

AMERICAN MANUFACTURING COMPETITIVENESS ACT OF
2012

SEPTEMBER 10, 2012.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. UPTON, from the Committee on Energy and Commerce,
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 5865]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 5865) to promote the growth and competitiveness of American manufacturing, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “American Manufacturing Competitiveness Act of 2012”.

SEC. 2. NATIONAL MANUFACTURING COMPETITIVENESS STRATEGY.

Not later than June 1, 2014, and June 1, 2018, the President shall submit to Congress, and publish on a public website, a strategy to promote growth, sustainability, and competitiveness in the Nation’s manufacturing sector, create well-paid, stable jobs, enable innovation and investment, and support national security.

SEC. 3. MANUFACTURING COMPETITIVENESS BOARD.

(a) IN GENERAL.—On the first day of each of the two Presidential terms following the date of enactment of this Act, there is established within the Department of Commerce an American Manufacturing Competitiveness Board.

(b) MEMBERS.—Members of the Board shall be appointed as follows:

(1) PUBLIC SECTOR MEMBERS.—The President shall appoint to the Board—

- (A) the Secretary of Commerce;
- (B) Governors of two States, from different political parties, after consulting with the National Governors Association; and
- (C) two other members who are current or former officials of the executive branch of government.

(2) PRIVATE SECTOR MEMBERS.—

(A) CRITERIA.—Ten individuals from the private sector shall be appointed to the Board in accordance with subparagraph (B) from among individuals with experience in the areas of—

- (i) managing manufacturing companies, including businesses with fewer than 100 employees;
- (ii) managing supply chain providers;
- (iii) managing labor organizations;
- (iv) workforce development;
- (v) finance;
- (vi) analyzing manufacturing policy and competitiveness;

- (vii) conducting manufacturing-related research and development; and
- (viii) the defense industrial base.

(B) APPOINTMENT.—The Speaker of the House of Representatives and the majority leader of the Senate shall each appoint 3 members to the Board. The minority leader of the House of Representatives and the minority leader of the Senate shall each appoint 2 members to the Board.

(c) TERMINATION.—The Board shall terminate 60 days after submitting its final report pursuant to section 4(c)(3).

(d) CO-CHAIRMEN.—The co-chairmen of the Board shall be the Secretary of Commerce (or the designee of the Secretary) and a member elected by the private sector members of the Board appointed pursuant to subsection (b)(2).

(e) SUBGROUPS.—The Board may convene subgroups to address particular industries, policy topics, or other matters and to take advantage of the expertise of other individuals and entities in matters to be addressed by the Board. Such subgroups may include members representing any of the following:

- (1) Other Federal agencies, as the co-chairmen determine appropriate.
- (2) State, tribal, and local governments.
- (3) The private sector.

(f) QUORUM.—Ten members of the Board shall constitute a quorum for the transaction of business but a lesser number may hold hearings with the agreement of the co-chairmen.

(g) MEETINGS AND HEARINGS.—

(1) TIMING AND FREQUENCY OF MEETINGS.—The Board shall meet at the call of the co-chairmen, and not fewer than 2 times.

(2) PUBLIC HEARINGS REQUIRED.—The Board shall convene public hearings to solicit views on the Nation's manufacturing sector and recommendations for the national manufacturing competitiveness strategy.

(3) LOCATIONS OF PUBLIC HEARINGS.—The locations of public hearings convened under paragraph (2) shall ensure the inclusion of multiple regions and industries of the manufacturing sector.

(h) APPLICATION OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.), other than section 14 of such Act, shall apply to the Board, including any subgroups established pursuant to subsection (e).

SEC. 4. DUTIES OF THE BOARD.

(a) IN GENERAL.—The Board shall—

- (1) advise the President on issues affecting the Nation's manufacturing sector;
- (2) conduct a comprehensive analysis in accordance with subsection (b); and
- (3) develop a national manufacturing competitiveness strategy in accordance with subsection (c).

