents 11.7 percent of the nation's jobs. Employment in the Natural Resource and Mining sector is, however, a much larger part of the state's economy (3.7 percent) than it is of the national economy, (four tenths of a percent).

If these two sectors are grouped together, the national employment decline of 12.1 percent since 1997 is slightly exceeded by Alaska's decline of 13 percent. The impact of this downturn is somewhat mitigated by the fact that employment in the two sectors represents only 7.4 percent of the state's total jobs, but 12.2 percent of national employment. Moreover, Alaska's overall loss of 3,300 jobs is dwarfed by the national decline of 2,186,000.

Still, there are useful comparisons to be made. While Alaska has been largely insulated from the national recession and continued to add jobs during an extended period of national job losses, the decline in manufacturing and natural resource extraction is troubling. Employment declines in these sectors have especially impacted coastal and rural Alaska.

Seafood processing dominates manufacturing employment in Alaska and this industry has shown a consistent downward trend for the last decade, falling from 11,200 in 1992 to 7,400 in 2002. Declines in wood products manufacturing have also contributed to the losses in this sector. In natural resource related employment, the loss of jobs in oil and gas extraction, and logging, has been partially offset by gains in mining. Still, as a percentage of Alaska's total employment, this sector has also declined.

On the national scene, many manufacturing jobs have been moved offshore, or have simply been

eliminated by foreign competition. In some industries, gains in productivity have allowed sustained or even increased output with fewer workers.

In Alaska, similar trends seem to be at work. Growing competition from Canadian and Chilean farmed salmon have forced seafood processors to seek efficiencies, some of which have involved plant closures as well as minimizing expenditures on workforces. (See *Alaska Economic Trends* October 2003.) The October 2003 issue of *Marine Digest* also suggests that some processing jobs are being relocated to China and elsewhere in Asia. Still, the reduced Alaska workforce handles the harvest of the world's largest food fishery, and supports the largest port of landing by volume in the United States at Dutch Harbor. Moreover, it continues to process large salmon returns.

In a similar way, logging and the wood products industries face growing competition from tree farms in developing nations, raw logs from Russia and wood products from China based on Russian timber. (See *Trends* December 2003.)

While many different factors come into play within each affected industry, the broad general trend of globalization has impacted both Alaska and the nation as a whole. Multinational firms have increasingly located extraction and production facilities offshore, in low cost areas. Smaller domestic firms, facing competition from low priced imports, have sought the efficiencies of smaller workforces, or in some cases have simply closed their doors.

In Alaska, it is the geographical distribution of these jobs that perhaps holds the most explanatory value. In 2002, Anchorage/Mat-Su accounted for 156,250 of the state's 295,800 total average annual monthly employment. Only 2,850 of the state's 10,800 Manufacturing and Natural Resources & Mining jobs were located in the region. These two sectors accounted for just 3.2 percent of the urban area's jobs, while they accounted for 12.2 percent of the balance of the state. This higher percentage was identical to that of the nation as a whole.

It would seem the decline in manufacturing and

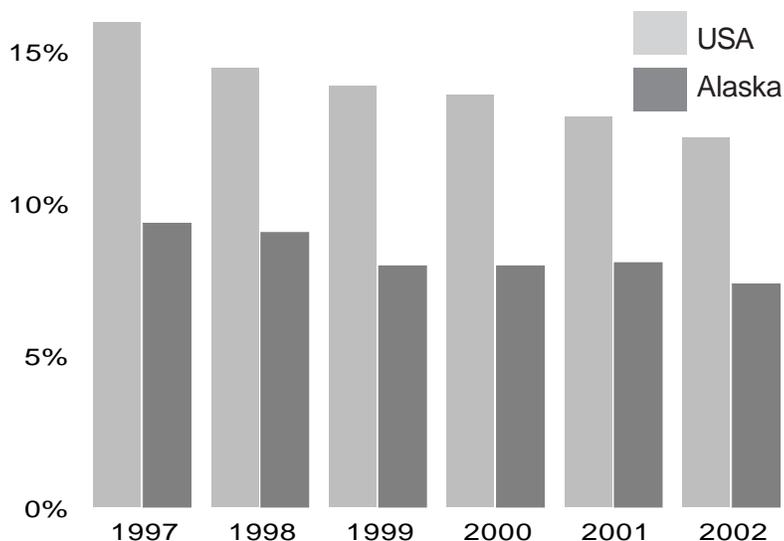
natural resource related employment, both relatively and absolutely, impacts the rural and coastal areas of Alaska far more severely than it does Anchorage. These data point to an explanation involving two Alaska economies, one an urban service based economy which is experiencing healthy growth, and the second a more struggling rural economy which has traditionally relied upon resource extraction and manufacturing.

