



UNITED STATES MANUFACTURING COUNCIL

August 3, 2016

The Honorable Penny Pritzker
 Secretary of Commerce
 U.S. Department of Commerce
 Washington, DC 20230

Dear Madam Secretary:

The United States Manufacturing Council members are honored to support the Department of Commerce. This Council has taken its responsibility very seriously and invested countless hours in identifying and recommending ways the federal government should and can respond to the challenges facing the U.S. manufacturing industry sectors to ensure our nation’s competitiveness at home and abroad. The size, geographic and sector diversity of this Council has enabled it to develop and submit a total of 13 actionable, measurable recommendations in an abbreviated period of 16 months.

As Chair and Vice Chair of the Manufacturing Council, we submit to you an Executive Summary of the Council’s recommendations including suggestions for the future terms.

Recommendations Submitted

The Council has approved and submitted the following recommendations:

No.	Subcommittee	Recommendation
1	Energy	Renewable Energy Trade Missions
2	Innovation, Research, and Development	Patent Reform
3		National Network for Manufacturing Innovation (NNMI)
4		Best Practices for Promoting NNMI Success (including a white paper)
5		Opportunities to Advance U.S. Supply Chain Innovation
6	Workforce Development	Workforce Image Campaign
7		Middle and High School Educational Enhancement Programs
8	Trade, Tax Policy and Export Growth	Reauthorization of the Export/Import Bank
9		Tax Extenders Extension
10		Miscellaneous Tariff Bill and Federal Transportation Infrastructure

11		Trans-Pacific Partnership
12		Corporate Tax Reform
13		Trade Enforcement, China Bilateral Investment Treaty, DOC Brand Awareness

We are very encouraged to see that many of the recommendations have already been implemented or are in the process of implementation.

- Based on the **Patent Reform** recommendation:
 - On March 25, 2016, the USPTO issued a Federal Register Notice (FRN) regarding new patent quality metrics for use in fiscal year 2017 to focus on the correctness and clarity of Office actions which will be applied through a newly unified review process using a standardized review form that will permit data from a significantly larger number of finished product quality reviews conducted by the agency to be aggregated and mined for information. The USPTO will also mine data on transactions during patent prosecution (e.g., the types of actions taken by the applicant and the USPTO) to assess examination processes and identify potential quality issues requiring further study.
 - Consistent with the FRN noted above, USPTO is standardizing reviews of finished work products, such as USPTO office actions, through the use of a single review form called the “Master Review Form.” This review form is to be used by all USPTO reviewers when assessing finished work products, including reviewers in the Office of Patent Quality Assurance and supervisors in our Technology Centers.
 - USPTO has continued to provide new and additional examiner training and guidance to help ensure that USPTO is issuing quality patents in a timely manner.
- DOC staff from NIST has accepted all of the **National Network for Manufacturing Innovation** recommendations and either fully implemented or partially implemented the recommendations.
 - Implementation includes: (1) Broad solicitation and outreach efforts including a NIST press release that was picked up by news and trade associations across the U.S. and a direct email to over 24,000 NIST News subscribers, multiple webinars on how to prepare proposals, and a two-stage proposal process with the first stage developed to solicit a clear and short proposal; (2) Once the competition has been completed and a public announcement of the selected awardee(s), NIST expects to also publish key findings and non-confidential information related to the competition; and (3) The evaluation criteria that were developed for the NIST NNMI competition incorporated the requirement included within the RAMI legislation and concepts promoted by the Manufacturing Council.
- In response to the **Workforce Image Campaign** recommendation to use Manufacturing Day as the centerpiece for an image campaign, Council members are working to develop Manufacturing Day events across the country.

- **Reauthorization of the U.S. Export-Import Bank** has received overwhelmingly bipartisan votes in both the Senate and the House of Representatives; President Obama signed EXIM Bank's reauthorization into law on December 4, 2015.
- On May 20, 2016, President Obama signed into law the American Manufacturing Competitiveness Act of 2016 which includes amendments to the process for requesting duty reductions under a **Miscellaneous Tariff Bill** (MTB).
- DOC is working closely with Congress to secure passage of **Trans-Pacific Partnership** (TPP).

These actions taken by the federal government are compelling proof of the importance of DOC working closely with the Council on the right and critical subjects. Fast response and real time input to the Department of Commerce regarding policy decisions have resulted in policy changes that strengthen the U.S. manufacturing industry sectors. These achievements have clearly demonstrated the value the Council can bring to current and future administrations. We strongly recommend that the DOC continues the Manufacturing Council in future terms.

