



What's Cooking? Oregon's Food Industry

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Cheesecake, fresh pizza, biscotti, tofu, pears packed in Italian glass jars – these are a few of the goodies food manufacturers put on Oregon's table last year. They also put nearly two-thirds of a billion dollars into 22,048 workers' pockets. In both employment and payroll, food manufacturing was Oregon's third-largest manufacturing sector, after wood products and electronics.

President of the Northwest Food Processors Association (NWFPA) David Zepponi, in legislative testimony last spring, called food processors in Oregon, Washington and Idaho the "bedrock of the Northwest economy." But the processors have taken a trouncing recently, with ConAgra's onion dehydration facility and Simplot's potato processing plant closing in Umatilla County, Amalgamated Sugar Co.'s severe cutbacks in Malheur County, and the closures of Agri-Frozen, Pictsweet, and Smucker's in Marion County. The NWFPA, on its Web site, says its members are under attack. "For the first time in modern Northwest food processing history, the siege on NW food processors from outside competitive pressures is threatening the very existence of the industry."

How important is food manufacturing to Oregon's economy? Are big food processors the whole story? What else makes up the industry? Is the industry healthy? What does the future hold?

Industry Characteristics

Fruit and vegetable preservation dominated the industry's employment in 2004. Two out of five food manufacturing jobs in 2004 were in fruit and vegetable preservation and specialty foods (Graph 1). Oregon's processors – big and small – are in this category. Workers packed, preserved, canned, froze, and dried fruits and vegetables, and prepared such specialty foods as salsa, chili, sauces, relishes, pickles, and jams and jellies. Most of them worked in one of eight counties – Marion, Polk, Linn, Multnomah, Malheur, Umatilla, Morrow, or Wasco.

Workers at bakeries and tortilla plants accounted for another one out of five workers in Oregon's food manufacturing industry. The remaining 40 percent worked in snack food, spices and concentrates; dairy products; animal slaughtering/processing; seafood; grain/oilseed milling; sugar/confectionary products; and animal food. Miscellaneous food manufacturing – a subsector of snacks, spices, and concentrates – produced a wide variety of foods including fudge, cheesecake, gourmet cookies, gourmet cheeses, honey, custom meats and sausages, juices, pizza, tofu, English toffee, donuts, and biscotti.

A few large manufacturers employed the majority of workers, but there were more businesses with a few employees. Many food products are made in small establishments, like the Dae Han Tofu Co. of Portland, which employs three. Two-thirds of food manufacturing businesses had fewer than 20 employees, and the industry wage tended to be lower than in bigger businesses. Two-thirds of the jobs in food manufacturing, however, were in businesses with 100 or more employees, and 12 percent were in businesses with 500 or more.

The average food manufacturing industry wage was \$30,103 (Table 1). Industry wage is obtained by dividing the total payroll by the number of part- and full-time employees. Fruit and vegetable preservation and specialty foods, while more than 40 percent of employment, had the third-lowest wage of the food manufacturing subsectors at \$27,135.

Food manufacturing employed the most workers in July, August and September (25,441), and the fewest in January, February and March (19,882). In Clatsop, Lincoln, Marion, Polk, and Wasco counties, food manufacturing employment doubled in the summer months. In other counties, seasonality is not as dramatic, with the difference between high and low employment varying from 1 percent or 2 percent to between 20 percent and 30 percent.

Food manufacturing and agriculture are interrelated. According to Brian Bell of NORPAC Foods Inc., the company – Oregon's largest fruit and vegetable processor – has a cooperative arrangement with 240 Willamette Valley farmers. Food processor issues become farm issues, and vice versa. When Agri-Frozen in Woodburn closed, the Statesman Journal said local farmers were left without a buyer for their crops (March 12, 2001). Salem's agricultural newspaper, the Capital Press, has reported on how agricultural issues such as sustainability and farm worker unionizing have prompted changes in the way food processors do business.

Food manufacturing jobs are very important to many Oregon county economies. Food manufacturing provided 11 percent of the state's manufacturing jobs, but a much larger percentage of manufacturing jobs in many of Oregon's counties (Table 2). Seventy percent of all Oregon's food manufacturing employment was in seven counties: Multnomah, Marion, Washington, Lane, Clackamas, Malheur, and Umatilla. Almost all of Morrow and Malheur counties' manufacturing jobs were in food manufacturing. In Tillamook, Umatilla and Wasco counties, more than 50 percent of all manufacturing jobs were in food manufacturing, in Marion, 33 percent, in Polk, 25 percent, and in Clatsop, nearly 22 percent.

Food manufacturing accounted for at least 10 percent of all private-sector jobs in Morrow, Malheur, Tillamook, and Umatilla counties. Only seven Oregon counties had no covered employment in food manufacturing. However, they may have had some self-employment in the industry.

What's Happened Over the Last Few Years?

Overall, from 2001 to 2004, the food manufacturing industry lost 93 jobs, a little less than one-half a percent. This looks pretty good compared with all of manufacturing statewide, which lost 8 percent of its jobs in the same period.

Fruit and vegetable preserving, and more specifically, frozen foods, had the largest subsector loss – 6 percent of its jobs from 2001 to 2004 (Table 3). These numbers don't take into account the full effect of the 2004 plant closures in Umatilla County. In the second quarter of 2005, food manufacturing employment in Umatilla County was down 619 jobs, 26 percent fewer than a year ago.

Three other subsectors lost jobs from 2001 to 2004 – bakeries, specifically cookies, crackers, pasta, and bread; seafoods; and animal slaughtering.

