

COMPETING TO WIN





Manufacturing contributes \$2.85 trillion to the U.S. economy annually, has one of the largest economic multipliers of any major sector and accounts for nearly 53% of all private-sector research and development in the nation.



The National Association of Manufacturers works for the success of the nearly 13 million people who make things in America and operate in an increasingly competitive global economy. The NAM represents manufacturers across the country—from small businesses to global leaders—in every industrial sector.

But more than just facts, figures and bottom lines, manufacturers are innovators and inventors who have a vision for the future and the drive to make it real. From new technologies and lifesaving medicines to sustainability solutions and humanitarian breakthroughs, manufacturers lead the way toward solving challenges today and creating opportunities tomorrow. The right federal policies alone cannot sufficiently power the industry's innovative engine. But combined with a strong private-sector market, the critical components of "Competing to Win" serve as a strategic blueprint for the policies manufacturers in America will need to compete with the rest of the world and lead toward more progress for more people.



WHAT FUTURE WILL WE BUILD?



Americans understand better than at any time in recent history just how critical modern manufacturing is to their lives and to our country's ability to continue leading the world. The question, however, is whether our elected leaders will champion policies that create the environment necessary for continued manufacturing growth or cede the mantle of economic leadership to other nations through inaction or misguided approaches.

With substantial infrastructure investments underway, the rapid development of new technologies and renewed interest in bolstering domestic supply chains, manufacturers are poised to hire hundreds of thousands of new workers, invest in our communities and grow our economy. By 2030, we will look at this moment as the beginning of a manufacturing boom—but only if lawmakers pursue the right policies now.

There should be no doubt what those policies look like: competitive tax rates, balanced regulations, reforms to our immigration system to focus on filling millions of open jobs, energy security, efficient permitting systems and more. All of it is here in “Competing to Win” because standing with manufacturers requires more than words. It requires action.

Manufacturers will work with anyone who understands that when manufacturing is strong, America is strong. We partner with leaders who are committed to the values that have made America exceptional. At our core, we know these principles, which are rooted in our

system of democracy, are essential to a thriving manufacturing industry. Our focus is on policy that advances these values:

Free enterprise: the economic system that unleashes innovation, creates opportunity and lifts humankind out of poverty more than any other economic system has in the history of the world.

Competitiveness: our ability, when untethered from government overreach, to prosper and win in a global economy.

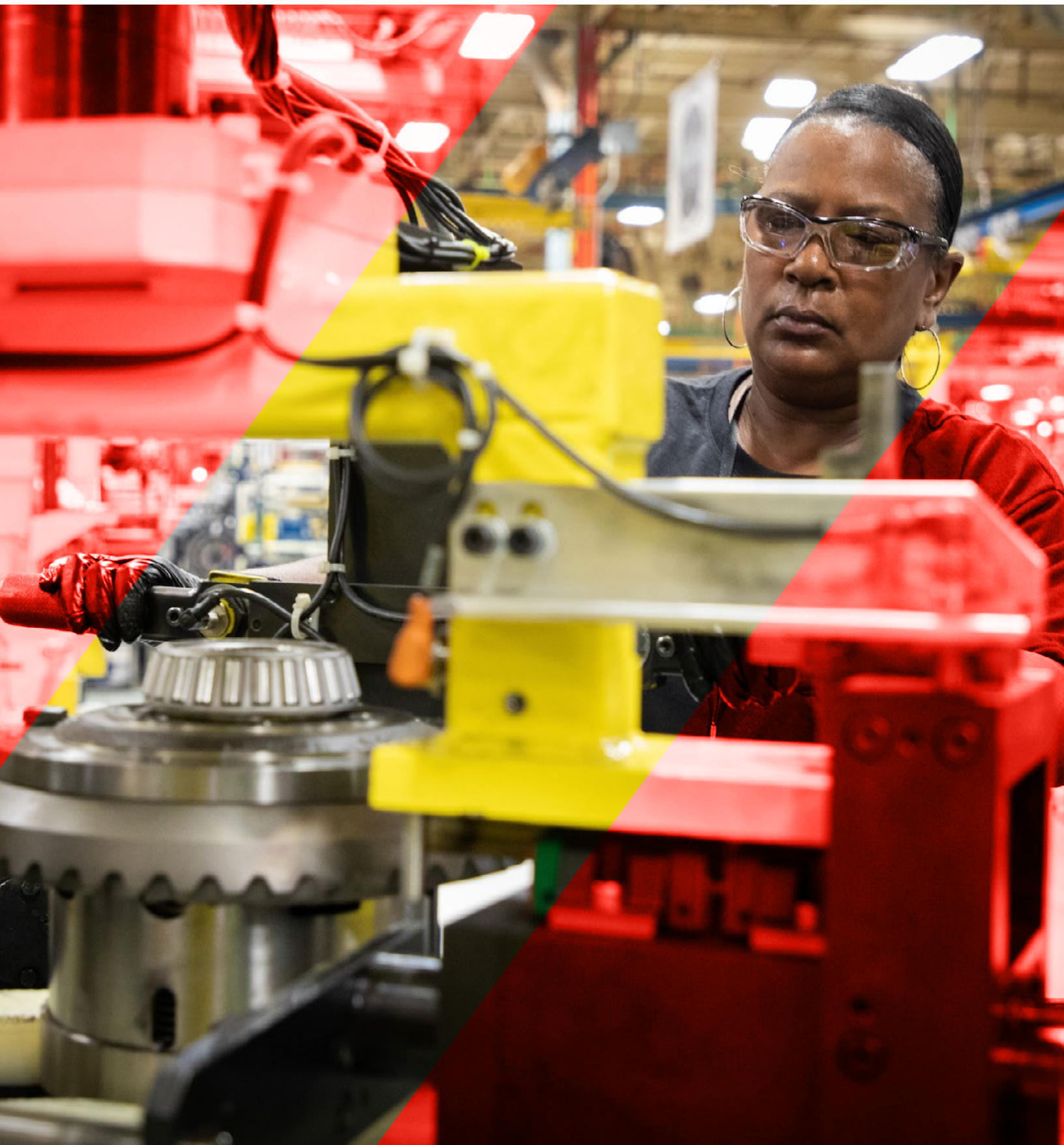
Individual liberty: the unique freedoms enshrined in our Constitution and Bill of Rights that enable us to live and succeed.

Equal opportunity: our shared belief that we all have the ability to contribute to the betterment of our families, our companies, our communities and our country.

This is the moment for leaders to focus on policy—not politics, personality or process. Manufacturers are focused on policy that helps people. We are focused on a path for bringing our country together around shared values and a unity of purpose. If we pursue that path, our future will be one of limitless opportunity.

A stylized, handwritten signature in black ink that reads "Jay Timmons".

Jay Timmons
President and CEO



ACTING WITH URGENCY, **ACHIEVING THE EXTRAORDINARY**



Manufacturers are in the business of changing lives. We are in the business of pioneering solutions to global crises. We are in the business of creating opportunities. And history has shown us time and again that manufacturing teams can achieve extraordinary feats under tremendous pressure. We take our responsibility seriously. The world is counting on us.

