MSU Canadian Studies
Supply Chain Public Policy Forum

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Introduction

The Manufacturing Perspective

1) Michigan Manufacturing
2) Critical Trade
3) Supply Chain Challenges
4) Solutions
Michigan Manufacturing Facts

- Largest sector of state economy – **19.38% GSP**
- Manufacturing output = **$102.35 billion** (2018)
  - $40.4 billion is automotive
- **612,000** mfg. employment (Dec. 2022)
  - **596,700** in Jan. 2022 – 2.5% increase
  - Pre-COVID peak – **633,700** (February 2019)
Manufacturing Impact

• **85%** of our members have **100 or fewer employees**
• Mfg employs **14.28 %** of the workforce
  • Automotive Parts = 21.4% of mfg employment
  • Automotive vehicle manufacturers make 9.1% of mfg employment
• Average annual compensation – **$79,320**
• Value of employee compensation into economy = **$48.5 billion**
Michigan Trade Facts

• Manufactured goods = 95% of all exports ($55.35 billion)
• Canada is the top customer of Michigan goods
  • Michigan exports $21.7 billion in goods to Canada
• Michigan imports $37.9 billion in goods from Canada
Supply Chain Challenges:

• The supply chain is global
• Increased efficiency created vulnerability
  • Taiwan Semiconductor Manufacturing Company – 56% of global market
  • Geopolitical instability
• The pandemic revealed the true vulnerability
Supply Chain

- The Ambassador Bridge blockade
  - 8,000 trucks per day
  - $400 million per day
  - Production interruptions in the billions
  - On average, auto parts move back and forth **seven times**
Two Primary Challenges

- Chip Shortage
  - 2,000 chips in a vehicle
  - 750 are critical
  - Chips Act – $52 billion
  - National security issue
Two Primary Challenges

- Talent Shortage
  - Return to Work – 140,000 women less
  - Baby Boomer retirements doubled from 2019 to 2020
  - Lack of skilled workers
  - Pervasive throughout the supply chain
Control What We Can Control: Competitive Policies

1) Talent Development
   - Win the talent challenge
     - Transition to EV
   - K-12 and higher ed
   - Workforce retraining

2) Economic Development
   - Compete to Win
   - SOAR – Transformational – $13.6 billion and 13,000 jobs
Q & A