




COMPETING »» TO WIN





Manufacturing contributes \$2.57 trillion to the U.S. economy annually, has the largest economic multiplier of any major sector and accounts for nearly 58% of all private-sector research and development in the nation.



**The National Association of Manufacturers
works for the success of the more than 12.5
million people who make things in America,
representing 14,000 member companies—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 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 continue transforming the world for years to come.



A Blueprint for Success



Photo captured pre-COVID-19

Manufacturing in the United States embodies the best of our country's principles and its enterprising spirit. The efforts of the talented, dedicated people of our industry sustain and improve standards of living for everyone. As has been even more apparent during the COVID-19 pandemic, whether they work on the shop floor, in R&D centers, in vital transportation and logistics operations or any of the teams who keep our industry strong, the people of manufacturing are a team of more than 12.5 million who are making extraordinary contributions to quality of life here and around the world. And we will hire millions more over the coming years.

Manufacturing in the U.S. has a vision that looks ahead, past the challenges of today and toward a brighter future. Ours will be an increasingly digitalized, technology-driven sector, and the sky is the limit for the leaps we will make in productivity and innovation in just the next few years. The work we do today and the investments we make this year, alongside our sustained efforts to build our workforce, will determine our success over this next decade.

The NAM is ready to work with anyone and everyone who is committed to American democracy, our institutions and the values that have made America exceptional: free enterprise, competitiveness, individual liberty and equal opportunity. At our core, we know these principles will further bolster manufacturing in America, and our focus is on policy that advances these values:

Free enterprise: a system unmatched by any other, where market forces drive innovation and growth.

Competitiveness: the level playing field manufacturers in the United States need and deserve to compete and win in the global economy.

Individual liberty: the rights inherently owed to each person. Upholding and respecting these rights unleashes creativity and entrepreneurship, with only ability and drive limiting an individual's success.

Equal opportunity: a shared belief that every American contributes to our successes—those of our companies, our communities and our country.

“Competing to Win” is the blueprint for how our industry will engage on policy in 2022 and in the years ahead, building on policy successes of recent years and seizing on new opportunities. It is part of our vision for a prosperous decade, through 2030 and beyond, and we welcome policymakers in Washington, D.C., and across the country to help us make that vision a reality.

A handwritten signature in black ink, reading "Jay Timmons".

