

Medical Manufacturing Jobs Up

By MICHAEL SASSO, The Tampa Tribune

Published: August 24, 2007

TAMPA - Talk about your awkward timing.

On Thursday, a host of trade and economic development groups issued a new study touting the growth of the Tampa Bay area's medical products industry, an industry that has grown to an estimated 12,000 local jobs.

Just two days earlier, however, news broke that one of the area's prized medical products manufacturers, Smith & Nephew, was planning to cut 150 jobs in Largo and move the work to China.

The timing was a coincidence and the study had been in the works for months, economic development officials say. However, the announcement of the upcoming layoffs raises questions about how many more medical manufacturing jobs are at risk. Such jobs historically have been seen as less likely to move overseas, or be 'offshored,' because of their complexity.

However, the community can't take the medical manufacturing industry for granted, said Chris Steinocher, chief operating officer of the Tampa Bay Partnership, a local economic development group.

'Certainly any company's at risk to leave at any time, but an economic development strategy is to get higher-value processes into your community,' Steinocher said.

The new study was commissioned by the Florida Medical Manufacturers' Consortium, a trade group based in Pinellas County, and conducted by the University of South Florida's Center for Economic Development Research. Much of the study uses data from 2004, which was the most recent available.

According to the study, about 9,000 of the area's 12,000 medical products jobs are in medical device manufacturing, with the rest in pharmaceuticals and biotechnology. Pinellas County has the majority of the jobs because of its cluster of medical device companies.

The local industry has shown steady growth. Sales hit an estimated \$3.47 billion in 2004, up about 65 percent from 2001. The Bay area has at least 288 medical products companies, the study says.

Economic development leaders are so high on the medical products industry because its wages are so much better than other industries. According to Florida unemployment insurance data, the average wage in the medical products industry in 2005 was \$55,458. By comparison, the average wage for all industries in Florida was \$36,000, the study says.

How many of those jobs will be at risk?

Geary Havran, chairman of the Florida Medical Manufacturers' Consortium, said the area's medical products jobs are 'relatively immune' to offshoring, but not completely.

Luckily, the Bay area's medical manufacturers are mostly small, locally based companies that are less likely to move work overseas than big multinational companies, Havran said.

Also, products that are complex or closely regulated by the Food and Drug Administration are more likely to be made in the United States, said Havran, who leads a St. Petersburg medical manufacturer called NDH Medical.

In Smith & Nephew's case, it is moving the manufacture of adhesive dressings to China, work that is relatively low-tech, a company spokesman said.

London-based Smith & Nephew also is keeping about 350 nonmanufacturing jobs in the area.

Still, local economic development leaders know that companies continue to find ways to send even high-tech, delicate jobs overseas.

John O'Brien is a medical manufacturing consultant from the Boulder, Colo., area whose job, in part, is to help companies move work abroad.

In some cases, U.S. medical manufacturers are moving manufacturing overseas and demanding that their suppliers move overseas, too.

O'Brien was a part-owner of a Boulder medical products company called Point Technologies. It moved its operations to Costa Rica to be closer to its biggest customer, a Texas-based firm called ArthroCare that had moved its manufacturing there, O'Brien said.

In one note of optimism, he said, 'I would not be alarmed, because there is a lot of medical device research and development that is done in the U.S. and that will continue to be done in the U.S.'

Reporter Michael Sasso can be reached at msasso@tampatrib.com or (813) 259-7865.