



June 17, 2008

[Similar letter sent to House Appropriations Committee members]

The Honorable David Obey
Chairman
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The National Association of Manufacturers—the nation’s largest industrial trade association—is a strong supporter of the Manufacturing Extension Partnership (MEP). NAM members also benefit significantly from the data and analysis provided by the Bureau of Economic Analysis (BEA) and the export promotion services of the U.S. and Foreign Commercial Service (USFCS).

As your Committee works to craft a Commerce, Justice, Science Fiscal Year 2009 (FY 09) appropriations bill, we strongly encourage you to adequately fund these important programs. Specifically, we urge you to support an amendment sponsored by Reps. Joseph Knollenberg (R-MI) and Tim Ryan (D-OH) that would provide \$122 million in FY 09 funding for the MEP. We also encourage you to support efforts to provide an additional \$2 million for the BEA and an additional \$10 million for the USFCS.

Manufacturing Extension Partnership

MEP—a nationwide network of not-for-profit centers in nearly 350 locations—works directly with small and medium-size manufacturers to provide them with expertise and services ranging from process improvements and worker training to business practices and applications of advanced technology. The centers, serving all 50 states and Puerto Rico, are linked together through the Department of Commerce’s National Institute of Standards and Technology (NIST) and are funded by federal, state and private sources.

More than 8,000 of NAM’s members are small or medium-size manufacturers, and many of these companies have benefited first-hand from the MEP. By providing the services need for manufacturers to grow their businesses, create jobs and increase productivity, the MEP is a public-private partnership that works.

In FY 2006, companies that participated in the MEP created more than 50,000 jobs, invested almost \$1.2 billion in plant and equipment and generated sales of almost \$7 billion. Overall, these companies achieve productivity gains more than four times greater than businesses that have not worked with MEP. Because of the importance of this program to the future of U.S. manufacturing, we believe strongly that the MEP needs to be funded at the \$122 million level in FY 09.

Bureau of Economic Analysis

BEA – the Commerce Department unit responsible for statistical economic and trade analysis—is the only source of information on U.S. direct investment overseas and investment into the United States from other countries. In a very serious development, we have learned that, without additional funding, BEA will be forced to cut back the only information by which we can judge globalization, offshoring and foreign investment into the United States, including investment by sovereign wealth funds.

Manufacturing Makes America Strong

This information provides the basis for policy decisions and help Congress assess what is happening with inbound and outbound investment and should not be cut at a time when there is growing concern about these issues. For example, without the necessary funding, BEA will be forced to cut collection of data that differentiates between new, or greenfields, investment from investment in existing U.S. companies by foreign entities.

At a minimum, we believe that \$2 million should be restored to the BEA. We also would like to see an additional \$2 million, marked expressly to improve the quantity and quality of FDI data and cut back the time lag in production.

U.S. and Foreign Commercial Service

USFCS – the export promotion agency of the U.S. government and part of the International Trade Administration (ITA) budget – is critical to boosting the exports of small and medium-sized companies. Too few of these companies export and among those that do, most export to only one or two countries. This is a time when global conditions favor U.S. exporters dramatically more than they have in the past 20 years and exports are the brightest sector of the U.S. economy. Exports accounted for one-half of our economic growth in the last 12 months and we need that growth to continue and accelerate.

Currently, the financial situation at USFCS is so serious that there has been a ‘reprogramming’ effort to reallocate personnel from mature markets like the EU to emerging markets like China and India. While the positions have been cut from the mature markets, there may not be sufficient funding to create the new positions elsewhere, without making draconian cuts elsewhere in the organization. If the proposed FY 09 budget stands, there will be efforts to scale back the domestic offices that provide small companies with invaluable export promotion services in their local areas. These offices have been especially important for new exporters.

Consequently, the NAM is very concerned that, rather than providing needed increases in the export promotion budget, funding is being cut back by \$3 million. The impact of this cutback is exacerbated because of significantly increased costs for security and rent and the decline of the dollar overseas. In order to keep exports growing, we support an additional \$10 million in FY 09 funding for USFCS to bring the total desired USFCS funding to \$247 million.

In sum, the NAM believes strongly in the need for adequate funding for these critical pro-growth, pro-manufacturing programs. Thank you in advance for considering our request to vote in favor of the Knollenberg-Ryan MEP funding amendment and support additional funding for the BEA and USFCS.



Frank Vargo
Vice President, International Economic Affairs
National Association of Manufacturers

Sincerely,



Dorothy Coleman
Vice President, Tax, Technology and Domestic
Economic Policy
National Association of Manufacturers