

U.S. DEPARTMENT OF COMMERCE

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U.S. INVESTMENT ADVISORY COUNCIL

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MEETING

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TUESDAY,
JUNE 21, 2016

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The Council met in Room 350, Eisenhower Executive Office Building, 1650 Pennsylvania Avenue, N.W., Washington, DC, at 9:00 a.m., Jane Garvey, Chair, presiding.

PRESENT:

JANE GARVEY, Chair; Chairman, Meridiam North America
 CATHERINE SMITH, Vice Chair; Commissioner, Connecticut Department of Economic and Community Development
 MARK BEARIAULT, General Counsel and Head of Legal Affairs, Kudelski Group
 DAVID BURROWS, Vice President, Fuyao Glass America Incorporated
 CHRIS CAMACHO, President and CEO, Greater Phoenix Economic Council
 NIKIA CLARKE, Executive Director, World Trade Center San Diego
 JEFFREY A. FINKLE, President and CEO, International Economic Development Council
 MANI IYER, President and CEO, Mahindra North America

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PETER LOWY, Co-CEO, Westfield Corporation
ELIE MAALOUF, Chief Executive Officer, The
Americas, InterContinental Hotels Group
(IHG)
KENNY McDONALD, President and Chief Economic
Officer, Columbus 2020
YING McGUIRE, Vice President, Technology
Integration Group
NANCY McLERNON, President and CEO, Organization
for International Investment
JAN W. ROGERS, CEO, Regional Economic
Development Eastern Idaho
IRENE SPANOS, Director, Economic Development and
Community Affairs, Oakland County
ERIC ALLAN SPIEGEL, CEO & President, Siemens USA
CHARLTON L. "CHUCK" WHIPPLE, Director of
Economic Development for Lexington County,
South Carolina, Lexington County Economic
Development Office
JEFFREY W. WILSON, President and CEO, Gestamp
North America and Gestamp Asia Pacific
Corporation

ALSO PRESENT:

PENNY PRITZKER, Secretary, U.S. Department of
Commerce
JEFFREY ZIENTS, Assistant to the President for
Economic Policy; Director, National
Economic Council
BRUCE ANDREWS, Deputy Secretary, U.S. Department
of Commerce
MARCUS JADOTTE, Assistant Secretary for Industry
and Analysis, U.S. Department of Commerce
ARUN KUMAR, Director General, U.S. and Foreign
Commercial Service; Assistant Secretary,
Global Markets, U.S. Department of
Commerce
VINAI THUMMALAPALLY, Executive Director,
SelectUSA, U.S. Department of Commerce
PEGGY PHILBIN, Deputy Director and Chief
Operating Officer, SelectUSA, U.S.
Department of Commerce

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ARCHANA SAHGAL, Director of the Office of
Advisory Committees and Industry Outreach,
U.S. Department of Commerce

CAROLINE STRAND, Project Manager, SelectUSA,
U.S. Department of Commerce

LI ZHOU, Deputy Director, Office of Advisory
Committees and Industry Outreach, U.S.
Department of Commerce

ROGER BOHNERT, Deputy Executive Director, Build
America Transportation Investment Center,
U.S. Department of Transportation

JACOB BRODER-FINGERT, Senior Policy Advisor,
National Economic Council

BRENT PARTON, Senior Policy Advisor, Employment
and Training Administration, U.S.
Department of Labor

MARK WALSH, Associate Administrator, U.S. Small
Business Administration

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P-R-O-C-E-E-D-I-N-G-S

(9:11 A.M.)

VICE CHAIR SMITH: Jane, I know we're going to -- you're going to speak later, but now I'd like to have everyone introduce themselves.

CHAIR GARVEY: Terrific. Well, I'm Jane Garvey. I am currently Chairman of the Meridiam Infrastructure Fund in North America and we build public/private partnerships throughout the country.

VICE CHAIR SMITH: Good morning, everyone. Catherine Smith. I'm the Commissioner of Economic and Community Development for the State of Connecticut.

MEMBER SPIEGEL: My name is Eric Spiegel and I'm the CEO for Siemens in the U.S.A., and we have operations in all 50 states and about 50,000 employees in the U.S.

MEMBER WILSON: Good morning. Jeff Wilson. I'm the President and CEO of Gestamp North America and Asia. We're in the automotive business all over the world.

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MEMBER SPANOS: Irene Spanos, Director of Economic Development from Oakland County, Michigan, home to over a thousand foreign-owned firms from 39 different countries. We're proud to have them all.

MEMBER FINKLE: Good morning. I'm Jeff Finkle. I'm the President of the International Economic Development Council. We're a membership group and our members are economic developers who are trying to create, retain and expand jobs in the communities which they work.

MEMBER BEARIAULT: Good morning, everyone. I'm Mark Beariault, the General Counsel of the Kudelski Group. We're a Swiss-based technology company in encryption and cyber security.

MEMBER CLARKE: Morning, everyone. Nikia Clarke, Executive Director of the World Trade Center, San Diego.

MEMBER IYER: Good morning. This is Mani Iyer from Mahindra North America. We are a

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big conglomerate of the Mahindra group of companies and part of the auto and farm sector from Mahindra, India.

MEMBER ROGERS: Good morning. I'm Jan Rogers. I represent rural Idaho, Eastern Idaho specifically by way of Texas. So if you don't recognize the accent --

(Laughter.)

MEMBER ROGERS: Just thought I'd get that out of the way right up front. Not Idaho.

MS. STRAND: And I'm Caroline Strand and, in concert with Li Zhou, we've worked very hard to put you guys all together today, and we'll be your points of contacts moving forward.

MR. PARTON: Good morning. I'm Brent Parton. I'm a senior policy advisor with the U.S. Department of Labor.

MS. PHILBIN: Good morning. I'm Peggy Philbin. I'm the Deputy Director of SelectUSA and very proud and happy to see you all here.

MR. KUMAR: Hi, I'm Arun Kumar with Commerce for Global Markets. Great to have you.

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MR. ANDREWS: Good morning. I'm Bruce Andrews. I'm the Deputy Secretary of the U.S. Department of Commerce.

MR. THUMMALAPALLY: Vinai Thummalapally, Executive Director for SelectUSA. What a historic day. Thank you, all.

(Applause.)

MR. JADOTTE: And I'm Marcus Jadotte, Assistant Secretary of Commerce in the ITA. Thank you all for your service.

MS. ZHOU: Hi, I'm Li Zhou, Deputy Director for the Office of Advisory Committees and Industry Outreach and I am your point of contact with Caroline.

MEMBER BURROWS: Hi, Dave Burrows with Fuyao Glass America, Vice President. And we are currently in four states with a large investment going on in Illinois, Ohio and a little bit up in Oakland County.