That is why we believe that nothing should stand in the way of our ability to do what is right for our people and our communities—whether that is creating more jobs or developing the next revolutionary technology, medical treatment, electronic device or energy source. Too often, though, not having the right public policies in place does, indeed, stand in our way. It is time for that to change.

“Competing to Win” is our roadmap to realize the promise of manufacturing in the United States. This is not a partisan agenda. It is a practical agenda. And if we move forward with this type of post-partisan approach, we can usher in a new era of prosperity and shared success.

Manufacturers are working every day toward a future that is healthier, safer, more sustainable—and that empowers everyone to reach their potential. We want to do our part to address the threats to our supply chains, to help families

access the products they need and to support the cities and towns we call home. All we ask is that lawmakers do their part as well, and we invite all Americans who believe in manufacturing to add their voices to our call to action.

This future is only possible if our leaders, across the country and across the political spectrum, act with the urgency and commitment that manufacturing teams demonstrate every day. That is how we can change lives for the better.

A handwritten signature in black ink, appearing to read 'Kathy Wengel'.

Kathy Wengel
Executive Vice President, Chief Technical
Operations & Risk Officer, Johnson & Johnson
NAM Board Chair



REGULATORY AND LEGAL REFORM: **Reducing Barriers to Economic Growth**

Smart regulation is critical to protecting worker safety, public health and our environment, and overregulation will hold back our country's economic potential. Similarly, speculative litigation continues to cause backlogs in the courts and cost manufacturers millions, even when the claims are baseless. A more competitive economy demands reforming the nation's broken legal and regulatory systems. While both require different sets of reforms, our regulatory and tort systems have become barriers to economic growth collectively, hindering innovation and slowing productivity.

Lawmakers should focus on addressing the structural and fundamental problems inherent in our dated regulatory system. The annual regulatory cost burden for an average U.S. firm represents 21% of its payroll, and manufacturers, particularly small entities, bear a disproportionate share of the regulatory burden. Meanwhile, our legal system is more than twice as expensive as the systems of our major competitors, such as Japan, France, Canada and the United Kingdom. Regulations, frivolous and excessive tort and consumer protection claims and related litigation costs divert resources away from investments in the workforce, new equipment and other opportunities for manufacturers to grow and compete.

Manufacturers are committed to commonsense legal and regulatory reforms that ensure public health and safety. Smart regulations are those that achieve their intended goal without unnecessarily harming the competitiveness of our sector or setting price controls. When struck, that balance can achieve both important social goals and widespread growth for manufacturers in the United States.

“ A predictable regulatory system based upon sound science and facts—with flexibility for innovation—and a fair legal system are critical components to ensuring a bright future for manufacturing in America. Our industry recognizes our responsibility to safeguard our workplaces and our environment, and when the system is clear and consistent while providing for innovation and when the rule of law is respected, we can deliver on our commitments.”

—Kellye Walker, Executive Vice President and Chief Legal Officer, Eastman Chemical Company

A Regulatory and Legal Reform Agenda for the Future Must:

- Approach regulations with a focus on outcomes and relying on best-available science.
- Improve the quality of regulatory analysis to better inform regulators and agency leaders.
- Deliver a reformed regulatory system that efficiently meets regulatory objectives while minimizing unnecessary burdens.
- Facilitate thorough industry outreach with relevant parties and small business entities so that all facets of the regulatory objective can be reasonably achieved.
- Preserve the ability of companies to grow without arbitrary and punitive limits on mergers, acquisitions and capital investment.
- Seek proven strategies to reduce the abuse of our legal system.
- Restore rationality in our tort law system.
- Ensure that America's regulatory regime can address the rising tide of counterfeit products.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Strengthen, streamline and codify the regulatory system to improve regulatory outcomes, increase accountability through meaningful retrospective reviews and sunset outdated and ineffective regulations.
- ✓ Set and enforce responsible regulatory budgets, conduct rigorous oversight and hold independent regulatory agencies accountable for discretionary regulations, improved transparency and the quality of the rules they issue.
- ✓ Reinstate mandatory penalties for lawyers who file frivolous lawsuits and prevent abuses of the class action and mass torts systems, as well as the public nuisance doctrine.
- ✓ Promote the efficient, cost-effective resolution of litigation, including through alternative dispute resolution.
- ✓ Support clear standards for liability and the rigorous application of procedural rules, including statutes of limitations and relevance and proportionality requirements in discovery, as well as limits on punitive damages and case consolidation.
- ✓ Resist calls for punitive changes to the review process for mergers, acquisitions and significant capital investments that could undercut the consumer welfare standard and harm America's economic competitiveness.
- ✓ Maintain and support legislation that guarantees unified and predictable federal preemption for federally approved and regulated products and services in national commerce and limits state law tort lawsuits that unacceptably interfere with federal regulatory regimes.
- ✓ Oppose legislation that incentivizes and subsidizes litigation against manufacturers.
- ✓ Oppose efforts to prohibit binding arbitration clauses in employment, consumer and commercial contracts when arbitration programs meet a high standard for due process and protect the rights of all parties involved.
- ✓ Support legislation that reduces the availability of counterfeits on e-commerce platforms, acts against IP infringement, provides up-to-date enforcement capability and improves government collaboration to fight fake goods.



TAX:

Building on the Promise of Tax Reform

Manufacturers asked, and Congress delivered. After decades of inaction, manufacturers' long-sought goal was achieved with the passage of tax reform, and the NAM's five key priorities were included: a reduced tax burden on pass-through business income, a lower corporate income tax rate, key elements of a territorial tax system, retention of the R&D tax credit and adoption of incentives for capital equipment purchases. As a result, manufacturers have been paying forward the benefits. With a commitment to federal policies that build on those advances rather than roll them back, the industry will continue leading our workers, communities and country toward prosperity.

Adoption of a more competitive tax system has invigorated manufacturing in the United States. Manufacturers' optimism reached record highs following tax reform's passage in 2017, and this optimism has translated into action. 2018 was the best year for manufacturing job creation in the previous 21 years and the best year for manufacturing wage growth in the previous 15. Manufacturing capital expenditures grew by almost 10% in 2021, and in 2022, they grew by 20%.

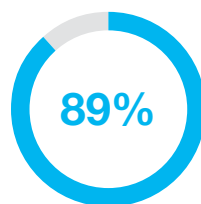
Manufacturers are keeping their promise to use the tools provided to improve the world around

them, using tax reform and regulatory certainty to grow the economy, create more jobs and improve the lives of hardworking families. But just as tax reform's passage has helped allow companies to reinvest in their employees and operations, rolling back key pro-growth provisions would cost jobs, slow the economy and reduce investment in the United States.



“ Like so many small manufacturers, we were able to keep our promise to hire new workers and grow our business thanks to tax reform. Tax reform’s small business relief provisions, such as the new pass-through deduction, were clearly helpful. And as a capital equipment manufacturer, we were also able to benefit from the more competitive tax code for larger corporations—we saw an increase in orders from our large customers thanks to tax reform. Their investments meant more business for us and our employees. It really has made a critical difference for our company. It made it easier to invest for the future and to weather some of the recent challenges. Keeping the tax code competitive—and making more improvements—is just so important for manufacturers’ future.”