(b) COMPREHENSIVE ANALYSIS.—In developing a national manufacturing competitiveness strategy under subsection (c), the Board shall conduct a comprehensive analysis of the Nation's manufacturing sector, taking into consideration analyses, data, and other information previously compiled, as well as relevant reports, plans, or recommendations issued by Federal agencies, Federal advisory boards, and the private sector. Such analysis shall, to the extent feasible, address—

- (1) the value and role of manufacturing in the Nation's economy, security, and global leadership;
- (2) the current domestic and international environment for the Nation's manufacturing sector, and any subsector identified by the Board as warranting special study for competitiveness or for comparison purposes;
- (3) Federal, State, tribal, and local policies, programs, and conditions that affect manufacturing;
- (4) a summary of the manufacturing policies and strategies of the Nation's 10 largest trading partners, to the extent known;
- (5) new, emerging, or evolving markets, technologies, and products for which the Nation's manufacturers could compete;
- (6) the identification of redundant or ineffective government programs related to manufacturing, as well as any programs that have improved manufacturing competitiveness;
- (7) the short- and long-term forecasts for the Nation's manufacturing sector, and forecasts of expected national and international trends and factors likely to affect such sector in the future;
- (8) the manner in which Federal agencies share information and views with respect to the effects of proposed or active regulations or other executive actions on the Nation's manufacturing sector and its workforce;

(9) the recommendations of the Department of Commerce Manufacturing Council, whether such recommendations have been implemented, and the effect of such recommendations; and

(10) any other matters affecting the growth, stability, and sustainability of the Nation's manufacturing sector or the competitiveness of the Nation's manufacturing environment, particularly relative to that of other nations, including—

- (A) workforce skills, gaps, and development;
- (B) productivity and the extent to which national economic statistics related to manufacturing accurately measure manufacturing output and productivity growth;
- (C) trade policy and balance;
- (D) energy policy, forecasts, and developments;
- (E) expenditures on basic and applied research related to manufacturing technology;
- (F) programs to help small and mid-sized manufacturers become more competitive;
- (G) the impact of Federal statutes and regulations;
- (H) the impact of domestic and international monetary policy;
- (I) the impact of taxation;
- (J) financing and investment, including challenges associated with commercialization and scaling up of production;
- (K) research and development;
- (L) job creation and employment disparities;
- (M) levels of domestic production;
- (N) adequacy of the industrial base for maintaining national security;
- (O) protections for intellectual property and the related policies, procedures, and law on technology transfer; and
- (P) customs enforcement and counterfeiting.

(c) NATIONAL MANUFACTURING COMPETITIVENESS STRATEGY.—

(1) DEVELOPMENT.—The Board shall develop a national manufacturing competitiveness strategy, based on—

- (A) the results of the comprehensive analysis conducted under subsection (b); and
- (B) any other information, studies, or perspectives that the Board determines to be appropriate.

(2) GOALS AND RECOMMENDATIONS.—

(A) GOALS.—The Board shall include in the national manufacturing competitiveness strategy short- and long-term goals for improving the competitiveness conditions of the Nation's manufacturing environment, taking into account the matters addressed in the comprehensive analysis conducted under subsection (b).

(B) RECOMMENDATIONS.—The Board shall include in the national manufacturing competitiveness strategy recommendations for achieving the goals provided under subparagraph (A). Such recommendations may propose—

- (i) actions to improve manufacturing competitiveness to be taken by the President, Congress, State and local governments, and the private sector;
- (ii) actions to improve government policies and coordination among entities developing such policies;
- (iii) the consolidation or elimination of government programs;
- (iv) actions to improve government interaction with the manufacturing sector and communication regarding the effects of proposed or active government regulations or other executive actions on the manufacturing sector and its workforce;
- (v) the reform or elimination of regulations that place the United States manufacturing sector at a disadvantage relative to other nations; and
- (vi) actions to reduce business uncertainty, including, where appropriate, finalization of regulations applicable to manufacturers.

(3) REPORT.—

(A) DRAFT.—Not later than 150 days before the date on which the President is required to submit to Congress a report containing a national manufacturing competitiveness strategy under section 2, the Board shall publish in the Federal Register and on a public website a draft report containing a national manufacturing competitiveness strategy. At the same time, the Board shall make available to the public the comprehensive analysis required by subsection (b) and any underlying data or materials necessary to an understanding of the conclusions reached.

(B) PUBLIC COMMENT; REVIEW AND REVISION.—A draft report published under subparagraph (A) shall remain available for public comment for a period of not less than 30 days from the date of publication. The Board shall review any comments received regarding such draft report and may revise the draft report based upon those comments.

