U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
SUBCOMMITTEE ON RESEARCH AND TECHNOLOGY

Strategic Planning for National Manufacturing Competitiveness
Wednesday, July 10, 2013
2:00 p.m. – 4:00 p.m.
2318 Rayburn House Office Building

Purpose

On Wednesday, July 10, the Subcommittee on Research and Technology will hold a legislative hearing on the need for strategic planning for national manufacturing competitiveness. The hearing will focus specifically on H.R. 2447, the "American Manufacturing Competitiveness Act", sponsored by Rep. Dan Lipinski. The legislation would modify an existing report required by the America COMPETES Reauthorization of 2010 by directing the National Science and Technology Council's Committee on Technology to lead other agencies and stakeholders in developing a national manufacturing competitiveness strategy every four years. The strategy would aim to advance policies, such as streamlining certain government regulations and assisting with the transfer of federally-funded research and development into new products and jobs. It would require the NSTC to include a strategic plan to improve government coordination and provide long-term guidance for Federal programs and activities in support of manufacturing competitiveness, including advanced manufacturing research and development.

Witnesses

- Dr. Jonathan Rich, Chairman and CEO, Berry Plastics, Inc.
- Ms. Deborah Wince-Smith, President and CEO, Council on Competitiveness
- Mr. Zach Mottl, Chief Alignment Officer, Atlas Tool and Die Works, Inc.

Background

Manufacturing has been a significant part of American productivity since the industrial revolution. Manufacturing's share of gross domestic product is approximately 11 percent, and manufacturing output has risen by 13 percent in the last several years. However, employment in the manufacturing sector as a share of the economy is significantly lower than in the post-World War II era. Despite recent increases[1,2] American manufacturing has seen large employment declines since 2000[3]. Many recent reports have cited declines in manufacturing employment as an indicator of a decrease in U.S. economic competitiveness.[4] Others suggest that declines are primarily attributed to increases in productivity[5].

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[1] Made in America, Again, August 2011, Boston Consulting Group.
[2] Manufacturing's Secret Shift: Gaining Competitive Advantage by Getting Closer to the Customer; March 2011, Accenture
[3] Bureau of Labor Statistics, http://www.bls.gov/data/.
[4] S. Ezell and R. Atkinson, "The Case for a National Manufacturing Strategy," April, 2011, The Information Technology and Innovation Foundation. http://www.itif.org/files/2011-national-manufacturing-strategy.pdf
[5] Council on Competitiveness Report, Make: An American Manufacturing Movement, December 2011, http://www.compete.org/publications/detail/2064/make/

Most stakeholders agree that manufacturing continues to be an important part of the American economy. Manufacturing is generally more research and development intensive than other sectors of the economy[6], and therefore more closely tied to the nation's innovative capacity[7]. However, stakeholders express a variety of opinions on the appropriate prescription to maintain or strengthen the American manufacturing sector.

Strategic Planning for Manufacturing

Across the globe, many nations have developed specific manufacturing strategies that guide both government investment and private sector focus in manufacturing. In the United States, federal government efforts to promote manufacturing have largely focused on "advanced manufacturing", or manufacturing processes and products resulting from new technologies. In order to keep the U.S. competitive and ensure that new technologies are created domestically, some advocate that the U.S. should have a more defined manufacturing strategy[8,9].

In its "Report to the President on Ensuring American Leadership in Advanced Manufacturing" in 2011, the President's Council of Advisors on Science and Technology (PCAST) stated: "While the United States should avoid industrial policy—making bets on particular companies and industries—we should be unabashed in pursuing an innovation policy. Specifically, the Nation requires a strategy for supporting innovation in advanced manufacturing. The objectives of an innovation policy should be to ensure (i) that the U.S. provides the best overall environment in which to do business, (ii) that powerful new technologies are developed here and (iii) that technology-based enterprises have the infrastructure required to flourish here."[10]

The COMPETES Act of 2010 included a provision requiring the interagency National Science and Technology Council to provide a strategic plan for advanced manufacturing R&D every four years. The first of these reports was released in February 2012[11].

H.R. 2447, the American Manufacturing Competitiveness Act of 2013

Summary

The proposed legislation would strike and replace an existing requirement for the National Science and Technology Council's Committee on Technology to develop a 4-year strategic plan on advanced manufacturing research and development with a national manufacturing competitiveness strategic plan.

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[6] *OECD Science, Technology and R&D Statistics* http://www.oecd-ilibrary.org/content/data/data-00183-en

[7] S. Ezell and R. Atkinson, "The Case for a National Manufacturing Strategy," April, 2011, The Information Technology and Innovation Foundation. http://www.itif.org/files/2011-national-manufacturing-strategy.pdf

[8] *New America Foundation report, Value Added: America's Manufacturing Future, April 2012,* http://newamerica.net/publications/policy/value_added_americas_manufacturing_future

[9] S. Ezell and R. Atkinson, "The Case for a National Manufacturing Strategy," April, 2011, The Information Technology and Innovation Foundation. http://www.itif.org/files/2011-national-manufacturing-strategy.pdf

[10] The President's Council of Advisors on Science and Technology (PCAST), Report to the President on Ensuring American Leadership in Advanced Manufacturing, June 2011.

[11] National Science and Technology Council, A National Strategic Plan for Advanced Manufacturing, Feb. 2012.

It calls on the Committee to conduct an analysis of factors that impact the competitiveness and growth of U.S. manufacturing, including: research and development; technology transfer; the manufacturing industrial base for national security; the workforce; trade and intellectual property policies; tax policies; emerging markets; and policies of our global competitors.

The goals of the required strategic plan are defined as: promoting growth of the U.S. manufacturing sector; supporting a skilled workforce; enabling innovation and investment in domestic manufacturing; and supporting national security.

The strategic plan shall contain near and long-term objectives to meet the defined goals, including research and development, and describe the progress in achieving previous plans' objectives. It shall also define the role of each agency as well as federally-supported advanced manufacturing activities to foster the technology transfer of research results into new products and processes. Additionally the plan shall describe federal programs to support the manufacturing workforce and small and medium-sized manufacturers.

The plan shall also consider input from a wide variety of stakeholders as well as the analysis of factors that impact U.S. manufacturing competitiveness.

H.R. 2447 also requires the President's annual budget to include information regarding the consistency of the budget with the goals and recommendations included in the strategic plan.

Issues for Examination

Witnesses have been asked to provide comments and recommendations on H.R. 2447 in their testimony. Committee Members will assess the potential benefits and challenges of a national manufacturing competitiveness strategy as outlined in the legislation.