

OPENING STATEMENT

The Honorable Ben Quayle (R-AZ), Chairman

Subcommittee on Technology and Innovation

Assembling the Facts: Examining the Proposed National Network for Manufacturing Innovation

May 31, 2012

U.S. manufacturing's global market share has held steady at around 20 percent for nearly the last 30 years and still represents the largest manufacturing sector in the world. In my home state of Arizona, manufacturing contributes approximately \$20 billion to our economy. Almost 60 percent of all U.S. exports are in manufactured goods. Though there are some areas in decline, contrary to popular belief, the manufacturing sector is far from vanishing. Technology has the potential to continue dramatically changing the sector; both the skills needed by workers, and the number of workers necessary could look very different from the assembly lines of the past. Innovative processes such as additive manufacturing, which enable low-volume, adaptable production, are transforming the future of manufacturing.

We don't make it easy for manufacturers in the United States. While all of our major global competitors have been lowering their corporate tax rates, ours has been essentially unchanged for the past twenty years, and is now the highest in the industrialized world.

Rising costs in health care, environmental compliance and torts all discourage manufacturing from thriving domestically. According to the Manufacturing Institute, "U.S. industry is faced with the highest pollution abatement costs compared to its major trading partners—even higher than the so-called "green economies" of Western Europe." In the first three years of the Obama Administration, the Federal Government has imposed 106 new major regulations with annual costs of more than \$46 billion. When we are discussing manufacturing and innovation, the conversation is really about the conditions that create a better business environment. Yet, rather than focusing on these issues, the Administration has again chosen to create a new, \$1 billion dollar program, the details of which have yet to be provided to Congress.

Today we will examine the proposed National Network for Manufacturing Innovation. The proposed Network would create up to 15 centers around the country focused on different areas of advanced manufacturing. During the current fiscal year, the Administration has also moved forward with a pilot institute, supported by up to \$45 million in fiscal year 2012 funds from multiple agencies, including three within this Committee's jurisdiction: NIST, NSF, and the Department of Energy.

I firmly believe that manufacturing is important to our economy and innovation, but I am troubled by the continued reliance on politically driven research and development. I think that the best thing we can do to help domestic manufacturers is to trust our markets and reduce the costs of doing business in the U.S. I look forward to hearing more about the proposed NNMI and I hope that today's conversation helps to provide more detail for members of this Subcommittee as to why the Administration believes this initiative is necessary.

We thank Under Secretary Gallagher for being here today and we look forward to your testimony.