(C) PUBLICATION.—Not later than 60 days before the date on which the President is required to submit to Congress a report containing a national manufacturing competitiveness strategy under section 2, the Board shall submit to the President for review and revision a final report containing a national manufacturing competitiveness strategy, and shall publish such final report on a public website.

(D) CONTENTS OF REPORT.—The final report submitted under subparagraph (C) shall, to the extent feasible, include—

(i) an estimate of the short- and long-term Federal Government outlays and revenue changes necessary to implement the national manufacturing competitiveness strategy and an estimate of savings that may be derived from implementation of the national manufacturing competitiveness strategy;

(ii) a detailed explanation of the methods and analysis used to determine the estimates included under clause (i);

(iii) recommendations regarding how to pay for the cost of implementation estimated under clause (i); and

(iv) a plan for how the recommendations included in the report will be implemented and who is or should be responsible for the implementation.

(d) CONSULTATION; NONDUPLICATION OF EFFORTS.—The Board shall consult with and not duplicate the efforts of the Defense Science Board, the President's Council of Advisors on Science and Technology, the Manufacturing Council established by the Department of Commerce, the Economic Security Commission, the Labor Advisory Committee for Trade Negotiations and Trade Policy, and other relevant governmental entities conducting any activities related to manufacturing.

SEC. 5. REQUIREMENT TO CONSIDER NATIONAL MANUFACTURING COMPETITIVENESS STRATEGY IN BUDGET.

In preparing the budget for each of the fiscal years from fiscal year 2016 through fiscal year 2022 under section 1105(a) of title 31, United States Code, the President shall include information regarding the consistency of the budget with the goals and recommendations included in the national manufacturing competitiveness strategy.

SEC. 6. DEFINITIONS.

In this Act:

(1) BOARD.—The term “Board” means—

(A) during the first Presidential term that begins after the date of enactment of this Act, the American Manufacturing Competitiveness Board established by section 3(a) on the first day of such term; and

(B) during the second Presidential term that begins after the date of enactment of this Act, the American Manufacturing Competitiveness Board established by section 3(a) on the first day of such term.

(2) PRIVATE SECTOR.—The term “private sector” includes labor, industry, industry associations, academia, universities, trade associations, nonprofit organizations, and other appropriate nongovernmental groups.

(3) STATE.—The term “State” means each State of the United States, the District of Columbia, and each commonwealth, territory, or possession of the United States.

PURPOSE AND SUMMARY

The purpose of H.R. 5865 is to require development of a manufacturing strategy that provides recommendations to Congress on ways to improve the competitiveness of the U.S. manufacturing environment. Policies that benefit the environment for the manufacturing sector also are likely to benefit other sectors of the economy and result in greater benefits to the economy as a whole. H.R. 5865, the “American Manufacturing Competitiveness Act of 2012,” was introduced by Rep. Daniel Lipinski (D-IL) and Rep. Adam Kinzinger (R-IL) to require the development of a National Manu-

facturing Strategy report in each of the two Presidential terms following the date of enactment.

The Act provides for a 15 member American Manufacturing Competitiveness Board comprised of 5 public and 10 private sector members. The Board's duties are to conduct a comprehensive analysis of the manufacturing sector and to develop a manufacturing strategy to be delivered to the President.

The President will have an opportunity to review and revise each report before sending it to Congress no later than June 1, 2014, and June 1, 2018. The President also must describe in the annual Budget how the Budget is consistent with the goals and recommendations of the national manufacturing strategy for fiscal years 2016 through fiscal year 2022.

BACKGROUND AND NEED FOR LEGISLATION

Manufacturing is a vital part of the United States economy. The U.S. manufacturing sector currently employs nearly 12 million people,¹ with manufacturing of durable goods contributing the largest portion of GDP growth for 2011.² Manufacturers contributed \$1.8 trillion to the U.S. economy in 2010,³ and provided almost 60 percent of all U.S. exports.⁴

Over the last decade, the U.S. manufacturing sector has seen a disproportionate decline in employment compared to the rest of the U.S. economy. For the first time in history, starting in 2009, the number of unemployed Americans has exceeded the number of Americans employed in the manufacturing sector.⁵ Furthermore, while manufacturing jobs account for just a tenth of the Nation's employment, the manufacturing sector sustained a third of American job losses.⁶ Due to the close connection between manufacturing and other sectors of the U.S. economy, each manufacturing job lost results in the loss of 2.3 jobs in related fields.⁷

¹Bureau of Labor Statistics, *The Employment Situation—May 2012* (online at <http://www.bls.gov/news.release/pdf/empisit.pdf>) (accessed June 16, 2012).

