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OMB Initiates Review of Manufacturing Regulations

Following an in-depth study of the economic impact of regulations that found small and medium-sized manufacturing firms bear the heaviest regulatory burden, the Office of Management and Budget announced today an initiative to solicit public nomination of manufacturing regulations in need of modernization to reduce costs, increase effectiveness and enhance the competitiveness of US manufacturers. The initiative is included in OMB's draft 2004 Report to Congress on the Costs and Benefits of Regulation, which is required by the Regulatory Right to Know Act of 2000.

“A key component of President Bush’s six-point plan for economic growth is easing the regulatory burden,” said Joshua Bolten, Director of the Office of Management and Budget. “No sector of our economy is more in need of regulatory reform than manufacturing.”

OMB's review of the economic literature on regulations found that the cumulative costs on the manufacturing sector are larger than the costs imposed on other sectors of the economy -- and disproportionately large for small and medium-sized manufacturers.

Manufacturing is a vital sector of the US economy, accounting for 14% of US Gross Domestic Product. The President's Council of Economic Advisors recently reported that, while manufacturing is beginning to share in the economic recovery, the rebound in manufacturing employment has not been as rapid as in other sectors. A recent Commerce Department report included a broad-based review of manufacturing policy and recommended that federal regulations be re-examined for reform.

The OMB request is for nominations of regulatory reforms that can be implemented through administrative action. Comments will be shared with relevant federal agencies for evaluation. Final reform initiatives will be outlined in OMB's Final Report, to be published later this year, after public comment, expert peer review and formal interagency review.

“The U.S. manufacturing industry is hindered by regulations that often don’t account for improvements in science and technology over the last twenty years,” said Dr. John D. Graham, Director of the Office of Information and Regulatory Affairs at OMB. “This review will help us identify and improve dated regulations so American manufacturing firms can create jobs and continue to play a vital role in our economy.”

The draft 2004 Report to Congress on the Costs and Benefits of Regulation is available at http://www.whitehouse.gov/omb/inforeg/regpol-reports_congress.html