—Lisa Winton, CEO and Co-Owner,
Winton Machine Company



The overwhelming majority—89%—of manufacturing leaders said higher tax burdens on manufacturing would make it more difficult for them to hire, buy new equipment and expand their facilities.

Source:
Q4 2023 Manufacturers’ Outlook Survey

A Tax Agenda for the Future Must:

- Recognize the significance of tax reform to growing the economy and encouraging U.S. investment, and build on that progress rather than roll it back.
- Improve and make permanent the pro-growth provisions in the tax code that are set to expire.
- Continually reassess the competitiveness of our tax system.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Protect the gains from tax reform by making permanent key provisions in the tax code, such as low rates on pass-through and corporate income, as well as the 20% pass-through deduction.
- ✓ Create new tax incentives and enhance the competitiveness of the tax code to encourage new industrial investment in the United States.
- ✓ Fix provisions of the tax law that make research more expensive.
- ✓ Ensure that key incentives for capital equipment purchases remain in the tax code.
- ✓ Preserve business interest deductibility.



MORE ACTION NEEDED: **Supply Chain Challenge**

Since the outset of the COVID-19 pandemic, the NAM has been focused on bolstering supply chains and increasing manufacturing investment in the United States. Our initial recommendations to policymakers—set forth in our 2020 “Strengthening the Manufacturing Supply Chain” document¹—represented a blueprint for an enhanced manufacturing economy: a competitive tax regime, workforce development, research incentives and regulatory rightsizing. Thanks to the NAM’s leadership, policymakers have acted on many of these measures and more. Additionally, in 2022, President Biden signed the Ocean Shipping Reform Act and the CHIPS and Science Act, two top NAM priorities, into law.

Without question, however, more work is needed. As these challenges persist, the NAM has continued its direct engagement on supply chain issues with the White House, members of the House and Senate on both sides of the aisle and federal agencies, including the Commerce Department, the Federal Trade Commission and the Office of the U.S. Trade Representative.

Policies found throughout “Competing to Win” are essential to stabilizing and strengthening manufacturing supply chains, particularly domestic supply chains.



THERE ARE KEY APPROACHES THAT MUST BE PRIORITIZED:

- ✓ Expediting the implementation of the Infrastructure Investment and Jobs Act.
- ✓ Continuing to disburse funds associated with the CHIPS and Science Act and enact meaningful permit reform to support domestic semiconductor manufacturing.
- ✓ Preventing disruptions at ports and across railways.
- ✓ Increasing production and delivery of domestic energy from all sources.
- ✓ Supporting critical mineral extraction, processing and recycling in the United States.
- ✓ Streamlining and expediting environmental permitting and fostering regulatory stability.
- ✓ Maintaining a competitive tax policy and enacting additional reforms to promote R&D, innovation and domestic manufacturing investment.
- ✓ Bolstering workforce development by supporting skill-building programs.
- ✓ Enacting immigration reforms that address economic needs.
- ✓ Ensuring any federal regulatory action is rooted in science and designed to promote the growth of domestic manufacturing.

¹documents.nam.org/COVID/NAM%20-%20Strengthening%20the%20Manufacturing%20Supply%20Chain.pdf



TRADE:

Supporting Manufacturing Jobs and Growth; Removing Uncertainty and Unfair Barriers

Manufacturers of all sizes must be able to compete in a global economy by selling not only to U.S. customers but also to the billions of consumers outside the United States, supporting American jobs and production. In the face of growing competition with China and other countries, global supply chain disruptions, technological changes, increasing uncertainty and other challenges, manufacturers need U.S. trade policies that open markets, improve their competitiveness, increase business predictability and boost their ability to reach new customers abroad. Such approaches will result in more American jobs and prosperity for our businesses, workers and communities.

The expansion of manufacturers' global reach through a more open, fair and predictable global trading environment has been pivotal to improving U.S. competitiveness and increasing U.S. manufacturing production, enabling businesses of all sizes to raise wages and create more high-skilled U.S. jobs over the past quarter century. This growth has also helped propel innovations in new technologies that save lives, protect the

environment and improve the quality of life for millions of Americans.

Trade agreements play a critical role in promoting U.S. global economic leadership. Exports account for about half of U.S. manufacturing production, and America's trade agreement partners purchase about half of all U.S.-manufactured exports. If done right, these agreements aggressively open markets, eliminate barriers and establish strong standards in areas such as intellectual property, investment and regulatory trade. Manufacturers are committed to full implementation and enforcement of existing U.S. trade agreements. Elsewhere, it is critical that the United States implement and negotiate new, cutting-edge comprehensive trade agreements that combat unfair barriers around the world and ensure that the United States, and not countries like China, writes the rules for the global economy and trading system. Without such agreements, manufacturers in the United States risk being left behind while China and our other global competitors actively negotiate new agreements that exclude us.

Standing with Ukraine

In March 2022, the NAM Board of Directors unanimously adopted a resolution denouncing Russia's invasion of Ukraine and affirming support for policies and sanctions to hold Russian President Vladimir Putin accountable—many of which were subsequently implemented. Since then, the NAM has also counseled the administration on policies to mitigate the economic strains caused by the war and resulting sanctions.

Ukrainian President Volodymyr Zelenskyy addressed the NAM board meeting in February 2023 to emphasize the shared values of democracy and freedom and the important role of the American business community and manufacturing industry in supporting Ukraine's efforts toward victory and recovery.

“ In today’s global marketplace, we rely on fair, open and predictable commercial trade rules. Our workers, suppliers and customers benefit from new international trade agreements and strong U.S. and global trade institutions. America’s manufacturing edge depends on innovation and access to new and growing markets.”

—John McGirr, Senior Vice President and General Manager, Corning Optical Fiber and Cable, Corning Incorporated

A Trade Agenda for the Future Must:

- Open global markets to ensure that manufacturers benefit from the same principles that we seek here at home: nondiscrimination, fairness, equal opportunity and competition.
- Improve our ability to eliminate foreign market-distorting practices, including by holding countries like China accountable for practices that harm manufacturers and their employees in the United States.
- Improve U.S. global competitiveness, support innovation, grow the economy and strengthen the industrial base.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Get the United States back on the global playing field by negotiating cutting-edge trade agreements, including those with major U.S. trading partners, to provide certainty, open markets for U.S.-manufactured goods, eliminate unfair barriers, set fairer and stronger standards, diversify sources for trade and ensure supply chain resiliency.
- ✓ Fully and comprehensively enforce existing U.S. trade agreements and trade rules, including full implementation of the United States–Mexico–Canada Agreement, in ways that benefit manufacturing in the United States.
- ✓ Oppose efforts to undermine critical global IP protections, including efforts to broaden an already problematic waiver of IP negotiated at the World Trade Organization, and instead advance initiatives that will leverage trade to fight COVID-19, enhance future pandemic preparedness and support the global economic recovery.
- ✓ Recommit to and strengthen relationships with trading partners to reform and modernize international trade rules and institutions, such as the WTO.
- ✓ Accelerate efforts to release a clear, comprehensive U.S.–China strategy that covers trade and economic priorities to address problematic Chinese policies and behaviors, refines current enforcement tools to avoid undue harm for manufacturers and workers in the United States and provides business certainty.
- ✓ Support and continue to improve U.S. export promotion and export financing tools.
- ✓ Ensure export controls and investment restrictions are tailored to address legitimate national security concerns and coordinated with allies when possible.
- ✓ Modernize U.S. and foreign customs operations to better facilitate legitimate trade and improve enforcement tools to target illicit trade in the United States and across foreign borders.
- ✓ Make the U.S. tariff code more competitive by enacting a new Miscellaneous Tariff Bill and the Generalized System of Preferences.