Jay Timmons
President and CEO
National Association of Manufacturers

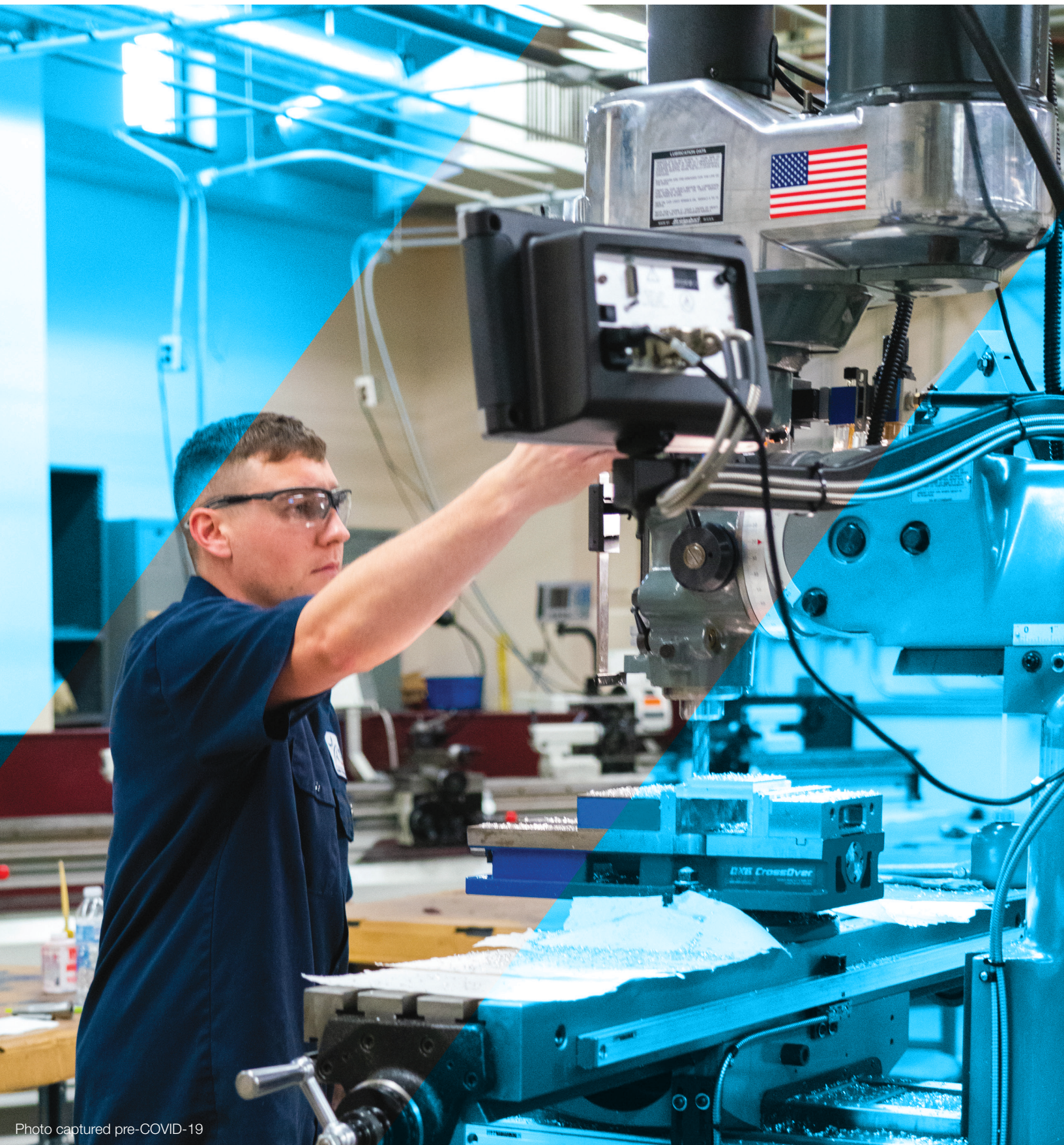


Photo captured pre-COVID-19

Manufacturing Solutions



Like millions of Americans, I take great pride from working in modern manufacturing. The people of manufacturing come together every day to imagine solutions for everyday challenges—from developing household products to producing revolutionary medical treatments, from the machines that make modern life possible to the food on our kitchen tables.

All of us are working to make the world a better place for everyone, including for generations to come. We are constantly finding new ways to take on the enormously important task of being responsible stewards of our environment and our planet, actively contributing to sustainability and devising new ways to make a difference in the fight against climate change. And manufacturers are more involved than ever in inspiring and empowering everyone in the communities around us, as we recruit and welcome more people in promising manufacturing careers and cultivate inclusive workplaces where any American can know they belong.

Manufacturing in the U.S. is chiefly about harnessing the spirit of collaboration, imparting and sharing ideas and best practices that make all of us more competitive and more innovative. “Competing to Win” is our guide for policy collaboration. These are the ideas that can bring us together and advance a mission that is shared by Americans of all backgrounds—strengthening

manufacturing in America to create more jobs and open doors of opportunity for all.

Manufacturers will never lose sight of that mission.

Jim Fitterling
Chairman and CEO, Dow Inc.
NAM Board Chair



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 jobs creation in the previous 21 years and the best year for manufacturing wage growth in the previous 15. Manufacturing capital spending grew 4.5% and 5.7% in 2018 and 2019, respectively.

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.

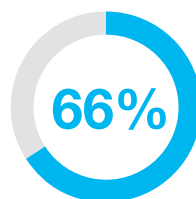
A competitive tax system is critical to growth in the U.S. manufacturing base. As policymakers focus on the global supply chain, the NAM encourages the adoption of incentives that make America the destination of choice for new industrial investment: new credits that create a level economic playing field, as well as incentives for R&D and capital investment.