MEMBER McDONALD: Kenny McDonald. I'm President and CEO of Columbus 2020 for the Columbus Metropolitan Area in Central Ohio.

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MEMBER McLERNON: Good morning. I'm Nancy McLernon. I'm President and CEO of the Organization for International Investment. We are an association of U.S. subsidiaries of foreign companies, and it's my fault that you've got extra paper because we released this report yesterday talking about all the great jobs that foreign companies bring to the United States. Really pleased to be here.

MEMBER MAALOUF: Hello, Elie Maalouf, Chief Executive of InterContinental Hotels Group. We have about 3,500 hotels in the United States employing about 175,000 people. Next time you come to Washington, I hope you can stay with us.

(Laughter.)

MEMBER WHIPPLE: Good morning. My name is Chuck Whipple. I'm the Chairman of the Southern Economic Development Council, 17 state regional trade organizations in the Southeast.

MEMBER LOWY: Morning. I'm Peter Lowy. I'm the Chief Executive of Westfield, and, hopefully, the next time you come to town you can

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shop with us.

(Laughter.)

MEMBER LOWY: Montgomery Mall.

MEMBER McGUIRE: Quite a commercial here. But last but not least, Ying McGuire with Technology Integration Group. We're an Asian-American-owned global company, and I'm spearheading an FDI initiative in Texas. Very honored to serve on the Council with y'all.

(Laughter.)

CHAIR GARVEY: Well, thank you all very much and it is my pleasure and honor to welcome all of you to the Council and to the important effort that we're about to undertake.

I think one of the hallmarks of the Secretary's tenure has been the openness with which she has welcomed all of us from the private sector to the table. We've had a direct chance to interact with her to help shape the agenda for Government, which is an extraordinary opportunity.

Catherine and I had an opportunity before this to just meet with the Secretary and

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speaking a little bit about the work that we're about to undertake, and I think we got even more excited in listening to her and hearing a bit more about what some of her priorities are.

But she made two very important points and I really want to underscore it, because it's actually points that I heard last night from some of you; and that is, first of all, there's an urgency to what we are about to undertake. There's a limited amount of time with this administration, so it's a real opportunity for all of us to move quickly and to produce some recommendations that are of great value, not just to this administration, but I think for an incoming administration as well. So we have a chance to really establish some momentum.

But I think a key to that, as the Secretary reminded us this morning, is that we need to make the actions and the recommendations that we put together as a group. They need to be actionable. They can't simply be theoretical or philosophical, but they need to be recommendations

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that can be implemented to begin to create that momentum.

So I'm excited about it and delighted to have an opportunity to work with all of you, with each of you. I had a chance to meet some of you last night. And it's my pleasure at this point to turn it over to the Vice Chair, to Catherine Smith, who will say a few words.

VICE CHAIR SMITH: Great. Thank you all and thank you, Jane, very much for your leadership here. We're going to, I know, do well under your guidance.

My background, just to give you a little sense of what I've done in my career, I've been in financial services up until five years ago when I joined Governor Malloy to help rebuild the Connecticut economy. And so I've had the opportunity to work on both sides of the aisle here, if you will.

And I think the powerful thing to me about this Committee is that we represent so well the private and public sector and how important

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that is that we together create the strategies, that the Government understand well that it's the private sector that does create jobs and the Government is creating an environment in which that -- it's more feasible, it's easier, it makes it a better opportunity for business. So I think with this group -- and thank you all for being here. It's I think going to be a great opportunity for all of us to learn, but all of us as well to contribute.

And one other thing I just wanted to mention is Connecticut is a small state and we compete internationally and globally just like all other states, just like all other companies. And one of the things that I've been blessed with is having the opportunity to work with SelectUSA and the Commerce Department, which is really an opportunity for a small state like Connecticut to leverage, to really expand its capabilities by relying upon the terrific team that's been put together here and that expands our ability to reach into countries we've not been to, to have an to

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meet and great with companies from around the world that we would otherwise not have had the opportunity to talk to.

So I think we need to remember that there is a great deal of leverage that can be brought to bear here, both for individual cities and counties and countries -- I mean and states, but also for the companies on the other side of the ocean, the little guys that might be interested in getting a foothold some place in the United States, making it easy for them to be successful in finding the right location here in the United States.

So I think together we can continue the incredible progress that's already been made. So again, I want to thank SelectUSA because in a very short period of time they've done a tremendous amount of work and have already created dramatic improvements in the FDI here in the United States, but let's see if we can't make that effort even more successful. And again, with the Chairman's guidance, with the Secretary's guidance I feel very comfortable we can make a difference.

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And so, again I thank everyone for being here and I'm looking very much forward to getting to know everybody as we move forward. Thank you.

Mr. Chairman?

CHAIR GARVEY: Thank you very much, Catherine.

And with that, I'm going to turn the microphone over to the Secretary for some comments to all of us. And thank you again, Madam Secretary. It's really an honor to be here and to be part of this effort.

SECRETARY PRITZKER: Well, first of all, thank you to all of you. This is a very important advisory group because you will play a role in helping us to take SelectUSA from what it is today to realizing its potential. And what's really important about the makeup of your group is you represent the various facets of who we deal with. You represent economic development officers from different types and different regions of the country with different issues. You also represent different business sectors. And

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so, I think together you can really give us a lot of very rich advice.

I'm pleased that my colleague Jeff Zients, who's the Director of the National Economic Council, which is joining us this morning -- he's not only a champion of SelectUSA, but he represents the importance that the White House puts on the effort that you all are putting in and in the enduring success of SelectUSA.

I'm also here with two of my colleagues who you know well, but I just want to point out Marcus Jadotte, who's our Assistant Secretary for Industry and Analysis. His team brings a lot to bear in terms of better understanding the landscape so that we can be most effective in where we focus our efforts.

And of course, Vinai Thummalapally has been our Executive Director since really the inception of SelectUSA, and he and his team are kind of our front lines of this effort.

Fundamentally the President recognizes the importance of foreign direct investment to the

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country. First of all, we are as a country in a position where we have the largest stock of foreign direct investment of any country in the world, but we don't take that for granted. And the reason we don't take it for granted is 12 million people go to work every day in the United States, and those jobs depend or are supported by the fact that we have foreign direct investment.

And one-fifth of our exports come from American subsidiaries of foreign-owned companies. So it's a very important part of our economy. Sixteen percent of the research and development dollars come from foreign companies spending research dollars here in the United States. Those are the factors that led the President to launch SelectUSA in 2011.

Today we have about 26 staff in D.C. and we've got dedicated personnel in 12 different embassies around the world. So that's the core staff that we have.