ENVIRONMENT AND SUSTAINABILITY: **Creating Cleaner, Safer and More Inclusive Communities**

Manufacturers are innovating and implementing the solutions the world needs to address climate change, protect biodiversity and advance environmental justice. Manufacturers have sharply reduced the industry's impact on the environment through a wide range of innovations, such as saving and recycling water, increasing energy efficiency, implementing successful initiatives to reduce pollution and waste and taking action to protect vulnerable communities. The industry's momentum is strong, and with new technologies being implemented every day, the future is unquestionably bright.

With the right federal policies and a sustainable balance between environmental ambition and commercial feasibility, manufacturers are proving we can have both a healthy, clean environment and a prosperous economy. However, when policymakers adopt poorly tailored laws and regulations that put manufacturers in America at a global disadvantage, the critical balance between environmental improvement and economic growth is lost, hurting our workers, businesses and communities. Furthermore, our antiquated permitting system is holding back economic progress across the board and preventing full implementation of historic funding, such as

the CHIPS and Science Act and the Bipartisan Infrastructure Law.

The NAM laid out a comprehensive roadmap for climate action in "The Promise Ahead,"² which included immediate actions for policymakers. Many of these immediate actions were included in the late 2020 energy bill, the 2021 bipartisan infrastructure and climate bill and the 2022 Inflation Reduction Act. Sustainable permitting improvements, electric grid modernization, climate adaptation and resiliency programs, zero-carbon nuclear power, clean hydrogen, drinking water improvements, efficient manufacturing and new energy innovation programs were all included with robust funding. We must implement these historic investments in a way that manufacturers can take full advantage of opportunities to build our domestic capabilities.

Manufacturing holds the key to solving this global challenge. Think about the technologies that will get us there: clean energy, carbon capture, hydrogen, microgrids, advanced vehicles and more. Manufacturers make these products and develop technologies that will allow us to continue inventing new innovative solutions. If we work together, we can make our vision of a brighter tomorrow a reality.

²<https://www.nam.org/wp-content/uploads/2021/01/The-Promise-Ahead.pdf>

“ A sustainable future is attainable, but only if we continue to tackle this issue head-on, hold ourselves accountable and work together to enable new science- and technology-based solutions that deliver a low-carbon future.”

—Jim Fitterling, Chair and CEO, Dow Inc.

An Environment and Sustainability Agenda for the Future Must:

- Recognize manufacturers as the solution to emerging environmental challenges and build on the strong steps manufacturers have already taken to drive sustainability and tackle climate change on a global scale.
- Apply sound science- and evidence-based approaches in all regulatory and legislative proposals.
- Appropriately balance the United States’ economic and environmental interests so that achieving one goal does not mean ignoring the other.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Expedite our antiquated permitting system to allow manufacturers to grow our economy and continue our global lead.
- ✓ Modernize environmental laws and regulations for 21st-century environmental challenges.
- ✓ Pursue bipartisan legislative solutions to climate change that reduce global emissions, promote innovation and new technologies and harmonize the patchwork of regulations and lawsuits.
- ✓ Coordinate public-private sustainability efforts to develop and implement new technologies and solutions across manufacturing supply chains.
- ✓ Improve the manner in which the federal government assesses environmental risks—through use of the best-available science, transparent and open stakeholder engagement and balanced communication to the public.
- ✓ Ensure thoughtful oversight of federal agencies and eliminate duplicative regulations or those for which risks are assessed improperly or costs outweigh benefits.
- ✓ Work directly with manufacturers before laws and regulations are written to understand the entire supply chain and life cycle impacts of policies to avoid unintended consequences.



ENERGY AND NATURAL RESOURCES: **Strengthening Manufacturing by Capitalizing on U.S. Energy and Innovation Leadership**

The U.S. is the world's leading energy producer, creating an advantage for manufacturers in the global marketplace. Today, manufacturers benefit from all forms of energy and natural resources—while making smart investments to become more energy efficient and keep protecting the environment. Meanwhile, manufacturers are developing new technologies that make energy cleaner, more affordable and reliable with each passing year. When we fail to produce energy here, it is produced elsewhere with a much greater negative impact on the environment.

Manufacturers are leading the way in finding innovative ways to harness U.S. energy, and the right federal policies can aid and advance that progress significantly. But despite the progress manufacturers have made, we still face many challenges. Historically, the federal government has been inconsistent in its support for domestic energy production and delivery infrastructure. Policymakers have not advanced a comprehensive plan that ensures an energy future with continued certainty for manufacturers. In recent years, the federal

government has also used regulations to favor or disfavor certain energy options. This year-by-year instability makes it difficult for manufacturers to make long-term investments and capitalize on the nation's energy advantage.

The future of the manufacturing industry and our country's resource security rely on clarity and certainty from policymakers that strengthen our competitiveness. With a renewed commitment to increasing domestic energy production and delivery, to focusing on critical mineral and material supply chains and to advancing new technologies, the United States can continue to lead the world for decades to come.



An Energy and Natural Resources Agenda for the Future Must:

- Recognize that the U.S. is globally unique and has the potential to chart an energy and resource future that benefits the entire nation, not just some regions.
- Ensure access to domestic production and overseas markets so that energy, minerals, natural resources and technologies are developed here and also marketed around the world.
- Prioritize technology and innovation to ensure manufacturers have access to reliable and affordable energy while the grid evolves, air quality improves and greenhouse gases are reduced.
- Provide long-term certainty to manufacturers to mitigate market volatility across all energy sources.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Produce comprehensive reforms to our permitting system that expedite all projects, including bringing on new and traditional energy sources.
- ✓ Remove regulatory barriers that slow access to the rich diversity of domestic energy, minerals and other natural resources to strengthen the energy advantage of manufacturers in the U.S.
- ✓ Repair the broken permitting process for energy and resources projects to minimize delays and reduce litigation.
- ✓ Promote access to federal lands for responsible mineral and energy exploration and efficient electric transmission and storage.
- ✓ Support measures to enhance the domestic deployment of energy-efficient technologies in the public and private sectors and support their deployment globally.
- ✓ Expedite the legal and regulatory processes for exporting energy technologies and promoting trade in energy and environmental goods.
- ✓ Provide for a reliable, modern electric grid that ensures manufacturers can access reliable, affordable energy when they need it, even as policies and markets change.
- ✓ Support domestic critical mineral extraction, processing and global supply chain diversification that advances opportunities for new nearshore and onshore operations.
- ✓ Expand the useful lifecycle of critical mineral components with federal programs and funds that bring the best technologies to the market and facilitate sustainable processing and recycling methods.
- ✓ Increase additional energy infrastructure to allow the country to transport commodities with greater efficiency and safety—and to pave the way for a hydrogen-friendly energy future.