Photo captured pre-COVID-19

“ 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



Two-thirds of NAM members said they would need to consider reducing investments in the United States if tax reform were rolled back.



More than half said they would consider reducing U.S. employment or scaling back wage and bonus increases.

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:

- ✓ Create new tax incentives and enhance the competitiveness of the tax code to encourage new industrial investment in the United States.
- ✓ Make permanent and expand the 20% deduction for business income earned through a pass-through entity.
- ✓ Update and fix provisions of the tax law that make research and debt financing more expensive.
- ✓ Ensure that key incentives for capital equipment purchases remain in the tax code.
- ✓ Preserve business interest deductibility.
- ✓ Keep tax rates on businesses’ profits low and competitive.
- ✓ Oppose the creation of a book tax regime that would disproportionately harm manufacturing investments and significantly increase tax complexity.



Photo captured pre-COVID-19

Trade:

Supporting Manufacturing Jobs and Growth; Removing Uncertainty and Unfair Barriers

Manufacturers of all sizes must 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. policies that improve their competitiveness, increase business predictability and boost their ability to reach new customers abroad. Such policies will result in more American jobs and prosperity.

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.

Exports account for about half of U.S. manufacturing production, and America's trade agreement partners buy nearly half of all U.S.-

manufactured exports. Trade agreements play a critical role in promoting U.S. global economic leadership, democracy and values. If done right, these agreements aggressively open markets, eliminate barriers and establish strong standards, from protecting intellectual property to fostering fair competition. Manufacturers are committed to full implementation of existing U.S. trade agreements. Elsewhere, it is critical that the United States implement and negotiate new, comprehensive trade agreements that combat unfair barriers around the world and ensure that the United States, and not countries like China, is writing the rules for the post-pandemic global economy and trading system. Without such agreements, manufacturers in the United States risk being left behind while China and other global competitors actively negotiate new agreements that exclude us.

The current rules-based trading system and the United States' own trade tools simply have not kept up with the challenges and changes of the times. The World Trade Organization needs to be reformed and modernized to keep pace with industry and technological developments or new and harmful trade-distorting practices. Of particular focus is China, which is not only one of the largest markets for U.S.-manufactured goods, but also

the source of substantial unfair trade and state-led industrial policies that operate to the detriment of manufacturers in the United States.

“ 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, Vice President of Global Manufacturing, Corning Incorporated

A Trade Agenda for the Future Must:

- Modernize and open global markets to reflect the same principles manufacturers 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:

- ✓ Implement a global competitiveness bill that includes funding for the expansion of domestic production of semiconductors, counterfeiting measures that protect American manufacturing workers and consumers, funding to increase the resiliency of domestic supply chains, provisions to promote STEM workforce development and essential trade tools needed to ensure the global technological and economic leadership of our nation, and not China.
- ✓ Negotiate cutting-edge trade agreements, including those with major U.S. trading partners, to provide certainty in the global marketplace, open markets for U.S.-manufactured goods, eliminate unfair barriers and set fairer and stronger standards.
- ✓ Enforce existing U.S. trade agreements and trade rules, including ensuring full implementation of the United States–Mexico–Canada Agreement.
- ✓ Oppose efforts to waive critical IP protections, 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.
- ✓ Support and continue to improve U.S. export promotion and export financing tools, and reform export control policies.
- ✓ Modernize U.S. and foreign customs operations to cut red tape and expedite legitimate trade in the United States and across foreign borders.
- ✓ Further modernize the U.S. tariff code, including the enactment of a new Miscellaneous Tariff Bill.



Environment:

Creating Cleaner, Safer and More Inclusive Communities

Manufacturers have led the way in driving a sea change in how the world addresses climate change, protects biodiversity and advances environmental justice. Manufacturers have sharply reduced the industry's impact on the environment through a wide range of innovations, such as increasing energy efficiency, saving and recycling water and implementing successful initiatives to reduce pollution and waste and 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 clean environment and a prosperous economy. However, when administrations adopt poorly tailored 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.

