



# News Alert

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## **Study by The Manufacturing Institute and the Manufacturers Alliance for Productivity and Innovation Reveal Major Cost Disadvantages for U.S. Manufacturers**

*Manufacturers face a 20% structural cost burden compared to their global competitors from our major trading partners*

WASHINGTON, D.C., October 12, 2011-- Today, The Manufacturing Institute and the Manufacturers Alliance for Productivity and Innovation (MAPI) released a report revealing that U.S. manufacturers face a significant disadvantage in doing business in the United States compared to global competitors.

The “2011 Structural Cost of Manufacturing in the United States” report, the fourth in an on-going series comparing the structural costs of the United States to our nine largest trading partners, found that U.S. manufacturers face a 20.0% structural cost disadvantage in the global market compared to manufacturers in those countries, up from 17.6% in 2008.

“While policymakers commend manufacturing for leading economic recovery by keeping businesses afloat and boosting exports, full recovery is made all the harder by this fundamental challenge,” said Emily DeRocco, President, The Manufacturing Institute. “U.S. manufacturers face a set of structural disadvantages that erode U.S. competitiveness and offset many of the productivity gains achieved through innovation and the relentless pursuit of efficiencies.”

The structural cost elements include corporate tax rates, employee benefits, tort costs, pollution abatement compliance and energy costs, and the disadvantage is greatest in relation to Taiwan, Mexico, and China. The greatest change in cost burden from 2008 is

with Canada and Germany and is substantially a result of the lowering of corporate tax rates in those countries since the 2008 study.

The factors contributing most significantly to the increase in the structural cost are corporate tax rates and employee benefit costs. The spread in tort costs continued to fall and energy and pollution abatement costs held steady.

The author for the current update, as for the first three studies, is Jeremy A. Leonard, MAPI Economic Consultant.

“This report tells an important story, one in which the White House and Congress should be very interested,” said Stephen Gold, President and CEO of the Manufacturers Alliance for Productivity and Innovation (MAPI). “While we recognize American manufacturers face a myriad of challenges from overseas, these data demonstrate that domestically imposed costs further undermine our ability to compete. We hear a great deal from policymakers these days about the need to bring manufacturing back to America, yet these challenges continue to undercut American manufacturing competitiveness.”

“The loss of a strong manufacturing base would have unfortunate consequences for the U.S. standard of living as well as our national security,” added DeRocco. “We urge all Americans who are concerned about the future of our country to understand the cost burden that U.S. companies face and help foster a new appreciation for manufacturing among policymakers, the media, and the American public. In addition, the National Association of Manufacturers (NAM) has outlined a wide range of policy steps that federal and state governments can immediately take to support stronger U.S. manufacturing.”

View the full report findings at:

<http://www.themanufacturinginstitute.org/Research/Structural-Cost-of-Manufacturing/Structural-Cost-of-Manufacturing.aspx>

See the NAM’s manufacturing strategy at [www.nam.org/strategy](http://www.nam.org/strategy).

#### **About The Manufacturing Institute**

The Manufacturing Institute is the non-profit, non-partisan affiliate of the National Association of Manufacturers dedicated to changing the face of manufacturing in the country so that policy makers (government), educators, and the public understand its importance and take action to sustain and expand the industry in the United States. The Institute’s strategic agenda focuses on education reform and workforce development, innovation, and research.

Visit <http://www.themanufacturinginstitute.org>.

#### **About MAPI**

The Manufacturers Alliance for Productivity and Innovation (MAPI), established 1933, is a nonprofit organization engaged in economic and policy research, continuing professional education, and allied activities. MAPI’s corporate membership includes U.S.-based and international companies in manufacturing and related business services.

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