

July 11, 2022

President Joseph R. Biden, Jr. The White House 1600 Pennsylvania Ave. NW Washington, DC 20500

The Honorable Nancy Pelosi Speaker of the House U.S. House of Representatives Washington, DC 20515

The Honorable Kevin McCarthy Republican Leader U.S. House of Representatives Washington, DC 20515 The Honorable Charles Schumer Majority Leader U.S. Senate Washington, DC 20515

The Honorable Mitch McConnell Republican Leader U.S. Senate Washington, DC 20515

Dear President Biden, Speaker Pelosi and Leaders Schumer, McCarthy and McConnell,

China becomes a greater threat to manufacturers in the United States—and to U.S. national and economic security more broadly—with each passing day. As the FBI recently reported, China is getting even more aggressive in its efforts to steal American intellectual property and technology while it also works to influence local policy decisions to undermine our competitiveness. At the same time, it is inking trade deals with other countries in the region, while the U.S. stands on the sidelines and is left at a disadvantage.

Congress has the power to take some immediate steps to deal with this growing and complicated threat by completing and passing the Bipartisan Innovation Act—the China competition bill. The final bill can include many elements that would prove consequential in countering China and bolstering our economy, and the National Association of Manufacturers laid out our industries' priorities in a May letter to conferees.¹

There is absolutely no reason to delay or derail legislation that has earned bipartisan support and would support American manufacturing workers for decades to come. The longer we wait, the further behind we fall.

We will also fall behind if Congress undermines manufacturers' competitiveness by pursuing a reconciliation bill to raise taxes. Manufacturers have done everything in our power to navigate the ongoing supply chain challenges coming out of a pandemic, and now the specter of a recession is looming. Raw material costs top the list of

¹ https://documents.nam.org/gr/NAM_Bipartisan_Innovation_Conference_Agreement_Priorities_Letter.pdf

manufacturers' concerns in the NAM's second quarter Manufacturers' Outlook Survey,² and nearly 60% of manufacturing leaders surveyed say inflationary pressures make a recession more likely in the next 12 months. On top of that, the country now faces the possibility of serious labor disruptions at the West Coast ports and in our freight rail network, and an ongoing shortage of truck drivers adds even more complexity to these supply chain challenges. Tax increases would exacerbate all of these problems.

The 2017 tax reform law has been critical to manufacturing's success. 2018 was the best year for manufacturing job creation in the previous two decades. Manufacturing wages increased in 2018, 2019 and 2020 at rates not seen since 2003. Manufacturers kept our promises to raise wages and benefits, hire more workers and invest in our communities. Tax increases threaten to undo that progress. According to a study the NAM released last year, rolling back tax reform could lead to an average of 600,000 jobs lost per year over the next decade.³

In short, tax increases and other proposals for the reconciliation bill, like restrictions on our pharmaceutical industry that would stifle lifesaving innovation, are simply the wrong approach at the wrong time.

With the Bipartisan Innovation Act, however, Congress has the power to do exactly the right thing at the right time. Pass this China competition bill now, and manufacturers will be better able to compete and better positioned to lead our economy forward and bring relief to American families. The NAM looks forward to working with you to get the job done.

Sincerely,

lay Timmons

² nam.org/outlook

³ nam.org/protectmfgjobs