TRANSPORTATION AND INFRASTRUCTURE: **Catching Up and Building for Tomorrow**

Since President Dwight Eisenhower's vision and leadership led to investment in an interstate system more than a half century ago, U.S. infrastructure investments were long neglected. Infrastructure investment in 2020 was only one-third of what it was in 1960, in terms of percentage of GDP. In the intervening decades, members of Congress and successive administrations maintained the status quo of patchwork funding measures and further extensions of baseline spending totals.

In 2021, however, after years of inaction, Congress and the Biden administration came together to pass the largest infrastructure investment in U.S. history—with the aid and encouragement of manufacturers in America. Passage of the Infrastructure Investment and Jobs Act was a historic victory for the future of American infrastructure and the industrial economy. Manufacturers played an integral role in advocating this \$1.2 trillion federal investment, which will modernize infrastructure systems. From roads and bridges to airports, ports and national electric vehicle charging infrastructure, this law has laid the foundation for a competitive U.S. manufacturing future—and manufacturers are committed to the swift and successful implementation of new and expanded federal investments.

Much of the final legislative text of the IIJA was similar to proposals included in “Building to Win,”³ the NAM's blueprint for modernizing our transportation, energy, water and digital infrastructure. It contains nearly \$550 billion in new federal appropriations for projects ranging from bridge and highway updates to significant broadband expansion and community climate resilience efforts. As various departments operationalize these new programs, the NAM will continue to work with federal partners developing project parameters to keep manufacturers on the forefront of federal infrastructure investment.

As national and international supply chain disruptions have made painfully clear, maintaining and modernizing our infrastructure—including our ports, railroads, highways, telecommunications, energy grid and more—is essential to keeping products moving and manufacturers operating. Worker shortages, container costs, permitting delays, labor negotiations and more all contribute to slowdowns that hurt consumers and fuel inflation. The successful and timely execution of IIJA programs can address many of these issues and pave the way for the future of manufacturing in America.

³nam.org/buildingtowin

“There is nothing more satisfying than connecting with, supporting and empowering our customers and dealers day in and day out. To ensure our products arrive at the customer site, we rely on roads, bridges, rails, airports, ports and waterways. Modern and efficient transportation systems allow us to do the work—the efficient flow of materials to suppliers, of parts in and out of our manufacturing plants and, ultimately, of products to our customer site is heavily dependent on our transportation systems.”

—Denise Johnson, Group President of Resource Industries

A Transportation and Infrastructure Agenda for the Future Must:

- Realize the goals set out in the IIJA to fully fund infrastructure investments to upgrade the systems that support modern manufacturers and achieve transportation efficiencies for families, communities and commerce.
- Promote safety and embrace the benefits of innovation in 21st-century transportation and infrastructure systems.
- Recognize the important role of manufacturers in repairing, rebuilding and maintaining the nation's transportation network.
- Address the root causes of supply chain disruptions and make necessary investments to prevent future disruptions.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Modernize user fees, such as the federal fuels tax and passenger facility charge, that support roadway and runway projects.
- ✓ Continue to accelerate forward-looking solutions that prioritize and reduce inventory of the growing backlog of essential infrastructure projects.
- ✓ Continue to improve the broken permitting and approval system that adds years of unnecessary delays and costs to projects.
- ✓ Address the truck driver shortage by advancing proposals that would harmonize interstate truck driver age minimums with current intrastate requirements.
- ✓ Keep transportation regulatory agendas in check so critical transportation services that manufacturers rely on are not hampered by additional red tape.
- ✓ Prevent unnecessary patchwork regulations that disrupt manufacturing supply chains.
- ✓ Build on the success of public-private partnerships while recognizing that not all solutions work everywhere. Maintaining core funding sources and a federal role ensures equity and provides a path to addressing all types of projects.



WORKFORCE AND EDUCATION: **Equipping the Workforce for Rewarding Careers**



One of the key challenges facing manufacturers is access to a skilled workforce. Open jobs remain elevated, and companies everywhere are struggling to find qualified candidates. This challenge may even increase into the future. One recent study by Deloitte and the Manufacturing Institute, the workforce development and education affiliate of the NAM, found that more than 2.1 million U.S. manufacturing jobs could go unfilled by 2030 due to the skills gap and retirements.⁴

Workforce policy should prioritize employer leadership and participation in postsecondary education and training programs. The skills required for even entry-level workers across sectors, especially manufacturing, continue to grow more technical and complex. Employers need to regularly define for their workforce and educators what skills are needed and participate in the development of those skills through

co-educational models, such as apprenticeship programs. Policies and funding models should be designed to support and promote employment participation.

Workforce policy should also enable more individuals to develop the skills needed to begin or advance in their career. That requires modernizing the federal student aid system to recognize that most students today are nontraditional, and their goals may be different from traditional students. It also requires updating federal tax policy to encourage and reward companies that make greater investments in the skills of their employees. Together, these changes will make workforce policy more effective for both employers and individuals and ensure manufacturing in the U.S. can compete in the 21st century.

⁴Deloitte and the MI, Creating pathways for tomorrow's workforce today (2021), available at <https://www.themanufacturinginstitute.org/2-1-million-manufacturing-jobs-could-go-unfilled-by-2030-11330/?stream=workforce-news>



A Workforce and Education Agenda for the Future Must:

