

Congress of the United States
U.S. House of Representatives
Committee on Small Business
Honorable Nydia Velazquez, Chairwoman

Subject: Written testimony to the Committee on testimony to be delivered September 14, 2021 via Zoom during “National Small Business Week: Celebrating our Main Street Champions”

Thank you for the honor and privilege to testify today before the House Committee on Small Business during National Small Business Week. My focus will be on the successes and issues facing small businesses in the manufacturing sector of our economy. I come before you today not to simply point out the challenges that small manufacturers face in today’s globalized economy, but I also come offering practical solutions that will benefit our businesses and our economy in general.

My name is Greg Owens. I am here representing our company, Sherrill Manufacturing, and our brand, Liberty Tabletop. It sounds hard to believe, but Sherrill Manufacturing is the only flatware, stainless steel silverware company left in the United States. The company was formed back in 2005 when Matt Roberts and I purchased substantially all of the flatware manufacturing equipment from Oneida Ltd. located in Sherrill, New York.

The Oneida factory was once the largest flatware manufacturing facility in the world with over 2,300 employees. Why would Oneida Ltd. decide to scuttle the factory and lay off all of the manufacturing employees? The answer is simple. Unfair competition from China. The math was also simple. After years of fighting to keep the facility alive, Oneida realized that they could purchase manufactured product in a box shipped to Long Beach California cheaper than they could buy the raw material to make it here in the United States. This was possible because Chinese government-owned and subsidized stainless steel mills were selling raw material to their production facilities in China at about half the world market price.

This situation still exists today, which brings me to issue number one. The American steel industry is largely protected from dumping by the Chinese and others by tariffs under Section 232. We applaud this action as the steel industry is an integral part of our industrial base and a matter of national security. While tariffs on steel may be in place to protect the raw material side of the business, there has been little done to protect the manufactured goods side. This means the Chinese continue to dump subsidized steel into the United States, but instead of doing so in the form of raw material they simply do it in the form of finished products. In the end, American manufacturing businesses, large and small, are unable to compete against the unfair industrial policy of a nation like China, which uses non-market practices to gain advantage and drive foreign competitors out of business.

The solution to address this is increased tariffs on finished goods across the spectrum at a level that is sufficient, and similar to those on the raw material, to stop the ill effects of this unfair trade practice by the Chinese and others who seek to gain unfair advantage.

Turning to the raw material side of the current manufacturing environment, I am sure you have heard about shortages across the supply chain from basic raw materials to advanced manufactured products such as chips for automobiles. Similar shortages are impacting our manufacturing business in the area

of stainless steel. Steel production in the United States has fallen substantially over the past few decades, mirroring the decline in American manufactured goods. If we are to have a renaissance in American manufacturing, companies will need steel, plastics, electronics and other inputs in larger supplies than are available today. As manufacturing activity increases, we are already starting to see the impact on raw materials. Prices for our basic grade type 304 stainless steel have doubled over the past year. Lead times have pushed out and, in many cases, contracts for supply from the 4 major producers of stainless steel have simply been canceled. I am working with a group of interested parties ranging from small steel distributors to manufacturers to identify the source of the problem and to try and come up with solutions. One thing is for certain, if we expect our steel industry to ramp up production to meet the increased demand of U.S. manufacturers who want to buy American made steel, our government needs to somehow assure them that trade policy and general economic policy will be stable enough over the coming decades to encourage them to make those large investments necessary to increase output. One way of doing this is to put some teeth back into the Berry Amendment and the Buy American laws that are riddled with loopholes in the form of expanded thresholds and reduced domestic content percentages. If Congress takes action to sure up these existing laws, train government procurement personnel in the rules, then monitor and enforce those laws, this will be a huge first step in building confidence in the steel industry moving them to increase output knowing there will be expanded future demand.

Generally speaking, disruptions to the supply chain during the pandemic made it evident that decades of globalization have led to the deterioration of our industrial base to the extent that we simply no longer make many of the products we consume here in the United States. Once full shelves from the department store to the grocery store are now half stocked due to continued supply chain disruptions.

