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Rice Subcommittee Examines Global Economic Trends On Domestic Manufacturing and Ramifications For Small Business***Small Business: "The uncertainty in Washington has the potential to hinder manufacturers' future growth and reshoring successes"*****Washington D.C., Mar 13 | DJ Jordan, Joel Hannahs (202-225-5821)**

The Small Business Subcommittee on Economic Growth, Tax and Capital Access, led by Chairman Tom Rice (R-SC), today held a hearing to examine the state of domestic manufacturing. In particular, the Committee analyzed the return of manufacturing activity to the United States that had largely been taking place overseas, a trend some refer to as "re-shoring," and what the potential implications of this trend mean for small businesses.

In recent years, a number of changes have occurred in the United States and overseas, that appear to be reversing the manufacturing off-shoring trend, and instead is resulting in firms returning some of their manufacturing production to the United States. Recent increases in the cost of transporting goods, currency appreciation, quality control issues, and a general rise in productivity-adjusted wages increase the cost of manufacturing overseas. These changing factors, combined with shorter supply chains that allow domestic manufacturers to respond to customer demand in days or weeks, instead of months, are providing domestic manufacturers a distinct advantage over their foreign competitors.

"In order to improve America's global competitiveness, we must reinvigorate our nation's manufacturing capacity," said Chairman Rice. "We must also not forget the importance of this industry to the small business economy. When larger businesses decide to re-shore their manufacturing to the United States, they not only create jobs in their own plants, but additional jobs in the factories and plants of their component suppliers, many of which are small businesses.

"Many companies are finding that re-shoring their manufacturing domestically allows them to enjoy benefits that are not often readily apparent or are difficult to quantify on a financial spread sheet. This is good for small business and good for America's global competitiveness. Washington must provide certainty and embrace policies that promote manufacturing growth in the United States to ensure that this re-shoring trend continues."

Materials from the hearing are available on the Committee's website [HERE](#).

Notable Quotes:

Kevin Harberts, President and CEO of Kryton Engineered Metals, Inc. in Cedar Rapids, IA said, "...the uncertainty in Washington has the potential to hinder manufacturers' future growth and reshoring successes. While politicians argue among themselves, employers like me are stuck in a holding pattern. We don't know whether Congress will extend the R&D Tax Credit, we're unsure what new rules OSHA and the EPA will impose on us, and we can't find qualified workers in large part because Congress has not updated our job training laws in over a decade. The federal government needs to help foster an environment in which businesses from around the world want to reshore work to the United States."

Robert Hitt, Secretary of the South Carolina Department of Commerce, Columbia, SC said, "South Carolina's manufacturing GDP was \$28.7 billion in 2012. This is approximately 16.3 percent of the state's overall economy, a larger share than on the national level, where manufacturing accounts for 12 percent of the U.S. economy.

"Where the small business community typically reaps benefits from manufacturing in our state is either by providing a value-added service in direct support of the manufacturing operation (such as machining or repair) or by providing other services like janitorial, staffing or subcontracting on construction projects. For South Carolina, the jobs multiplier for automotive manufacturing, for instance, is approximately four, meaning that for every automotive manufacturing job created in the state, three additional jobs in a variety of service and support functions are created. Most of these jobs are in small businesses. Other industries like aerospace, food products and machinery manufacturing have similarly high jobs multipliers."

Shirley Mills, Director of The Boston Company in Boston, MA said, "For U.S. manufacturing and its workforce, the world is much more competitive than it once was. It can be tempting to talk about "jobs coming back," but that is not quite accurate. Rather, incremental investment in American manufacturing may create new and different jobs. They may be higher-skilled and higher-paid than those that were lost, but there will probably be fewer of them. The broader benefit to U.S. employment — particularly lower-skill employment — will come from associated services,

such as trucking, distribution, retail and banking."

Mei Xu, CEO and Owner of Chesapeake Bay Candle in Bethesda, MD said, "[The Government should] help educate Americans that we need to be a nation that produces goods, rather than a nation that just purchases them. People should take pride in making things and the government should strive to eliminate the stigma associated with manufacturing jobs."

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