

Jay Timmons' Remarks to the SMART Manufacturing Summit, May 20

"How to Improve U.S. Manufacturing Competitiveness"

As Prepared for Delivery

Thank you, Marshall, for that introduction. I appreciate the opportunity to address you today.

I'd also like to thank the many individuals in the room who are members of the National Association of Manufacturers. The NAM is influential and delivers results because of your membership and investment.

For those who aren't members, well...our Chairman Doug Oberhelman has a deal for you!

As Doug will tell you, the NAM is the voice of manufacturers of all sizes and sectors, from the world's largest multinationals to family businesses up and down Main Streets all across America.

Our job is to advance the priorities of our nation's manufacturers to policymakers in Washington, and to stop laws and regulations that drive up the cost of doing business.

That's not the easiest job these days. As we all know, Washington is not at its best right now. But, like it or not, what happens on Capitol Hill and at 1600 Pennsylvania Avenue matters to manufacturers. It is critical that policymakers hear our voices, and they need to hear them loudly and clearly.

As we discuss "Additive Manufacturing" here today, you should consider the NAM to be your "Additive Advocate in Washington." That's especially important now. It is a pivotal moment for manufacturers because our sector is, indeed, making a comeback in America.

Now, we all remember when people were writing off manufacturing in the United States. Factories were closing, jobs were leaving, and they weren't coming back.

Of course, those pessimists were wrong. There were peaks and valleys, but manufacturing still grew—slowly but steadily.

Then the Great Recession hit, and manufacturing fell off the cliff. We shed millions of jobs. Today, however, we are bouncing back. Manufacturers are making new investments. We're consistently creating jobs again, and today, manufacturing employs more than 12 million men and women.

Our sector contributes more than \$2 trillion to our country's economy—a record level. The growth has been so pronounced that some experts are heralding a manufacturing renaissance. To be sure, there's a lot worth celebrating. The comeback, however, isn't even close to complete.

But, with all the good news surrounding our sector, we can't let optimism blind us to very real competitive disadvantages manufacturers continue to face in the United States. And we can't let it blind us to the risk that the wrong policy choices could bring the comeback to a halt.

The fact is that manufacturers' success of late has come in spite of Washington. We've been boosted by favorable developments abroad and a boom in energy production here at home.

On nearly every issue that matters to manufacturers, the United States risks falling behind our global competitors.

Here's one stark example: our crumbling infrastructure. It's badly out of date and in dire need of repair. But too many politicians haven't received the message, or simply choose to ignore the problem assuming we will have plenty of time to fix it. They are wrong!

At the NAM, we're shaping the debate on infrastructure, convincing skeptical lawmakers that infrastructure investment is absolutely a federal responsibility that facilitates commerce—and more than that, it generates a quantifiable return on taxpayers' investment.

Consider this: Every dollar spent in construction generates 39.5 cents in manufacturing. According to a recent study by Standard & Poor's, every \$1.3 billion invested in infrastructure creates 29,000 jobs.

As Doug indicated this morning, infrastructure investment is critical to the success of manufacturers. Our continued neglect of infrastructure sends a message that the United States is simply not serious about growth and competitiveness.

Even worse than the lack of a long-term strategy is the sobering fact that the Highway Trust Fund will be insolvent in about three months. Because of that uncertainty, states are already scaling back projects at a time when we need to be ramping up.

Of course, moving our goods to our customers in a global economy is not just a domestic issue. That's why trade policy is so critical and timely.

At the NAM, we're bringing manufacturers to Capitol Hill to tell lawmakers how free and fair trade impacts their businesses and bottom lines.

We're working to get Trade Promotion Authority passed. That's a tool that every president since FDR has been given, and President Obama and his successors need it as well. Otherwise, our partners will be negotiating with 535 members of Congress, instead of just one executive.

Now, I don't know about you, but I really wouldn't want to be sitting across the table from 535 people—especially those 535 people. We need TPA in order to be credible in trade negotiations.

We are at the table with our United States Trade Representative Michael Froman to make sure manufacturers' priorities are included in the Trans-Pacific Partnership negotiations and also in the U.S.–EU negotiations for the T-TIP agreement.

We're pushing for strong intellectual property protections, including trade secrets, regulatory harmonization, investor dispute settlement protections and cross-border data security. We want our agreements to be ambitious, not naïve.

And we want more agreements to be in the works. While the United States is a party to only two negotiations, other countries are engaged in dozens of agreements to open their markets. We cannot be left in the dust.

We are also working to reauthorize the Export-Import Bank and counter the ridiculous arguments made by its opponents in the name of philosophical purity. Here's a cold, hard fact: There are 59 other banks in the world that help to finance the exports of other countries. If we don't compete with that, we are committing unilateral economic disarmament.

When looking at our global economy, we also need to evaluate our tax structure against our competitors. That's easy to do, unfortunately, because as we all painfully know, the United States has the distinct honor of having the highest corporate tax rate in the world. And many small and medium-sized manufacturers that pay at individual rates face an even higher marginal rate.

When tax reform happens—and one day it will—it has to be done with economic growth as its first priority. That's why manufacturers must insert themselves smack-dab in the middle of the debate.

Even though some lawmakers are proclaiming that tax reform is dead on arrival this year, we can't—and won't—sit passively on the sidelines. The discussions currently happening on Capitol Hill will shape tax reform legislation.