We have about \$10 million of appropriated funds. We are not authorized, so

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it's a bazaar situation. We're not authorized, but we're appropriated. So we have money, but the Government hasn't stated that we're a program that's being funded. But there is a bill that's been introduced in the House and one that's being introduced in the Senate I believe this week to authorize our existence. So those are the funny ways that the Government works.

But the point is we're up and operating. And one of our main objectives is to institutionalize SelectUSA. And you are a significant part of that effort because you will serve as the bridge between this administration and the next administration. Your recommendations will be carried out by the professional staff at the Department of Commerce, but you will interface with two different political groups, us and then the folks that come after us. And so, that's an important function that you're going to play in terms of how SelectUSA endures.

We did announce yesterday we will do the next SelectUSA June 18th to 20th next year here in

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D.C., so it's not as if this is a passing fancy of this administration. It is an enduring program. And we have results to show for it in the fact that we have about \$222 billion in investments to date that have been facilitated by SelectUSA creating thousands of jobs. And in fact in just the first half of this fiscal year we've worked on 67 projects totaling about \$2.6 billion that should result in about 5,400 jobs in the United States.

SelectUSA is broader than just the Department of Commerce. We have interagency partners that we work with from the Department of Transportation, the Department of Labor and other parts of our Government. We come together and the Department of Commerce coordinates that through the Interagency Investment Working Group, which is an important way that your Federal Government comes together to work on an initiative, this one being SelectUSA.

SelectUSA also has an internationally-recognized brand. The United States was a partner country at Hannover Messe.

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That was we decided to brand that, our presence there under SelectUSA, so that gave us a huge visibility to an international crowd. I think there were 200,000 visitors to Hannover Messe, about 100 countries represented. But most importantly our economic development officers also participated at Hannover Messe, so it gave them a presence there.

If you think about us, SelectUSA really has two major customers: the foreign companies and investors who want to invest in the United States and our economic development officials that we work with domestically around the country to help them actually ultimately execute the deals that get done in the United States.

We're really just at the beginning even though we've had three summits and a ton of activities that have touched I think about 12,000 people, and really the purpose of your group is to advise us and to help us to continually improve.

There's really three things that I hope that you will do: Advise the Department of Commerce and our U.S. Government colleagues on

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policies and programs that affect foreign direct investment writ large. I hope you'll help us identify and recommend programs and policies so that we can continue to attract and retain foreign direct investment. And then recognize and help -- and finally recommend to us ways to support the position of the United States as the best destination for foreign direct investment.

A couple of areas on my mind that we would love your advice on, and this is not to limit you, but rather just thoughts to pique your interest.

First is metrics. One of the things that we are challenged with is how do we measure whether SelectUSA is successful or not? It's tricky because our economic development partners want to count the deals as their deals, so we don't want to end up in a position where there's some kind of competition there because the goal is really to partner. But we need to think about what kind of metrics we can have that allow SelectUSA to know if it's being successful, and frankly those of us

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who are affiliated with the activities to monitor what's going on. So that's an area we would love your input.

Workforce development. The average compensation of a worker employed by a U.S. affiliate of a foreign company is about \$80,000. The average worker in America earns about \$60,000. So one of the things that we want to do is continue to encourage these higher paying jobs, but frankly make sure also that we have the skilled workforce to match the needs of companies as they're bringing their businesses here to the United States.

A second area of interest is small and medium-sized enterprises. We're seeing a bit uptick in interest by foreign small and medium-sized enterprises who want to come to the United States. They're looking for counter-parties here in the U.S. to help them, not just advisors but frankly other companies they might partner with who are in closely associated businesses. I think we've seen just in the first half of this year over 1,700 small and medium-sized

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businesses that have contacted SelectUSA.

A third area of interest is how do we create foreign direct investment ecosystems? What steps should we be taking to make sure the federal, state, regional partnerships are strong, that they aren't silo-ized, that we're working in collaboration, that we're leveraging each other to the best effect, because each of us has limited resources. The budget right now of SelectUSA is about \$10 million. Our hope is to get to about \$20 million. That's a nice budget, but it's not huge to be able to do this on a global standpoint, so we really have to leverage our partners in the economic development offices around the country. So that's an area.

And finally, infrastructure investment. In order for foreign companies and domestic companies to continue to invest they need infrastructure that matches the needs of their projects. And so that may be an area of interest.

I look forward to you all forming working groups. That's the best way to function.

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And as Jane and Catherine said, we have somewhat of a shortened time frame for our tenure. With this administration we have a two-year tenure, which is really -- is frankly something we've done on purpose so that there's a good bridge into the next administration. And I look forward to hearing your tailored insights and recommendations.

And finally, again I will just say thank you once again for your service. It's extremely important. We at the Department of Commerce, we in the Obama Administration have taken engagement with the private sector and our other Government partners very seriously throughout this administration, and your group is no different. So you will help us do a better job and make us stronger and wiser. So thank you very much.

CHAIR GARVEY: Thank you very much, Madam Secretary. That was very, very helpful and I think has given us a good sense of the importance of what we're about to undertake, some sense of the priorities and a great deal that we can discuss both

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today and in the small groups to come.

It's my pleasure now to turn it over to Jeff Zients, who is familiar to many of us in this room. And the Secretary mentioned his great work in terms of Commerce, and I've gotten to know Jeff a little more through some of the more surface transportation. He has, I think, almost singlehandedly provided great incentive to eliminating barriers and making many of those programs so very successful.

So thank you, Jeff, and delighted to have you.

MR. ZIENTS: Well, thank you, Chairman. Thank you.

I was here in this building at OMB helping to lead OMB when the proposed executive order came over on SelectUSA five years ago or so. Think of that as the very early stage business plan. And I remember having a reaction at the time of doesn't this already exist?

(Laughter.)

MR. ZIENTS: I mean, it seems so

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obvious. But when you think about a lot of great business ventures, in retrospect they seem pretty obvious. What it all comes down to is execution. And that business plan, that executive order, the execution of that by Commerce and team has been remarkable, and to be where we are today with lots of growth ahead, but to have appropriated money even though Secretary Pritzker is not authorized.

(Laughter.)

MR. ZIENTS: No, to have appropriated money, to have 2,400 people, to have 12,000 people having been part of SelectUSA and tens of billions of dollars results, that's pretty remarkable, whether it's public sector or private sector to scale that quickly. So thank you, Secretary Pritzker and team.

I'm excited to be here. I think I'm going to sort of pile on to what Penny did in terms of the importance of what you're up to, in terms of attracting and retaining FDI and how critical it is to the economy. I'll borrow something the President says occasionally: I'm not preaching to

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the choir. I'm preaching to the preachers. All of you know this so well, the importance of it. But I thought I'd spend a minute just to sort of level set on the economy and then talk through why FDI is so important to the future of the economy and the future of America's position in the world.