²Bureau of Economic Analysis, *Annual Industry Accounts: Advance Statistics on GDP by Industry for 2011* (online at <http://www.bea.gov/scb/pdf/2012/05%20May/0512<industry.pdf>) (accessed June 12, 2012).

³*Id.*

⁴Manufacturing Institute, *The Facts About Modern Manufacturing* (2009).

⁵See Information Technology & Innovation Foundation, *Worse Than the Great Depression: What the Experts Are Missing About American Manufacturing Decline* (Mar. 2012) (online at <http://www2.itif.org/2012-american-manufacturing-decline.pdf>) (accessed June 12, 2012). See also Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey. 1. Employment status of the civilian non-institutional population, 1941 to date* (online at <http://www.bls.gov/cps/cps/aat01.htm>) (accessed June 12, 2012); Bureau of Labor Statistics, *Employment, Hours, and Earnings from the Current Employment Statistics survey* (National) (online at http://data.bls.gov/timeseries/CES3000000001?data_tool=XGtable) (accessed June 12, 2012). In 2008, unemployed Americans totaled 8.9 million while the manufacturing sector employed 13.7 million Americans. In 2009, the number of unemployed rose to 14.3 million while the number of manufacturing employees fell to 12.6 million. As of March 2012, those numbers changed to 13.7 million and 11.9 million, respectively.

⁶*Id.*

⁷See Information Technology & Innovation Foundation, *Worse Than the Great Depression: What the Experts Are Missing About American Manufacturing Decline* (Mar. 2012) (online at <http://www2.itif.org/2012-american-manufacturing-decline.pdf>) (accessed June 12, 2012).

Overall, the United States lost 5.7 million manufacturing jobs during the 2000s, a rate of decline that exceeded the Great Depression according to a study by the Information Technology & Innovation Foundation (ITIF).⁸ While some forecasters see reason for promise in the manufacturing job gains of the last two years, ITIF contends the increase is not yet reason to celebrate. In previous recessions, the U.S. economy regained lost manufacturing jobs in the 30 months following the end of the recession. Compounding the current crisis is the pattern of manufacturing jobs loss in the last decade. The manufacturing sector lost 7.1 percent of its jobs in the 2001 recession, followed by another 9.4 percent in the 30 months following the end of that recession. The Great Recession led to another 14.8 percent manufacturing job loss, offset with less than 1 percent growth during the 30 months following the end of the last recession. Through February of 2012, the manufacturing sector grew less than 1.5 percent, leaving 1.8 million of the 2 million jobs lost still missing from the manufacturing sector.

The rate of decline posited by ITIF also is revealing. Over the two decades between 1980 and 1999, the manufacturing sector suffered a 0.5 percent per year decline on average. That rate increased six-fold to 3.1 percent for the 2000 to 2011 period, for an average of nearly 1,300 jobs lost per day since 2000. Furthermore, because the multiplier is so high for manufacturing jobs, this rapid decline was compounded by the loss of an additional related 2,400 jobs per day. The U.S. economy lost a staggering 66,000 manufacturing firms—an average of 17 per day—over this period. At the current rate of recovery, ITIF estimates the manufacturing sector would not return to 2007 job levels until at least 2020.

A number of observers blame the job loss trend on increased productivity. The ITIF report contends the official estimate of labor productivity growth is overstated by 122 percent while output growth in the U.S. manufacturing sector is also “significantly overstated”; output growth actually fell 11 percent when GDP rose 17 percent over the same period. ITIF attributes the decline in manufacturing jobs not to more productive workers, but to lost output resulting from falling demand, either because of the recession or as a result of increased import consumption.

