

Hibbs Brief

Hibbs Institute for Business & Economic Research

Made in East Texas: The Powerhouse of the Manufacturing Industry

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In this issue of the [Hibbs Brief](#), we analyzed the manufacturing industry, with a specific focus on its regional performance. To provide a comprehensive perspective, we examined key figures that highlight its trends and dynamics in East Texas.

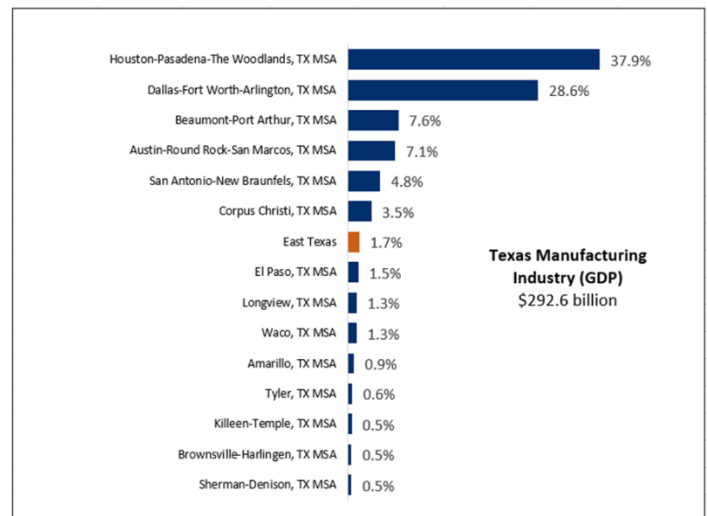
Manufacturing is the creation or development of finished products through the use of machinery, tools, chemical processing and/or human labor.¹ The manufacturing industry has long been the driving force behind the U.S. economy, bolstering economic resilience and supporting millions of jobs nationwide for decades. From the production of essential goods to the rise and boost of advanced technologies, this industry has remained a pillar of national growth and regional development. The manufacturing industry contributed \$2,840 billion to the national economy (10.2% of GDP), making it the third-largest economic contributor in 2023.²

Texas is a large contributor to this industry — comprising approximately 10.3% of the U.S. manufacturing GDP (\$292.6 billion) — second only to California’s contribution of 14.5% (\$411.8 billion).³ East Texas plays a significant role in the Texas manufacturing industry. In 2023, about 1.7% of the manufacturing industry’s contribution to the Texas GDP was produced in East Texas (delineated as Smith County and its eight surrounding counties).⁴ This group of counties ranks 7th compared to other Metropolitan Statistical Areas (MSAs) across the state ([Figure 1](#)).

The Size and Composition of East Texas’s Manufacturing Industry

In 2023, the manufacturing industry in East Texas generated approximately \$8.6 billion in output⁵ — an amount comparable to building seven AT&T Stadiums.⁶

Figure 1. Gross Domestic Product of the Manufacturing Industry in Texas by MSAs (2023)

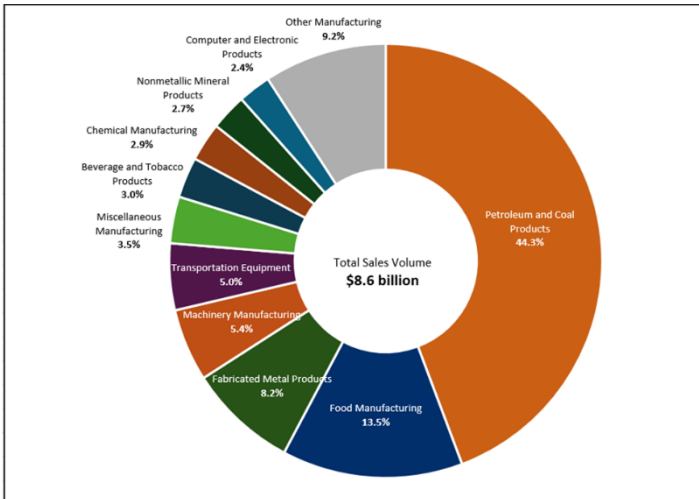


Source: The Hibbs Institute estimates using Chmura Economics & Analytics data.

