

**MEMORANDUM**

To: CMAP Board

From: CMAP Staff

Date: February 6, 2013

Re: Manufacturing Drill-Down Report and Launch Event

Later this month, CMAP will release a major report on the region's manufacturing cluster. At the February meeting, staff will summarize the major findings of this report, which analyzes the various subcomponents of the cluster and surveys challenges and opportunities in the areas of infrastructure, innovation, and workforce. As the report will make clear, manufacturing has long been a cornerstone of the regional economy, helping propel metropolitan Chicago into the economic powerhouse it is today. And even in today's era of global sourcing, manufacturing remains a vital element of the region's economic health.

Manufacturing also enhances the very qualities that distinguish the region on the global stage. Employers draw on the region's deep pool of skilled workers, and the 580,000 currently employed in the regional manufacturing cluster ranks second largest in the nation. Manufacturing jobs also offer above average pay and benefits, contributing to the region's high standard of living. It also leverages the region's locational advantage as the freight crossroads of the nation.

Metropolitan Chicago's manufacturing cluster builds on the strengths of the regional economy. As in the greater economy, manufacturing output is highly diverse, spread among almost every major sector. Manufacturing fuels innovation in the region, as 85 percent of all private R&D comes from within this cluster. And an expansion in manufacturing has a larger ripple effect than any other industry grouping: each new manufacturing job created here supports at least two additional positions within the Chicago regional economy.

More recently, technological change, trade policies, and the dissolution of geographic barriers have completely altered the manufacturing landscape. Like other industrial centers around the nation, manufacturing employment in metropolitan Chicago fell by nearly a third this past decade as firms shifted production abroad. At the same time, productivity has increased, resulting from advanced processes and higher-valued output. This trend towards high-tech

products and processes calls attention to an important lesson of the last ten years: metropolitan Chicago's competitive advantage lies not in low skilled, labor intensive activities vulnerable to offshoring, but in manufacturing that leverages advanced skills, methods, and output.

To support advanced manufacturing across all its diverse industries the Chicago region can draw on the same competitive advantages that fueled growth a century ago—economic innovation, infrastructure assets, and a deep pool of skilled workers—to thrive in a new manufacturing moment. Reestablishing the region as a leader in manufacturing innovation will help firms build expertise in the next generation of advanced manufacturing technology. Addressing perception and acute skills shortages will ensure the region has the necessary workforce to compete with any region of the globe. Finally, investment in infrastructure will capitalize on the region's freight and logistics strengths and grant regional manufacturers new markets for their advanced goods.

LAUNCH EVENT

On February 26, CMAP will be launching this report with an event at Harper College Wojcik Conference Center (1200 W. Algonquin Road, Palatine) from 9:00 to 11:00 a.m., with an optional tour of the College's manufacturing training facilities from 11:00 a.m. to noon. Registration is free, and space is limited. At the event, CMAP will present and distribute the report, and a panel discussion moderated by John McCarron (columnist with the Chicago Tribune) will follow.

ACTION REQUESTED: Informational

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