

MANUFACTURE NEW YORK

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Testimony | The Empire (State) Strikes Back: Creating 21st Century Manufacturing Opportunities in New York City

Speaker: Bob Bland, CEO + Founder of Manufacture New York

Thank you, Chairman Chabot, Ranking Member Velazquez, and members of this committee for the opportunity to testify at this hearing. And thanks to all of our local Representatives for your tireless commitment to retaining equitable opportunities for working and middle-class New Yorkers and their families.

My name is Bob Bland, and I am the CEO and Founder of Manufacture New York. Founded in 2012, we are rethinking the fashion ecosystem and creating a new, vertically integrated 21st century business model that serves the industry' s domestic urban manufacturing needs of today and the future. Our mission is to reawaken and rebuild America' s

fashion industry, foster the next wave of businesses, and create a transparent, sustainable global supply chain.

Fashion design & manufacturing jobs are more than just jobs- they are an inclusive pathway to meaningful careers and the potential for business ownership, regardless of previous educational background or socioeconomic status. Typically paying 20-30% more than equivalent service or retail positions with an average salary of \$59,750 nationally, they are more likely to include benefits and have a clear path for growth, both in terms of skills training and opportunities to advance. The New York City fashion ecosystem is a unique creative and dynamic cultural powerhouse that touches lives internationally on a daily basis, whether we consider ourselves to be “fashionable” or not.

Massive outsourcing of American jobs in the 1980’ s & 1990’ s resulted in an 86% decline in US apparel manufacturing employment, from almost 940,000 in 1990 to about 136,000 nationally in 2015. While in 1931, New York City’ s iconic Garment District was home to the highest

concentration of apparel manufacturers' in the world, employing 1 million locals at its height, it has since contracted to 15,000 total apparel manufacturing jobs in the city, which contextually, still accounts for 30% of all New York City manufacturers. This can look like a bleak picture, but we are sitting on several global opportunities for significant job growth in NYC at the intersection of fashion, sustainability and technology if we seize the moment.

New York City is home to 900 fashion company headquarters, employs 180,000 people and pays \$11B in wages and \$2B in tax revenue annually. According to a report by the U.S. Congress Joint Economic Committee, spearheaded by U.S. Representative Carolyn Maloney in 2015, our New York Fashion Week alone generates \$887M in economic impact locally per year. And yet, we are a \$4T global industry at an inflection point- we cannot go forward as the #2 world polluter (behind oil) with systemic human rights violations throughout the supply chain, generating more than 200,000 tons of textile waste in NYC alone and 12.4M tons on a

national scale annually. From the smallest emerging design startup to the largest department stores and luxury conglomerates, over the past 3.5 years we have experienced significant national & international interest in the conceptualization, research, development and commercialization of a shared set of resources and best practices to capture value and provide accountability at all stages of our supply chain. And we are not alone.

New York City' s unique proximity to a talented, experienced and passionate workforce; the headquarters of major brands and media outlets in web, print, television and radio; and the emergence of Silicon Alley as a hotbed for VC funding of related technology companies from biomaterials (Modern Meadow) to wearable technology (Ringly) to the coming connected devices revolution known as the Internet of Things (IoT) means that major 21st century manufacturing opportunities for New York City will be where fashion (apparel, textiles, footwear, jewelry, home goods) collides with previously distant sectors like consumer electronics, health care, transportation and defense.

Anticipating this great need and in partnership with Salmar Properties, and thanks to the support of the New York City Economic Development Corporation (NYCEDC), Deputy Mayor Alicia Glen, City Hall and our local representatives, Manufacture New York has been awarded a \$3.5M Construction Grant to build our 1st Manufacturing Innovation Hub for Apparel, Textiles & Wearable Technology at Liberty View Industrial Plaza in Sunset Park, Brooklyn.

Sunset Park is a rarity in 21st century New York City: a blue-collar walk-to-work neighborhood. Downhill from the residential area is a 30 plus block industrial zone anchored by the Brooklyn Army Terminal, Industry City, Liberty View and the future South Brooklyn Marine Terminal, where companies employ many neighborhood residents. Many more small factories and warehouses intermingle with housing on the area's many mixed-used blocks. More than one-third of Sunset Park residents work in some form of manufacturing. Relatively affordable housing stock and well-established Latino and East Asian communities reinforce Sunset Park's

status as a haven for small businesses, manufacturers and their families.

The neighboring industrial neighborhood of Red Hook, where I live with my family and young daughter, shares a similar character, and a great need for similar support, particularly as economic recovery of local small businesses and residents has stretched out for years since Superstorm Sandy decimated our working waterfront.

Unemployment, under-employment and lack of sector-specific training resources remain a major barrier for economic prosperity in South Brooklyn, particularly among 18-24 year olds who are just entering into their professional lives. We are committed to working with community stakeholders including local schools, community organizations, non-profits and trade or business associations to develop entirely new types of internships, apprenticeships and workforce training programs that blend STEM training in wearable technology and material science with traditional, artisanal apparel and textile manufacturing so that New York City and US domestic manufacturing can regain its foothold as leaders in

entrepreneurship & innovation. We want to be sure that these opportunities are designed to attract the marginalized and underserved communities that can most benefit from them, particularly given fashion design and manufacturing' s historical inclusivity, where stars can emerge and prosper from the most unlikely places.

We applaud The Obama Administration' s efforts to establish a national network of Manufacturing Innovation Institutes ("MII"), and are proud to be teamed locally with the Fashion Institute of Technology ("FIT") in our bid for the Revolutionary Textile and Fiber Manufacturing Innovation Institute ("RTF-MII"). We look forward to participating in future institutes, as these sort of public-private partnerships are essential to long term innovation and job opportunities in advanced manufacturing. The United States lost 40% of our middle class jobs nationally during the 30-year exodus of domestic manufacturing, and after a catastrophic National Recession that gutted my generation' s chance at The American Dream, the jobs that came in their place are not comparable, or even

enough to provide us with security that we will be able to afford to establish careers and raise our families in New York City for the long term. it is going to take significant, sustained public and private investments across administrations, with all key stakeholders working together, to restore our middle class.

Manufacture New York also advocates for a healthy domestic manufacturing sector at large. Not only do manufacturing jobs pay better than comparable service jobs, but they currently provide skilled work for roughly 12 million Americans.

Domestic manufacturers object to NAFTA-style trade agreements that not only outsource American manufacturing jobs to low-wage, unregulated countries, but they offer little in the way of oversight for overseas labor conditions. Because of this Manufacture New York opposes the Trans-Pacific Partnership (TPP.)

Our objections to this trade deal include the fact that TPP countries like Vietnam are known for ongoing labor and human rights abuses. It' s

questionable whether TPP labor standards can actually be verified or enforced in such countries.

Additionally, TPP does not include enforceable provisions to prohibit currency manipulation. Deliberate currency undervaluation by America's trading partners has cost the U.S. millions of jobs over the last two decades. TPP also guts Buy America provisions in U.S. law by allowing firms in any TPP country to bid on U.S. procurement, including Chinese state-owned firms located in Vietnam. Thus, U.S. tax dollars for apparel and textiles could go to China instead of to U.S. producers.

Thank you for the opportunity to discuss the issues & opportunities around 21st century manufacturing in New York City.