This is somewhat different from the national scene, where the impacts of manufacturing job losses have been more severe, especially in urban industrial areas. Unlike most of the nation, manufacturing jobs in Alaska tend to be scattered in small communities in close proximity to the natural resources upon which they are based. Often a particular mill or processing plant represents the community's largest private sector employer. When jobs are cut back or eliminated, alternative employment opportunities are limited, and displaced workers are often forced to relocate.

The trend towards fewer jobs in these two sectors has continued through 2003, with most of the over-the-year reductions coming in resource extraction. Manufacturing employment has also been below last year's totals for seven of the ten months estimated to date. In only one month, October, has this sector shown over-the-year

(continued on page 30)

Manufacturing and Natural Resources as percent of total employment



Source: U.S. Bureau of Labor Statistics

2 Nonfarm Wage and Salary Employment

By place of work

Alaska	preliminary revised		Changes from:			Municipality of Anchorage	preliminary revised		Changes from:		
	10/03	9/03	10/02	9/03	10/02		10/03	9/03	10/02	9/03	10/02
Total Nonfarm Wage & Salary¹	302,500	314,200	298,600	-11,700	3,900	Total Nonfarm Wage & Salary¹	147,700	149,200	145,500	-1,500	2,200
Goods Producing	38,000	43,100	38,100	-5,100	-100	Goods Producing	13,500	14,100	13,600	-600	-100
Services Providing	264,500	271,200	260,500	-6,700	4,000	Services Providing	134,200	135,100	131,900	-900	2,300
Natural Resources & Mining	9,900	10,000	10,800	-100	-900	Natural Resources & Mining	2,400	2,400	2,700	0	-300
Logging	700	800	600	-100	100	Mining	2,300	2,300	2,600	0	-300
Mining	9,800	9,800	10,100	0	-300	Oil & Gas	2,200	2,100	2,500	100	-300
Oil & Gas	7,800	7,800	8,500	0	-700	Construction	9,200	9,800	8,900	-600	300
Construction	18,000	19,600	17,700	-1,600	300	Manufacturing	1,900	1,900	2,000	0	-100
Manufacturing	10,000	13,500	9,600	-3,500	400	Trade, Transportation, Utilities	33,000	33,400	33,000	-400	0
Wood Products Manufacturing	300	400	300	-100	0	Wholesale Trade	4,600	4,600	4,700	0	-100
Seafood Processing	6,200	9,400	6,000	-3,200	200	Retail Trade	17,800	17,700	17,600	100	200
Trade, Transportation, Utilities	60,900	63,400	60,600	-2,500	300	Food & Beverage Stores	2,400	2,400	2,300	0	100
Wholesale Trade	6,100	6,300	6,200	-200	-100	General Merchandise Stores	4,400	4,300	4,500	100	-100
Retail Trade	34,200	35,100	34,100	-900	100	Trans/Warehousing/Utilities	10,600	11,100	10,700	-500	-100
Food & Beverage Stores	5,900	6,000	5,700	-100	200	Air Transportation	3,300	3,400	3,200	-100	100
General Merchandise Stores	9,100	8,900	9,700	200	-600	Information	4,700	4,700	4,700	0	0
Trans/Warehousing/Utilities	20,500	22,100	20,400	-1,600	100	Telecommunications	2,700	2,700	2,700	0	0
Air Transportation	5,800	6,600	5,800	-800	0	Financial Activities	8,700	8,800	8,300	-100	400
Truck Transportation	2,800	2,800	2,700	0	100	Professional & Business Svcs	18,200	18,500	17,700	-300	500
Information	7,200	7,200	7,200	0	0	Educational & Health Services	17,700	17,500	16,500	200	1,200
Telecommunications	4,200	4,300	4,300	-100	-100	Health Care/Social Assistance	16,200	16,000	15,100	200	1,100
Financial Activities	14,200	14,400	13,700	-200	500	Ambulatory Health Care	7,100	7,000	6,300	100	800
Professional & Business Svcs	24,600	25,300	23,900	-700	700	Hospitals	4,800	4,800	4,600	0	200
Educational & Health Services	32,800	32,500	30,700	300	2,100	Leisure & Hospitality	15,000	15,400	14,500	-400	500
Health Care/Social Assistance	30,600	30,400	28,600	200	2,000	Accommodation	3,000	3,300	2,800	-300	200
Ambulatory Health Care	13,000	13,000	12,200	0	800	Food Svcs & Drinking Places	10,200	10,300	9,900	-100	300
Hospitals	8,200	8,100	7,500	100	700	Other Services	6,200	6,100	6,300	100	-100
Leisure & Hospitality	28,500	32,900	28,300	-4,400	200	Government²	30,800	30,700	30,900	100	-100
Accommodation	6,900	9,400	6,700	-2,500	200	Federal Government ³	9,500	9,700	9,700	-200	-200
Food Svcs & Drinking Places	17,400	19,200	17,000	-1,800	400	State Government	9,900	9,900	9,900	0	0
Other Services	12,700	12,700	12,600	0	100	Local Government	11,400	11,100	11,400	300	0
Government²	83,600	82,600	83,400	1,000	200	Tribal Government	300	300	300	0	0
Federal Government ³	17,100	17,500	17,300	-400	-200						
State Government	24,500	24,700	24,200	-200	300						
Local Government	42,000	40,500	41,900	1,500	100						
Tribal Government	3,800	3,400	3,900	400	-100						

