

Window On American Manufacturing

September 25, 2019



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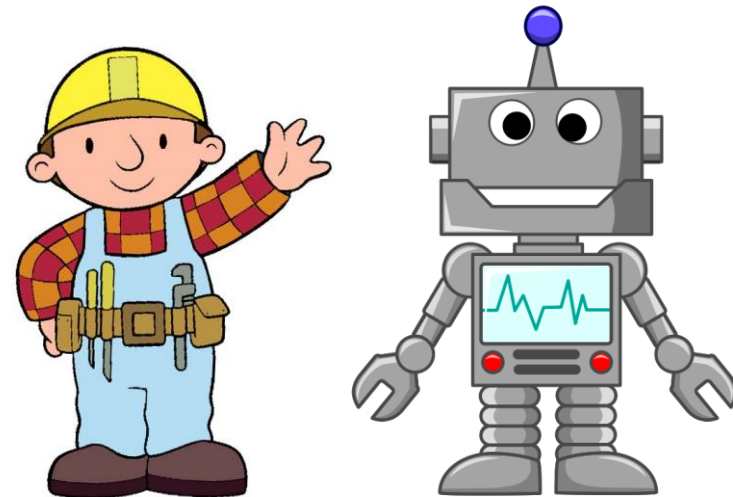
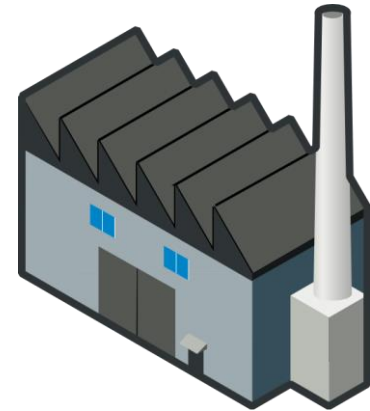


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Some of the topics and issues we will be discussing today

- How important is manufacturing and why does it matter?
- Is American manufacturing making a comeback?
- How can American manufacturing become more competitive?
- Is there a role for policy, and is it moving in the right direction?



Today's Panelists



James Owens, Ph.D.
Former Chairman & CEO
Caterpillar, Inc.



