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Chairman Brown, Ranking Member DeMint, and Members of the Subcommittee, thank you for this opportunity to testify before you today on the President's Manufacturing Agenda and what we at the Department of Commerce are doing to promote U.S. manufacturing. The Department of Commerce is committed to promoting this important sector. We do this every day by working to create the right business environment to help manufacturers sustain and grow their companies and create jobs.

In December 2009, the Obama Administration released a manufacturing strategy entitled *A Framework for Revitalizing American Manufacturing*. The framework, based on input from all Federal departments and agencies whose work impacts U.S. manufacturers, focuses on effectively targeting cost drivers that affect manufacturing in the United States. Department of Commerce programs directly address three of the seven framework components: investing in the creation of new technologies and business practices; helping communities and workers transition to a better future; and ensuring market access and a level playing field. In addition, the Department is working with other agencies, such as the Department of Transportation, the Treasury Department, and the Small Business Administration to address other *Framework* elements.

As the *Framework* recognizes, exporting goods is a key component for revitalizing U.S. manufacturing. In this year's State of the Union address, President Obama announced the National Export Initiative (NEI) and set the ambitious goal of doubling U.S. exports in five years, supporting several million jobs. Secretary of Commerce Gary Locke is part of the President's Export Promotion Cabinet that is working hard to reach these goals. The Department and the International Trade Administration (ITA), of which my unit is a part, are strategically developing initiatives and improving the implementation of existing programs to support the National Export Initiative goals. We are also strengthening interagency coordination by working with other agencies through the Trade Promotion Coordinating Committee (TPCC).

As Assistant Secretary of Commerce for Manufacturing and Services, MAS, I believe that it is critical to ensure that our manufacturing capacity in the United States is strong. Manufacturing is a vital part of the U.S. economy. Preliminary figures show that the sector supported 11.67 million jobs as of June 2010.¹ It accounted for about 8.9% of total nonfarm employment in the United States. Manufacturing industries are also responsible for a significant share of U.S. economic production, generating almost \$1.64 trillion in GDP in 2008.

MAS plays an active role in helping to ensure that strong manufacturing capacity. Our initiatives and programs to promote U.S. manufacturing, and the ways we work with other Federal and state government agencies and the private sector, are strategically developed to support the needs of the U.S. manufacturing sector, the President's manufacturing agenda, and the National Export Initiative.

¹ Revised figures will be available on August 6, 2010.

Manufacturing and Services is dedicated to strengthening the global competitiveness of U.S. industry, expanding its market access, and increasing exports. MAS helps shape U.S. trade policy, participates in trade negotiations, organizes trade capacity building programs, and evaluates the impact of domestic and international economic and regulatory policies on U.S. manufacturers and service industries. MAS is also developing sector-specific global strategies to guide policies to enhance U.S. manufacturing exports.

MAS also works with other U.S. Government agencies in developing a public policy environment that advances U.S. competitiveness at home and abroad.

Within MAS, we have a Manufacturing group and a Services group, each comprised of teams of industry analysts with extensive expertise in their sectors. Our third group, Industry Analysis, performs economic and statistical analysis to support U.S. industry competitiveness and evaluates industry recommendations for trade negotiations.

MAS develops and implement programs and provide decision makers input necessary to promulgate and implement policies that support U.S. competitiveness, which, in turn, helps industry create jobs. As part of the International Trade Administration, we also understand trade and how the domestic and global markets interact and impact U.S. competitiveness.

Under my leadership, MAS follows a three-prong approach, which I've called "The 3 Cs": to convene, to collaborate, and to connect. We convene experts both inside and outside of the Federal government to work toward solutions to the problems faced by U.S. industry. MAS also collaborates with our sister bureaus in the Department of Commerce, with agencies across the

Federal government, and with state and local governments to develop solutions that will sustain and increase the global competitiveness of U.S. industry. For example, MAS developed the Department's Sustainable Manufacturing Initiative (SMI) and works with industry, other Federal agencies, and state and local governments to showcase sustainable manufacturing practices that can help companies reduce operating costs and damage to the environment.

MAS also works to connect industry through our new Manufacture America Initiative.

Consistent with Secretary Locke's CommerceConnect initiative, Manufacture America will focus specifically on linking manufacturers to the resources and tools available in the federal government and elsewhere to help companies rethink, retool, and rebuild to support jobs in the 21st century economy.

MAS administers the Department's Manufacturing Council, the advisory committee to the Secretary of Commerce, created to ensure regular communication between the Federal Government and the manufacturing sector. The Council also fosters collaboration across all U.S. manufacturing sectors to promote new ideas for continuously improving manufacturing competitiveness.

When we renewed the Manufacturing Council's charter this past spring, we increased private sector membership from 15 to 25 members to broaden the spectrum of views heard. We also followed the advice of the previous Council and added the Secretaries of Labor, Energy and Treasury as ex-officio (non-voting) members to better address the cross-cutting issues this Council will be addressing, such as access to credit, workforce development, and energy independence.

Today, Secretary Locke will announce the newly appointed members of the current Manufacturing Council. The new Council is a diverse mix of people from across the country representing different industries within the manufacturing sector. The Council members also reflect a balance between small and medium-sized enterprises (SMEs) and larger companies. We expect that the Council will get right to work advising the Secretary on critical issues affecting manufacturing competitiveness.