In terms of the economy, we've made tremendous progress across the last seven years driven by the private sector. Fourteen point five million private sector jobs created. That's 75 straight months. And that's the longest streak on record, and that streak continues. Unemployment is now below 5 percent, having gotten as high as 10 percent. That's the fastest two-year drop in unemployment in the last couple of years that we've ever seen, or seen in 30 years.

And then wages, which is a decades-long problem, wage stagnation. We've seen some progress. Wages are increasing are over three percent so far this year, but clearly more work to be done on wages.

When you benchmark our recovery versus

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our global competitors', it's much stronger. We're not 10 percent above our pre-crisis GDP peak. Compare that to Japan and Europe. They're just now rising above their pre-crisis peak. And we believe that that economic progress is the result of sound policy making and the overall competitive position of the U.S. economy in the world.

We've got many sources of competitive advantage. We have the most productive workforce in the world. We have the rule of law which benefits all of those doing business here versus places like China where that rule of law is not as well established. And we know have this new source of competitive advantage in abundant low costs and increasingly clean energy. We're now the top producer of oil and natural gas in the world, and solar production is up 30-fold since the President took office. So that abundant source of increasingly clean energy accrues to the advantage of our companies, particularly our manufacturers who are energy intensive.

But I think above all in terms of our

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competitive position is our number one position in terms of innovation. We have 15 of the top 25 research universities. One-third global R&D happens here in the U.S., and not surprisingly about a third of worldwide patents emanate from the U.S.

Then we have this intangible culture of entrepreneurship. And you see activity just as we speak all around the country with autonomous vehicles, artificial intelligence, breakthroughs in cancer therapies. Sixty percent of global venture capital is here in the U.S., so sixty percent market share.

And that's why -- it's the collection of those sources of competitive advantage that has people wanting to invest in the U.S. Last year was a record with almost \$350 billion of FDI, more than all other major economies combined, so quite a market position. And not surprisingly global business leaders ranked the U.S. as the number one place to invest, now four years running on that front.

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So that said, it's an incredibly competitive marketplace. We need to hear your advice, your counsel, your feedback. Where are we doing things well? Where are we screwing up? We want to make sure that this FDI dominance continues, but we don't take our market position for granted.

And I think getting your feedback on where we can continue to build on our strengths and where we have vulnerabilities, to gain infrastructure and clearly an area where a couple of decades ago we would have been highlighting that as a source of competitive advantage. I think it's more vulnerability now than it is a source of competitive advantage.

So anything that you can give us in terms of feedback on where we can focus to leverage America's position to make sure we remain number one on FDI. What do we need to do to attract more foreign direct investment, particularly in light of some of the global headwinds in the moment? And again, special focus on where are we not doing the

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right thing, where are we missing something, where are we vulnerable to continue to build on this position?

Let me close with thanking you. I mentioned my time at OMB. That was my entry into Government. Before that I had never stepped foot in Government, never been on this compound before seven-and-a-half years ago.

And I'll repeat what Penny said, which is we learn so much from hearing from all of you because you're on the front line. In business when things were not going well or you were looking for a new product opportunity you didn't -- I always encourage people to get out of the office and talk to customers, talk to suppliers. That's how you learn how you're doing and how you can do better. Being close to all of you and getting your feedback has been invaluable and will be as we run across the finish line here.

At the same time I know how difficult it is to break away from the day-to-day, so the fact that you're willing to do that and spend this time

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here is a big service to us and to your country.
So I'll end with a thank you.

VICE CHAIR SMITH: Thank you, Jeff,
very much and thank you for joining us, all of you.

I know a couple of you at least have to
leave, but do you have time to take a question or
two?

(No audible response.)

VICE CHAIR SMITH: Great. Or comments
from our team here?

Go ahead.

MEMBER McLERNON: I'll make just a very
brief comment of congratulations. So our
organization started 26 years ago and at the time
foreign investment was really under the gun, and
the fact that this administration for the first
time established foreign direct investment as an
economic priority is enormously powerful. And I
can tell you from my membership it has really been
enormously helpful.

SelectUSA events around the world, as
well as just work in the United States, educating

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the public on the important of foreign direct investment rally matters. And we've seen a real increase in foreign investment, not just in absolute dollars, but in the U.S.'s share of FDI, which has grown since the establishment of SelectUSA.

So just want to say congratulations. And it is very rewarding to be here for this given I've worked in this field for 25 years, and this is really cool. So thank you very much.

VICE CHAIR SMITH: Any other comments, questions?

(No audible response.)

VICE CHAIR SMITH: Great. Well, we so appreciate the leadership that you've brought to bear with setting us up and getting us launched, and I know this group is going to be anxiously ready and willing to bring some ideas forward to both the Secretary and the whole team here that's assembled.

So I know a couple of you have to leave. Unless you have any other further remarks, we might turn it over then to Deputy Secretary of Commerce

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Bruce Andrews, who joins us and has been a huge supporter of foreign direct investment.

And, Bruce, we are really glad you're here and able to take the charge and take up the lead here in helping us move forward.

MR. ANDREWS: Great. Well, thank you so much, and it's a great pleasure to be here. And I want to reiterate what Secretary Pritzker and Director Zients said and just thank all of you for your willingness to serve on this council. As Penny and I often talk about, the Department of Commerce is a client service organization and you are our clients. And frankly, as Jeff said, having the feedback is so helpful to us so that we can better do our jobs.

As was mentioned, this administration has made the attraction of FDI a top priority. And we've seen the benefits that have come to the economy from that FDI that's come in since then, and obviously SelectUSA is a critical and a key part of that.

You all are uniquely positioned to help

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during the transition of the administration to make sure what you recommend and the ideas that you come forward with carry on and that we keep this important work going into the next administration. I think just looking around of what we see today is a great measure of how far SelectUSA has come.

Five years ago it was an office with three or four people that was doing great work, but frankly didn't have the resources and didn't have the scale that we see now with a team of 24 people in Washington, 12 embassies around the world and then a network of commercial service officers to supplement that. Seeing a summit with 2,400 people from 70 markets really reflects how far we've come and also the interest that we have.

Because I think as you all well know, there's probably never been a better time to invest in the United States, but we also face the global competitive. And it used to be that, frankly, the United States sold itself. I think now we're in a very globally-competitive world where we need to work much harder, we need to roll out the carpet.

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And as Penny says, we need to show that we're open for business.

