

Forward

Global Perspective From MSCI

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Can
Alain Belda
Improve
Alcoa's
Profitability?

Gordon Bethune
Plans for
Volatility

Peter Morici
Sounds Off on China

THE NEXT **HUGE** OPPORTUNITY

INDIA

EMERGES

NO LONGER MA

The decline of manufacturing in North America is most often tabulated in lost jobs. Painful though that is, it is mostly a political argument that, through repetition, loses its sting. What's more telling sometimes is to see iconic America products that simply go away.

Forward began the process of finding such products by identifying 20 that can be well documented. Please visit www.msci.org/forward to add to the list with products that are no longer made in America.

Nearly half of manufacturing plants (45%) now source components and materials from China. Of those, 74% indicate the dollar volume of components and raw materials sourced from China has increased over the last three years; **18%** say the volume has increased by more than 20%. Some 45% of primary metals manufacturers and

41% of fabricated metal plants indicate that Chinese competitors have caused their plant's profitability to decrease (the highest percentage among industries), compared to just 17% of food manufacturers. **16%** of primary metals makers indicate that their profitability has decreased significantly due to Chinese competitors.

DE IN AMERICA



GYM SHOES

Nike
Converse

Founded in 1962 as Blue Ribbon Sports, Nike Inc. operates 109 apparel contract factories and 12 equipment factories around the world. As recently as FY2001, Nike manufactured approximately 14% of its apparel in the United States; the remainder is manufactured by independent contractors located in 33 countries worldwide. Nike acquired Converse shoes in 2001 and shifted production from the United States to Asia.

BICYCLE HELMETS

Asia has become the manufacturer for nearly all helmet companies except the Italians and Germans for at least part of their lines. Many of the familiar North American brands, such as ProRider, HeadStart, Mongoose and Bell, are made by a handful of companies in China and Taiwan.



BRAS

Top Form

The world's largest brassiere maker manufactures bras for U.S. brands such as Maidenform. The company manufactures 56% of its product in China, 36% in Thailand and 8% in the Philippines.

GUN TRIGGER LOCKS

Master Lock

More than 90% of all trigger locks on the market today are made in Asia.



SURGICAL GLOVES

Ansell
SSL International P.L.C.

Glove and condom maker Ansell stopped producing surgical gloves in the U.S. in 2001, outsourcing to sites in Malaysia and India. This ended latex surgical glove manufacturing in the U.S. following the closure of British-owned SSL International P.L.C.'s U.S. plant.



U.S. manufacturing
contributed **\$11,735**
billion to the nation's GDP
in 2004, 13% of the total.

GOLF CLUBS

U.S. consumers spend approximately \$2.8 billion a year on golf clubs, some 70% of which come from China. Many top U.S. companies, such as Titleist, Cobra and TaylorMade, use Chinese parts in their products.



MUSICAL INSTRUMENTS

Fender Musical
Instruments Corp.

By 1990, Fender had sent some of its guitar manufacturing to a plant in Ensenada, Mexico. Other Fender products, such as its entry-level Squire brand, are made in Korea.

NEODYMIUM-IRON-BORON MAGNETS

Magnequench

Using Pentagon grants, General Motors developed a new kind of permanent magnet material in the early 1980s, and began manufacturing the magnets at its subsidiary's, Magnequench, factory in Anderson, Indiana. Over the past few years, Magnequench moved virtually all its U.S. production operations—and soon its headquarters and research facilities—to Mexico, Singapore and China. In 2004, when Magnequench moved its production facilities to China, it marked the end of U.S. production of the world's most advanced permanent magnets, tiny but crucial components in computers, automobiles and consumer electronic products—as well as cruise missiles and the Joint Direct Attack Munition bomb.



RADIOS

Radio Corporation of America (RCA)

In 1986, RCA was purchased by GE, which subsequently sold its consumer electronics business (which included radios) to Thomson Multimedia, a company owned by the French government. Today, the vast majority of AM-FM radios are manufactured overseas, including those made under U.S. brand names such as Motorola.

Fabricated metal products
accounted for **\$23**
billion in U.S.
exports in 2004.