The NAM laid out a comprehensive roadmap for climate action in "The Promise Ahead,"¹ which included immediate actions for policymakers. Many of these immediate actions were included in the \$1.2 trillion bipartisan infrastructure and climate bill that was signed into law in 2021. Sustainable permitting improvements, electric grid modernization, climate adaptation and resiliency programs, zero-carbon nuclear power, clean hydrogen, drinking water improvements and efficient manufacturing and new technologies programs were all included with robust funding. We must build on these major climate and environmental down payments.

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.

¹<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, Chairman and CEO, Dow Inc.

An Environment 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.
- Apply sound science and evidence-based approaches in new 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:

- ✓ 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 preempt the patchwork of various regulations and lawsuits.
- ✓ 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.
- ✓ Coordinate public–private sustainability efforts to develop and implement new technologies and solutions across the manufacturing supply chain.
- ✓ 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 Leadership

The U.S. is the world's leading energy producer, creating a major 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.

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 diverse domestic energy development. 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 strengthens our competitiveness. With a renewed commitment to America's energy renaissance, focus on critical mineral and resource supply chains and dedication to advancing new technologies, the United States can continue to lead the world for decades to come.



“ The strength of manufacturing is in large part a result of the United States’ energy resources and innovative technologies that are unmatched by any other nation in the world. America’s energy advantage creates the ability—and lawmakers can create the conditions—for businesses to succeed, and manufacturers will continue doing our part to constantly diversify our energy portfolio.”

**—Karl Glassman, Executive Chairman,
Leggett & Platt, Incorporated**

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 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.

Actions for Leaders to Take:

- ✓ 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.
- ✓ Provide 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 energy when they need it, even as policies and markets change.



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,”² 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.

The successful execution of IIJA programs will pave the way for the future of manufacturing in America.

²nam.org/buildingtowin



Photo captured pre-COVID-19

Strengthening Supply Chains

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 recommendations to policymakers—set forth in our “Strengthening the Manufacturing Supply Chain” document³—represent a blueprint for an enhanced manufacturing economy: a competitive tax regime, workforce development, research incentives and regulatory right-sizing. Thanks to the NAM’s leadership, policymakers are acting. NAM recommendations on reforming federal permitting reform became law in 2021, and several pieces of legislation reflecting our recommendations have been introduced in Congress.

The NAM has helped manufacturers navigate all aspects of the supply chain crisis—providing access to operational resources and strategies. Our legal policy team brought experts on mitigating the impact of labor and material shortages and supply chain-related contract disputes to discussions with NAM members. And the NAM’s Ports and Ocean Shipping Task

Force launched in fall 2021 to facilitate dialogue with federal transportation policymakers, provide a forum for best practices in the face of cost increases and delays and provide expert insight into the causes, impacts and strategies for responding to supply chain challenges.

As these challenges continue, the NAM will continue its 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.

³documents.nam.org/COVID/NAM%20-%20Strengthening%20the%20Manufacturing%20Supply%20Chain.pdf

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.

“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, Resource Industries Group President, Caterpillar Inc.

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.
- ✓ Continue the successes of public-private partnerships while recognizing that financing alone cannot replace public responsibilities or address all types of projects.
- ✓ 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.



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Workforce and Education:

Equipping the Workforce for Rewarding Careers



One of the key challenges facing manufacturers is access to a skilled workforce. The number of open jobs in the manufacturing sector has more than doubled since before the pandemic, 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 partner of the National Association of Manufacturers, found that more than 2.1 million U.S. manufacturing jobs would 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.