In addition to the disruptions caused by lack of supply, increased demand has played a role as well. As the only manufacturer of flatware in the United States this had a major impact on our business. It is up 150% over pre-pandemic levels. Why? Because Americans want to buy American. Searches for products online containing the phrases “made in America” and “made in USA” are more than double what they were pre-pandemic and up almost 5-fold over where they were a decade ago. However, there is an issue. When you go to the store by law the products you purchase are required to have country of origin labeling on the package. That is not the case online. In fact the importers are so aware of the pro Made in USA movement that they have started to go to great lengths to trick the American consumer into thinking that they are buying American when in fact the product is imported. A Google search for “toasters made in USA” will bring this issue to your screen with one click. You will find multiple listings for things like “The top 10 toasters made in USA.” These will lead you to a website that provides links to where you can buy one, likely on Amazon. Of course, this is all false information because there are no toasters made in the USA anymore. By the time you get to the actual product page where you add to cart, the “made in USA” claim has faded away and no country of origin is listed.

The solution is already in the works. Included in the U.S. Innovation and Competition Act, commonly referred to as the “China Bill,” the Senate has taken action in the form of an amendment to the bill requiring country of origin labeling, or “COOL,” for listings of products on the web. In the end the American consumer wants to know and has a right to know where the products that they are purchasing are made. I am hopeful that the house version which is being drafted now will contain similar COOL language as well. This will not only benefit the American consumer, but it will be a huge boon for those

companies who are currently making their products here at home or wish to begin making things here again. Who knows, perhaps one day there will again be a toaster that is Made in the USA.

My final point, but perhaps the most important of all, is that there can be no renaissance in American manufacturing without workers. The pandemic forced us all, including those in government, to make hard choices. As many as possible simply needed to stay home. Enhanced and extended unemployment benefits, which have recently expired, were part of that effort. Many blamed the shortage of workers on this alone. While it was certainly a contributing factor, the job market remains extremely challenging. As in the months before the pandemic there are millions more job openings than there are people on the unemployment rolls. A simple walk down Main Street looking at all of the help wanted signs provides graphic evidence that we have a worker crisis.

With historically low population growth in the United States, hovering around 1%, lower, and a low workforce participation rate, driven by a robust economy allowing many to retire early, this situation is likely to get far worse before it gets any better. Some degree of automation from self-checkout to robotics in factories will solve some issues but will also fall far short of bridging the worker gap as it is simply impossible to automate everything. But there is a solution, and it is an adjacent seemingly unrelated news story that seems to make the paper every day. We are in the middle of an immigration crisis as well. While I realize there are widely divergent views on this issue, I am not sure anyone believes that the current situation is anything short of a disaster, particularly for the immigrants themselves who frequently fall victims to violence during the process. Millions of people have arrived in our country, unvetted, undocumented, and now live in a shadow economy while the debate continues about what should be done. Although certainly not the majority of those desperate people seeking a better life, there are certainly criminals in the mix. There is no medical exam, vaccination process or any other controls.

Sometimes by combining two seemingly unrelated problems the result can be a solution for both. I believe this to be the case here. My favorite museum is the one at Ellis Island. To walk through and read the stories about the many waves of immigrants, where they came from, why, where they ended up settling, what they did and how the process was all handled so efficiently was fascinating. After thinking the issue through from many angles my conclusion and I hope yours as well, is that it is time to remove the word "museum" and create Ellis Island 2.0. America is starved for workers and we have millions of people who are either already here or are arriving in increased numbers every day. It is time to put aside the partisan wrangling and put order in a situation that will in the end resolve two major issues that we are facing today as we look to rebuild the post pandemic economy.

I have had the honor and privilege of engaging with many members of Congress as well as the Executive Branch of government and one thing sticks out very clearly, providing me with a great deal of optimism as we continue to grow our business and the Liberty Tabletop brand. Despite the partisan divide on most issues, Made in America, including the return of manufacturing industry to our shores, is the one issue that draws all sides together. While some of this will benefit large businesses who certainly have their voice in Washington DC, the return of manufacturing to the United States will have it's largest impact on small business. Give us a level playing field and protect us against the industrial policies of other nations that unfairly dump their products in our market. Give us the raw materials we need to build our widgets. Give us the labor force that we need in order to expand production at our factories.

Give us these things and American small business will turn on the lights in factories and stores across the nation to help drive our economy into future decades of growth and prosperity.

Sincerely,

Gregory L. Owens
Co-Founder and CEO
Sherrill Manufacturing, Inc/Liberty Tabletop