



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



CONTACT: George McQuade
(818) 340.5300 or Aida Mayo
(818) 618.9229
www.mayocommunications.com

FOR IMMEDIATE RELEASE
Tuesday, March 8, 2011

Southern California is Nation's Largest Manufacturing Economy, Says LAEDC Report

LAEDC report also shows L.A. County tops in manufacturing, employing 389,300 workers

Los Angeles – Southern California is the nation's largest manufacturing economy, according to a report issued today by the Los Angeles County Economic Development Corporation (LAEDC). The 2011 *"Manufacturing: Still a Force in Southern California"* report dispels the myths that manufacturing in the region is disappearing and that all manufacturing is moving to low-cost countries.

Nationally, the U.S. is the world's largest manufacturing economy, producing 21 percent of the global manufactured products in 2009. U.S. manufacturing generated \$1.6 trillion worth of output, which represented 11 percent of the U.S.' total GDP. Productivity in the manufacturing sector is also very high with manufacturing jobs often paying premium wages and benefits.

"Industrial restructuring has intensified, making U.S. manufacturing more competitive than ever," said LAEDC's Chief Economist and report author Nancy D. Sidhu, Ph.D. "The U.S. share of global manufacturing has remained at or above 20 percent for most of the past two decades."

Locally, in Los Angeles County, the manufacturing sector employed 389,300 people in 2009, while the value of manufacturing shipments in the County was \$153 billion in 2007 (latest data available). Manufacturing is a "high-multiplier" activity, supporting many local area businesses and jobs in supplier industries such as energy, freight transportation, and business and professional services.

The top five industries in L.A. County (measured by dollar revenues in 2007) were: Petroleum Refining, Computer and Electronic Products, Food Products, Aerospace and Fabricated Metal Products. Of the manufacturing employment in the County, 56 percent of the workers produced durable goods such as computers, transportation equipment and metal products, while the other 44 percent produced nondurable goods such as apparel and food.

The largest manufacturing sector in the County (measured by employment in 2009) is Computer and Electronic Products with 51,323 jobs. The apparel sector had the second highest number of employees, with 48,107 jobs. However, the sectors suffering the largest employment declines over the past decade were Computers and Peripherals, Furniture and Textile Product Mills.

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The LAEDC study also reported that the value of total manufacturers' shipment in the six Southern California counties was approximately \$271 billion in 2007, which was up by 32 percent from \$206 billion in 2002.

In L.A. County, the total value of manufacturing shipments (excluding oil refining) increased by 21 percent between 2002-2007, though the gains varied by sector. A similar pattern of growth held across the rest of Southern California. In Orange County, over the same period, the total value of manufacturing shipments grew by 26 percent. Riverside and San Bernardino counties both saw increases in manufacturing shipments as well, of 76 percent and 62 percent, respectively. San Diego and Ventura counties boasted gains of 24 percent and 42 percent, respectively.

While many believe that manufacturing is destined for low-cost countries with a lower cost of labor, manufacturing in the U.S. has been an attractive investment for foreign investors. The greater Los Angeles area's appeal includes some significant advantages. Manufacturers in the region have ready access to global markets and suppliers through the Ports of Los Angeles and Long Beach, as well as Los Angeles and Ontario International Airports. The region also has a wide network of ground and air infrastructure which means fast, efficient connections to the rest of the U.S. And perhaps most importantly, Southern California possesses a large work force, many of whom are highly educated.

The manufacturing report covers Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties, and can be downloaded at: http://www.laedc.org/reports/Manufacturing_2011.pdf.

About the LAEDC

The LAEDC, the region's premier business leadership organization is a private, non-profit organization established in 1981 under section 501(C) (3). Its mission is to attract, retain, and grow businesses and jobs for the regions of Los Angeles County. Since 1996, the LAEDC has helped retain or attract more than 163,000 jobs, providing \$8.5 billion in direct economic impact from salaries and \$135 million in annual tax revenue benefit to local governments and education in Los Angeles County.

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