[Figure 2](#) illustrates a comparison of the industry’s size and exemplifies its relevance to the region. Petroleum and Coal Products (NAICS code 3241) is the largest industry sector and generates 44.3% of the region’s manufacturing output. It includes several facilities that produce petroleum derivatives. Other industry sectors on the list are Food Manufacturing (13.5%), Fabricated Metal Products (8.2%), Machinery Manufacturing (5.4%) and Transportation Equipment (5.0%). Collectively, these five industry sectors represent about \$3 out of \$4 generated in the manufacturing industry in East Texas. [Figure 2](#) shows the ten largest industry sectors and their corresponding sales volume share.⁵

The relevance of the manufacturing industry in East Texas is not only associated with its output in sales and dollar value but also with regional employment. The manufacturing industry provides jobs for more than 26,000 people in East Texas, with most of these jobs lying above the region’s average wage of \$51,825.⁵

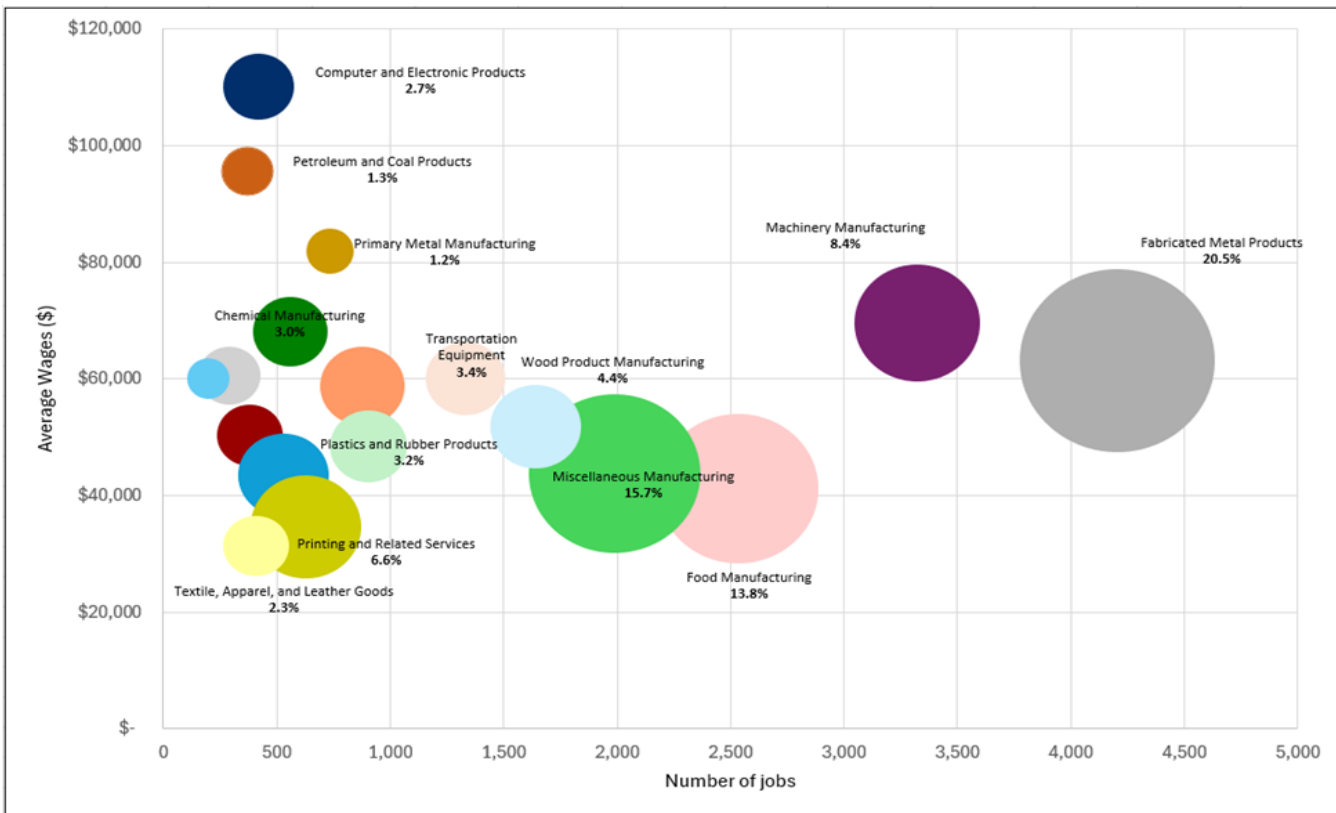
Figure 2. Top Ten Manufacturing Industry Sectors by Total Sales Volume in East Texas (2023)



