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Manufacturing trends in the United States

Extracts from McKinsey Global Institute research
Jan 2017

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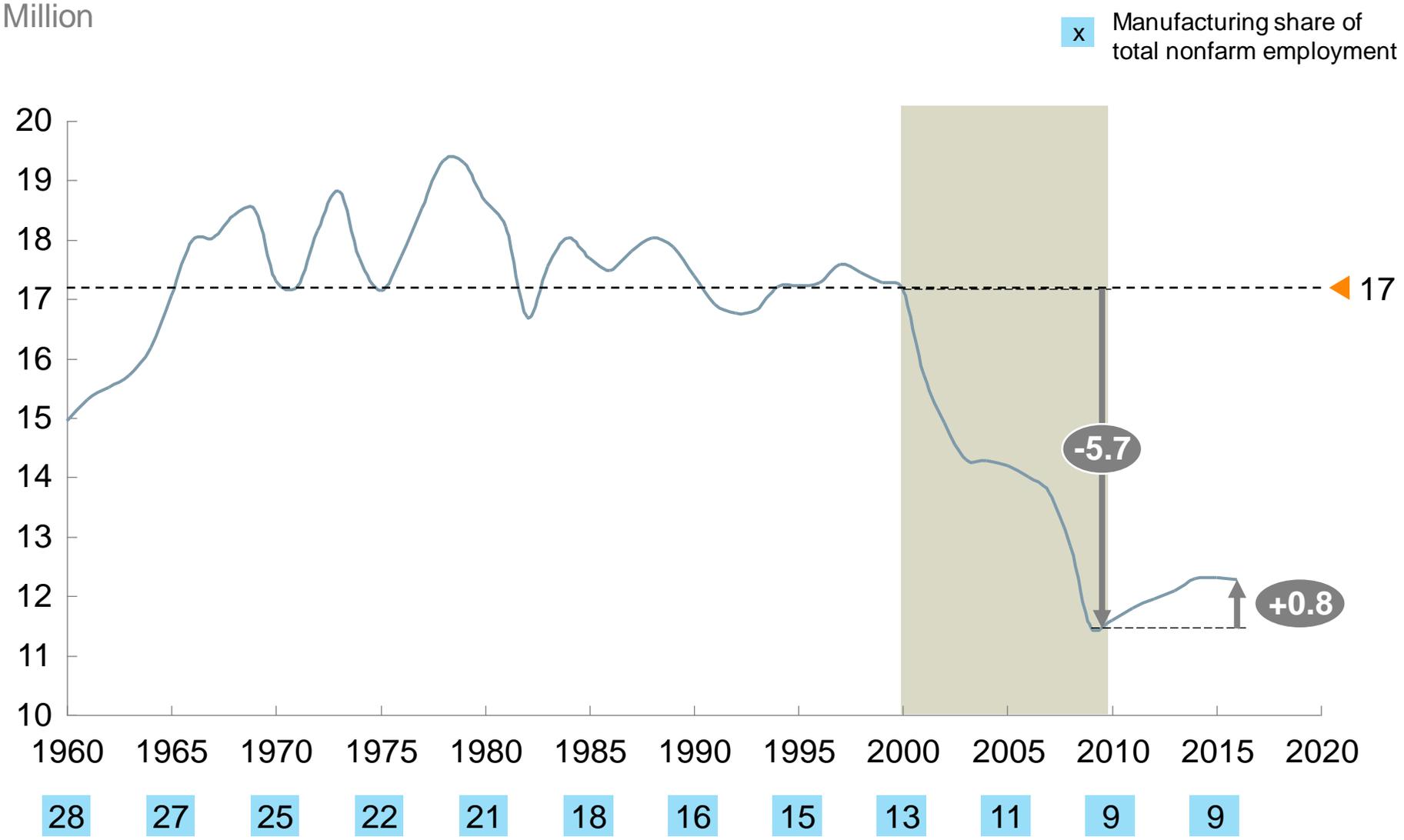
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Recent trends: One-third of jobs lost last decade, followed by a modest rebound

