NAM's Timmons: Policy Changes Needed to Propel Manufacturing 'Comeback'

Steve Minter | IndustryWeek  | Feb 25, 2014

Gains from energy revolution could be threatened by 'government overreach' such as Obamacare and greenhouse gas regulations.

With manufacturing output 18% higher since the end of the recession and exports reaching an all-time high, “manufacturing in America is making a comeback,” National Association of Manufacturers President Jay Timmons told a Houston audience today in his State of Manufacturing speech.

Manufacturing could enjoy even more robust growth, Timmons said, if policymakers and other focus on three areas: products, people and policy.

**Products:** Innovation is a major reason for manufacturing’s comeback, Timmons said. As an example, he cited Big Ass Solutions, a Lexington, Ky., firm that produces fans.

“The company’s insight was to couple energy-efficient motors with patented airfoil designs to move large volumes of air quietly and efficiently,” Timmons said, noting that the company had $122 million in revenue in 2013.

Innovation is complemented by the “boom in domestic energy production,” Timmons said. He noted that the shale revolution is prompting $90 billion in chemical industry manufacturing investments. He pointed out that LyondellBasell announced in January that it would reopen a methanol plant that had been closed for nine years because of the price advantage provided by shale gas.

**People:** But one of the challenges facing manufacturing, Timmons said, is to ensure that it has a workforce with the right skills.

“Eighty-two percent of manufacturers report that they have jobs going unfilled because they can’t find people because of this skills gap,” Timmons said.

To address the skills shortage, Timmons noted, an NAM affiliate, The Manufacturing Institute, “runs a skills-certification program that enables American workers to receive a portable credential demonstrating the skills they possess.” He also noted a magnet school in Houston, the Energy Institute High School, that provides students with an education in STEM subjects to prepare them for “the high-tech energy jobs that are driving our economy.”

Timmons also reiterated NAM’s call for immigration reform.

**Policy:** Timmons said “government overreach” presents the biggest threat to the future of American manufacturing. He said the energy industry is at risk of “suffocation by regulation” because the Obama administration and its Congressional allies “want to put a stop to the use of oil, gas and coal, when the focus should be on developing and maintaining secure and affordable energy.”
Timmons was particularly critical of the Environmental Protection Agency. The NAM president said new ozone regulations proposed by EPA would “practically halt manufacturing expansion and growth in America.” He added that New Source Performance Standards were “both an effort to eliminate fossil fuels and a warning that all manufacturers will be targeted next.”

Timmons said Obama could “score a major victory for economic growth” by approving the Keystone XL pipeline, which has been under review for five years. He also called for the country to embrace an “all-of-the-above” energy strategy that would include nuclear and renewable energy sources, and pursue innovations that foster sustainability.

Timmons noted that NAM had increased its commitment to litigating on behalf of manufacturers. Cases include the Supreme Court case on greenhouse gas regulations and fights with the National Labor Relations Board, which “seems to have a Top 100 list of how to pit workers against management.” He called for fundamental regulatory reform based on “the principles of transparency, openness and sound science.”

The United States is “lagging on trade,” Timmons said. While the U.S. is pursuing just the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership, he noted, countries in Europe, Asia and Latin America are “involved in dozens of negotiations, which will exclude and disadvantage our manufacturers.”

Among the other policy initiatives needed to help manufacturing, Timmons cited expediting the approval of LNG and coal export terminals, investing in the nation’s infrastructure and reducing the corporate tax rate.

The Affordable Care Act is giving manufacturers “heartburn,” Timmons said, by raising costs for employers. He cited one company with 22 employees, Staub Manufacturing Solutions in Dayton, Ohio, which saw a 21% increase in health care costs last year and is projecting a 91% increase in 2014.

NAM warned that if the law is not altered, between 6 million and 7 million employees with employer-sponsored health plans will lose their coverage by 2024, according to the Congressional Budget Office.