Notes to Exhibits 2, 3, 4, & 6—¹Nonfarm excludes self-employed workers, fishermen, domestics, and unpaid family workers as well as agricultural workers. ²Includes employees of public school systems and the University of Alaska. ³Excludes uniformed military. Exhibits 2 & 3—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Exhibits 4 & 6—Prepared in part with funding from the Employment Security Division.

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

3 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 10/03	revised 9/03	revised 10/02	preliminary 10/03	revised 9/03	revised 10/02	preliminary 10/03	revised 9/03	revised 10/02
Mining	\$1,299.46	\$1,332.90	\$1,124.60	42.3	42.9	41.9	\$30.72	\$31.07	\$26.84
Construction	1,253.06	1347.68	1115.70	43.6	45.3	41.2	28.74	29.75	27.08
Manufacturing	489.24	526.00	413.47	40.4	46.1	31.3	12.11	11.41	13.21
Seafood Processing	402.99	598.58	303.55	43.1	57.5	29.3	9.35	10.41	10.36
Trade, Transportation, Utilities	519.30	549.14	540.29	34.3	34.3	33.6	15.14	16.01	16.08
Retail Trade	435.01	458.33	467.86	33.8	33.8	32.4	12.87	13.56	14.44
Financial Activities	686.21	655.74	635.30	35.1	34.1	32.9	19.55	19.23	19.31