Katy George
Senior Partner
McKinsey & Company



Steve Odland
President & CEO
The Conference Board

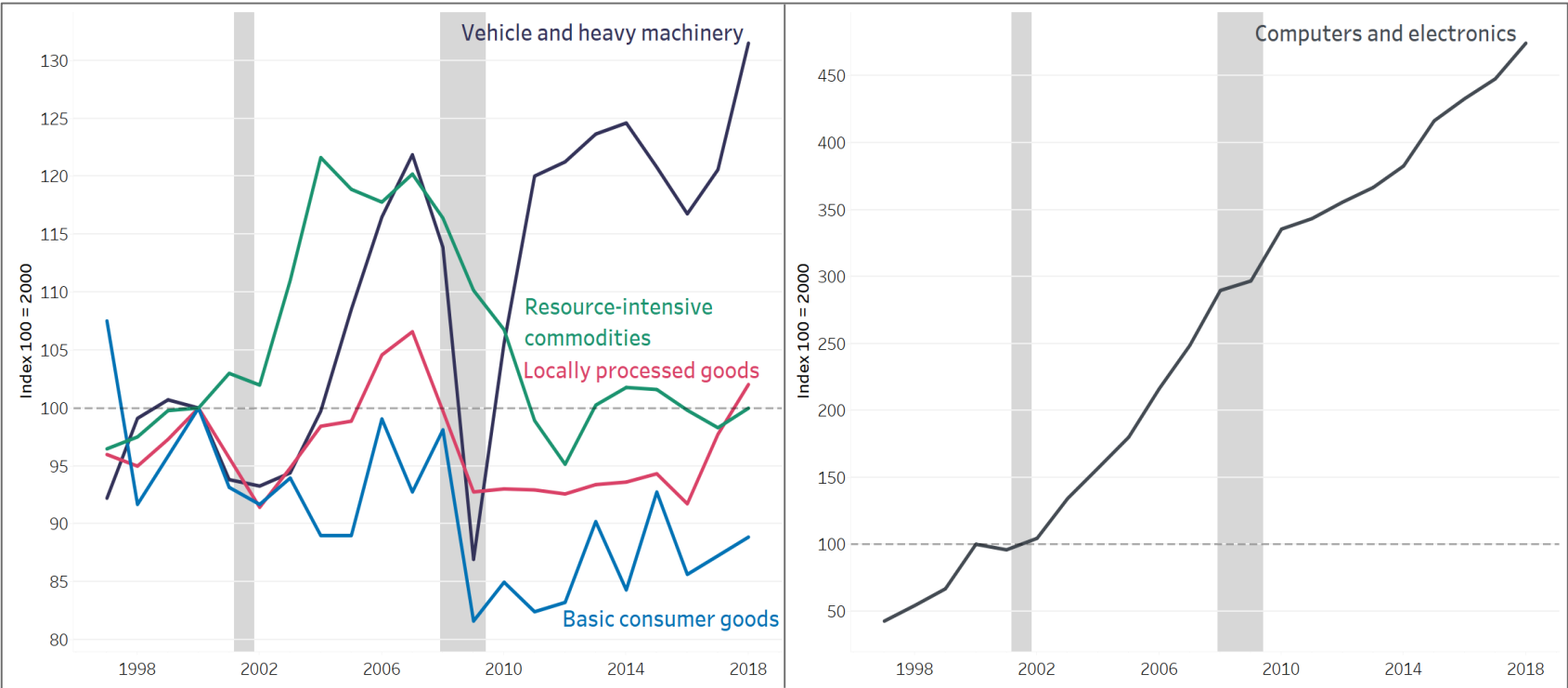


Bart van Ark (moderator)
Executive Vice President &
Chief Economist
The Conference Board



Only part of the manufacturing sector has revived

Real value added for manufacturing industries, index 100 = 2000

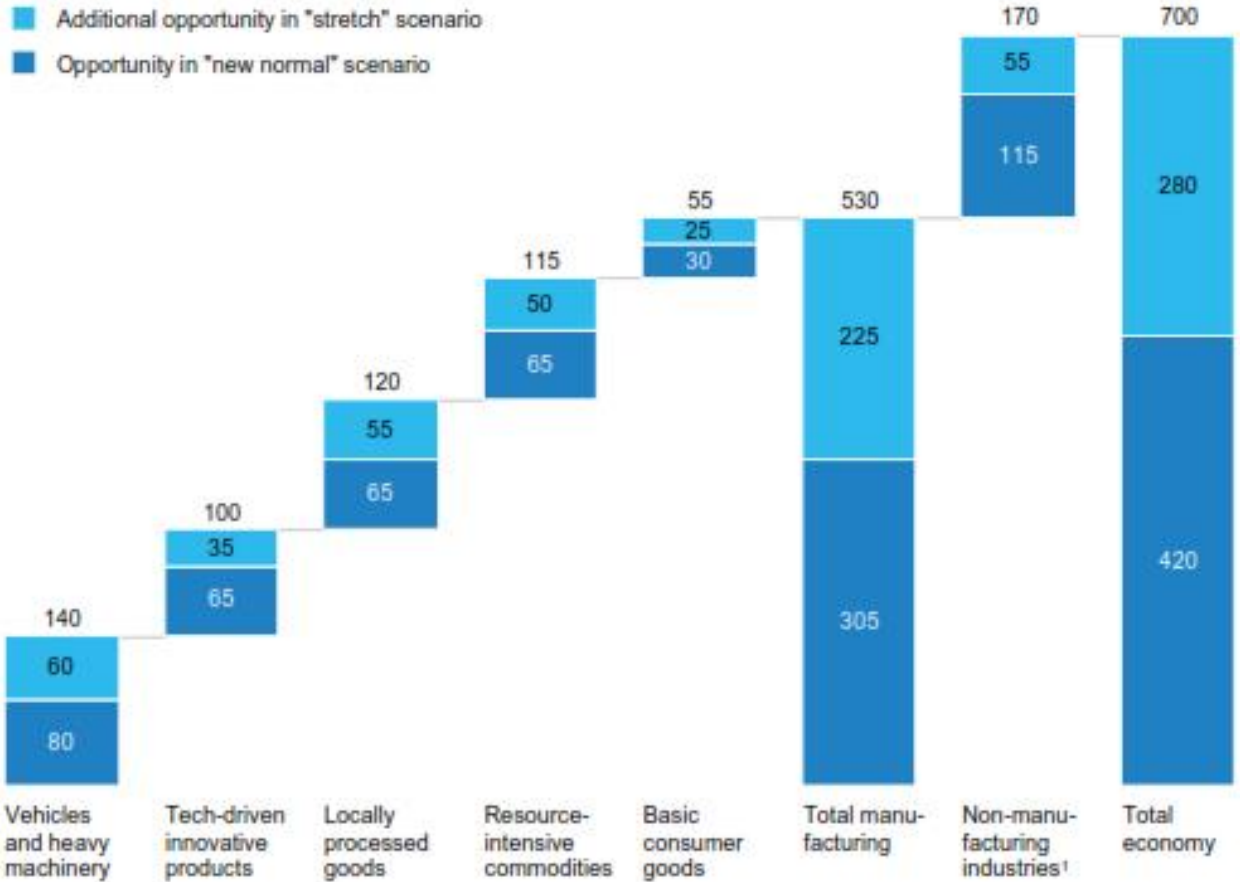


Sources: US Bureau of Economic Analysis



US manufacturing can boost value added by \$530 billion annually over baseline trends, potentially creating more than 2 million jobs

2025 value-added potential in US manufacturing and indirect effect on other sectors
 \$ billion (real, 2015) relative to baseline forecast