Source: The Hibbs Institute estimates using ESRI Business Analyst data and LMI data.

Figure 3 displays a three-axis graph where the number of jobs and the average wages per industry sector are shown on the X- and Y-axis, while the sector's share is depicted on the Z-axis. The sector's share was calculated as the number of manufacturing facilities within an industry sector, represented as a percentage of the total. For instance, the Fabricated Metal Products sector has the largest share of all sectors, with 20.5% (188 plants out of 915).⁵

Figure 3. Manufacturing Industry Jobs, Average Wages and Sector's Share in East Texas (2023)



Source: The Hibbs Institute estimates using Chmura Economics & Analytics data.

The Economic Impact of the Manufacturing Industry

Finally, the Hibbs Institute analyzed the economic impact of the manufacturing industry in East Texas. This kind of analysis, when applied to a complete industry, quantifies its economic contribution to a geographic area. The impact effects are measured in three categories: direct, indirect and induced.

The direct effect refers to the initial change in demand resulting from new or current expenditures or employment. Indirect effects represent all changes in regional industry activity, such as increases in production and employment that result from the direct effect. Finally, the induced effect measures the impact of household spending within a region due to changes in labor income or compensation received by workers and business proprietors for both the directly and indirectly impacted regional industries. The sum of these three effects represents the total impact.

In 2023, the manufacturing industry contributed approximately **\$12.6 billion** to the East Texas economy — \$8.4 billion in direct effects, \$3.6 billion in indirect effects and \$0.6 billion in induced effects.

In terms of job generation, the manufacturing industry supported 26,417 direct jobs, 14,425 indirect jobs, and 4,163 induced jobs, which adds up to **38,352 employees** associated with the manufacturing industry in the region.⁷

This information was also featured in the February/March 2025 issue of TYLER TODAY Magazine. Visit bluetoast.com/publication/?i=839573&p=50 to read the article for free.

The economic contribution of the manufacturing industry to the East Texas economy is substantial. Besides the economic benefits derived from the industry's production and profitability of goods and the number of jobs it supports, the backward linkages in the region are significant to the local economic development of many East Texas counties. The number of supplying businesses that are directly or indirectly related to the manufacturing facilities in the region is extensive.

End Notes

¹"Manufacturing: Definition, Types, Examples, and Uses as Indicator" by Will Kenton with Investopedia; www.investopedia.com

²The finance, insurance, real estate, rental, and leasing industry is the largest contributor to the national GDP with \$5,811.6 billion (20.96%), while the professional and business services industry follows with \$3,611.7 billion (13.02%). Bureau of Economic Analysis; U.S. Department of Commerce.

³Bureau of Economic Analysis; U.S. Department of Commerce.

⁴The Hibbs Institute delineates East Texas in this article as the following counties: Anderson, Cherokee, Gregg, Henderson, Rusk, Smith, Upshur, Van Zandt, and Wood.

⁵Bureau of Economic Analysis; U.S. Department of Commerce.

⁶According to Schiller (2024), the venue's construction was initially estimated at \$650 million but ultimately reached \$1.15 billion, making it one of the most expensive sports facilities ever built at the time. sportingnews.com/us/nfl/dallas-cowboys/news/cowboys-att-stadium-details-location-capacity-curtains/9312a5e1935285e56127c2c1.

⁷The IMPLAN model, a widely recognized tool for economic impact analysis, was used to estimate the contribution of the manufacturing sector to the Tyler Area economy.

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