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## Timken Chief Warns Against Protectionism

Says manufacturers should embrace globalization and focus on speedier innovation to remain competitive.

*Wednesday, April 21, 2010*

**By** Jonathan Katz

Globalization has become a bad word perpetuated by the media and politicians seeking protectionist policies that ultimately stifle innovation and hurt domestic industrial strength, Timken Co. CEO James Griffith said April 21.

"What concerns me about the Obama administration is they think they can solve the problems [of manufacturers]," said Griffith, who spoke Wednesday at IndustryWeek's 20th annual Best Plants conference in Cleveland. "Government is not going to solve the problems."

Timken, a Canton, Ohio-based maker of tapered bearings and specialty steels, has remained competitive by investing heavily in China and other Asian markets while diversifying its product portfolio with high-performance technologies for various markets, including the wind turbine, aerospace and rail industries, said Griffith.

Griffith's comments were in stark contrast to those spoken a day earlier at the conference by [Nucor Corp.](#) COO John Ferriola, who said policymakers at all levels of government should make job creation their No. 1 priority.

Griffith emphasized that manufacturers fail because they don't innovate fast enough, they're slow to adopt production improvements and they don't embrace opportunities presented by the global marketplace.

"Successful companies find ways to leverage the change that is going on in the global economy," Griffith said. "They do it oftentimes by being introspective, figuring out what their real strategic

competencies are. What are the things they do better than anyone else in the world. Opportunities come in the form of new markets, new suppliers and new relationships."

As an example he cited Timken's relationship with Japan's Daido Steel Co. Ltd., a producer of alloy steel. The companies announced their second collaboration in September 2009 when they agreed Daido would manufacture steel products based on Timken's specifications to serve Asian markets.

The partnership allows Timken to grow its product supply without having to build a new mill, while providing a steady stream of business for Daido, Griffith said. He noted that while the company has increased its manufacturing footprint in Asia, Timken exported \$400 million worth of products in 2009 from the United States.

Timken also has begun transitioning away from some more traditional markets that are in decline, such as automotive, and is broadening its playing field beyond bearings and steel with significant developments in the wind-turbine industry, Griffith said.

Skilled workers will continue to be critical for U.S. manufacturers that want to remain globally competitive, Griffith said. He noted that 89% of employees at a Timken plant in India have college degrees.

"If low-cost countries put that kind of a workforce in place, it tells you the paradigm for manufacturing has changed," Griffith said.

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