

2004 Press Releases

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LAEDC SAYS IT'S TIME FOR A FRESH LOOK AT MANUFACTURING AND AEROSPACE IN SOUTHERN CALIFORNIA WHICH HAS THE NATION'S LARGEST HUB OF FACTORY JOBS

"Six-county Southern California area would rank second in the nation if it were a separate state, after California and ahead of Texas when it comes to the total amount of manufacturing jobs," said Chief Economist Jack Kyser, LAEDC.

Los Angeles, CA -- "The Los Angeles metro area was the nation's largest manufacturing center in 2003 (based on employment), Orange County ranked ninth, the Riverside-San Bernardino area was 17th and San Diego County place 19th," said Vice President Jack Kyser, chief economist, Los Angeles Economic Development Corporation (LAEDC) today (Monday, March 22nd) at a VIP Boeing Company-sponsored luncheon in conjunction with the opening of the Society of Manufacturing Engineers' (SME) WESTEC 2004. This event is North America's largest annual metalworking and manufacturing exposition and it is held annually at the Los Angeles Convention Center.

"In fact, average manufacturing employment in Southern California's six counties of 953,000 jobs last year would rank the area second in the nation if it were a separate state, after California and ahead of Texas," Kyser said. About 85 mostly Boeing executives, community leaders and manufacturing customers attended also heard

Congresswoman Juanita Millender-McDonald (37th Dist.) discuss the significances of California paying more attention to Aerospace and manufacturing, which has created nearly a million high-quality jobs.

Kyser noted that the industries with the best growth prospects in 2004 include: classic aerospace, international trade, and tourism, while the technology sector will be turning around. He said U.S. Dept. of Defense prime contracts awarded locally are up sharply. "There were \$14.2 billion worth of DOD prime contract awards last year (FY 2003) in the Los Angeles five-county area compared to \$10.4 billion in year 2001, a 16.5 percent increase. Those dollars will soon be translating to jobs."

Kyser also noted that the nine county San Francisco Bay area also saw a 45 percent jump in contract awards from, more than \$4 billion in 2001 to nearly \$5.8 billion in 2003. San Diego County enjoyed a 75 percent increase in prime contracts over the same period.

"The economy of Southern California is on a growth track in 2004, but the state's poor business environment will limit job growth in the area," said President and CEO Lee Harrington, Los Angeles County Economic Development Corporation (LAEDC). "Many of the new jobs created will tend to be in lower wage occupations, so it is important to refocus on manufacturing."

Kyser pointed out that the region's manufacturing base is under extreme pressure from imports, but that it is not defenseless. Los Angeles County has nine engineering schools as well as specialized activities such as the jet Propulsion Lab. "We will always have to be on the cutting edge in both aerospace and manufacturing-have the latest technology and the best quality. We will constantly have to re-invent ourselves, but it will be worth it." In his remarks, Kyser noted that the hourly earnings in manufacturing in Los Angeles County are \$17.55 with benefits, while in Aerospace hourly earnings are \$29.61.

Harrington added that the most economic development efforts seem to focus on retailing, which does generate tax revenue for cities but creates low-wage jobs. "This trend has to be changed," he said.

Kyser said there are several challenges facing the local aerospace manufacturing including:

- California is a high cost state
- Aerospace manufacturing is a high-value activity
- No understanding of its importance in the "greater" community of Southern California
- A target industry for other states & other nations
- Providing a trained workforce -- "the next generation" will be a challenge
- 2005 BRAC process, which puts the Los Angeles Air Force Base at risk

"SME is pleased to bring more than 20,000 manufacturers together at WESTEC this week," said Richard C. Peters, CMfgE, PE, president of the Society of Manufacturing Engineers. "SME events like WESTEC help the aerospace industry and West Coast Manufacturers transfer knowledge, maintain a sense of community, and meet their workforce development challenges."

"In order to gain and maintain a competitive edge, both individuals and companies must learn continuously," explained Peters. "The shelf-life of today's knowledge is short and can be rendered obsolete by the fast pace of technological changes, revolutionary manufacturing processes and consumer demands for new and innovative products. It is more critical than ever that manufacturing professionals remain at the top of their game, and they require knowledge and information to do so.

About SME:

The Society of Manufacturing Engineers is the world's leading professional society supporting manufacturing education. Established in 1932, SME influences more than half a million manufacturing engineers and executives annually. The Society has members in 70 countries and is supported by a network of hundreds of chapters worldwide.

About LAEDC

The LAEDC is a private, non-profit 501(c) 3 organization established in 1981 with the mission to attract, retain and grow businesses and jobs in the Los Angeles region.

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The LAEDC is a private, non-profit organization whose mission is to attract, retain and expand business and jobs in the region. It provides economic and industry forecasts as well as strategic consulting in trade, infrastructure, logistic and land use. The LAEDC Business Assistance Program works one-on-one with businesses throughout the county. Visit www.laedc.org .

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