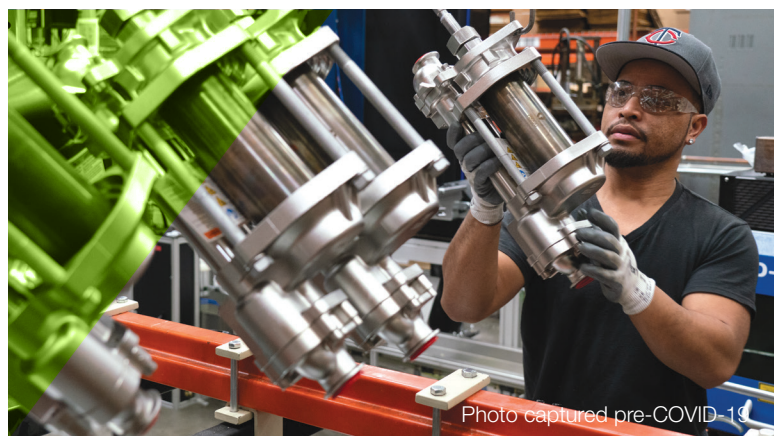
Policymakers can update workplace laws and regulations to unleash the full potential of modern manufacturing and innovation and ensure that the U.S. remains globally competitive well into the future. Manufacturers and the manufacturing workforce are evolving and adapting constantly to the demands of 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.

“Manufacturers share a firm commitment to ensuring the best workplaces with great benefits. We strive to offer flexibility and foster a positive work environment that recognizes employees’ needs in the modern economy. That’s why we believe in laws and policies that allow us to adapt and respond to the latest trends and challenges.”

—Veronica Braker, Senior Vice President, Global Operations, Archer Daniels Midland Company



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:

Fixing Our Broken Immigration System Once and for All

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.

Manufacturers believe our leaders have an obligation to fix this system and that now is the time to enact comprehensive immigration reform. Building a better immigration system that balances compassion and security will create a stronger country and a stronger economy. With manufacturers facing a workforce crisis, legal immigration is part of the solution necessary to help the industry grow and function to its full potential. Manufacturers have had job openings hovering at record high numbers—more than 800,000 for several months and in some months as high as 1 million—and face challenges finding employees with the right skills. Manufacturers will need to fill roughly 4 million jobs by the end of the decade, according to research from The Manufacturing Institute—the workforce development and education partner of the NAM—and Deloitte. Employees with training in STEM fields are in high demand, and a skilled

workforce is critical to U.S. manufacturing innovation and competitiveness.

Let's push past the existing arguments, overhaul our immigration system and fix the problems that exist today by listening to the concerns of all sides. Because manufacturers are in the business of building solutions, the NAM has a practical and comprehensive immigration plan, "A Way Forward,"⁵ 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, Vice Chairman, 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 \$1.7 billion in daily commerce between the U.S. and Mexico.
- 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 more than 160 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.



Pandemic Response

Throughout the pandemic, manufacturers across the nation committed to being part of the solution to COVID-19—ramping up production of personal protective equipment, stabilizing the food supply, encouraging safe health practices and developing vaccines and treatments. The NAM and The Manufacturing Institute developed communication tools for manufacturers and convened conversations on workplace health and safety and the importance of vaccines, encouraging vaccination through the “This Is Our Shot” project. The NAM played a key role in securing critical COVID-19 relief funds from Congress, ensuring access to programs important to communities and businesses alike, including more than \$50 billion for testing.

Manufacturers fully support efforts to strengthen the domestic manufacturing base for pandemic response and specifically recognize the importance of manufacturing items used for medical countermeasures, particularly vaccines. The work is far from over as strategies are discussed to improve the strategic national stockpile and improve pandemic preparedness. The NAM remains committed to a secure and sustainable health care supply chain so that we never have to experience the preventable chaos and uncertainty witnessed in the early days of the pandemic.



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.





Photo captured pre-COVID-19

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.

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.

“ 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.

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.
- ✓ 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.
- ✓ 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 two-thirds of private-sector spending on R&D, and manufacturing has been awarded more patents than any other industry. 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.

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 activities that drive innovation.
- Vigorously protect all forms of manufacturers' IP.
- 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 in the United States and as international trade agreements are being negotiated.
- ✓ 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.



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 tort 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 protect the environment and 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.
- 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.
- ✓ Support clear standards for liability and the rigorous application of procedural rules, including specific statutes of limitations and 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 federal preemption for federally approved and regulated products and services in national commerce.
- ✓ 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, provides up-to-date enforcement capability and improves government collaboration to fight fake goods.



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