US manufacturing employment

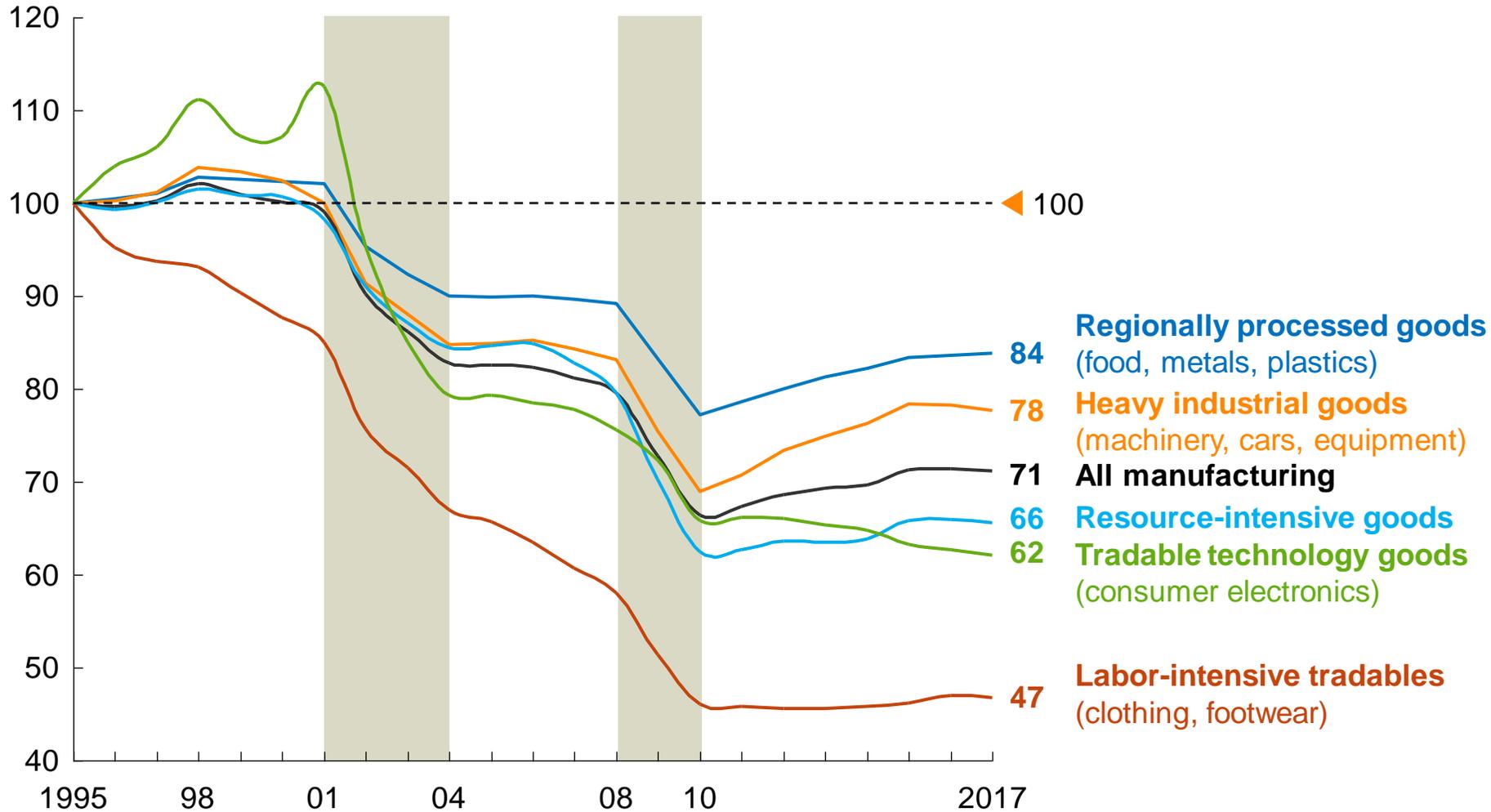


SOURCE: McKinsey Global Institute analysis

Job patterns similar by industry, but intensity—and causes—vary

US manufacturing employment by industry group

Index: 100 = January 1995

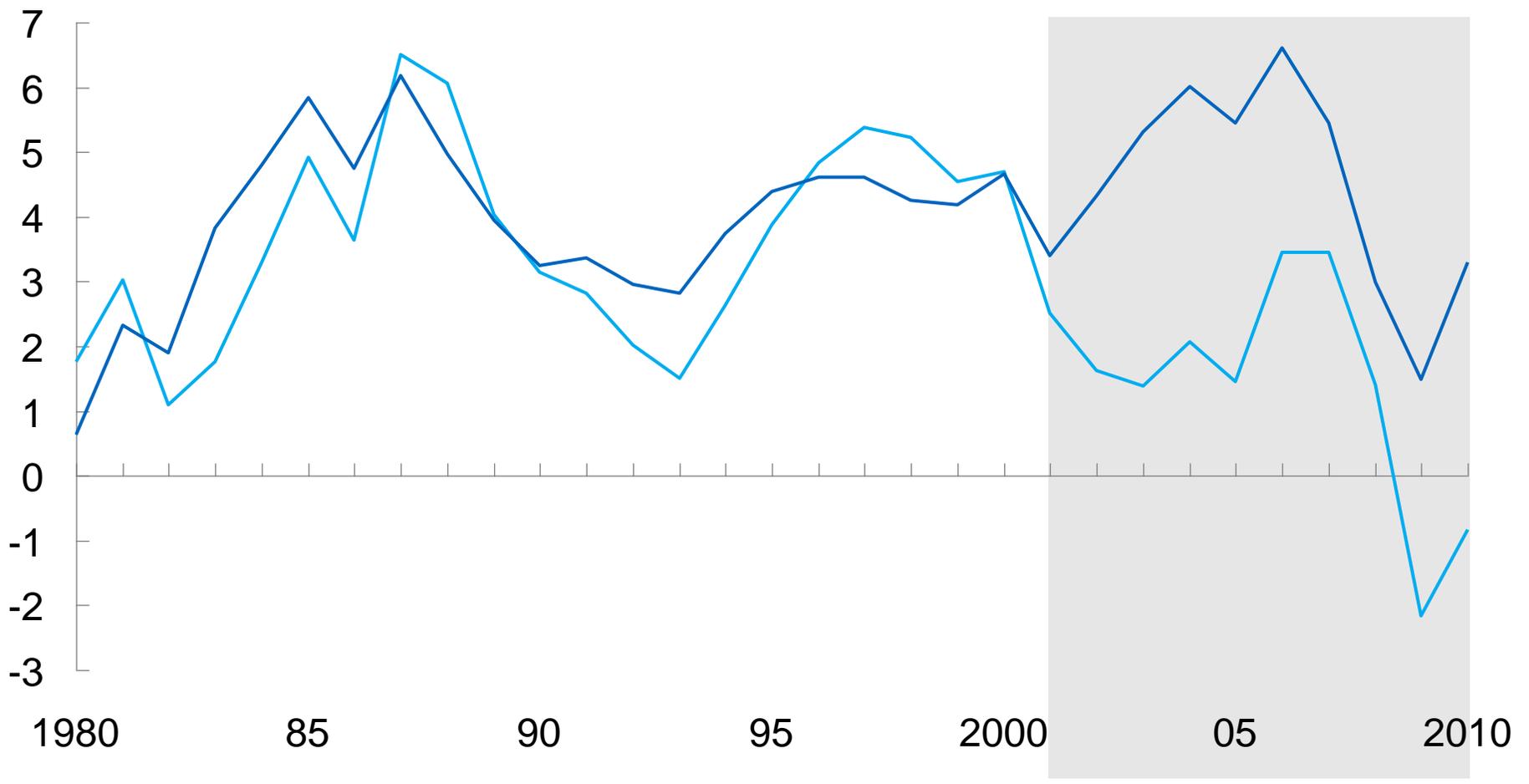


Output growth collapsed during the two recessions of the 2000s

US manufacturing value added and productivity growth

5-year moving average of annual growth, 1980–2010

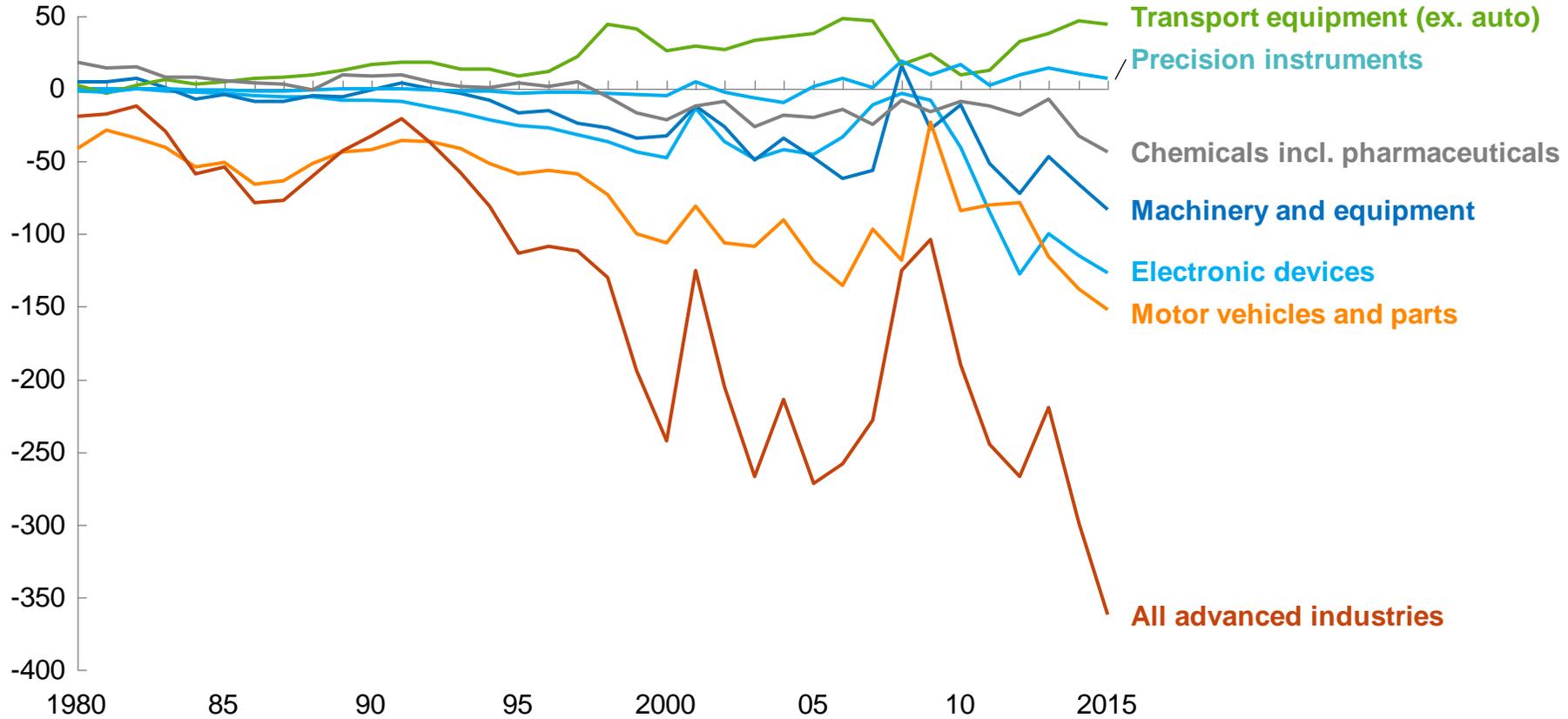
- Real value added
- Productivity



Trade deficit has widened in advanced industries, highlighting supply chain gaps

Net US exports in knowledge-intensive manufacturing

\$ billion, real (2005)



Overall trade balance as a share of GDP



Manufacturing is core to a nation's competitiveness

Share of manufacturing in select economic indicators

	Global sample	Emerging markets	
Value added	16%	24%	12%
Employment	14%	16%	9%
Productivity growth	37%	24%	30%
Exports	70%	73%	61%
Private sector R&D	77%	78%	67%

Some priorities for US manufacturing

Productivity

Faster and broad-based productivity growth, especially among smaller firms with less exposure to export and investment growth

Services

Rising share of service activities that make up growing value share in the manufacturing value chain, both pre- and post-production

Digitization

Greater digital investments along the value chain to promote efficiency and broaden participation in productivity and exports

Addressing dislocation

Place-based strategies to reinvest in manufacturing communities, mitigate trade dislocation, older workers, declining mobility

Thank you

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