



**Joe Hinrichs - President of the Americas, Ford Motor Company
Testimony before the House Energy and Commerce
Subcommittee on Commerce, Manufacturing and Trade
Wednesday, April 10, 2013**

Good morning, and thank you, Chairman Terry, Ranking Member Schakowsky, and Committee members for providing this opportunity. My name is Joe Hinrichs, and I am President of The Americas for Ford Motor Company.

Ford is a global automotive industry leader that manufactures or distributes automobiles across six continents. Our success is especially tied to our competitiveness in the United States, where we conduct the vast majority of our research and development, produce more than 2 million vehicles annually and support manufacturing efforts in 48 states through our supplier network, and continue to be the leading U.S. vehicle exporter.

I have been with Ford since December 2000. Before that, I spent ten years at General Motors and two years in private equity. I started at Ford as a plant manager in Sterling Heights, Michigan. I also was a plant manager at GM and have worked in seven different manufacturing plants in five states throughout my career. More recently, from December 2009 to November 2012, I was President of Ford's Asia Pacific and Africa region, based in Shanghai, China. Before that, I served as group vice president, Global Manufacturing and Labor Affairs, responsible for the operations of 105 assembly, stamping and powertrain plants – so manufacturing is my world.

Manufacturing matters. It remains the backbone of every successful economy in the world because one job at an auto plant supports nine additional jobs in the supply base and the community.

Auto manufacturing is also high-tech, delivering new product and technology innovations in communications (SYNC), lightweight materials, advanced powertrain technologies and collision avoidance technologies – to name a few.

This year, demand for our fresh new vehicle lineup is creating more than 2,200 new salaried positions in areas such as product development, manufacturing, and information technology.

This builds on the 8,100 salaried and hourly jobs we created in the United States in 2012, including 1,000 hourly positions we brought back to America from countries including Japan and Mexico.

We have demonstrated we can compete with automakers around the world. Since 2009, we have increased Ford vehicle exports by nearly 50 percent. Ford continues to exports more vehicles from the U.S. than any other auto manufacturer.

Prior to the fiscal crisis, we took on the tough decisions – together with all of our business stakeholders and partners – to transform our company and meet the challenges of the global markets. We are now leaner, more efficient and producing cars, utilities and trucks with quality, fuel efficiency, safety, smart design and value.

Government is also a key stakeholder in helping shape the competitive climate our industry depends on. We share the common goal of economic growth and development, which creates jobs that support families and communities across the country.

Government policies must evolve in today's environment to ensure that American businesses and workers are not disadvantaged in the global market. United States policy makers must work together to support manufacturing by shaping a climate for economic growth, regulatory certainty, and a strong foundation for U.S. exports. Business thrives - and jobs grow - where there is stability and predictability.

I would like to highlight four key areas where policy makers can play a critical role in supporting manufacturing. Although some issues fall outside the jurisdiction of this subcommittee, they are all integrated elements of a competitive manufacturing agenda:

First ... Corporate Tax Reform: The United States has the highest corporate tax rate among developed countries. A lower rate frees up capital that can be reinvested in new products, technologies, and manufacturing innovation. We are encouraged that Congress and the President have both identified the need to drive down the corporate rate to ensure American companies remain competitive. Tax reform can help further expand economic growth and jobs.

Second ... Regulatory efficiency and certainty: We need a performance-based, data-driven approach to regulation - especially as we develop emerging technologies like vehicle-to-vehicle communications and driver assist features. We need efficiency in the regulatory process that provides certainty and avoids a patch work of state regulations that can undermine efficiency – often with no societal or environmental benefit. When multiple regulators exist, we need to

work together to ensure that we ultimately develop standards that are achievable and consistent with one another so that compliance costs are minimized.

New regulations also must be monitored to ensure that they are consistent with underlying assumptions, market conditions and technological advancements. As an industry, we worked together to shape One National Program for fuel economy regulations – projecting standards over an unprecedented 10-year period. Our support for this effort was dependent upon a Mid-Term review, where EPA and other stakeholders must reassess the assumptions. A robust and equitable Mid-term review is absolutely critical for manufacturers and, importantly, our customers. Data collection must begin today to support a final assessment in 2018.

Third ... Trade: Ford has supported every free trade agreement approved by the United States, and Ford is the leading vehicle exporter in the U.S. We need to continue to open new markets to American-made products and ensure that new trade agreements are not used to reinforce one-way trade in critical sectors such as autos. Trade issues are not just about tariffs. Trade flows can be significantly skewed by using non-tariff barriers, including currency manipulation, to protect home markets and subsidize their exports. We firmly believe exchange rate values should be determined in the marketplace, not by governments and encourage the United States government to include strong and enforceable disciplines to prevent currency manipulation as part of future trade agreements.

In addition, trade agreements also can help shape and harmonize regulations. A U.S.-EU trade agreement that pursues regulatory harmonization and mutual recognition of standards would enhance both regions' competitiveness in today's global marketplace.

Fourth ...Training and Education: We need to continue training our work force and encourage education in math, science and engineering if America is to remain competitive and innovative. In our hourly workforce, continued up-skilling is critical to maintaining our competitive performance. Existing federal training programs should be flexible, work closely with States, and prioritize incumbent worker training as part of the Department of Labor's strategic vision.

In summary, other countries are leveraging their workforce and markets to encourage and attract manufacturing. I experienced this firsthand in China and throughout Asia. For the United States to continue to lead, we have to be more innovative, more efficient, and more collaborative. Manufacturing must be a priority for our nation at all levels of government and business. We will need your help to ensure that government policy supports manufacturing. What is at stake is not just the future of Ford or American manufacturing but the very future of U.S. economic growth and the jobs it supports across our great country.

Thank you.

Summary
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Background

Other countries are leveraging their workforce and markets to encourage and attract manufacturing. For the United States to continue to lead, we have to be more innovative, more efficient, and more collaborative. Policies that create a strong business environment are more essential than ever to support America's manufacturing resurgence.

Key Areas

Corporate Tax Reform: The United States has the highest corporate tax rate among developed countries. A lower rate frees up capital that can be reinvested in new products, technologies, and manufacturing innovation. We are encouraged that Congress and the President have both identified the need to drive down the corporate rate to ensure American companies remain competitive. Tax reform can help further expand economic growth and jobs.

Regulatory efficiency and certainty: We need a performance-based, data-driven approach to regulation - especially as we develop emerging technologies. We need efficiency in the regulatory process that provides certainty and avoids a patch work of state regulations that can undermine efficiency – often with no societal or environmental benefit. When multiple regulators exist, we need to work together to ensure that we ultimately develop standards that are achievable and consistent with one another so that compliance costs are minimized.

Trade: We need to continue to open new markets to American-made products and ensure that new trade agreements are not used to reinforce one-way trade in critical sectors such as autos. Trade agreements also can help shape and harmonize regulations. A U.S.-EU trade agreement that pursues regulatory harmonization and mutual recognition of each market's high standards would enhance both regions' competitiveness in today's global marketplace.

Training and Education: We need to continue training our work force and encouraging education in math, science and engineering if America is to remain competitive and innovative. With our hourly workforce, continued up-skilling is critical to maintaining our competitive performance. Existing federal training programs should be flexible, work closely with States, and prioritize incumbent worker training as part of the Department of Labor's strategic vision.