Over the course of time being in the Department of Commerce I've had the great opportunity to see a number of our advisory committees at work, and I do want to really just reiterate what's been said already about the need for really actionable and prioritized recommendations and things that are doable. That is often I think the biggest challenge, because obviously there are really big picture issues that are incredibly important, but boiling those down to things that we can do, particularly in the remaining seven months, and then also breaking that out by what needs to be accomplished in the next administration.

But as Penny often says, we are going to run through the tape in this administration, and we have seven months to get a lot done. And the recommendations that you all come forward with are remarkably helpful in that regard.

(Off microphone comment.)

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MR. ANDREWS: Okay. How's that? Oh, there we are. All right. I thought it was me. I was worried I was being cut off for talking too long.

(Laughter.)

MR. ANDREWS: But, look, this is remarkably important. So maybe I just wanted to kick off the discussion by asking a couple questions and then opening up for you all to comment.

And I think the first three things that are at least on our mind is, first of all, how can we build on the progress we've made so far in SelectUSA? I mean, watching the evolution of this program; and Nancy sort of made reference to it, how far it's come under the leadership of Vinai and his team is one question.

Secondly is where can the Commerce Department and SelectUSA utilize our resources to have the greatest impact.

And then third is what are some -- and this is just your initial thoughts, because

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obviously we'll be looking for more developed ideas over the course of time, but what are some actionable priorities that the Commerce Department and the U.S. Government can focus on in the next seven months?

And so with that, I'd love to open it up for your comments and thoughts.

VICE CHAIR SMITH: So this is our chance to start the conversation. And we heard from the Secretary a number of areas that she's also concerned about or thinks maybe that we could add some value on. So let me turn it to all of you and say what's on your mind? One thing; I think the Secretary pointed it out earlier today, is sometimes the little things can make a big difference. So I think it's perfectly fair to say some little tiny things that you might have noticed at the conferences or whatever, things that might make it easier, as well as some of the bigger ideas. So let's hear from you.

MEMBER FINKLE: So I met Jane last night at the reception and I walked up to her and

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I said there's only one thing I'm interested in accomplishing here, and that's the sustainability of SelectUSA, the fact that the organization is not authorized and legislation is a problem. And, frankly, this administration has been magnificent in terms of getting this program off the ground, having real results. The economic developers sitting here at the table would argue that this is probably one of their best investments of time and money in terms of meeting for investors.

We're not certain that a next administration would be as kind and allow the Commerce Department to proceed in this way. We hope -- and the result should speak for itself, but unless we act affirmatively in a variety of ways, we're going to lose the momentum of what has been accomplished.

I've had the opportunity to speak internationally on economic development issues and the thing that I said was until Invest in America, which begat SelectUSA, the United States was the only industrialized country that did not have a

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foreign direct investment entity. SelectUSA was a game changer. And so, it's my hope that in whatever way we can act, officially or unofficially as individuals at this table, that we take as much as we can to make certain of that.

In fact, I helped a little bit. I was standing with Bruce last night with the Governor of Delaware and kind of impeded on Bruce's conversation and asked the Governor of Delaware if he would send a letter to all the governors, and then asked the same thing of the Governor of Idaho, who was there as well, if he would co-sign it. It's not a done deal yet, but that's going to be our highest priority when we get back to the office.

CHAIR GARVEY: I think that's a terrific point, Jeff, and I've thought a lot about it since your comment to me last night. And perhaps not right now, but I think for all of us to begin thinking about very specific ways we might be able to keep the program going, sustainable, as you say, I think could be a very -- it will be very, very important. And certainly there will be

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transition teams set up, and figuring out how to get the message to those teams I think would be critical. So thanks for that.

MEMBER SPIEGEL: Yes, maybe just a few comments. I think, Secretary, one of the things you mentioned was how are we going to measure SelectUSA, which I think is really critical because as you said, there's lots of entities: state, local, federal, that would like to take credit. And in the end whoever -- regardless of who takes credit, it doesn't matter.

I think the bigger thing is if you go back and take a look at what a lot of academics and things have been saying for the last 25 years; I think Michael Porter did a big study, the U.S. has been losing competitiveness since the 1990s, and the single biggest metric he uses is that relative investment to the U.S. has been going down on a pretty steady basis. It would be interesting to see what's happened. I think the last data he had on it was like 2010 or 2011, or something. It would be interesting to see what happening.

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And as we take a look at the market, what we've seen over time is initially a lot of companies come in. We have dozens of companies come to us every year and say can you talk to us about why you made an investment? What's working? What's not working? How do we participate in the supply chain sort of early on. The U.S. is a big market; people want to play here.

But as people are here longer what they start to realize is this is also a good market to export from. So today we have about a \$20 billion business domestically. We export \$5 billion. If you go back just 10 years, we exported almost nothing from the U.S. So there are certain things we found are really good to export from here that really don't make sense to export from China or export from Germany. And we have operations in all those countries. There are certain things.

So one of the things -- and so on the export thing it would be good to do a little bit of understanding of the companies who invest here, why do they find it good for export.

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I know for example, Madam Secretary, you announced some MOUs recently, for example, with Saudi. There are things that have to be made here in the U.S. to export to Saudi that really can't be made anyplace else.

It would be good to engage a lot of the companies that have been here and getting their views, I mean, because as a -- we're a big foreign country, but we're a big U.S. company and we play a role in those export markets. And we're also very active in all those markets, so there could be a really good interchange of what makes sense and what doesn't make sense in those countries. I know there's a formal process for that, but I think some informal discussions on how we can make this an even more attractive place to export from.

Just the second thing I would add is I think with all the big data out there today; and we do a lot of this analysis ourselves, you could really start to understand why are people investing in the U.S. very specifically and what investments have been successful and what investments haven't

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been successful?

A lot of people come here with a thesis about why they want to be in the U.S. and they don't make it. Other people come here with a thesis and that changes over time. But I think there are certain businesses and certain capabilities and certain markets that really make a lot of sense in the U.S. and there are others that don't. And this is one of the big conversations we have with big, little, small companies. And I think we could do now a lot of analysis around, for example, what are the areas that SelectUSA is helping with and to what extent are those real benefits or not real benefits?

The same things with states. Then I think you could delineate where do we need to focus more of the efforts are SelectUSA? Where do companies really need help and where are the ones who have been successful? What are they lacking or the one who haven't been successful. But I think we could use a lot of big data now to see all the investment that's coming in. How much of it

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works out? Where does it work out? How does it work out and what are the things that we could do to support it?

So I think some data around this then could be used to maybe develop the next phase of the strategy for SelectUSA. And you may have done a lot of that already, but I think we've been doing some of that and I think that would be useful here.

