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Jay Timmons' Remarks for Hannover Messe, Germany
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Thank you for the opportunity to take part in this discussion. This is my first trip to Hannover Messe, and I plan on returning again because this event is critically important.

The National Association of Manufacturers (NAM) is the largest industrial trade association in the United States. We represent 12,000 manufacturers of all sectors and sizes.

Many of our members are based in the United States; others are headquartered abroad, including many companies based in Europe and here in Germany.

The NAM is an advocate for manufacturers. We represent their policy priorities in Washington, D.C., across the country and around the world. We work with lawmakers to craft policies to strengthen the ability of the manufacturing sector to expand, from tax policy to energy to international economic affairs.

That's what brings me here. In the months ahead, the United States and Europe have a vital opportunity to strengthen our international economic policies and to broaden and deepen the world's largest trade and investment partnership.

The United States and Germany, in particular, enjoy exceptionally strong ties—especially when it comes to business.

German companies have roughly $199 billion invested in the United States, while U.S.-based corporations have invested about $107 billion in Germany.[i]

Germany is our fifth-largest trading partner and our biggest trading partner in Europe. Last year, manufacturers in the United States exported nearly $42 billion in manufactured goods, such as transportation equipment, electronic products and more to Germany, and German manufacturers exported more than $109 billion in goods to the United States.

As we consider the economic futures of our countries, there is one sector that dominates the discussions—manufacturing.

The global economic crisis hit manufacturers in the United States hard, but we are bouncing back. We employ over 12 million men and women and support at least another 5 million jobs.

For the first time in history, manufacturing's contribution to the U.S. economy exceeds $2 trillion.

Manufacturing is making a comeback in the United States.

One factor contributing to the comeback is energy. The United States currently enjoys a significant competitive advantage as a result of affordable energy, particularly natural gas.

Industries that had left the United States when feedstock prices were high are investing back in the economy.
Another factor is productivity—and that leads us into the conversation today. Manufacturers have continued to become more "lean," and as they have done more with less, we have seen our relative labor costs become more attractive on the global stage.

This speaks to the importance of innovation and technology, which have both helped to drive our overall productivity gains.

As I have traveled the United States, I continue to marvel at how manufacturers have leveraged technology throughout their enterprises and incorporated technology into their products. Harley-Davidson, an American icon, has deployed sophisticated software in its Pennsylvania facility that allows it to produce its powerful motorcycles faster and more efficiently.

Texas Instruments has invented a better mousetrap that can be monitored remotely. Cars, trucks and heavy machinery are now connected to the Internet to benefit drivers, farmers, freight carriers and many others in both personal and industrial settings.

This is not a new phenomenon in manufacturing. The commitment to innovation is the lifeblood of manufacturing in the United States, Germany and many other places around the world. Our industry spends more on research and development (R&D) and owns more patents than all other industries.

Adoption of new technologies and advanced manufacturing techniques has long been critical to manufacturers, especially small and medium-sized enterprises. They all know that this investment in R&D leads to growth.

These days, ***all*** manufacturing is advanced manufacturing. All competitive, growth-oriented manufacturers are advanced manufacturers—and all the manufacturers I know would qualify as such.

Our increasingly competitive global marketplace demands that manufacturers continue to strive for that technological edge.

President Obama has made innovation a priority of his economic policies and launched the National Network for Manufacturing Innovation. So far, the United States has implemented four of these "manufacturing hubs," which bring the private and public sectors together to spur the development of new technologies.

These innovation centers are inspired by similar initiatives here in Germany. Manufacturers and government officials in the United States could learn a lot from your experience as we try to get this project off the ground.

Of course, as manufacturers adopt new technologies, additional challenges arise.

This next industrial revolution—or "Industrie 4.0" as you refer to it here—is already starting to benefit the factories of the future. Machines can talk to each other in real time. Collecting, managing and moving data is not optional; it is a requirement for conducting business in the 21st century. The "Internet of things" could consist of as many as 50 billion connected devices in the coming years—50 billion! As this technology grows, manufacturers will continue to protect and secure the personal and private data travelling across it from those in cyberspace with malicious intent.

Advanced manufacturing requires an increasingly skilled workforce, and in the United States, we currently face a deficit of qualified workers. Some 82 percent of manufacturers report that they cannot find workers with the right skills to fill open jobs.

Of course, our common competitive advantage is the ingenuity and creativity of our people. The adoption of new technologies puts a premium on intellectual property. The protection and enforcement of intellectual property rights must be a top priority on both sides of the Atlantic. The theft of intellectual property destroys manufacturing jobs and threatens our economic strength.

Threats to trade secrets demand urgent attention as well.

Trade secrets include the secret formula for a product like Coca-Cola. They include proprietary manufacturing processes and marketing plans. They have never been more important to industry. But they are increasingly under assault in today's connected and mobile global economy.

Europe and the United States are both considering ways to strengthen the protection and enforcement of trade secrets in domestic law. We must champion that work and ensure the results are reflected in an ambitious and comprehensive transatlantic trade agreement.

While Germany and the United States share a strong respect for intellectual property rights, we also can and must do more to convince other countries to follow our lead and move toward global trade rules that prioritize growth and competitiveness.

While there is tremendous growth in the Asia-Pacific region, there increasingly will be new opportunities in Africa and South America.

Yet, our manufacturers face significant challenges in those emerging markets. There is a lack of strong institutions and other traditions that would ensure broad respect for the rule of law: from transparency and basic property protection, to science-based regulation and fair treatment of foreign investors and products.

We see a wide array of trade barriers and the rising use of forced localization requirements. These challenges not only limit market access for our industries, but also stifle the growth of countries that should and could be doing more to contribute to the comeback of the global economy.

As we negotiate the Transatlantic Trade and Investment Partnership (T-TIP), we must keep these issues at the forefront.

We must set a high bar for how we want the global economy to operate. We must pursue policies, such as intellectual property protections and enforcement, which enable the economy of the future. We must advance priorities that address market access and regulatory redundancies. We must advocate investor protection and the ability of companies to move our data across borders. These are all imperatives in the 21st-century global economy.

The dynamic global economy and the rapid introduction and use of new technology necessitates that we approach new agreements strategically and with foresight.

And there are no better partners than the U.S. and the EU to prove that a commitment to our shared priorities and principles, and indeed our shared values, are enshrined in an agreement that will be the model for trade negotiations of the future worldwide.

Ladies and gentlemen, the fourth industrial revolution is coming. The question is, will actions taken in the weeks and months ahead ensure sustained economic growth for both Americans and Europeans?

With the unified voice of manufacturers on both sides of the Atlantic, we can guarantee that the answer is a resounding yes.

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[i] Bureau of Economic Analysis, Department of Commerce review of 2012 investment data (2014)