MAS also oversees key Department of Commerce initiatives to address manufacturers' needs, including the Sustainable Manufacturing and Energy Efficiency Initiatives. The Sustainable Manufacturing Initiative identifies U.S. industry's most pressing sustainable manufacturing challenges and coordinates public and private sector efforts to address these challenges. Through the Energy Efficiency Initiative, MAS promotes the use and commercial deployment of energy efficient technologies and helps manufacturers learn about the resources available from state and federal governments to promote efficiency.

Other DOC bureaus, including the National Institute of Standards and Technology (NIST), the U.S. Patent and Trade Office (PTO), Economic Development Administration (EDA), and Minority Business Development Agency (MBDA), also have programs in place to address manufacturers' needs. We work closely with our sister bureaus, including the Manufacturing Extension Partnership (MEP) at NIST, in delivering our programs. These Departmental programs support businesses and entrepreneurs throughout the manufacturing life-cycle, from innovation to commercialization to competitiveness. Census, in the Economics and Statistics

Administration (ESA), contributes data for understanding markets. CommerceConnect and EDA help small- and medium-size manufacturers access Commerce programs designed to help them. Manufacturing.gov, maintained by MEP and MAS, has an online clearinghouse of information and resource tools dedicated to helping U.S. manufacturers improve or maintain competitiveness.

With respect to the National Export Initiative, MAS is active in helping the Secretary and Under Secretary for International Trade, Francisco Sanchez, implement the Initiative.

Emerging markets – such as China, South Africa, India, Brazil, and Indonesia – offer key opportunities. Manufacturing export leaders are likely to be found in high growth sectors such as medical devices, aerospace, clean energy and energy efficiency, technology industries and infrastructure, among others.

Secretary Locke led a clean energy mission to China in May of this year, based in part on the recommendations of industry experts, country specialists, commercial officers, and others in Commerce. Our various Commerce offices worked together to organize the mission that registered immediate sales by mission participants valued at over \$20 million. Additionally, the 24 U.S. companies participating on the mission met with potential business partners in Hong Kong, Shanghai, and Beijing as well as with officials at every level of the Chinese government. The mission came at a critical time – when the Chinese leadership expressed a clear commitment to adopt clean energy technologies and when U.S. companies are developing and commercializing technologies related to clean energy, energy efficiency, and electric energy storage, transmission, and distribution.

This is just one example of how the Department, ITA, and MAS are already working to meet the ambitious goals of the NEI. During the first 12 months, we have taken or plan to take a variety of actions. Secretary Locke has personally spoken with top exporters to discuss strategies to help them expand their exports. Such strategies include leveraging Commerce programs to help increase exports; USG advocacy in support of bids for foreign procurement contracts; the reduction or elimination of market barriers; or more aggressive promotion of U.S. goods and services through collaborative efforts with the Office of the U.S. Trade Representative and other agencies.

MAS is using its analytical capabilities to identify sectors and markets where American exporters have a competitive edge. We are conducting outreach to U.S. businesses to educate them about export opportunities. The Department and ITA are prioritizing existing programs that seem most effective. One such program is the Market Development Cooperator Program (MDCP), administered by MAS. An MDCP award establishes a partnership between ITA and non-profit industry groups, such as trade associations and chambers of commerce, to encourage projects that enhance the global competitiveness of U.S. manufacturing and service industries.

Also critical to NEI efforts are CommerceConnect, International Buyer Programs at trade shows, an increased number of executive-level trade missions, strengthening our strategic partnerships to identify single market exporters and encourage them to expand into additional markets, and increasing the number of foreign buyers attending trade shows in the United States.

But in order to export more, we need to manufacture more products here at home. In September, I will launch Manufacture America, which I mentioned earlier. Manufacture America is an initiative to connect manufacturers in states that have been hardest hit with manufacturing job losses to resources to help them rethink, retool and rebuild their operations through exploring new products, markets, processes and sources of finance. We are collaborating in this effort with our sister bureaus in the Department of Commerce as well as with other federal, state, and local agencies to develop solutions that will sustain and increase the global competitiveness of U.S. manufacturers.

During 2009, the Manufacturing Council raised the problem that many small- and medium-sized companies were having in accessing credit – even those companies that were financially sound. President Obama has proposed legislation that includes a \$30 billion small business lending fund and a state small business credit initiative. These two items are part of a small business jobs package the President hopes to sign into law. Let me reiterate the message I hear every day from small- and medium-size manufacturers: Access to capital is one of the primary concerns for U.S. small- and medium-size manufacturers today!

For many companies that will participate in the Manufacture America Initiative, financing is a significant challenge. Through that Initiative, we will work with the Treasury Department and local banking groups to help small-and-medium size manufacturers better understand the resources available to them, including access to capital.

MAS has also developed tools to help companies better understand their financing options for participating in international trade. The "Trade Finance Guide: A Quick Reference for U.S. Exporters" helps U.S. companies, especially small and medium-size enterprises, learn the basics of trade finance so that they can turn their export opportunities into actual sales and achieve the ultimate goal of being paid – on time – for those sales. Concise, two-page chapters offer the basics of numerous financing techniques, from open accounts, to forfaiting, to government assisted foreign-buyer financing.

These are just some of the most strategic programs that the Commerce Department is employing to support President Obama's manufacturing agenda. While manufacturers themselves are best positioned to sustain and expand their companies and sectors, they cannot do it in a vacuum. We at the Department of Commerce work to ensure that the business environments – both domestic and international – are fair to U.S. manufacturers, their workers, and their communities.

Again, thank you for this opportunity to testify on the effort of Department of Commerce and Manufacturing and Services to enhance the competitiveness of U.S. manufacturing.