MR. ANDREWS: So two quick notes and then we'll keep going. But one is thank you on the trade agreements, because that is something we frequently hear from companies, which is how important the trade agreements are to turning the United States into an export platform. We hear from companies that's a very important decision in siting, and frankly there are times that we lose out on investment to countries that have more free trade agreements. It's one of the reasons that President Obama has made such a priority out of TPP and TTIP. So if anybody has comments on that.

But to your point about big data, that is something that our Bureau of Economic Analysis

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has done to try to collect more data on FDI because we think measuring it is so important. But we'd love to work with you further because I think there are a lot of valuable data sets out there.

SECRETARY PRITZKER: Yes, I would just add also we do a survey at the end of SelectUSA trying to understand, also from the Summit, what are people getting out of it, what are they not? That would be an area where you all could help us, probably not this year, but for the next year's survey to make sure it's a more fruitful information that you could be operationalized if you think we're not covering it well enough.

In terms of sustainability, absolutely whatever help you could give us as we go through this process would be warmly welcomed.

And just to underscore what Bruce said, we are keenly aware of deals we lose to other countries because they have free trade agreements and we don't. And we could name some very significant deals. So it's very important. And if this is something that you all find as a group

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is a place to weigh in, that's another thing that you could think about recommendations.

MEMBER McLERNON: Just on the point about the authorization. So we're holding an event tomorrow morning on Capitol Hill that Bruce is going to be speaking at. We're launching a bipartisan caucus called the Global Investment in America Caucus to Republicans, to Democrats that are launching it and Bruce is going to talk about the authorization bill. And we've invited EDOs and congressional staff as well.

So the extent to which you're willing to reach out to your member of Congress over the next 24 hours and encourage them to come to that briefing tomorrow morning on Capitol Hill, that would be great. Let me know and I can send you the Dear Colleague letter that's going around and the importance of foreign direct investment, and hopefully it's a place to get the authorization bill a little bit more attention.

VICE CHAIR SMITH: Maybe, Nancy, you could just send that out to everyone. If we

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emailed it to everybody, then we can just take it from there. That will be great.

What else?

MEMBER CAMACHO: Madam Secretary, Chris Camacho from Greater Phoenix Economic Counsel.

So first, I agree with Nancy on the comments of underscoring the importance of the alignment of foreign direct investment and our export position, and I think SelectUSA could play a very vital role in that communication or PR strategy. As someone who runs a regional strategy on the economy, there's still a misunderstanding based upon a lot of the political rhetoric today on a protectionist position or nationalist positions that are out there and ensuring that we are effectively communicating the local and state leaders the relevancy of foreign direct investment and it's relation to exports. So I think that's one.

And I think Eric touched on a number of items that could be very important to our platform

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going forward, but trying to get down to the technical elements, where you have a \$10 million budget currently, what can SelectUSA do? I think on the metric side we often run into a conversation with states about credit and how do you perform measurements and metrics against foreign direct investment or domestic attraction? And where I've seen states get into issues is when they start alienating themselves against regional or local entities.

And so, we don't want obviously SelectUSA to get in that position; I don't perceive it whatsoever in that position, but one area that I know we would find very preeminent value in would be when we have foreign companies that are evaluating U.S. markets, as we understand our own state's position in relative context of other locations. And it could be industry confidence, it could be cost, it could be taxation, certainly incentives and others.

What we don't have access to is our foreign market competitive position on those factors. And so I

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think that could be one area that immediately could provide significant value.

And the two final comments. One would be; and I think Eric had mentioned this, too, the aftercare aspect of companies -- at least when we interact with them post-locate or post the time in which they've expanded to the U.S. oftentimes kind of they're left in isolation and then they're not engaged within the market. And so, I think it's really important we understand that the original intention in moving to the market to access a new market or access a new environment -- did that play out in the way that they anticipated?

And then finally, one aspect that's come out of the White House; and I think it was announced yesterday, is continuing these NNMI programs. We talk about the critical position for research and development and what kind of innovation capacity that builds. Markets across the country are seeking more of that kind of investment because it does provide this inducement for foreign companies to plug into a

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technology-rich ecosystem and it creates a competitive advantage for us globally. So as we move down the spectrum of additional NNMI's and as they play out that's something very, very -- a focus area of many regions and states across the U.S.

SECRETARY PRITZKER: Catherine and Jane, I am unfortunately going to slip out because I have to go back to the Summit, but I would say thank you all for your work. I look forward to the recommendations. You're in really good hands with our team here: Bruce, Vinai, Peggy, Marcus and Archana, and all of their support staff. So I look forward to working with you. Thank you, all, very much.

VICE CHAIR SMITH: Thank you. Really appreciate it.

MR. ANDREWS: And let me just make a quick comment, Chris, because you raised a couple of really important points, and one of which is the information, the market intelligence, which is something that we need to do a better job of cross-selling what the Department of Commerce

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does. But actually my colleague here Marcus Jadotte and his team at Industry and Analysis -- what they actually do is they prepare a top markets report to really help companies with very actionable market intelligence about foreign markets in different industry sectors.

You also mentioned NNMI, which is something that both we are very proud of, but also very focused on building more. Because if we are going to win the technologies in the future of the United States, we have to have a public/private partnership between business, the Government, research universities, local communities, job training to make sure that not only are we developing the technologies of the future here, but we're also manufacturing them here.

And because of the open architecture of these institutes, that they take on private sector partners as a real opportunity, and frankly it's a great opportunity for communities to become the hubs of different technologies of the future.

VICE CHAIR SMITH: One thing I might

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add to that, Bruce, is one of the things I know we've talked about before at SelectUSA is the challenge for a small company coming from offshore to figure out what the right location is in the United States. And SelectUSA has been trying to very unbiased about directing people, which I think is the right attitude.

But there is a lot of work that's been done in other parts of the Federal Government to designate -- for example, the IMCP designations, the Investing in Manufacturing Communities designations. Are there some of those Good Housekeeping Seal of Approvals that the Federal Government has already done that could be made more visible to those small companies in order to make it so that they don't have to start from scratch, right?

Those are 24 regions that have already been designated. I'm sure there's other designations that are similar; maybe it's in the innovation NNMI world, but some other areas where we could say, hey, here's some real areas of

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expertise where there's already a core, a great supply chain analysis or some great university work being done with businesses that we could tap into and make available to those companies looking at us.

MR. ANDREWS: So just a quick comment on that. SelectUSA as incredibly careful about their geographic neutrality because, frankly, we want to turn it -- we want to make sure it's in the United States and then we want to turn them loose to work with you all. But you do raise a couple of really important things that we've been trying to engage in.