Suggested Priorities for next Council

In addition to the recommendations submitted, the Council has also discussed and examined a few other topics; and recognizes that some of those topics, such as Supply Chain and Cybersecurity, are critical for U.S. manufacturing sectors. Due to their significance and breadth we recommend further work and consideration as areas of focus or priorities for the next Council term:

- Supply Chain

Supply chain manufacturers make up the backbone of the U.S. manufacturing sector. With smaller firms representing over 40% of employment and 95% of firms, a healthy, competitive, and innovative U.S. manufacturing supply chain is a vital part of this nation's economy. Their ability to evolve and innovate in response to changing market conditions, unprecedented co-dependency and collaboration with their customers, and changes in the regulatory landscape is critical to both individual firms and U.S. manufacturing ecosystem's sustainability. Preparing supply chain manufacturers for these dynamics will determine the U.S. manufacturing competitive effectiveness in a global landscape. While this Council had the opportunity to begin exploring this topic with the Administration during its term, it has a broad reach that will involve far more investigation, engagement and partnership between the public and private sectors to address the broad array of challenges.

- Cybersecurity

The widespread introduction and investments in Information Technology (IT) have served the manufacturing sector well, bringing transparency, business and market insight, codification of expertise, and improvements in productivity and quality. Security of

interconnected IT systems is especially important to the manufacturing sector where disruptions or damages can impact financial transactions, production flow, product functionality, workplace safety, protection of privacy, and retention of intellectual property. In the recent past, Cybersecurity threats have been introduced to several U.S. businesses and are expected to grow in number, severity, and variability of tactics. Trending cyber threat intelligence demonstrates that manufacturing industry will need to quickly adapt not only to more sophisticated forms of defense against traditional cybersecurity threats, but to proactive defenses against digital insider threats, espionage and corporate ransom scenarios. Therefore, this important issue should be explored to identify specific actions that can be taken by the Department of Commerce to mitigate and minimize Cybersecurity risks targeting not just large manufacturing companies but also small and medium-sized manufacturers.

Information Archive for next Council

Throughout this Council term, we have had the privilege to work with many subject matter experts from various government branches, academia and institutes; collected a series of articles, reports and presentations on a variety of subjects and topics; and solicited feedback “outside the beltway” in our communities across the country. During our own work, the Council has also gained valuable lessons learned and best practices on how to get members more engaged and make the Council’s work more efficient and more productive.

We have no doubt that all the Subject Matter Expert (SME) networking, existing documentations, and best practices, will help to productively launch the next council. Therefore, we will work with DOC staff to assemble an Information Archive consisting of the following items:

- Subject Matter Expert rolodex
- Reference materials including articles, reports, presentations, etc., provided by the SMEs
- Research/working notes, white papers
- Best practices (example: Council subcommittee structures, checklist for organizing community outreach as well as MFG DAY events ...)

Recommendation for establishing Council Alumni Forum

Even after our time on the Council is complete, the connectional intelligence developed through tools, networks, and more importantly, experiences with in-depth knowledge, will not only enable Council members’ own companies having a greater understanding of government initiatives/policies, but also benefit Department of Commerce and Administration working with future Councils to improve continuity and collective memory and avoid unnecessary repetition and reinvention.

Therefore, in addition to preparing the information archive for the next Council, we recommend that the Department of Commerce leverages an informal Alumni Forum with the following roles and responsibilities:

- Transitional assistance

- Consulting and mentoring per future Council's request
- Providing access to extended corporate networks
- Participating in outreach events and roundtable discussions on DOC initiatives

In conclusion, we feel that this Council has maintained the high standard set by the previous terms and has made significant contributions to the DOC and the Administration's efforts to ensure our nation's manufacturing competitiveness.

Our achievements are directly attributable to the work ethics and true team spirit of the Council members who represent a unique composition of U.S. manufacturing companies and bring a high level of experience and industry-specific knowledge to the Council.

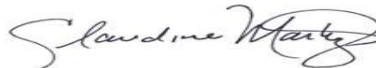
One of the key enablers for this Council's success was your concise and unambiguous articulation of challenges that the DOC and Administration were facing. It provided an anchor for each subcommittee to establish its time architecture of deliverables and minimize scope creep, which was essential given the volume of work to be completed in the abbreviated time period.

Finally, we acknowledge and thank the dedicated and collegial DOC staff that supported this Council. Their valuable contributions and level of professionalism were critical components of our success.

Respectfully submitted,



Susan Smyth
Chair, Manufacturing Council



Claudine Martinez
Vice-Chair, Manufacturing Council