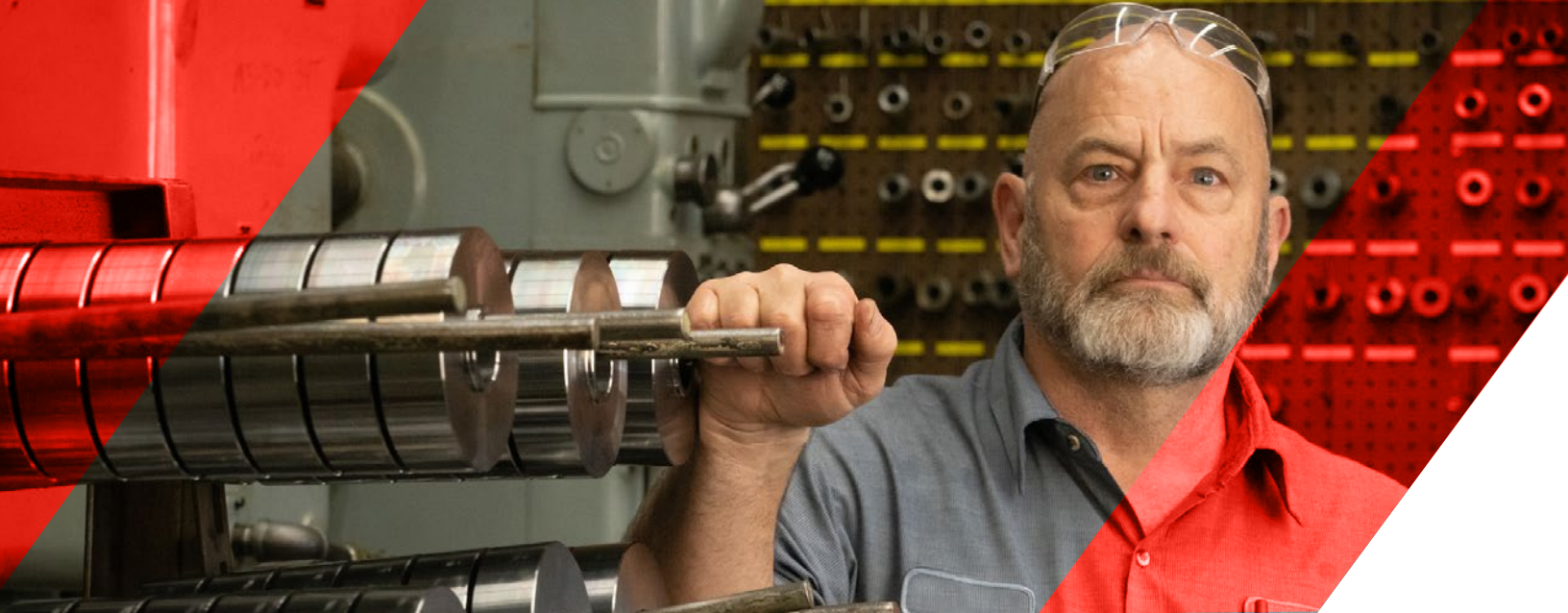
- Ensure every student graduates from high school and is prepared for the next step.
- Reduce barriers to postsecondary education and skills development for all.
- Create high-quality pathways to a good job and encourage lifelong learning.
- Encourage effective and efficient partnerships between post-secondary institutions and employers that focus on in-demand jobs and skills.
- Recognize and support a diverse set of education and training models.

“Across America, manufacturers are working to recruit and retain people of all backgrounds to join the growing manufacturing workforce. With the right federal policies backing us up, we can connect even more people starting their careers and changing their careers with incredible jobs in modern manufacturing.”

—Karl Hutter, President and CEO, Click Bond, Inc.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Support the expansion of the Pell Grant program to include short-term or accelerated education models that lead to in-demand skills and credentials.
- ✓ Invest in high-quality apprenticeship and earn-and-learn programs and allow those investments to cover the full range of costs of the programs.
- ✓ Redefine student completion at community and technical colleges to include the attainment of a high-quality, industry-based credential.
- ✓ Increase the amount of tax-exempt educational assistance that employers can provide to employees from the current \$5,250 to at least \$11,000 annually.
- ✓ Prioritize employer leadership in federal discretionary grant competitions.
- ✓ Reform federal work study programs to ensure that more students are in roles where they are learning skills valuable for their intended careers.



LABOR AND EMPLOYMENT: **Adapting Policies for a 21st-Century Workforce**

The manufacturing shop floor continues to evolve and change. Meanwhile, manufacturers in the United States face government-imposed challenges that are not faced equally by many of our global competitors. The U.S. will not maintain its mantle of economic leadership unless all labor stakeholders work together to ensure the best and most productive workplaces. Employees, organized labor, management and lawmakers should collaborate in search of outcomes that deliver a positive work environment, opportunities for employee professional growth and safe and healthy facilities.

Labor and employment laws do not account for advancements in worker safety and productivity and the changing nature of work. Regulators must also update their approach to account for the modern shop floor by enabling innovation and streamlining clunky and outdated regulations that stand in the way of a safer and more prosperous workplace. For their part, policymakers need to quickly adapt to the changing nature of work and avoid seeking one-size-fits-all policies that are no longer appropriate for the wide array of available work arrangements and duties. Manufacturers

understand that well-functioning markets promote competitive wages, that equality of opportunity is essential, that equal work should earn equal pay and that workers should be guaranteed the freedom to associate or not associate with a labor organization without fear of intimidation or coercion.

Policymakers can update workplace laws and regulations to unleash the full potential of modern manufacturing and innovation and ensure that the U.S. remains globally competitive well into the future. Manufacturers and the manufacturing workforce are evolving and adapting constantly to the demands of the 21st-century economy to stay safe, productive and competitive. Modernizing labor and employment laws and regulations to fit the needs of today's manufacturing workforce—rather than relying on older or inaccurate views of manufacturing—will benefit workers and improve safety outcomes.

A Labor and Employment Agenda for the Future Must:

- Maintain a balanced, dependable and fair approach to labor policies and regulations.
- Update complicated and outdated labor and employment policies to reduce regulatory burdens, while continuing to ensure worker health and safety.
- Enable employers to continue to provide employees with new opportunities in modern manufacturing and more competitive pay through innovative means.
- Adapt to the changing needs of the modern manufacturing workforce.
- Focus on outcomes, encourage collaboration and highlight successful approaches manufacturers take with their employees and at their facilities to promote more productive and safer workplaces.



ACTIONS FOR LEADERS TO TAKE:

- ✓ Oppose initiatives that tip the balance away from current legal precedent with respect to union organizing, appropriate bargaining unit sizes and expanded definitions of key labor terms.
- ✓ Promote 21st-century workplace ideas that incentivize employees to remain and grow in the manufacturing sector, such as options for compensatory time off.
- ✓ Reestablish collaborative approaches with employers and create effective federal advisory councils to address workplace safety needs, equal employment opportunities and a diverse workplace.
- ✓ Support legislation that guarantees employee choice and freedom of association.
- ✓ Codify clear, uniform and workable federal nondiscrimination protections for all employees in the workplace.
- ✓ Ensure meaningful and effective oversight of key workplace regulators, such as the Department of Labor's Occupational Safety and Health Administration and Wage and Hour Division, Equal Employment Opportunity Commission and the National Labor Relations Board, to promote smart and fair regulatory approaches.



IMMIGRATION: **Reforming the Immigration System for American Competitiveness**

Our nation's rich heritage and global economic influence have been made possible by generations of immigrants. Indeed, America is a nation of immigrants. However, America has also become a nation with a broken immigration system. Decades of neglect and lack of enforcement of existing laws have eroded our citizens' confidence in our border security, failed to reflect economic workforce realities and created uncertainty for some individuals who know no home other than the United States.

Labor shortages are hurting every sector of our economy and obstructing American innovation and competitiveness. Indeed, 45% of manufacturers reported they have had to turn away new opportunities because they did not have enough workers. Reforming our immigration system to reflect the needs of our economy can help alleviate labor shortages, grow our economy and keep America competitive.