Potential increase in 2025 employment

Thousand jobs, relative to baseline forecast

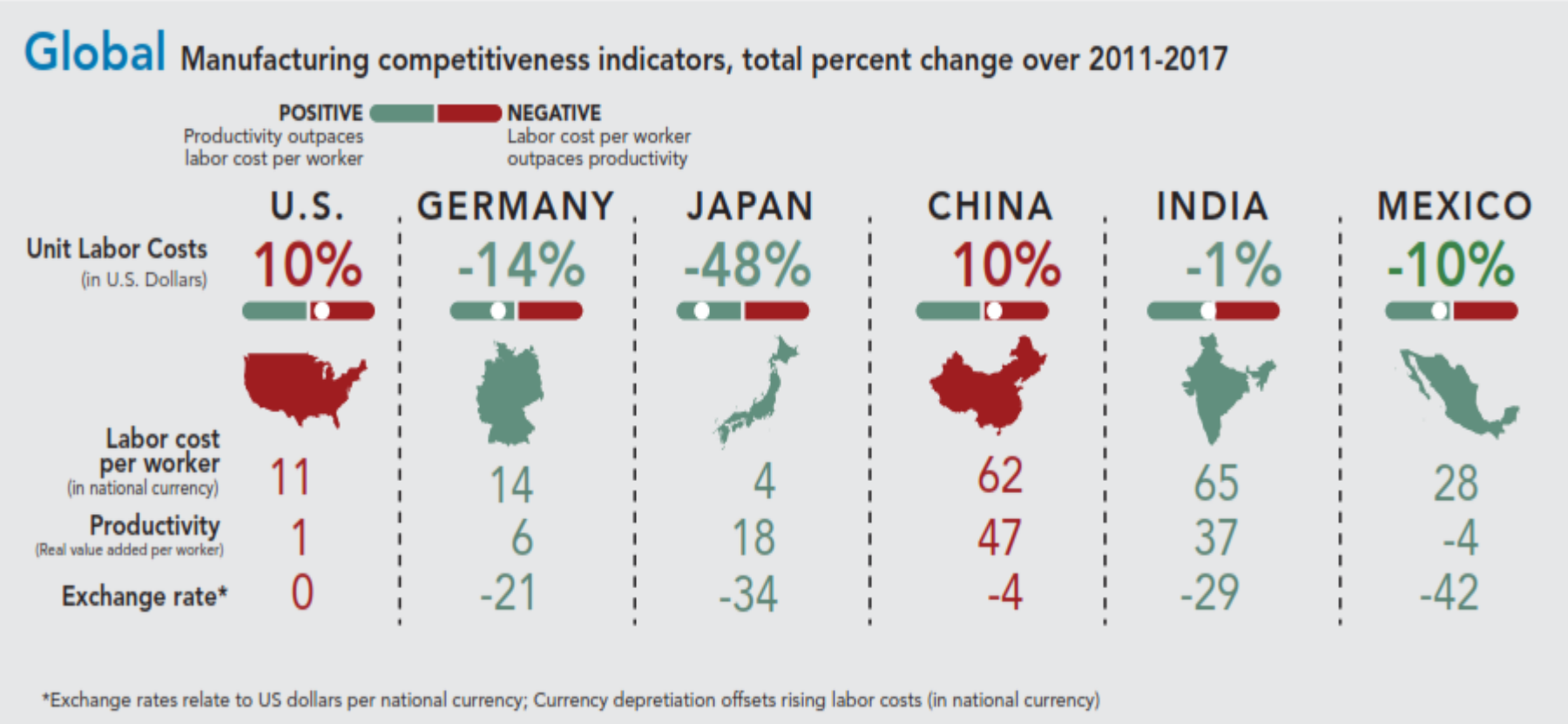
390–665	130–200	490–880	160–260	200–365	1,370–2,370	675–960 ²	2,045–3,330
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1 Approximately 28% in professional and business services, 27% in mining and oil, 23% in wholesale, and the rest in other sectors.

2 Approximately 42% in professional and business services, 17% in wholesale, 15% in agriculture, 11% in transportation, and the rest in other sectors.

NOTE: Numbers may not sum due to rounding.

Labor cost per unit of output performed badly in both the United States and China – but for different reasons



Source: The Conference Board, International Labor Comparisons Program, July 2018



Will reshoring of manufacturing become a real option?

The Business Case for Going Local

Labor market	Risks	Business strategy
<ul style="list-style-type: none">■ Lowering labor cost advantage in EM■ Higher productivity and quality of work in mature markets■ Competition for skilled workers in EM	<ul style="list-style-type: none">■ Exchange rate risk■ IP rights protection■ Transaction costs, such as supply chain complexity■ (Cyber)security	<ul style="list-style-type: none">■ Servitization of manufacturing■ Concerns about sustainability■ Customer proximity

Source: The Conference Board



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Hosted by:



Bart van Ark

Executive Vice President
and Chief Economist
The Conference Board

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Email us at webcaststaff@tcb.org and let us know which "hot" topics are
most important to you.**



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[Job Satisfaction 2019: Satisfaction Continues to Rapidly Increase in a Very Tight Labor Market](#)



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[Economics Watch: Stagnating Growth and Stalling Globalization: Global Economic Outlook 2020](#)

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