

Industry Cluster Definitions

Purdue Center for Regional Development (PCRD) had defined a set of industry clusters under the aegis of the U.S. Economic Development Administration (EDA) Grant from 2005 to 2007. From the onset the focus was to define clusters that could not only benefit urban but also rural regions. Hence, the cluster definitions are a bit broader than other kinds of definitions available in the public domain. From the beginning, clusters were defined based on NAICS (North America Industry Classification) 6-digit level, which provides the most granular definition possible. Through the years, cluster definitions have been refined based on changes in the NAICS codes.

Industry clusters are defined based on linkages between industries, which include buying and selling from each other, using similar technologies, sharing a labor pool, sharing supply chains, sharing and leveraging innovation, etc. Industry clusters, in general, may include both high and low-value-added employment, can promote innovation in the region, may need supporting services and specialized infrastructure, produce for exports outside the region, and drive the creation of wealth in the region. PCRD had defined clusters based on existing research, particularly cluster templates developed through input-output analysis, and some fieldwork for specific clusters such as forest and wood products. Note that cluster definitions are meant to be broader to determine the competitiveness of the region and commence the conversations on increasing the market and/or reducing the economic leakages. Hence, regions can add specific industries into the definition if they have identified linkages that are specific to the local areas.

Our databases have revealed WIPP (Waste Isolation Pilot Plant) as NAICS 56221102 or Hazardous Waste Treatment and Disposal, which is not a part of the energy cluster. However, WIPP is related to nuclear energy waste products, and based on that linkage information, it can be added to the definition. Our databases show Urenco as a non-classifiable establishment. Since local knowledge reveals that Urenco deals with products and processes in the energy area, it can be included in the cluster definition.