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 2002

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

4 Nonfarm Wage and Salary Employment

By place of work

	preliminary revised		Changes from:		
	10/03	9/03	10/02	9/03	10/02
Fairbanks					
North Star Borough					
Total Nonfarm Wage & Salary¹	35,650	37,100	35,350	-1,450	300
Goods Producing	4,300	4,600	4,200	-300	100
Services Providing	31,350	32,500	31,200	-1,150	150
Natural Resources & Mining	900	950	950	-50	-50
Mining	900	950	950	-50	-50
Construction	2,800	3,050	2,700	-250	100
Manufacturing	600	600	550	0	50
Trade, Transportation, Utilities	6,800	7,200	7,000	-400	-200
Retail Trade	4,000	4,050	4,150	-50	-150
General Merchandise Stores	1,000	1,000	1,150	0	-150
Trans/Warehousing/Utilities	2,250	2,650	2,350	-400	-100
Air Transportation	900	850	850	50	50
Information	600	650	600	-50	0
Financial Activities	1,300	1,350	1,300	-50	0
Professional & Business Svcs	1,800	2,050	1,700	-250	100
Educational & Health Services	3,600	3,600	3,500	0	100
Health Care/Social Assistance	3,400	3,450	3,300	-50	100
Leisure & Hospitality	3,650	4,100	3,650	-450	0
Accommodation	900	1,250	900	-350	0
Food Svcs & Drinking Places	2,300	2,450	2,300	-150	0
Other Services	1,900	1,950	2,000	-50	-100
Government²	11,650	11,650	11,500	0	150
Federal Government ³	3,250	3,400	3,300	-150	-50
State Government	5,250	5,250	5,000	0	250
Local Government	3,150	3,000	3,200	150	-50
Tribal Government	0	0	0	0	0

Southeast Region

Total Nonfarm Wage & Salary¹	35,550	39,300	35,350	-3,750	200
Goods Producing	4,050	5,500	4,050	-1,450	0
Services Providing	31,450	33,800	31,350	-2,350	100
Natural Resources & Mining	700	850	700	-150	0
Logging	400	550	400	-150	0
Mining	300	300	300	0	0
Construction	1,800	1,900	1,850	-100	-50
Manufacturing	1,550	2,800	1,500	-1,250	50
Wood Products Mfg.	150	150	200	0	-50
Seafood Processing	1,150	2,250	1,100	-1,100	50
Trade, Transportation, Utilities	6,550	7,650	6,650	-1,100	-100
Retail Trade	4,150	4,700	4,150	-550	0
Trans/Warehousing/Utilities	1,950	2,500	2,050	-550	-100
Information	500	500	500	0	0
Financial Activities	1,300	1,350	1,250	-50	50
Professional & Business Svcs	1,450	1,550	1,450	-100	0
Educational & Health Services	3,550	3,500	3,450	50	100
Health Care/Social Assistance	3,350	3,300	3,200	50	150
Leisure & Hospitality	3,300	4,600	3,350	-1,300	-50
Accommodation	950	1,650	950	-700	0
Food Svcs & Drinking Places	1,550	1,800	1,550	-250	0
Other Services	1,150	1,150	1,150	0	0
Government²	13,700	13,500	13,550	200	150
Federal Government ³	2,000	2,050	1,950	-50	50
State Government	5,600	5,700	5,550	-100	50
Local Government	6,050	5,750	6,050	300	0
Tribal Government	550	600	550	-50	0

	preliminary revised		Changes from:		
	10/03	9/03	10/02	9/03	10/02
Interior Region					
Total Nonfarm Wage & Salary¹	41,950	44,400	41,650	-2,450	300
Goods Producing	4,600	4,950	4,450	-350	150
Services Providing	37,350	39,450	37,200	-2,100	150
Natural Resources & Mining	1,050	1,100	1,000	-50	50
Mining	1,000	1,050	1,000	-50	0
Construction	2,950	3,250	2,850	-300	100
Manufacturing	600	650	600	-50	0
Trade, Transportation, Utilities	8,300	8,500	8,450	-200	-150
Information	850	850	850	0	0
Financial Activities	1,400	1,400	1,350	0	50
Professional & Business Svcs	2,000	2,200	1,650	-200	350
Educational & Health Services	3,650	3,750	3,600	-100	50
Leisure & Hospitality	4,500	6,000	4,400	-1,500	100
Accommodation	1,400	2,100	1,300	-700	100
Food Svcs & Drinking Places	2,650	3,550	2,650	-900	0
Other Services	2,100	2,200	2,350	-100	-250
Government²	14,550	14,450	14,550	100	0
Federal Government ³	3,850	4,050	3,900	-200	-50
State Government	5,500	5,500	5,300	0	200
Local Government	5,200	4,950	5,300	250	-100
Tribal Government	250	250	300	0	-50