Observers with this more pessimistic view of the state of American manufacturing cite a number of factors contributing to both the decline in manufacturing jobs in recent years as well as to the slow rate of recovery. In its 2009 report, *Facts About Modern Manufacturing (Facts)*, the National Association of Manufacturers Manufacturing Institute identifies external policy-related costs such as a persistently high corporate tax rate, the high cost of health care, the rising cost of energy, regulatory costs such as abatement and environmental costs, and tort costs.⁹ Similarly, a survey conducted by the Harvard Business School involving nearly 10,000 of its alumni revealed a more pessimistic view: a sense that there is a

⁸See Information Technology & Innovation Foundation, *supra* note 3.

⁹See The Manufacturing Institute, *The Facts About Modern Manufacturing* (8th ed. 2009) <<http://www.themanufacturinginstitute.org/~media/D45D1F9EE65C45B7BD17A8DB15AC00EC.ashx>>.

“deepening competitiveness problem” for the U.S.¹⁰ At the heart of this view is a sense that the U.S. is falling behind in fostering an environment conducive to job creation.

Manufacturing supports not only the U.S. economy, but also the Nation’s security. As domestic manufacturing declines and defense contractors choose to relocate to other countries, the United States “depends on other nations, who are not necessarily our friends, for strategic materials and technology.”¹¹

There are significant economic benefits to a strong manufacturing sector. Sixty percent of our exports are manufactured goods and maintaining or increasing that number requires an environment conducive to manufacturing. Finding useful and workable solutions to the problems facing U.S. manufacturing requires a coordinated effort by the government and the private sector. There are numerous studies, reports, and recommendations on improving manufacturing, or specific sectors of manufacturing, that have been developed by government and non-government entities. For example, the Department of Commerce developed a manufacturing strategy report in 2004 and is currently updating that work. What is needed now is to pull these disparate strands together into a coherent plan for legislative action. Crafting a national manufacturing strategy may help enable the United States to remain competitive by unifying efforts among and across agencies to support policies conducive to domestic growth in manufacturing.

HEARINGS

The Subcommittee on Commerce, Manufacturing and Trade held a hearing on June 1, 2012. The Subcommittee received testimony from the Honorable Daniel Lipinski, Member of Congress; Mr. Zachary Mottl, Atlas Tool & Die Works; Mr. Mark Gordon, National Defense Industry Association; Mr. Phillip Singerman, Ph.D, National Institute of Standards and Technology, U.S. Department of Commerce; and Ms. Deborah Wince-Smith, Council on Competitiveness.

COMMITTEE CONSIDERATION

On June 7, 2012, the Subcommittee on Commerce, Manufacturing, and Trade met in open markup session and approved H.R. 5865 for full Committee consideration, as amended, by a voice vote. On June 19 and 20, 2012, the Committee on Energy and Commerce met in open markup session and ordered H.R. 5865 reported, as amended, by a voice vote.

COMMITTEE VOTES

There were no recorded votes taken in connection with ordering H.R. 5865 reported. A motion by Mr. Whitfield to order H.R. 5865 reported to the House, as amended, was agreed to by a voice vote.

¹⁰Michael E. Porter and Jan W. Rivkin, Harvard Business School, *Prosperity at Risk, Findings of Harvard Business School’s Survey on U.S. Competitiveness* (January 2012) <<http://www.hbs.edu/competitiveness/pdf/hbscompsurvey.pdf>>.

¹¹National Defense Industrial Association, Manufacturing Division, *Maintaining a Viable Defense Industrial Base* (Aug. 1, 2008).

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a legislative and oversight hearing and made findings that are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goal of H.R. 5865 is to develop a manufacturing strategy that provides recommendations to Congress on ways to improve the competitiveness of the U.S. manufacturing environment.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 5865, the “American Manufacturing Competitiveness Act of 2012,” would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

EARMARKS, TAX BENEFITS, AND TARIFF BENEFITS

In compliance with clause 9(e), 9(f), and 9(g) of rule XXI, the committee finds that H.R. 5852 contains no earmarks, limited tax benefits, or limited tariff benefits.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

JUNE 25, 2012.

