

**PART III**

**AN AGENDA FOR OREGON INDUSTRIES**



# 1. INTRODUCTION

One of the major objectives of this strategic planning effort has been to examine Oregon's competitiveness as a location for specific industries and small businesses. Representatives from various industries from throughout the state were asked to review Oregon's competitiveness as a place to do business, to develop a vision for industry growth, and to make recommendations consistent with that vision.

The recommendations of the committees generally address two levels of concern. First, nearly every industry group agreed, to create the foundations for business growth, broad government policies are needed to address critical concerns in education, infrastructure, regulation, and taxation. Those recommendations have been built into the broad strategies for the state which are described in the previous section.

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Second, most industry groups identified specific actions that would enhance the competitiveness of their particular industry. The industry reports in this section focus for the most part on those actions.

The industry reports prepared as part of this plan have been exceptionally useful at pointing out opportunities to enhance each industry. To act on these opportunities and to encourage further refinement and development of industry strategies, we will encourage the industry committees to continue or for industry trade associations to take responsibility for working with State Government to develop the industry more fully in Oregon. The Economic Development Department will provide staff support to assist industry groups develop strategies and facilitate connections between industry groups and other institutions to help implement the industry agendas. Where appropriate, we envision these industry strategy committees working with the Science Council to help identify opportunities, set priorities, and facilitate the transfer of technology and information between the universities and industry. These industry initiatives should also be integrated in the State's Regional Strategies Program, to help regions target and exploit specific industrial opportunities.

In selecting industries for inclusion in the strategic plan, we included the state's largest base manufacturing companies and several newly emerging fields of enterprise that show growth potential. There are other sectors on which we could concentrate in the future. Specifically, the environmental technology sector

identified by the Governor's Science Council deserves attention, as do minerals, which present important opportunities in many parts of the state. The Economic Development Department welcomes the addition of other industry strategy committees in the future.

As Oregon embarks on a course of working with industries to build competitive advantage, the inevitable question will arise whether we are embarking on "an industrial policy." Industrial policy, as characterized in national debates, can be defined as a process of focusing a state's resources on particular industries that show promise. The question invariably raised with an industrial policy is "what industries?" That question is important because government planners are not necessarily skillful in predicting which industries will rise to take prominent roles in an economy. For this reason, critics of industrial policy favor building a strong climate for all businesses.

The major focus of this strategic plan is building a strong economic climate for all business sectors, recognizing that market forces will primarily decide which specific industries grow in Oregon. By emphasizing work force quality, quality of life and globalization, along with infrastructure and cost containment, this strategic plan intends to build a climate that is particularly well suited for industries and companies that rely on productive people and that market globally. Industries that rely on low wage labor or which seek the lowest possible public sector costs are not a priority.

In developing policies to support specific industries, we believe that stronger links between industries and institutional resources (such as universities and commercial lenders) can produce tangible benefits and can make those industries more competitive. For example, helping financial institutions become better informed about the potential of biotechnology, software, and film and video industries in Oregon costs the state little, and can result in a more positive reception for individual companies seeking funds. Articulating the work force needs of industry to the state's education systems can make schools more responsive, increasing the productivity of industry. There are numerous links that can be forged when firms within an industry cooperatively analyze how a region can supply services and information to support overall industry growth.

The Economic Development Department encourages the formation of industry associations to create industry development strategies and implement opportunities

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identified in the strategy. The department will assist in the creation of industry committees and help the committees to structure and implement a strategy.

Meanwhile, we hope the committees that have already formed will continue (in some cases with somewhat modified membership) to help implement the strategic plans adopted here or to assign implementation responsibilities to an appropriate trade association. The State will assist these industry efforts by providing staff, utilizing loaned executives, and hiring technical consultants (assuming legislative approval of the budget) to support the continuation of these efforts.

The ten industries covered in this document can be roughly placed in three categories:

- **Large, mature industries:** forest products, agriculture, and metals. Major employment increases are not anticipated in any of these sectors, and indeed employment may decline through gains in productivity. In each case, however, there are exciting opportunities to add value to industry products, and to market those products more widely. The State's strategy recommends steps to protect our base in these industries while seeking opportunities to add value and find new markets.
- **Large industries with potential for further growth:** high technology, producer services, and tourism. In each case, Oregon has strong natural advantages for industry growth, which could be enhanced substantially through a more organized effort to apply state and local resources to support the industry.
- **Small with potential for rapid growth:** plastics, software, biotechnology, and film and video. In each of these cases, there is a strong need for the industry players to become better acquainted with each other, to identify opportunities for collaborative ventures, and to communicate industry needs with a wide variety of institutions. In each case, a catalytic effort to ignite the industry could cause a major growth surge.

The strategies adopted for each of these industry sectors tend to reflect the maturation cycle of each sector.

For greater detail on any particular industry, the reader is encouraged to contact the Economic Development Department for the original industry report, which provides greater detail on industry trends and opportunities than do the summaries presented below. The summaries try to highlight key steps Oregon needs to take to move these industries forward.

### **Next Steps in Industry Strategies**

The industry committees from the strategic planning process are encouraged, where appropriate, to continue as committees to further develop and implement their industry strategies. Some may prefer to turn that responsibility over to an appropriate trade association. The Economic Development Department will help facilitate strategy implementation in either case.

The department will also assign staff to newly created industry strategy committees, assist them to formulate development strategies, and help them implement those strategies.

To provide support to existing and newly created committees, the department will seek \$350,000 in technical assistance funds, part of which will be used to support and implement industry strategies.