Anchorage/Mat-Su Region

Total Nonfarm Wage & Salary¹	163,750	165,100	160,250	-1,350	3,500
Goods Producing	15,200	16,200	15,250	-1,000	-50
Services Providing	148,550	148,900	145,000	-350	3,550
Natural Resources & Mining	2,450	2,500	2,800	-50	-350
Construction	10,600	11,550	10,350	-950	250
Manufacturing	2,150	2,150	2,150	0	0
Trade, Transportation, Utilities	36,950	37,050	36,500	-100	450
Information	5,150	5,100	5,200	50	-50
Financial Activities	9,400	9,450	8,850	-50	550
Professional & Business Svcs	19,050	19,450	18,550	-400	500
Educational & Health Services	19,750	19,500	18,400	250	1,350
Leisure & Hospitality	16,550	17,150	16,050	-600	500
Other Services	7,000	6,950	6,700	50	300
Government²	34,800	34,250	34,700	550	100
Federal Government ³	9,650	9,900	9,850	-250	-200
State Government	10,850	10,850	10,850	0	0
Local Government	14,300	13,500	14,000	800	300
Tribal Government	350	350	350	0	0

Gulf Coast Region

Total Nonfarm Wage & Salary¹	27,100	29,700	27,250	-2,600	-150
Goods Producing	5,550	6,500	5,700	-950	-150
Services Providing	21,550	23,200	21,500	-1,650	50
Natural Resources & Mining	1,150	1,250	1,300	-100	-150
Oil & Gas Extraction	1,050	1,100	1,150	-50	-100
Construction	1,800	1,900	1,750	-100	50
Manufacturing	2,600	3,350	2,650	-750	-50
Seafood Processing	1,850	2,700	1,900	-850	-50
Trade, Transportation, Utilities	5,150	5,850	5,300	-700	-150
Retail Trade	3,100	3,450	3,200	-350	-100
Trans/Warehousing/Utilities	1,800	2,100	1,750	-300	50
Information	450	450	450	0	0
Financial Activities	900	900	900	0	0
Professional & Business Svcs	1,250	1,350	1,300	-100	-50
Educational & Health Services	2,000	1,950	1,850	50	150
Health Care/Social Assistance	1,900	1,850	1,750	50	150
Leisure & Hospitality	3,100	3,700	3,000	-600	100
Accommodation	1,100	1,450	1,050	-350	50
Food Svcs & Drinking Places	1,700	1,900	1,700	-200	0
Other Services	1,350	1,400	1,350	-50	0
Government²	7,450	7,600	7,400	-150	50
Federal Government ³	850	1,000	800	-150	50
State Government	1,700	1,750	1,650	-50	50
Local Government	4,900	4,850	4,950	50	-50
Tribal Government	400	400	350	0	50

