

# Remarks to Steel Manufacturers Association Conference

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**Commerce Secretary John Bryson**

**Remarks to Steel Manufacturers Association Conference**

Thank you, John [Ferriola]. Thanks, also, to Tom Danjczek and everyone at the Steel Manufacturers Association for inviting me here.

First things first. I want to congratulate those who just received awards for everything from environmental stewardship to community involvement. Clearly, there are strong shared values among the people who work in this industry. And the collective impact that you make on our economy is equally impressive: You're responsible for over half of our nation's steel production. You employ tens of thousands of Americans in good-paying jobs. And—perhaps more visibly than any other industry—you help ensure that America is indeed built to last.

We can see this every day—when we drive across bridges built with steel in cars with steel parts on steel-belted tires. It's clear that President Obama himself understands just how important it is that we support manufacturers like you. When he came into office, we were at risk of losing over one million auto industry jobs. The ripple effect on the supply chain would have been devastating. We could have permanently lost part of our manufacturing base. And some say that it could have driven our country from a deep recession into depression.

Instead, due to the president's leadership, the auto industry has not only survived, but it's thriving, adding more than 200,000 jobs over the last two and one half years.

We have taken steps like this because we know there is an inextricable link between America's ability to produce and America's ability to innovate, compete and create jobs. Everyone here knows the facts. Manufacturing is responsible for 70 percent of our private sector R&D, 90 percent of our patents, and 60 percent of our exports. In addition, the Commerce Department released a report just last week showing that manufacturing workers earn pay and benefits about 17 percent higher than other workers.

So it's clear that we must continue to take smart, strategic steps to strengthen American manufacturing. And I'd like to talk about a few ways we can do just that.

First and foremost, we need to build on partnerships that already work – including those between government and the private sector.

A great example is the National Institute of Standards and Technology (NIST) at the Commerce Department. It has supported the steel industry for over 100 years. For example, NIST has hundreds of what we call Standard Reference Materials—SRMs. These help with the manufacturing process and quality-control in this industry. In fact, some of our most popular SRMs allow designers to test how strong the steel in a building or bridge might be, using a set of five precisely-measured steel bars. Tom—that example was for you and the other metallurgists here today. I did my homework.

Looking forward, the Commerce Department will continue to provide the tools and information that steel manufacturers need to conduct R&D, to innovate, and to make high-quality products. But what's clear is that, at this critical moment in our recovery, all of us must do much more. We need all hands on deck. That's why the president has called for an all-of-government, all-of-academia and all-of-industry approach.

He tapped me and Gene Sperling to lead the White House Office of Manufacturing Policy. Through it, we're coordinating across all federal programs that engage in everyday manufacturing. In addition, we launched the Advanced Manufacturing Partnership, which works closely with the Commerce Department's new National Program Office for Advanced Manufacturing.

Through this office, we are working alongside the private sector to enable and promote strategies and technologies that have the potential to make a big impact. And, even in a time of tight budgets, the president knows that we can't pull back from key federal investments in manufacturing. That's why he has called to double the basic research budgets of NIST labs, the National Science Foundation, and the Department of Energy Office of Science. That's also why his 2013 proposed budget includes \$2.2 billion in R&D specifically for advanced manufacturing, a 19 percent increase. And that's why that 2013 budget would also include \$100 million in new funding for NIST overall, a 14 percent increase.

Continued collaboration between steel manufacturers, researchers, and policymakers is crucial and equally important is that we foster an environment where U.S. manufacturing—as a whole—can continue to flourish. Already, our manufacturers have added nearly a half million manufacturing jobs over the past two years—after a decade in which we lost too many jobs in manufacturing.

Today, we can build on that momentum in a number of ways. For example, as the president emphasized last week, our manufacturers deserve tax policies that work for them. Of course, that starts by renewing crucial provisions like the R&D tax credit. The president has repeatedly called on Congress to make that tax credit simpler—and still more important—permanent.

In addition, we need to give small businesses—our biggest job creators a tax credit when they hire more people or increase wages. And, yet more fundamentally, it's time to reform our corporate tax code. Right now, it's broken. The U.S. has one of the highest statutory corporate tax rates in the world at 35 percent. It hasn't changed significantly since the 1980s—except to become more complex. We need to drop the corporate tax rate to 28 percent, with an effective rate of 25

percent for manufacturers like you. And, repairing our broken tax code is something that Democrats and Republicans should be able to agree on.

And, reforming the corporate tax code will also help us attract more investment within and to the U.S. Already, both foreign and U.S.-based manufacturers are finding more and more reasons to point right here to America and say, “That’s where I want my next facility to go.” This is due not only to increased domestic demand, but also to America’s powerful R&D base, our deep supply chains, and—of course—our very talented workers. To build on the insourcing trend by U.S. businesses, the president recently called to stop rewarding companies that ship jobs overseas. Instead, we want to start rewarding those who bring jobs back. Specifically, he proposed a 20 percent tax credit for moving expenses.

