# Where will manufacturing talent come from? Services to start

Here is another chart from the study profiled in my recent past **post,** and a few points:

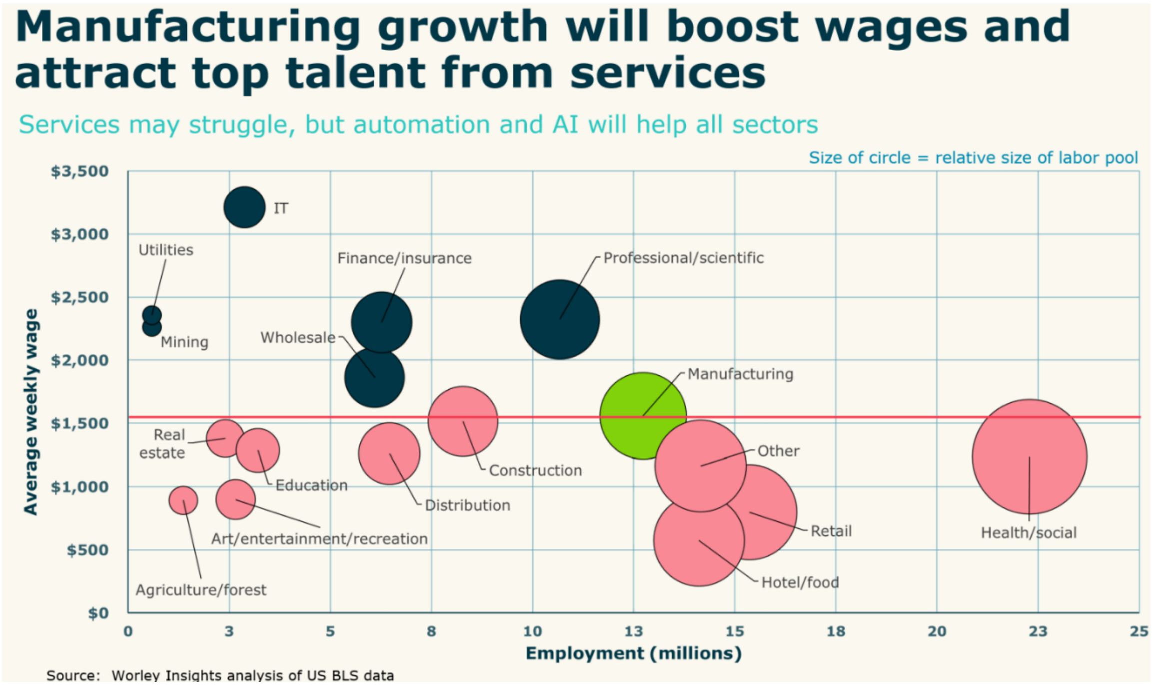
- Labor will resettle to the highest compensation level, with manufacturing generally having higher compensation than some other sectors (like retail, food services, leisure, etc.), but some segments in manufacturing have compensation (like automobile manufacturing) exceeding most other sectors. This may move the labor problem to less value-added activities. See figure at bottom for labor pool sizes and wages. The circles in red are pools from which manufacturing can draw, as they pay less.
- Manufacturing will draw labor from higher pay and lower pay industries. AI is taking over tasks in the "higher paying" finance, engineering, and scientific occupations. Automation is reducing food service, waste management and retail labor needs as well.
- The US labor force participation rate was 62% in February 2025, down from the upper 60s twenty years prior; higher-paying manufacturing jobs may lure them back.
- Continued legal immigration of high-skilled/educated labor, as the US administration earlier claimed to support "highly skilled workers." Maybe more to come on this.
- Productivity improvements. Some studies indicated, in general, a 40-50% decrease in labor needs with modern facilities from a decade or so ago, with many examples of greater improvements. AI will add a new wave of improvement here again (as mentioned in the previous article). Perhaps the problem may even flip in five to ten years?

The table below shows each US industry segment, its relative 2024 capacity utilization rate, “business interest” (representing the top 20-30 global companies in each segment and how they changed their assets over the past few years toward North America via investment, closures, divestment, M&A, etc.), trade position and relative compensation.

The industries near the top of the table will likely attract investment first. This would also mean that chemicals and metals companies will need to offer higher compensation to attract and keep talent.

Companies will need to stay on top of the changing competitiveness of the labor market and employ the best methods, process technologies, automation/robotics and AI enablement to overcome the talent hurdle.

| Processing stage | Industry | Capacity utilization | Business interest | Trade position | High value labor |
|---|---|---|---|---|---|
| | | 2024 | Global corporate geo-focus | Net trade/output | Compensation |
| Finished | Electrical & appliances | | | | |
| Semi-finished | Electronics & comm. equip. | | | | |
| Finished | Motor vehicles & parts | | | | |
| Finished | Misc. manufacturing | | | | |
| Raw material | Oil & Gas Extraction | | | | |
| Refining | Refining | | | | |
| Semi-finished | Industrial machinery | | | | |
| Refining | Chemical products | | | | |
| Raw material | Nonmetallic minerals | | | | |
| Intermediate | Fabricated metal | | | | |
| Finished | Food products | | | | |
| Refining | Primary metals | | | | |
| Refining | Paper/products | | | | |
| Finished | Furniture/fixtures | | | | |
| Raw material | Mining | | | | |
| Finished | Other transportation | | | | |
| Intermediate | Plastic & rubber products | | | | |
| Finished | Apparel & leather prdcts | | | | |
| Raw material | Lumber/wood prdcts | | | | |
| Semi-finished | Textile Mill Products | | | | |

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## About the author

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Paul leads Worley Insights’ market analysis across energy, chemicals, and materials, helping clients understand structural shifts, investment risks, and supply-chain implications through data-driven models and industry research.