



## *American Manufacturing is Alive and Well*

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One of American author and humorist Mark Twain's most memorable quotes, in response to an 1897 article in *The New York Herald*, is: "The report of my death was an exaggeration".

The same may be said about U.S. manufacturing. The fact is that the American manufacturing sector is alive and well and more capital and knowledge-intensive (rather than labor-intensive) than ever before.

If manufacturing were in a downward spiral, why would Nippon Steel want to acquire U.S. Steel, and why would these companies be expanding their operations:

- **Amkor Technology**, \$2 billion semiconductor packaging and testing facility in Arizona
- **VinFast**, \$4 billion EV manufacturing facility in North Carolina
- **GM** \$3.5 billion, battery production in Indiana
- **GE Appliances**, \$450 million in Kentucky
- **Eli Lilly**, \$3 billion expansion of Lilly in Wisconsin.

Nevertheless, the latest survey from the National Association of Manufacturers reveals deep frustration with the policy uncertainty in Washington and a belief that Congress should preserve pro-growth tax policies in response to trade volatility.<sup>1</sup>

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<sup>1</sup> <https://nam.org/manufacturers-optimism-drops-signaling-need-for-tax-reform-34111/>

Examining U.S. manufacturing competitiveness today, one finds that the United States maintains a formidable position in global manufacturing despite facing intensifying international competition. The American manufacturing industry is the fifth largest employer in the U.S. and accounts for 53% of R&D spending and 17.1% of U.S. GDP<sup>2</sup>. The technology sector, including semiconductors and computer electronics, aerospace, medical devices and defense-related industries represents a major driver of manufacturing competitiveness.

So, why do so many claim that American manufacturing is in decline? The false narrative of manufacturing decline is primarily rooted in employment statistics rather than output performance, revealing a fundamental misunderstanding of the sector's transformation. *The fact is that manufacturing output has continued growing alongside the broader economy.*

What about the claim that trade agreements harm US manufacturing with cheap imports? Trade agreements such as NAFTA have been the traditional scapegoat for employment decline in the manufacturing sector; however, empirical evidence suggests that the principal culprit is labor-saving technology. Two other points to keep in mind: (1) both US and foreign manufacturers, the vast majority of intermediate inputs come from US suppliers; and (2) the cost of industrial robots for manufacturing—the future of production—is higher in Mexico than in the U.S.<sup>3</sup>

Positioned for a manufacturing resurgence, the United States possesses substantial technological assets that provide foundational advantages for manufacturing resurgence. The country ranks 4th globally in patent applications per million people, demonstrating strong innovation capabilities that translate into manufacturing advantages<sup>4</sup>. The U.S. is experiencing a manufacturing resurgence. Advanced manufacturing, Sensors, predictive maintenance, IoT, and 3D printing are game-changers for the manufacturing industry.

It is laudable that both parties are committed to improving manufacturing competitiveness through targeted investments and regulatory reforms. The Made in America Manufacturing Initiative announced by the Small Business Administration aims to restore American economic dominance and national security by empowering small manufacturers<sup>5</sup>. Since 99% of American manufacturers are small businesses, this initiative addresses a critical segment of the manufacturing ecosystem<sup>6</sup>. The

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<sup>2</sup> <https://www.nist.gov/publications/annual-report-us-manufacturing-economy-2024>

<sup>3</sup> <https://www.nerdwallet.com/article/finance/us-manufacturing>

<sup>4</sup> <https://www.nist.gov/publications/annual-report-us-manufacturing-economy-2024>

<sup>5</sup> <https://manufacturing-today.com/news/sbas-made-in-america-initiative-plans-to-boost-us-manufacturing/>

<sup>6</sup> <https://www.sba.gov/article/2025/03/10/sba-announces-made-america-manufacturing-initiative>

program includes cutting \$100 billion in regulation through the Office of Advocacy, launching a Red Tape Hotline for manufacturers to submit regulatory feedback, and deploying a new Office of Manufacturing and Trade to provide dedicated resources<sup>7</sup>.

The combination of federal incentives, state-level support programs, and private sector investment creates a supportive ecosystem for manufacturing expansion.

Hopefully, future government actions will focus on addressing specific competitiveness challenges while building upon existing strengths. Workforce development represents a critical area requiring sustained attention, as nearly 60% of manufacturers cite the inability to attract and retain employees as their top challenge despite loosening labor markets<sup>8</sup>. Counterproductive measures, such as embodied in current U.S. visa policies, including H1-B limits, will undermine America's manufacturing competitiveness vis-à-vis both adversaries and friends.

The state of U.S. manufacturing competitiveness today presents a complex landscape characterized by both significant challenges and substantial opportunities for renewed leadership. Success in this endeavor will require sustained commitment to policies that support innovation, a productive workforce and business environment enhancement—all heavily emphasizing technological capability and productivity.

As the Council on Competitiveness notes in a recent report, we are living in a new age of disruption and discontinuity. The implications for the manufacturing sector and America's competitiveness in general are huge.<sup>9</sup> Speaking last month at the Reagan National Economic Forum in Simi Valley, California, JP Morgan Chase CEO Jamie Dimon asked: "Can we get our own act together — our own values, our own capability, our own management?." <sup>10</sup> That is the \$64,000 question

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<sup>7</sup> <https://www.sba.gov/about-sba/sba-locations/headquarters-offices/office-manufacturing-trade>

<sup>8</sup> <https://www2.deloitte.com/us/en/insights/industry/manufacturing/manufacturing-industry-outlook.html>

<sup>9</sup> [https://compete.org/wp-content/uploads/coc-compete-white-paper-240416\\_3.pdf](https://compete.org/wp-content/uploads/coc-compete-white-paper-240416_3.pdf)

<sup>10</sup> <https://www.cnn.com/2025/05/30/business/jamie-dimon-china-trade>