Manufacturers cannot afford to operate in a closed-door immigration system where the current labor needs are not addressed. If we continue with current immigration practices, we will lose talent, opportunity and economic growth.

Because manufacturers are in the business of building solutions, the NAM has a practical immigration plan, "A Way Forward,"⁵ with a range of solutions designed to bolster national security, show compassion and strengthen the American workforce. Immigration solutions require compromise, and manufacturers urge lawmakers to seize the opportunity for a solution and end the division that has been created over this issue.

“ We believe that our country is stronger and manufacturers like us are better when we have employees with a broad range of backgrounds and experiences because it fuels innovation and makes us more competitive globally. This is why we believe immigration is critical to job growth and economic prosperity in large and small communities across the United States, and why creating welcoming communities and work environments is essential.”

— Tony Satterthwaite, Senior Vice President, Cummins Inc.

⁵nam.org/awayforward



An Immigration Agenda for the Future Must:

- Recognize that national security, compassion and addressing workforce realities are not mutually exclusive objectives when it comes to immigration.
- Establish a safe and secure border that both curbs illegal immigration and facilitates more than \$1.8 billion in daily commerce between the U.S. and Mexico in 2022.
- Prioritize America's workforce needs through reforms to the legal immigration system.
- Offer opportunities to attract and keep talent in the U.S.
- Address both legal and illegal populations facing uncertainty in their status.
- Clear immigration backlogs so new cases can be addressed efficiently.
- Promote the rule of law so that it is respected and followed by all.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Fund border security through personnel, infrastructure, technology and enforcement via consistent appropriations that can address the needs and challenges of the southern border.
- ✓ Increase employment-based immigration as a percentage of overall new legal permanent residents in the U.S.
- ✓ Reform nonimmigrant visas and temporary worker programs to reflect employer needs, including a fund to support domestic STEM education programs to reduce the need for these types of visas in the future.
- ✓ Provide a permanent and compassionate solution for populations facing uncertainty, including Dreamers, who were brought here as children and know no other home, and individuals with Temporary Protected Status.
- ✓ Fix the problem of the unauthorized population with a realistic and compassionate solution that leads to a firm reset so that these challenges are not repeated year after year.
- ✓ Reform asylum and refugee programs for a more orderly and humane system.



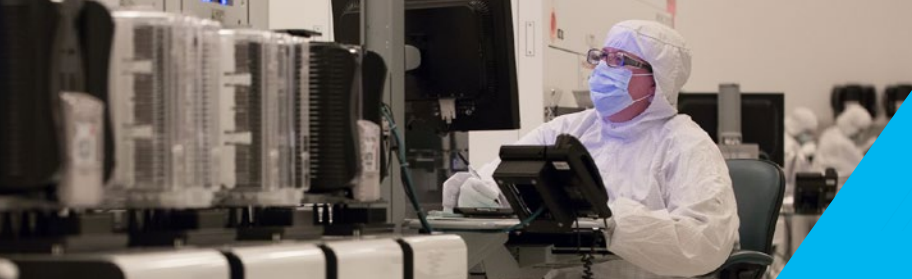
HEALTH CARE: **Keeping Americans Healthy and Productive;** **Unleashing Innovation**

As leaders in the employer-sponsored health care system that provides quality benefits to approximately half the population, manufacturers go to great lengths to provide robust health insurance offerings to employees. Approximately 99% of NAM member companies offer health benefits to maintain a healthy workforce and attract and retain talent—and fundamentally because they believe it is the right thing to do for their employees. Yet, both large and small manufacturers continue to cite rising health care expenses as one of their top business concerns. Although manufacturers go to great lengths to provide competitive health insurance offerings to employees, manufacturers are united in the belief that efficiencies and improvements can be achieved.

Effective solutions will require reasonable, market-oriented approaches. The public and private sectors should work in collaboration to lower costs, address chronic conditions that pose serious public health risks and reduce ongoing access challenges for the uninsured. Drawing on the expertise of the private sector, the government should recognize that employers have an incentive and deep commitment to designing health care plans that improve outcomes while increasing the value and quality of the coverage provided.

Despite the many challenges and strains facing the health care system, we are a nation that prides itself on first-class, best-in-the-world medical care. Our institutions, public and private, continue to lead the world on patient care, lifesaving treatments and medical research. We must continue to uphold those successes while seeking to control or lower the cost of health care through reasonable market-oriented approaches. Employers are leading significant innovation in health care delivery, and those positive developments must be allowed to flourish.

The economies of scale that have come to define employer-sponsored coverage for approximately 159 million Americans create a vehicle to design benefits that are more flexible, innovative and efficient, but this only works if health care innovation is encouraged and not squelched by government interference. Manufacturers support policies that will promote innovation and value by encouraging reforms that are in step with the next generation of health care delivery.



Approximately **99%** of NAM member companies offer health benefits to maintain a healthy workforce and attract and retain talent.

“Manufacturers across America are continually developing and implementing innovative health care benefits in order to deliver the highest quality care to our employees. Meanwhile, health care costs continue to climb, remaining a major headwind for manufacturers large and small. Policymakers need to remove barriers, such as onerous health care tax burdens, that decrease competitiveness and hinder manufacturers’ ability to provide employees the best care possible.”

**—Chuck Wetherington, President,
BTE Technologies, LLC**

A Health Care Agenda for the Future Must:

- Seek efficiencies in the health care system. Fees, taxes, administrative paperwork, reporting requirements, benefit mandates and other policies stifle innovation and make providing health coverage to employees unnecessarily expensive for manufacturers.
- Encourage flexibility and embrace technology. Expanding coverage options, utilizing more telehealth and enabling innovative models of care are essential for manufacturers’ efforts to maintain a healthy workforce and provide competitive benefits.
- Apply free enterprise principles to all aspects of health care policy reform. Such principles include, but are not limited to, protecting IP, encouraging transparency, opposing price control-oriented solutions and avoiding costly Medicare for All.
- Take on the challenge of reforming our medical liability system.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Protect employer-sponsored coverage by maintaining tax-exempt status of employee health benefits to avoid higher premiums for workers and families.
- ✓ Support policies that allow employers to increasingly use innovative approaches to providing coverage for their employees, such as wellness programs, association health plans and direct primary care.
- ✓ Support reforms that move from a fee-for-service or volume-based system to a value-based system.
- ✓ Reduce patient out-of-pocket costs by improving health savings accounts.



CORPORATE GOVERNANCE: **Supporting Capital Formation and Protecting Investors**

Manufacturers depend on the public capital markets to finance business growth, job creation and economic expansion. Manufacturing workers, meanwhile, may rely on the success of publicly traded companies to help them invest for a new home, a child's education or a secure retirement. To that end, corporate governance policies that allow company management to engage in a productive dialogue with shareholders to enable smart business growth and strong investor returns are critical for Main Street businesses and manufacturing workers.

Most manufacturing workers access the public market through a passive investment vehicle like a mutual fund, pension or 401(k). At a time when America's pension system is facing a crisis, workers and retirees alike depend on Wall Street to manage their money fairly, but the increased influence of outside actors that have no fiduciary duty to investors endangers their life savings.