Hon. FRED UPTON,
*Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5865, the American Manufacturing Competitiveness Act of 2012.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 5865—American Manufacturing Competitiveness Act of 2012

Summary: H.R. 5865 would establish the American Manufacturing Competitiveness Board within the Department of Commerce to advise the President on issues affecting manufacturing in the United States. The board would be required to perform a comprehensive analysis of the nation’s manufacturing sector and, using

results from the analysis, develop a strategy to improve the competitiveness of domestic manufacturing efforts. Results from the analysis and strategy would be available to the President to comply with the bill’s requirement to publish a strategy in 2014 and again in 2018 to promote growth in the nation’s manufacturing sector.

Based on information from the Department of Commerce, CBO estimates that implementing H.R. 5865 would cost about \$15 million over the 2013–2017 period, assuming appropriation of the necessary amounts. Enacting H.R. 5865 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 5865 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5865 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—					
	2013	2014	2015	2016	2017	2013–2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	4	3	2	2	5	16
Estimated Outlays	3	3	3	2	4	15

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted near the end of 2012, that the necessary amounts will be appropriated each year, and that spending will follow historical patterns for similar activities.

H.R. 5865 would establish the 15-member American Manufacturing Competitiveness Board to analyze the nation’s manufacturing sector, and using results from the analysis, set short- and long-term goals for improving the sector’s competitiveness. The board would be appointed at the beginning of the next presidential term, terminate after completing its first report in 2014, and would be re-established at the beginning of the following presidential term in 2017 to update the report’s findings.

In preparing the analysis, the board would be required to study, among other things:

- The current environment for manufacturing, including government policies—at the international, federal, state, tribal, and local levels—that affect the sector;
- Forecasts, both short- and long-term, for domestic and international trends in manufacturing;
- Actions by federal agencies that affect manufacturing; and
- Factors that affect the growth and stability of the sector such as workforce skills; trade, energy, and monetary policies; research and development; and protections for intellectual property.

Using results from the analysis, the board would be required to develop a strategy to improve the competitiveness of the nation’s manufacturing sector. The bill would require the strategy to include recommendations to eliminate or consolidate government programs, improve interaction between the government and the manu-

facturing sector, and amend any regulations that put the industry at a competitive disadvantage in international markets.

The final report also would be required to include a plan to implement the strategy, including an estimate of the cost to implement it as well as recommendations for ways to cover those costs.

Based on information from the Department of Commerce, CBO estimates that implementing H.R. 5865 would cost \$15 million over the 2013–2017 period, assuming appropriation of the necessary amounts. This amount includes staff support for board activities, data gathering and analysis, and report preparation. Though the board would be terminated shortly after submitting its final report in 2014, CBO expects that efforts would continue within the Department of Commerce to collect data and information that would be available to the board when it would be re-established in 2017.

Pay-As-You-Go Considerations: None.

Intergovernmental and private-sector impact: H.R. 5865 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Susan Willie; Impact on State, Local, and Tribal Governments: Elizabeth Cove Delisle; Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 2. Requires two Presidential reports to Congress outlining a strategy for promoting growth, sustainability, and competitiveness in the manufacturing sector. The reports are due June 1, 2014, and June 1, 2018.

Section 3. Establishes, within the Department of Commerce, the American Manufacturing Competitiveness Board on the first day of the Presidential term following the date of enactment (2013), and then again in the next Presidential term (2017). The Board will consist of 15 members, five from the public sector (including two Governors) and ten from the private sector. The private sector board members must have manufacturing-related (including experience with companies with less than 100 employees) or other relevant experience. The five public appointments are made by the

President and must include the Secretary of Commerce, while the ten private-sector members are appointed by the House and Senate in a 3–2 ratio, majority to minority, for each chamber. The Board would be co-chaired by the Secretary of Commerce and a member elected by the private-sector Board members. Each Board terminates 60 days after submitting its final report to the President as required by Section 4, and therefore will not require any additional work to be performed by the Board, the Commerce Department, or its staff until the next Board is appointed. The Board may convene subgroups to address particular industries, topics, or other matters and to take advantage of the expertise of other individuals and entities in matters to be addressed by the Board. Section 3 establishes the quorum and minimum meeting requirements and provides flexibility for the Board to hold hearings with less than a quorum pursuant to agreement of the co-chairmen.

Section 4. Establishes the duties of the Board as follows: (1) advise the President on manufacturing issues; (2) conduct a rigorous analysis of the manufacturing sector; and (3) develop a national competitiveness strategy, which will be made available for public comment and submitted to the President.

