

How Buy America Can Make U.S. Manufacturers More Competitive

Michael Cahill

Siemens North America

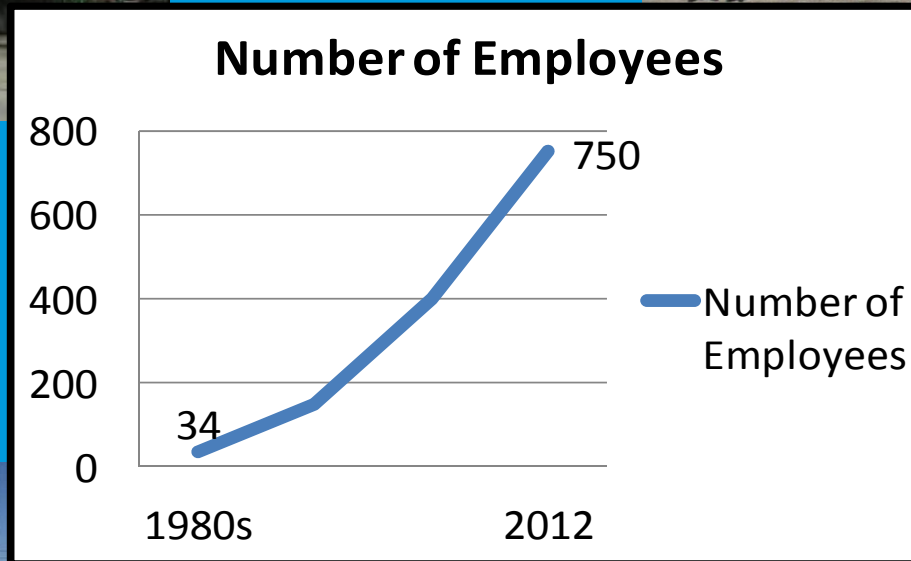
President, Rail Systems Division

Sacramento, CA

2013 Transit CEOs Seminar



How Siemens' U.S. Business Has Progressed



Increasing Domestic Content

Where we started



Design & Manufacturing Overseas

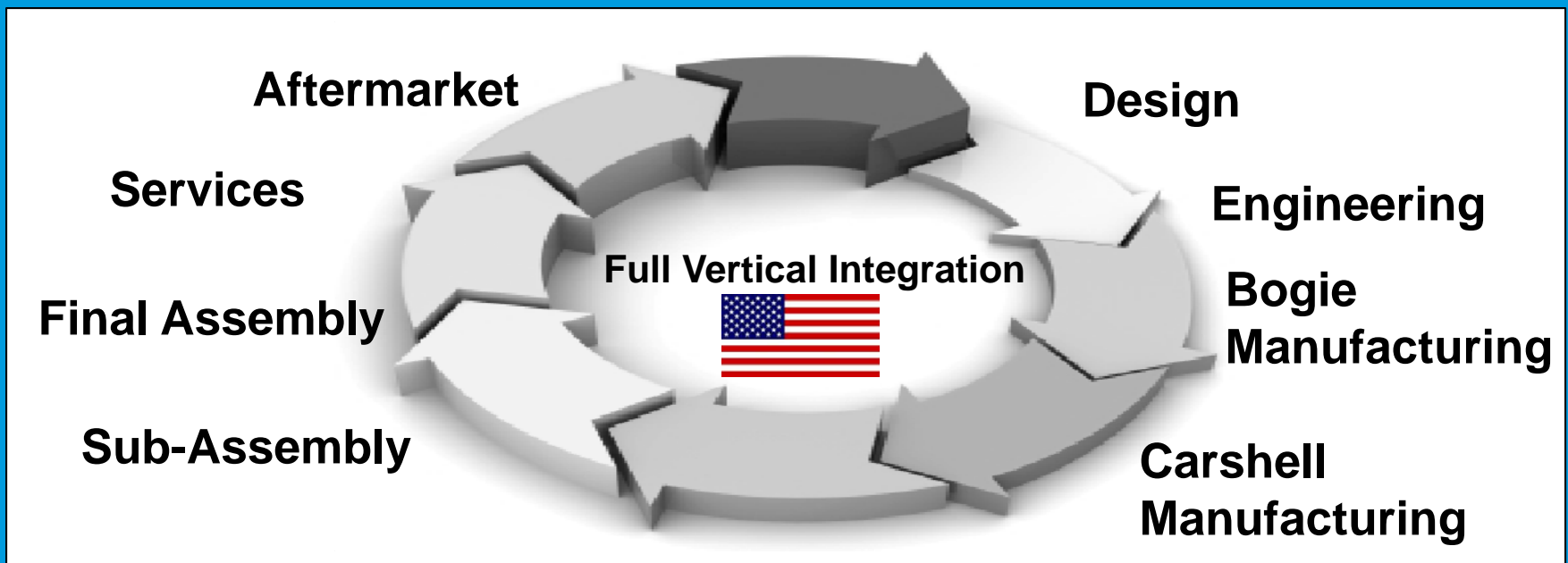


Local Assembly & Testing



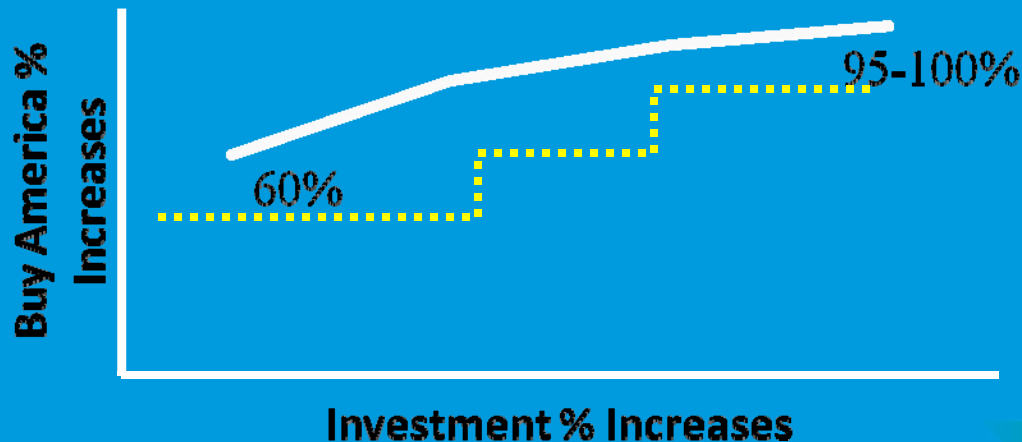
End of Contract

Where we are now



Raising the Bar on Buy America

- Current Buy America legislation dates back almost 30 years; it's time to progress even further
- To be taken seriously, a quick boost, with a measured long term goal would be most effective
 - 80% reasonable for interim, work up to 95 - 100% over next 10 years
- Focus should be on manufacturing with a view to sustainability and longer term economic benefits
 - Continue dialogue among public and private sectors



Why Not 100% Now?

Some components simply are simply not available in America

Why not ?

- Rolling Stock contracts are large but can be few and far between

This causes:

- A relative lack of demand, no economies of scale, and no predictability
- No incentive for sub-suppliers to set up fabrication in America



What Achieving 100% Will Take

Maintaining existing manufacturing jobs

- Encourages companies to invest back into America's workforce
- Thereby increasing our global competitiveness attracting more businesses to establish U.S. operations

Comprehensive federal surface transportation bill

- Multiple extensions and two year bill cause difficulty for customers, suppliers, and OEMs to predict the future