And at the NAM, we are aggressively pushing manufacturers' priorities of lower rates, a territorial system and preservation of incentives that have proven to grow our economy, give the United States an edge on innovation and create jobs.

These are major challenges, to be sure. But one of our greatest opportunities can be found in abundant and reliable North American energy. It's a major competitive advantage for us, one that has fueled manufacturing's recent growth.

Yet, the Obama Administration is willing to ignore this incredible opportunity. Here's one vivid example of that: The Keystone XL pipeline. It promises jobs and a reliable source of energy from our friend and ally to the north. As we all know, it's languishing thanks to the Obama Administration's stubborn and misguided refusal to issue a permit for its construction. In the same time it has taken to consider a simple approval to build Keystone XL, we built the Golden Gate Bridge and the Empire State Building.

Add to that pathetic chapter the story of the Environmental Protection Agency and its barrage of harmful regulations that are purposely designed to thwart an "all-of-the-above" energy strategy.

The Obama Administration has made it clear that it is content to let the EPA set our nation's energy policy.

Its agenda jeopardizes the energy revolution that has almost singlehandedly helped us emerge from the economic downturn. Regulations on emissions from power plants, the upcoming ozone rules, new water rules and many more will slow down and potentially stop the progress we have made in its tracks.

In addition to environmental regulations, we face a broader regulatory agenda that makes it harder and more costly to do business.

I constantly hear from NAM members about challenges they face in dealing with the regulatory system in our country. One die caster here in Illinois told me that one out of every five dollars of the company's pretax profit is spent on complying with a mind-boggling set of new regulations.

In Kentucky, one small manufacturer had an inspector at his facility tell him a fire extinguisher was affixed too low on the wall, making it difficult for employees to see. The manufacturer corrected the problem, only to have another inspector come to his plant weeks later to inform him that the fire extinguisher was too high and, therefore, in violation of the Americans with Disabilities Act.

Manufacturers face a staggering regulatory burden, spending more than \$14,000 per employee on compliance (compared to \$8,000 spent by other U.S. businesses). Small manufacturers shoulder even greater costs, bearing upward of \$28,000 per employee in compliance costs.

Regulations in this country are growing like kudzu. Last year's Federal Register topped 79,000 pages, and that, believe it or not, is actually a decline from previous years.

Manufacturers have been subjected to more than 2,300 federal regulations in just the past 30 years. The only way to accomplish regulatory reform is for Republicans and Democrats to find common ground.

Even though I may not have sounded like it, I am actually an optimist, and I believe we can get true regulatory reform done. But we are going to have to change the way we talk about regulations by focusing on transparency, on accountability and on sound science.

We can all agree that we want clean air, clean water, a safe food supply and safe workplaces, but we need better regulations. So on regulatory reform, we need to unite the parties, not drive a wedge between them.

Those are just a few of the policy challenges we are addressing head-on at the NAM. But what good is this work, if we succeed in achieving pro-growth reforms that create jobs, and there's no one to fill them?

Among our most urgent priorities is ensuring that manufacturers have the talent to fill the jobs of today and tomorrow. Manufacturers will never perform at our best if we don't have the right

people. One part of the solution is education and training. Eighty-two percent of manufacturers report that they have jobs going unfilled because they can't find people due to this skills gap.

To address America's skills shortage, we're taking the lead in several areas.

Craig Giffi noted our Manufacturing Institute, where he is a trustee. The Institute runs a skills-certification program that enables American workers to receive a portable credential demonstrating the skills they possess. We are also active in the Get Skills to Work program, which helps veterans transition into the manufacturing workforce.

Getting young people interested in manufacturing is an important part of the solution as well.

Right now, manufacturing has a perception problem. If young people—and their parents—knew what modern manufacturing had to offer, there's no doubt they would jump at opportunities to experience it firsthand.

Using video, social media and eye-catching visuals, the NAM is portraying modern manufacturing as it truly is: high-tech, sleek and exciting. Manufacturers have such a great story to tell, and it's up to us to spread the message far and wide.

I've just outlined a long list of priorities, but let's be clear: For America to maintain our mantle of economic leadership—something every other country in the world wants to take away from us—we need policies that help manufacturers seize the opportunities before us, not policies that hold us back.

Manufacturing can only make a sustained comeback if manufacturers and their employees engage their elected officials and ask them to help with these policy priorities.

We simply can't fail. There is too much at stake: for our economy, for our country and for our children and grandchildren.

You know, for me, it's personal. During the Great Depression, my grandfather, Harry Timmons, left the family farm in search of work that could support his family. He waited in line for months in hopes of getting a job at the local Mead paper manufacturing plant in my hometown of Chillicothe, Ohio—not Illinois!

His persistence paid off. His job soon became a career in manufacturing. It moved my family into the middle class and gave his son and his grandson—me—opportunities that were unavailable to him.

I know that many other families have similar stories. Today, manufacturing employs millions of Americans, but its influence and legacy extend to millions and millions more. And we need to keep that American success story growing strongly.

So today's topic was "How to Improve U.S. Manufacturing Competitiveness."

The answer is really simple: We need to get our House in order. And our Senate. And the White House too for good measure.

It's up to us to make sure that the future of manufacturing in the United States is bright and promising for the future.

I appreciate having the chance to speak with you today. I'm happy to take any questions.