In recent years, manufacturers have seen a rise in unregulated third parties inserting themselves between companies and their shareholders in an attempt to influence corporate decision making. These market actors, including proxy advisory firms, ratings agencies and activist investors, have little to no stake in a company's success and often pursue agendas divorced from business growth and shareholder value creation.

Increasing calls for policy changes and new reporting obligations on issues related to environmental, social and governance topics fail to acknowledge manufacturers' leadership on climate change, sustainability, diversity and more—and could lead to overly broad disclosure mandates that do not provide useful ESG information to investors.

Dealing with activists and issues unrelated to business growth forces companies to divert resources from their core mission and can distract focus from the important decisions that drive investor returns. At the same time, underfunding of both the Pension Benefit Guaranty Corporation and multiemployer pension plans across the country further threatens Americans' retirement security.

Lawmakers should take steps to protect manufacturing families and support the development of the manufacturing economy. Reducing the influence of unregulated third parties, reinforcing all market actors' fiduciary duty to investors, strengthening the U.S. pension system and ensuring companies can focus on long-term growth and economic expansion will give manufacturers—and all Americans—the ability to create a more prosperous future for themselves and their families.

“ From small businesses seeking early-stage financing to publicly traded companies navigating the capital markets, the NAM’s corporate governance advocacy is critical to supporting the growth of manufacturers across the country. By ensuring that policymakers in D.C. understand our industry, the NAM is preserving manufacturers’ ability to finance growth, R&D and job creation while also protecting the investments of millions of Americans who depend on manufacturing for a secure retirement.”

**—Nicole Wolter, President and CEO,
HM Manufacturing Inc.**

A Corporate Governance Agenda for the Future Must:

- Support and enhance the ability of the public market to facilitate capital formation and protect the interests of manufacturing families.
- Enable manufacturers to engage effectively with their shareholders.
- Rein in the influence of unregulated third parties that do not have a stake in a company’s success.
- Limit regulatory burdens that divert resources from company growth without providing material information for investors.
- Protect workers and retirees who depend on the single and multiemployer pension systems for financial stability.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Enforce the new Securities and Exchange Commission rules increasing oversight of proxy advisory firms and reforming the shareholder proposal process.
- ✓ Reform the SEC’s proposed climate disclosures rule to make the requirements more workable for public companies and ensure that investors have access to material information about manufacturers’ efforts to combat climate change.
- ✓ Ensure that fund managers and ERISA fiduciaries fulfill their fiduciary duty to everyday investors and pensioners.
- ✓ Provide for effective oversight of proxy advisory firms and proxy ratings agencies.
- ✓ Ensure that any ESG disclosure obligations focus on material information relevant to company performance and shareholders’ investing decisions.
- ✓ Repeal or reform disclosure requirements that do not provide material, decision-useful information for investors.
- ✓ Avoid imposing corporate governance mandates that would limit manufacturers’ ability to efficiently allocate capital or recruit and retain a 21st-century workforce.
- ✓ Continue to bolster the single and multiemployer pension systems to provide certainty for businesses and retirement security for families.



RESEARCH, INNOVATION AND TECHNOLOGY: **Powering Manufacturing 4.0**

Manufacturers in the United States have created an innovation engine that has reshaped the world around us. New technologies and processes have brought us energy independence, new lifesaving medicines and medical devices and more efficient automobiles, to name a few. Countless other products are being developed and refined constantly to make people's lives better and secure our nation's global leadership position in manufacturing. Every day, manufacturers across the country are transforming their own operations to achieve greater efficiency, productivity and competitiveness while working to create a better tomorrow.


Manufacturers in the U.S. account for about 53% of private-sector spending on R&D, and manufacturing has been awarded more patents than any other industry.⁶ Innovation is the lifeblood of our economy, the foundation of a globally competitive manufacturing base here at home and the driver for U.S. leadership in manufacturing abroad. Building on this history of innovation, manufacturers are leading the charge in the digital economy of the 21st century. Machine learning and artificial intelligence, additive manufacturing, the Internet of Things, robotics, 5G, cloud computing, augmented reality, advanced

materials and other innovations are attracting significant attention and investment that will propel manufacturing into the future.

AI in particular is changing the way manufacturers do business—from the production line to the back office and across the supply chain. By leveraging data and enabling greater efficiency, AI will improve communication, increase collaboration across disciplines and stimulate innovation. AI can even inform the workforce's creativity by working with it to design a new product or system.

In addition to requiring workers to be skilled in programming, data science and machine learning, manufacturers will also need to expand their bench of critical thinkers and problem-solvers to capture fully the benefits of AI: investing in upskilling programs to make the AI integration process smoother and develop preexisting talent, recruiting for and teaching skills that enable individuals to adapt easily to changing demands and environments and building partnerships with local schools, community colleges and technical and vocational schools to develop talent pipelines that will meet manufacturing needs.

⁶<https://nces.nsf.gov/surveys/business-enterprise-research-development/2020#data-tables>



While AI will take over monotonous, repetitive tasks, the industry will continue to center around human labor. Meanwhile, AI adoption will likely lead to an increase in available jobs, as more skilled workers will be needed to guide and inform these new processes.

As modern manufacturing in the U.S. races toward the new economic era and pursues future technologies to lead new operational advances, federal policies must keep up with the industry's needs, prioritizing both investment and innovation. The application of advanced and digital technologies on the factory floor will contribute to a significant transformation already underway known as Manufacturing 4.0.

A Research, Innovation and Technology Agenda for the Future Must:

- Adopt policies that will attract and retain investment in R&D and other activities that drive innovation.
- Vigorously protect all forms of manufacturers' IP at home and abroad and strengthen enforcement against counterfeiting and other forms of IP theft.
- Foster the growth of connected technologies, digital infrastructure and data-driven innovation across all manufacturing industry segments.
- Include cybersecurity policies that draw on industry best practices.

ACTIONS FOR LEADERS TO TAKE:

- ✓ Deliver strong IP protections for manufacturers by advancing pro-innovation domestic policies; negotiating strong IP provisions in trade and other bilateral and regional agreements; and strengthening, not weakening, critical global IP rules.
- ✓ Pursue a federal approach to data privacy that provides flexibility for innovation, addresses domestic and global inconsistencies and maintains U.S. economic growth and technological leadership.
- ✓ Enact policies that curb abusive patent lawsuits while respecting IP rights for all industry segments.
- ✓ Modernize our communications laws to reduce unnecessary regulations, spur investment in our digital infrastructure and promote the deployment of next-generation wireless technology.
- ✓ Maintain a strong mechanism for the public and private sector to share real-time cyberthreat information and support reasonable reporting requirements for those under attack.

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Manufacturers need officials, candidates and more Americans to take action on an agenda that's going to address supply chain challenges, the need for more workers and the opportunity to create even more manufacturing jobs and to make our country more resilient. But we can't do that if America is falling behind the rest of the world. It's time to fix it.

Learn more about how manufacturers are leading and about the industry's competitiveness agenda at nam.org/competingtowin.








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