The Board will conduct a comprehensive analysis on the manufacturing sector, taking into consideration previously compiled data, analyses, reports, plans or recommendations. The Board's analysis will address a number of enumerated factors, to the extent feasible. The Committee understands the time and resource constraints of the Board and therefore intends they rely heavily on the large corpus of research and data already completed for topics they determine should be addressed. The Board then will develop and publish for public comment a draft manufacturing strategy based on its analysis and any other information the Board determines is appropriate. The Board also must publish its analysis and underlying data used to support its conclusions. The competitiveness strategy will include short-term and long-term goals for improving the competitiveness of the U.S. manufacturing environment, and recommendations for action to accomplish the goals. Not later than April 1, 2014, and April 1, 2018, each Board must submit to the President for review and revision a final report containing a national manufacturing strategy and publish it on a public website. The President will then send a manufacturing strategy to Congress as required by section 2 of the Act.

To avoid duplication of efforts, the Board must consult with a number of specified entities (including the Defense Science Board, the President's Council of Advisors on Science and Technology, the Manufacturing Council established by the Department of Commerce, the Economic Security Commission, and the Labor Advisory Committee for Trade Negotiations and Trade Policy) and may consult with any other relevant governmental body or the private sector. The Committee intends the consultation to further reduce potential burdens on the Board and its workload.

Section 5. Requires the President to include in each fiscal year's Budget request information regarding the consistency of the Budget with the goals and recommendations included in the national manufacturing strategy. This requirement begins with the fiscal year 2016 Budget and ends with the fiscal year 2022 Budget.

Section 6. Defines certain terms, including “Board”, “private sector”, and “State”.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation does not amend any existing Federal statute.

ADDITIONAL VIEWS

As President Obama said in his 2011 State of the Union address, we must out-innovate, out-educate, and out-build our competitors.¹ And for the U.S. to continue to lead in innovation, we must maintain a strong manufacturing sector. Currently, about 70% of research and development and 90% of patents in this country are connected to manufacturing.² As a professor at Harvard Business School has explained, we cannot maintain a strong economy by doing high-tech research at home and allowing manufacturing to continue to move offshore. We need “two-way feedback.”³

Our goal is to have good jobs across all segments of the economy, but manufacturing jobs in particular have contributed to maintaining a strong middle class. These jobs have good pay and tend to be stable. In addition, manufacturing brings with it strong spillover benefits for regional and local economies. Once there is a manufacturer in town, suppliers move in, along with restaurants, retailers, and service providers.

Manufacturing also has been a vital part of the economic recovery from the Great Recession, with the manufacturing sector having expanded for 34 consecutive months through May 2012.⁴

The Obama Administration rightly has put an intense focus on revitalizing and growing the manufacturing sector and has launched a number of initiatives to do this.

H.R. 5865 will help the federal government continue its current focus on manufacturing. H.R. 5865 ensures there are federal policies that promote the competitiveness of U.S. manufacturing and do so in an organized and strategic manner. This bill reflects a desire to see manufacturing jobs and our entire economy to continue to grow.

While sources cited in the majority views may disagree, the goal of this bill is not to attack important health and safety regulatory achievements or the civil justice system.

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¹The White House, *Remarks by the President in State of Union Address* (Jan. 25, 2011) (online at www.whitehouse.gov/the-press-office/2011/01/25/remarks-president-state-union-address).

²Department of Commerce, *R&D, Patents are Key Manufacturing Drivers Chief Economist Mark Doms Tells National Association for Business Economics 2012 Conference* (May 31, 2012) (online at www.commerce.gov/blog/2012/05/31/rd-patents-are-key-manufacturing-drivers-chief-economist-mark-doms-tells-national-as).

³Gary P. Pisano, *The U.S. Is Outsourcing Away Its Competitive Edge* (Oct. 1, 2009) (online at blogs.hbr.org/hbr/restoring-american-competitiveness/2009/10/the-us-is-outsourcing-away-its.html).

⁴Institute for Supply Management, *May 2012 Manufacturing ISM Report on Business* (June 1, 2012) (online at www.ism.ws/news/NewsReleaseDetail.cfm?ItemNumber=22681).