There were job gains. The largest came in the miscellaneous food manufacturing category, in which fudge, cheesecake, and gourmet items are made. It grew by a whopping 63 percent over the three-year period. Jobs were also added in tortillas, coffee and tea, seasonings and dressings, dairy products, ice cream frozen desserts, flour milling, and nonchocolate sweets.

The Future – What Does it Hold?

The Employment Department's 2004-2014 industry forecast says food manufacturing employment in Oregon will decline by 4.1 percent. The fruit and vegetable preserving sector is predicted to decline by 11.4 percent, driven in large part by the Umatilla County closures.

Food manufacturing industry officials voice a variety of concerns. David Truitt of Truitt Brothers, a Salem fruit and vegetable processor for over 30 years, says price pressure from big grocery chains spurred product innovation. Truitt has switched about half its production from traditional canning to

making prepared meals in pouches and trays, and canning pears in glass jars. Nicki Shoemaker of Eola Cherry in Gervais says she's worried about the dwindling supply of cherries used to make maraschinos – Eola's specialty – and this concern has in part caused the company to branch out into bar mixes and coffee syrups. And Calvin Chun, owner of Dae Han Tofu Co. of Portland, says he will keep plugging along with his company's three employees, making tofu for the local market as he has done for the past 13 years.

Global competition, rising fuel and energy costs, and changing consumer tastes will all continue to shape the future of Oregon food manufacturing. Brad Burden, marketing director of NORPAC, summed it up best when asked what the future holds. "It's a safe bet that it won't be the status quo."

Table 1
Oregon Food Manufacturing Industry Wages
Versus Broader Industry Averages in 2004

All private-sector industry wage	\$35,017
All manufacturing industry wage	\$46,899
Food manufacturing industry wage	\$30,103
Fruit/vegetable preserving/specialty foods	\$27,135
Bakeries/tortillas	\$31,003
Other food mfg. (snacks)	\$34,787
Dairy products	\$39,022
Animal slaughtering/processing	\$29,098
Seafood products	\$21,617
Grain/oilseed milling	\$37,386
Sugar/confectionary products	\$23,725
Animal food	\$41,085

Table 2
Food Manufacturing Dominates in Select Counties

County	Average Annual Employment	Percent of Manufacturing	Percent of Private-Sector Jobs
Morrow	813	97.5%	27.8%
Malheur	1,221	91.4%	13.0%
Tillamook	784	57.5%	12.0%
Umatilla	2,319	55.5%	10.5%
Wasco	345	50.8%	4.5%
Marion	4,034	33.3%	4.1%
Polk	625	25.3%	5.3%
Clatsop	477	21.7%	3.6%
Lincoln	220	19.6%	1.6%
Hood River	187	16.7%	1.9%
Coos	242	15.1%	1.4%
Multnomah	4,138	11.8%	1.2%
Linn	871	10.8%	2.7%

Table 3
Jobs Gained or Lost in Food Manufacturing, Oregon, 2001-2004

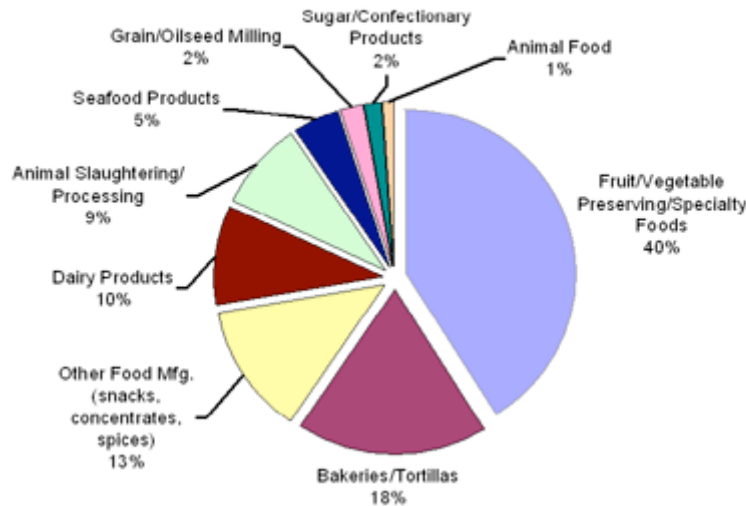
**Percent Jobs Gained
Change or Lost**

All Food Manufacturing	-0.4%	-93
Other Food Mfg. (snacks, concentrates, spices)	16.3%	314
Snack foods	-38.1%	-258
Coffee and tea	22.2%	98
Seasoning and dressing	35.2%	51
All other*	63.4%	423
Sugar/Confectionary Products	12.3%	37
Confectionary from chocolate	1.3%	3
Nonchocolate	54.8%	34
Grain/Oilseed Milling	11.9%	50
Flour milling/malt mfg.	16.7%	43
Starch and vegetable oil	4.3%	7
Dairy Products	7.6%	151
Dairy products	4.4%	78
Ice cream frozen desserts	31.9%	73
Bakeries/Tortillas	-1.7%	-71
Bread and bakeries	-1.6%	-48
Cookies crackers and pastas	-7.5%	-77
Tortillas	37.8%	54
Fruit/Vegetable Preserving/Specialty Foods	-3.8%	-363
Frozen food	-5.7%	-382
Canning and drying	0.7%	19
Animal Slaughtering/Processing	-6.7%	-139
Seafood Products	-9.0%	-98
Animal Food	-17.5%	-57

*Includes cut or peeled fresh vegetables, dessert puddings, egg substitutes, fresh pasta, fresh pizza, honey, popcorn, powdered drink mixes, sweetening syrups, tofu, soy, and packaged salads.

Graph 1

Fruit and Vegetable Preserving Dominates Oregon Food Manufacturing Employment in 2004





[Oregon Employment Department](#)