

Testimony Before the New York State Assembly

December 6, 2001

I am Adam Friedman, Executive Director of the New York Industrial Retention Network (NYIRN), and I appreciate the opportunity to testify regarding the impact of September 11<sup>th</sup>.

NYIRN is a city-wide economic development organization dedicated to strengthening the manufacturing sector and saving manufacturing jobs. Several of NYIRN's initiatives were included in the Assembly's Jobs 2001 Agenda, and the Assembly's proposals for the rebuilding efforts issued several weeks ago.

I am going to focus my testimony on three things: 1) the immediate impact of September 11<sup>th</sup> on the manufacturing sector; 2) some longer-term problems which are beginning to emerge; and 3) recommendations to help address some of these problems including a **Buy New York** campaign that we are about to launch.

There are over 206,000 manufacturing jobs in New York City. To put that number in perspective, there are about 180,000 jobs in the "information industries," 82,000 in legal services and 55,000 in advertising.

Manufacturing is a critically important source of employment for immigrants who now make up about half the City's population, and for people who do not have a college degree. The manufacturing sector is composed almost entirely of small businesses. Of the 11,000 manufacturing companies in New York, 10,750 employ fewer than 50 people.

As you have heard from the Fiscal Policy Institute and the Garment Industry Development Corporation, there has been a tremendous loss of jobs held by unskilled and semi-skilled workers. Projected losses in the manufacturing sector are approximately 28,000 jobs, well over 10% of the total. In addition to the apparel industry, two industries particularly impacted by the attack are food manufacturing and printing.

Food manufacturing employs approximately 15,000 people in New York City and had been growing steady for the previous seven years. It is overwhelmingly immigrant labor. It is actually an export activity with most firms selling a significant amount of their products outside the New York market and bringing wealth into the City. The abrupt disruption of tourism, and the loss of thousands of office jobs, has resulted in layoffs at manufacturing companies that sold to restaurants and hotels. One estimate is that employment in this sector declined by 5%.

Printing employs an estimated 12,000 to 15,000 people. New York's printers are particularly tied to the financial service sector and advertising, both of which were hurt by the attack. Because the printing industry still has a very significant presence in Lower Manhattan, it is severely impacted by increased traffic, street closings and other logistical problems. Estimates of the drop in printing range from 22% to 25%.

In addition to these short-term impacts, there is a longer-term impact which is yet to be really felt but will cause a tremendous problem down the road. The attack set off a wave of real estate speculation because of the anticipated need to find space for relocating corporations. The anticipated increase in demand did not happen. As this weeks Crain's Magazine reports, the vacancy rates in Midtown and Downtown have both increased because space was very underutilized. There was sufficient excess space to absorb the relocations.

However, manufacturing properties were bought in anticipation of converting them to office use for relocating tenants, aggravating an already severe shortage of manufacturing space. Those properties now have an increased basis which is compelling owners to convert or warehouse space despite the weak market. This is particularly a problem in Long Island City, home to 18,000 heavily unionized manufacturing jobs, in Chinatown, with over 20,000 jobs in the garment industry, and in the Garment Center which has faced real estate conversion pressure over a long period of time.

NYIRN is trying to address these challenges in several ways. First, NYIRN offers an extensive real estate assistance program to help companies find space, and apply for financing as well as City and State benefits. These services include an on-line database of over 150 real estate listings. We have worked with over 800 companies over the past five years. For example, we worked closely with GIDC, Local 23-25 and other local development organizations to organize tours of various relocation sites for garment contractors threatened with displacement.

Second, NYIRN has developed an extensive research and policy arm to help create new programs and zoning to reduce real estate pressure. For example, two years ago NYIRN worked with the Association of Graphic Communications and the Amalgamated Lithographers to successfully persuade the City to provide \$8 million to help the printing industry. Recently, NYIRN was hired by the Union of Needletrades, Industrial and Textile Employees to do a land use study of the Garment Center which was successful in preventing zoning changes that would have undermined the viability of the apparel industry in that area. (See [The Garment Center – Still in Fashion.](#))

NYIRN is doing similar work in collaboration with the New York City Central Labor Council to map the density of unionized manufacturing jobs throughout the City, and develop land use recommendations to strengthen those companies and retain jobs.

This work would not have been possible but for the financial support of the New York State Assembly.

Third, NYIRN is launching **Buy New York**, a campaign to encourage architects, developers, space planners and office tenants to purchase products made in New York to replace those lost in the attack and that will be part of the rebuilding effort. There are about 2,000 New York manufacturers employing 60,000 people who make products used in the office space industry. **Buy New York** will stimulate economic activity in the manufacturing sector to help absorb the unskilled and semiskilled workers dislocated by the attack. The program includes a marketing campaign, a website for finding New York manufacturers, and a service through which potential buyers can call NYIRN and we will search for companies making the relevant products.

I have attached to my testimony copies of the homepage, other pages from the site to illustrate how it will work and a sample of a poster which is being developed for the campaign. We have obtained [www.buynyc.org](http://www.buynyc.org) as the address for the website.

The design and development of the website, the graphics, and the assistance of a public relations firm have all been donated to the campaign, though we are still seeking funding to support staff for this effort.

I thank you for the opportunity to testify this morning and look forward to working with you and your staff on these issues.