And, yes, we also need to do more to attract foreign direct investment—and I know that some of you represent the U.S. operating unit of global companies. Our message is that America welcomes foreign direct investments that support our high level of openness, our strong market forces, and a level playing field. Now, let’s turn for a moment to exports and trade. It’s World Trade Month, and it has never been more important for all of us to empower U.S. manufacturers to start, sustain or increase their exports. In 2011, the U.S. had an all-time record of \$2.1 trillion in U.S. exports. About \$1.3 trillion of that was manufactured goods.

And, just last week, we announced that exports in the first quarter of this year were up over eight percent from the same period in 2011. With regard to steel mill exports specifically, they grew even faster—at over 13 percent in value. To build on that, the president has opened up new markets and reduced tariffs through new agreements in Korea and, as of today, Colombia.

But we can’t let up. As you know, many of our trading partners are facing economic challenges this year, including in Europe. This could result in decreased foreign demand for products from countries like ours. So we need to do even more to ensure that our manufacturers can build things here, and sell those things everywhere – both here and abroad. In this industry in particular, it’s clear that one of the best ways government can help is by “going to bat” for you. I will give three examples of that over the past six months alone.

Example Number One: Many of you are familiar with the GPX case. In December, a court ruled that the Commerce Department didn’t have the authority to impose countervailing duties—CVDs—on subsidized imports from non-market economies like China. This would have terminated 24 current CVDs. And it would have prevented other CVDs from going forward. We knew we had a problem. So I wrote a letter to Congress with Ron Kirk, the U.S. Trade Representative. In it, we explained how this tool is critical to providing a more level playing field for companies like yours to compete fairly. So, with the strong support from SMA and many of you, Congress passed that law two months ago. The president signed it shortly thereafter. And the result was clear: We protected tens of thousands of jobs, including many of your workers.

Example Number Two: At the beginning of the Obama administration, the U.S. joined several other countries and took a case to the World Trade Organization. We argued that China’s restrictions on exporting nine raw materials were unfair. This includes those that help make steel and chemicals. We said that China was imposing duties and quotas that weren’t in line with

WTO rules—giving China’s companies an unfair advantage. And, last July, the WTO ruled in our favor. And in January, after an appeal, they reaffirmed that ruling. Make no mistake. This was a groundbreaking victory for thousands of American workers, for the companies here today, and for American manufacturing overall.

Example Number Three: In this global economy, never before have we had so many challenges coming from so many different directions. That’s why, on February 28, President Obama signed an executive order to create the Interagency Trade Enforcement Center—the ITEC. Through an effort co-led by Commerce and the U.S. Trade Representative’s Office, we are marshaling all of the resources and expertise across the federal government. We’re going to pursue unfair trade practices and market barriers that hurt companies like yours. After all, everyone has agreed to certain rules. Now we must all play by them.

Today, I’m pleased to say that Ambassador Kirk and I just appointed a Director and a Deputy Director to lead the new ITEC. They will lead a world-class team of litigators, researchers, subject matter experts, and bilingual staff based both here and abroad. By the end of next year, the ITEC is expected to be fully operational with 50 to 60 staff. Again, this is a big win for American manufacturing.

Overall, I’m convinced that when American businesses have a level playing field, they can compete and win. And my commitment is this: Whether it’s a flawed court ruling, an unfair trade practice, or something else—I will continue to fight for your ability to do just that—to win. And looking forward, we’ll continue to support smart, strategic actions that help you grow and succeed. For example, the president and I will continue to call for stronger investments in infrastructure. I know that our steel industry is acutely aware of just how important a strong infrastructure is to our economy and our continued growth.

In addition, we will support new, game-changing proposals that will help America keep its edge for years to come. For example, the president has called for a new public-private partnership—the National Network for Manufacturing Innovation. This would create up to 15 Institutes around the U.S., each concentrated on a particular area. These institutes would help close the gap between R&D and product development—finding new ways to reduce both the cost and the risk of commercializing new products and technologies.

The first pilot institute of this network will focus on what’s called “additive manufacturing”—or creating 3D products from digital files. This could eventually change the way we think about how we manufacture steel and other advanced materials. Right now, we’re taking input on how to structure the Network, so please go online to [manufacturing.gov](http://manufacturing.gov) and help us answer the questions we’ve posed.

In closing, it’s clear that we are at a critical moment. We have a unique opportunity to foster a renaissance in American manufacturing. The time is now for all of us to come together, to exchange the best ideas, and to find new ways to empower businesses like yours as you step up your plans for growth and jobs.

It is wonderful to hear from folks like Tom that 2012 looks to be a strong year for all of you. So

I'll leave you with a quote from the man who is rightly credited with building America's steel industry. One day, Andrew Carnegie himself got a telegram from one of his plant foremen. The telegram said that they had broken all production records yesterday.

Carnegie's response was short and sweet: What about today? Today, at your mills around the country, thousands of people will go to work in well-paid, highly-skilled jobs—knowing that they'll get a good paycheck and good benefits for their families.

Together, let's continue to ensure that they can lead us toward greater prosperity, and let's continue, as the president has said, to make more products stamped with three proud words: Made in America. Let's get to work. Thank you.