One is cluster mapping, working to identify different clusters. So if a company wants to come be part of a supply chain, our Economic Development Administration, actually working with Harvard, has done a whole bunch of cluster mapping around the United States to identify yourself different clusters.

You mentioned the IMCP program which is something also that our Economic Development

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Administration has done that we're very proud of because it has really helped to focus, but what it's also done is even for the communities -- we've designated 24 communities, but we've received over 80 different applications. What's so fascinating about it is it's made communities work together. So even if they didn't win the designation, it got folks to focus on their comparative advantage, what's the strength of the region, and putting a plan together for the future, which even if they don't get the designation, makes them more competitive.

And obviously NNMI, which is one of our crown jewels that -- we have eight institutes now, but President Obama has wanted to grow that significantly. And I think it is our hope in the next administration, because there are so many incredibly important technologies, developing technologies for the future that we need to own in the United States.

MEMBER McGUIRE: Deputy Secretary, you mentioned how we can build progress on SelectUSA.

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It will be helpful for us to understand the baseline from you and your team's perspective. And we in the field, we may see something may not be representative of the whole nation, so once we understand the baseline we collaborate on desired outcome. Then we can build the milestone to get there. That's one comment. So hopefully we can get that briefing.

SME coming to U.S. We in Texas are focusing on mid-size companies. The companies cannot -- are not in a position to hire Deloitte or E&Y help them enter the market. And one of the key inhibitors is the immigration policy.

So I was talking to folks from Germany, Israel, Asian countries, you name it, at the Summit. So one of the consistent feedback is since 9/11 you treat us just like the same, all like terrorists. So they told us you have to have policy that differentiate people can add value to the economy versus people going to hurt this country.

And one of the thing that hopefully this

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administration before the end of term can push forward is a start-up visa for the foreign entrepreneurs so the those entrepreneurs with a great idea and technology -- and we need to give them special visa to come in, provide mentorship, provide injection of the capital so they can come in and fuel the growth of their company and as a result create jobs. I'm talking about knowledge jobs from these companies. So hopefully that can happen for the next two month. Thank you.

MR. ANDREWS: Thank you. Maybe I'll give -- Vinai, do you want to make a brief comment on that point?

MR. THUMMALAPALLY: On the visas?

MR. ANDREWS: No, just generally.

(Laughter.)

MR. THUMMALAPALLY: I got my visa. I'm here.

(Laughter.)

MEMBER THUMMALAPALLY: No, I want to thank you. Thank you. This start-up visa idea I have heard before and just it's something that we

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definitely should think about and we need to internalize it and talk about interagency, but we'll come back to it.

But to Catherine's point I wanted to add something, what Bruce said earlier about strategy. I wanted to share if I could -- I'm not even sure if I should, but -- whether it's authorized or whatever, but when we were working with Alaska, the Native corporations of Alaska, their strengths and their attributes and their strategies are so different from pretty much any other part of the country.

And the point I wanted to make was we are keenly aware of -- we're becoming aware of what the EDOs need, what the local communities need. So what we're doing is spending a lot of time not coming to them and saying here is a one-size-fits-all-type of a thing, and approach. It's more like what is it that we can do with you? So I just wanted to make that point that kind of answers what Catherine was asking. That's the key point. That's the only point I wanted to add to

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the conversation here.

MEMBER FINKLE: If I could, regarding the visa issue, when Aaron Brickman was at Commerce, he and I held a meeting with a group of Chinese and there were real issues whenever people would try to come check out, kick the tires in the United States and thinking about foreign direct investment. I would get calls from economic development organizations around the country, our investor is stuck in Canada and can't get in. They are stuck somewhere.

And people with real resources, with real companies were being blocked because some immigration officer would think that they were going to come to take a kitchen job in some Chinese restaurant someplace. And we have still I think have to do some real serious education of our consular officers at our various embassies to -- cynically I said, well, maybe we ought to make them go to the company headquarters and meet the person in their offices and stamp their visa there so they realize that there was a real company with some real

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dignity when they were trying to get a visa to come here.

MEMBER SPANOS: Thank you. This is in regards to workforce. What we are focusing on in Michigan and I think across the country are the foreign students that are at universities. We have thousands of students that are in the STEM fields. When we go back to innovation, these students are getting Ph.D.s in software engineering. They're developing some products within the universities. I think that's a good area for us to focus on as well. And how do we keep those students here in the U.S. upon graduation? That's something we're looking at in Michigan, but I think it applies across the country.

MEMBER BEARIAULT: One recommendation I would make without hesitation is to increase the resources of SelectUSA in our embassies around the world. In Switzerland we have the great pleasure to be represented by Ambassador Suzi LeVine, who is, as you all know, one of the biggest proponents of SelectUSA. But I think she had 50 percent of

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one of her staff members devoted to these issues.

As a company, a relatively small company looking to invest in the U.S., the resources that SelectUSA offers, it's a very quick entry into all of the EDOs, into the states and local officials. And for a country like Switzerland to only have really 50 percent of one commercial officer devoted to SelectUSA I think we can easily justify increasing that as a country.

VICE CHAIR SMITH: Yes, and I know the budget is not easy, right? So I think it's in part how do we also leverage resources, find folks in the local markets that can support SelectUSA even if they're not directly employed by SelectUSA. So I think that is another challenge. I'm sure that you're already looking at how do we do that more effectively? But there are business organizations that might be able to assist in places like that. But I agree with you, more feet on the street, always a good thing for sales.

MEMBER McDONALD: I would agree with so much that I've heard here today. I do believe that

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the precursor to a lot of the activities is the funding to SelectUSA. So at a local and state level we understand the sort of long-term game that we're playing and are invested heavily through public/private partnerships in these efforts. Our budget for a regional organization is near what Vinai's is for the country, and we invest about half of that in foreign trade and investment work around the world because half of our clients are foreign-owned companies.

I would also reinforce this connection to our great asset, which is our universities, in particular our land grant universities which were created to create the competitiveness, increase the competitiveness of our states and local areas that they reside in. Ohio State, for example. And Columbus is our biggest partner.

And finally, I would just offer that we should think of SelectUSA as our platform. If you want to increase your competitiveness, it is very important that you compete and that you are close to your customer. And so, we've not only been with

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Vinai and his team here at the Summit, but we've been with that team around the world and seen the transformation of the commercial officers that were at one time maybe educated on trade issues, but really had no idea on foreign direct investment and our competitiveness as a country. I think that evolution has been critical to expanding and actually probably making their jobs a little better, making them more well-rounded in what they do.

So I just think that there is priority one and then there are a number of things that can follow onto that and make it much more powerful, but we really have to take that off the table as quickly as possible.

