

Remarks by

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Before the  
House Energy and Commerce Committee  
Subcommittee on Commerce, Manufacturing and Trade

American Manufacturing Competitiveness

June 1, 2012

Thank you Chairwoman Bono Mack, Ranking Member Butterfield and members of the Subcommittee. I'm pleased to share today the Administration's strategy to promote growth, sustainability and competitiveness in the manufacturing sector.

Manufacturing matters. As the President has said, "[An] economy built to last demands that we keep doing everything we can to.... keep strengthening American manufacturing."

Over the past two years, US manufacturers have created nearly half-a-million jobs – the longest period of sustained manufacturing job growth since the late 1990s. In addition, manufacturing is helping us advance our national priorities.

Also, manufacturing is a key driver of U.S. exports. In 2011, the United States exported nearly \$1.3 trillion in manufactured goods –

an all-time record -- which supports Secretary Bryson's goal of building it here...selling it everywhere.

We need to continue to build on this momentum, and indeed the Obama Administration is doing just that through a number of new initiatives to support U.S. manufacturing.

Last summer's report on Advanced Manufacturing by the President's Council of Advisors on Science and Technology (PCAST) reminded us why manufacturing remains essential: manufacturing that is based on new technologies can provide high-quality, good-paying jobs for American workers; manufacturing is crucial to our balance of trade, representing 60 percent of U.S. exports, and it drives technological innovation, accounting for 70% of private sector research and development.

The report also made clear that the government should play an important role through the development of an innovation policy, as opposed to industrial policy. *The difference is crucial.* While the United States should avoid industrial policy—making bets on particular companies and industries—we should be unabashed in pursuing an innovation policy that provides the best overall environment in which to do business, that fosters the development of powerful new technologies, and that ensures that technology-based enterprises have the infrastructure required to flourish here.

Given the breadth of manufacturing, the report looked at a broad range of approaches to help sustain and grow the sector. In addition to research and development, the report looked at areas such as tax, trade, workforce, small business, and education policies and how each either help or hinder the health of the manufacturing sector.

Today I want to focus on the importance of innovation on advanced manufacturing. In June of last year, the President announced the

formation of the Advanced Manufacturing Partnership (AMP), whose purpose is to bring together industry, universities, and the federal government to invest in the emerging technologies that will create high quality manufacturing jobs and enhance our global competitiveness.

To complement the public-private partnership, the Administration also strengthened the interagency coordination for advanced manufacturing, and NIST is playing a leading role. The Advanced Manufacturing National Program Office was established at NIST to coordinate federal agency efforts to accelerate the pace of innovation, promote technology transfer, and more rapidly integrate technology breakthroughs into the commercial market. NIST is also actively working with other parts of the Department of Commerce , as well as with other agencies such as the Departments of Energy and Defense, and the National Science Foundation to achieve these goals.

In addition, the President has proposed the Advanced Manufacturing Technology program -- or AMTech at NIST, which will foster industry consortia to tackle research issues that, if solved, would be of benefit to the entire sector.

NIST continues work in support of manufacturing through its Manufacturing Extension Partnership program and its Technology Partnership office. The MEP is a longstanding public/private partnership whose work leads manufacturers to new sales, new product development and market expansion, that in turn leads directly to the retention and creation of manufacturing jobs in United States.

NIST's Technology Partnership office is working with federal agencies to identify and implement best practices and developing more comprehensive metrics to evaluate the performance of federal agency efforts to promote technology transfer, in order to better leverage the major investments we make in manufacturing R&D.

We are also excited about a new initiative, the National Network for Manufacturing Innovation (NNMI), which is a proposed \$1 billion program to coordinate efforts of the federal government, States, industry, and academia to collaboratively accelerate innovation for advanced manufacturing, build a stronger innovation system and link innovations more directly to domestic production capabilities.

The NNMI will help bridge the gap between basic research and product development, provide shared assets to help companies access cutting-edge capabilities, and create an environment to train students and workers in advanced manufacturing skills.

The President's proposal for the Network would create up to 15 Institutes for Manufacturing Innovation (IMI) around the country. The IMIs will bring together industry, universities and community colleges, federal agencies, and regional and state organizations to

accelerate innovation by investing in industrially-relevant manufacturing technologies with broad applications.

The President also announced that the Administration will take immediate steps to launch a pilot Institute for Manufacturing Innovation, based on existing programs within the Department of Defense, and partnering with the Energy and Commerce Departments, and the National Science Foundation (NSF). The NNMI and the pilot are two distinct efforts, but have an important relationship between them. The pilot Institute will demonstrate the value of the kind of collaborative problem-solving and asset-building that could occur on a broader scale with an entire Network of Institutes for Manufacturing Innovation.

The key to the success of this effort is partnerships. The synergy from those partnerships enables the shared resources and creative spark needed to drive innovation here at home. If we can help the NNMI

model take root, our manufacturers will be better off in this global economy.

We appreciate this Committee's work to ensure that the United States continues to support a vibrant and dynamic manufacturing sector in the 21<sup>st</sup> century and we look forward to working with you on legislation to further the Administration's efforts to support U.S. manufacturing.

Thank you for the opportunity to testify, and I look forward to answering any questions you may have.