5 Unemployment Rates

By region and census area

Not Seasonally Adjusted*	preliminary	revised	10/02
	10/03	09/03	
United States	5.6	5.6	5.3
Alaska Statewide	6.8	6.8	7.5
Anchorage/Mat-Su Region	5.3	5.6	5.9
Municipality of Anchorage	4.9	5.2	5.3
Mat-Su Borough	7.1	7.5	8.5
Gulf Coast Region	10.4	9.2	11.6
Kenai Peninsula Borough	10.9	10.4	12.3
Kodiak Island Borough	8.3	5.7	7.4
Valdez-Cordova	10.9	8.5	13.9
Interior Region	6.5	6.2	7.3
Denali Borough	16.1	6.6	14.9
Fairbanks North Star Borough	5.7	5.7	6.3
Southeast Fairbanks	9.7	8.4	13.6
Yukon-Koyukuk	14.2	13.4	15.5
Northern Region	14.8	17.0	14.7
Nome	13.8	14.6	12.1
North Slope Borough	14.8	17.2	13.9
Northwest Arctic Borough	16.4	20.0	19.3
Southeast Region	7.3	6.3	7.7
Haines Borough	11.2	7.7	14.8
Juneau Borough	5.7	5.4	6.2
Ketchikan Gateway Borough	7.9	5.7	9.2
Prince of Wales-Outer Ketchikan	10.2	12.6	11.8
Sitka Borough	6.0	5.2	5.7
Skagway-Hoonah-Angoon	12.6	6.5	12.3
Wrangell-Petersburg	8.9	7.3	6.0
Yakutat Borough	9.7	6.3	6.4
Southwest Region	12.6	13.2	13.0
Aleutians East Borough	4.3	3.9	3.6
Aleutians West	8.4	6.5	8.5
Bethel	14.2	15.0	14.2
Bristol Bay Borough	9.0	9.0	10.1
Dillingham	10.9	10.8	12.6
Lake & Peninsula Borough	12.6	11.8	14.2
Wade Hampton	21.6	25.5	22.4
Seasonally Adjusted			
United States	6.0	6.1	5.8
Alaska Statewide	7.3	7.8	8.2

2002 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

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

(continued from page 27)

growth. Because Alaska's economy has continued to add jobs over this period, the relative share of total employment represented by these two sectors has continued to decline, and will likely show an over-the-year loss in the range of 0.5 percent from last year's 7.4 percent of total employment.

Nationally, there is some evidence that the rate of manufacturing job loss is slowing, and further that overall economic growth has already translated into slow employment growth in some industries. Alaska's economic indicators also seem to be showing some hopeful signs.

According to BLS releases, Alaska and Arizona were tied for seventh place in October's over-the-year-job growth, adding jobs at an annual rate of 1.27 percent. While Alaska led the nation in this month's manufacturing job increases, growing at four percent, it ranked 42nd in natural resource related employment, with an over-the-year rate of -8.3 percent.

Still, the fact that Alaska has consistently added jobs during a period of national job losses bodes well. Most of Alaska's employment growth is attributable to Anchorage, and to employment gains in service industries. These additions have been important in offsetting statewide losses in resource-based employment and manufacturing jobs. Moreover, they would seem to indicate that Alaska has been more fortunate than most states in fitting into a rapidly changing global economy.

6 Nonfarm Wage/Salary Employment

By place of work

Northern Region	preliminary	revised	Changes from:		
	10/03	9/03	10/02	9/03	10/02
Total Nonfarm Wage & Salary¹	15,750	15,950	16,150	-200	-400
Goods Producing	4,900	4,900	5,400	0	-500
Services Providing	10,850	11,050	10,750	-200	100
Oil & Gas Extraction	4,100	3,950	4,300	150	-200
Government²	5,400	5,500	5,350	-100	50
Federal Government ³	200	200	150	0	50
State Government	350	350	350	0	0
Local Government	4,850	4,900	4,850	-50	0
Tribal Government	600	600	550	0	50

Southwest Region

Total Nonfarm Wage & Salary¹	18,200	19,600	17,800	-1,400	400
Goods Producing	3,500	4,750	3,200	-1,250	300
Services Providing	14,700	14,850	14,600	-150	100
Seafood Processing	3,150	4,450	2,900	-1,300	250
Government²	7,650	7,450	7,700	200	-50
Federal Government ³	350	450	350	-100	0
State Government	550	550	550	0	0
Local Government	6,750	6,450	6,800	300	-50
Tribal Government	1,450	1,300	1,650	150	-200

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