

January 20, 2012

The President
The White House
Washington, DC

Dear Mr. President:

As you prepare to carry out your constitutional duty to report to the nation on the State of the Union, I write on behalf of the Alliance for American Manufacturing (AAM) to thank you for those steps you have taken to boost the productive sector of our economy, and to urge you to renew and significantly expand your focus and efforts to address the challenges facing American manufacturers and our workers.

To that end, we encourage you to support a number of important policy measures – outlined below – intended to promote our manufacturing competitiveness with China and other nations that are aggressively seeking to expand their own industrial capabilities, all-too-often at the expense of production and jobs here at home.

We are pleased that your administration has launched several initiatives aimed at strengthening America's manufacturing base. The Advanced Manufacturing Partnership, Skills for the Future, insourcing initiative, and aspects of the proposed reorganization of commercial and trade agencies shows that manufacturing is a core concern of this White House. Taken together, these initiatives *could* represent forward progress, but I urge you to adopt a more comprehensive vision, as American manufacturing continues to face enormous challenges. While America is no longer shedding 40,000 manufacturing jobs each month, as we did for most of the last decade, we are not growing nearly enough, in terms of domestic employment and our global share of exports, to sustain anything approaching a renaissance.

When you deliver your State of the Union Address to the nation, we strongly encourage you to outline a comprehensive national manufacturing strategy, one that adopts these important points:

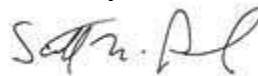
- Work with congressional leaders to adopt a large-scale, long-term infrastructure plan of at least \$500 billion over six years. Leverage capital from private investors for large-scale transportation and energy projects by using creative investment measures, such as the establishment of a national infrastructure bank that delivers low-cost loans or loan guarantees.
- Apply "Buy America" provisions to all federal procurement and to infrastructure projects that benefit from Americans' hard-earned tax dollars. Doing so will ensure that tax dollars are reinvested within our economy and that American jobs are created.
- Direct the Department of Defense to leverage existing procurement to contractors that commit to increasing their domestic content of our military equipment, technology, and supplies.
- Condition new federal loan guarantees for construction of energy projects on the utilization of domestic supply chains. Approve additional applications for renewable and traditional energy projects, contingent on the use of American-made materials.

- On the heels of the landmark agreement with automakers on fuel economy standards, secure an additional agreement from all foreign and domestic car companies to increase their levels of domestic content by at least 10 percent over the next three years.
- Keep our trade laws strong and strictly enforced. Refocus the trade agenda by giving American businesses new tools to counter China's currency manipulation, industrial subsidies, intellectual property theft, and barriers to market access.
- Convene a multilateral meeting to address global imbalances and in particular Chinese mercantilism. If China doesn't agree to participate, designate it a currency manipulator. (China ships more than one-quarter of its exports to the U.S. and finances less than 10 percent of our public debt, so we have more leverage than some might suggest.)
- Reshape the tax code in a revenue-neutral way to provide incentives for job creation and inward investment. Research and development tax credits should help firms that not only innovate in America, but also make their products here. We should lower tax rates for manufacturing activity in America and expand and renew incentives such as the 48(c) clean energy manufacturing tax credit and up-front expensing for plant and equipment purchases.
- Expedite small business loans through the Small Business Administration and Treasury Department to help firms expand, retool, and hire.
- Shift some education investment to rebuilding our vocational and technical skills programs, which would address looming shortages of qualified workers needed in the manufacturing sector.
- Promote energy conservation and security by promoting the retrofitting of public buildings with American-made materials and manufactured goods, and support private sector efforts to increase industrial energy efficiency.

These areas of focus represent only a few of the immediate steps that must be taken to put our nation, and our manufacturing sector, back on the path to long-term economic growth. These initial actions must be coupled with longer-term efforts to ensure that our tax code, education system, investment incentives, and overall trade policy are reformed and modernized to address today's competitive realities. Real, concrete, sustained actions are necessary if America is to maintain its economic leadership position in the world.

We stand ready to work with you, members of Congress on both sides of the aisle, and willing leaders in the business and labor communities on these important issues. Together, we can "Keep it Made in America."

Sincerely,



Scott N. Paul
Executive Director