MEMBER BURROWS: I just want to hit briefly on the visa issue because it affects our company very strongly. We're building a glass fabrication plant the size that's never been built in the world and we don't have the expertise in the glass industry here. The car industry went down in 2010. Companies didn't reinvest. We're

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bringing over 200, 300 different Chinese folks that are experts in their field of which we're getting 40 percent rejected in China at the consulates. It's a huge, huge deal. And when you talk about large direct investments, we're investing \$700 million in two facilities that are over 50 years old. So we need expertise.

Now, one of the things we have done is when our folks come over, when they get through their consular interview and they come through Customs, they have a letter from actually Kenny's counterpart in Ohio, Economic Development, they have a letter from congressional members. We try to do that. I don't know if there's a way that SelectUSA could have some type of letter explaining what the company is trying to do. That has helped. It hasn't solved the problem, but it has helped in many cases.

But sometimes it does come down to a border patrol agent just not being in a very good mood. It's unfortunate. We all have bad days and that happens. But it really -- when we have five

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people coming in at the same time: one, two, three, four, and, oh, the fifth guy -- they don't speak good English and they might answer something. But these are folks that all they want to do is help our company and go back.

The ones we need to get L-1 visas and things like that we spend a lot of money and we go through the process, but some of the smaller ones it's just help and get out, because they're leaving their families, their friends. And they know the impact that their company can make on the United States and worldwide and we just need to figure out how to help them a little bit better.

MEMBER WHIPPLE: I think, Bruce, I'd like to talk about your first question about how we can build on the progress you guys have made. In my travels around the world one of the questions that we get often centers around finance. And my question is how do we eliminate the financing gap domestically for SMEs looking to do business in the U.S.? Big market banks in the U.S. really aren't operating in that space. They're not comfortable

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financing those types of transactions. Banks in Europe, they don't necessarily understand how to finance projects in the U.S. So we've got to figure out how do we cultivate relationships with banking entities both domestically and abroad that help precipitate or drive foreign direct investment to the U.S.?

MEMBER CAMACHO: Vinai, this is a question for you. So when you have an inward investment opportunity from a foreign market is there an electronic distribution system like many states have set up to where you don't get in the position where it looks like you're picking markets over others, but rather you're agnostic, as the Deputy Secretary described, in market selection?

Therefore if a foreign company came in with a scope that's been identified, it's provided to states potentially, or regions, and then we execute the business case against whichever industry or type of company that's identified and the scope that's identified; that's the way many states operate, is that something that's being

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considered? And what are the pros and cons of that approach?

MR. THUMMALAPALLY: Chris, we wait for the investor to tell us where they're thinking. Often they identify multiple locations. They don't like zero in on -- with all due respect to Phoenix -- but they would say southwest or something because you the strengths of that region, the ecosystems, whatever they're looking for. And then we would -- currently we would essentially offer them -- we do concierge service. We will put you in touch, put them in touch with the local EDOs.

So it's just very preliminary right now, but we're thinking of creating like a platform where that specific sort of strategy the way you just framed it can happen.

So similar -- not quite similar, but something that I can compare to is the cluster mapping tool that we have on our web site. We have a state incentive database. But we believe there is clearly work to be done in this space where it could be done literally -- I mean, it may exaggerate

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a bit, but do the thing with the Popkin software.

So there are tools out there. There's thinking already happening in that space, in that dimension. So stay tuned is all I can say because we have a lot of work to do. I feel like -- I know I'm preaching to the choir here, but we feel like we're just getting started. We have so much work to do.

VICE CHAIR SMITH: Other comments questions?

MEMBER McLERNON: I would just like to add to David's point on the immigration issue. I think that one of the things that can help us in this area and in the months that this administration has left is promotion of foreign direct investment in the U.S., right? I mean, you've got two markets, right? Just like you've got the EDOs and the foreign companies, you've got the foreign markets, but also here in the U.S., right? And getting people to understand the very story that David just said so that people don't think of immigration sort of only in one way I think

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is really important.

And the bully pulpit that you all have and the stories that the companies around the table have matter and the more that those narratives are told, it helps push back on anti-foreign, anti-global, anti-immigration messaging and cannot overstate how important that is. And so, in the months ahead to be able to shine a light on the value a number of the companies in this room bring to the U.S. and the types of policies that will help bring more of it.

VICE CHAIR SMITH: And, Nancy, a natural extension of that is -- and we haven't really talked about this yet today, but what is the promotional strategy from a communications perspective, whether it be direct advertising, word of mouth, PR-type work, getting those stories into the hands of our potential customer base out there, all these companies to direct in the United States?

And it's something that I know you're working on and I just -- I'm not as aware as I should

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be probably of what those promotion ideas are and how you're managing that piece of it. Maybe there's ways that the private sector can support that both financially as well as in complementary advertising. Or maybe the states can do that or the larger cities.

So those are areas I think as well it might be useful for us to take a look at, although we've got a whole wide array of issues here, so -- and I'm sure we want to focus and make sure we're providing input to you on the areas that are of the most importance to you. But I think this is important work.

Yes, Bruce?

MR. ANDREWS: Sure. And we completely agree. And frankly, we try to use -- I mean, from the resources standpoint obviously the Federal Government -- unfortunately we don't have a marketing budget, which I've often wished we did. It would probably be easier. But what we do have is the ability to tell the stories and the anecdotes.

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And I think to your point, Nancy, I actually believe that governors and mayors are incredibly effective at this because it really boils it down to real people and real jobs in our communities. I actually thought President Obama was very effective yesterday. And I think in a number of cases he has used, Secretary Pritzker has used trying to talk about real examples that illustrate this.

I apologize because actually I have to go back to the Summit as well, but I did want to say, (A), reiterate a thank you, and (B) ask for all of your help in educating folks about the role that SelectUSA can provide to be as an ombudsman as well within the Federal Government. Visas is one example. We work closely with our interagency partners. As you can see we have several of them represented around the table.

But I do want to really highlight the fact that although SelectUSA is housed within the Department of Commerce, we would not be successful without an incredibly strong interagency

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relationship with our partners. This is a whole of Government effort, and frankly, bringing all of the resources to the Federal Government because we in the Department of Commerce, although we have a wide ambit, is not nearly as great as the sum of all of the parts of the Federal Government. And so, all of the agencies represented here play a really critical role in doing that.

So I just want to thank all of you. I'm going to leave you in the able hands of Assistant Secretary Marcus Jadotte. But again thank you and look forward to seeing you back at the Summit.

VICE CHAIR SMITH: Do we have another comment?

MEMBER BURROWS: I just want to add one thing. I do think that the companies, the foreign direct investing companies, as well as the local economic development agencies and state agencies, really can tell the story. I know our company would -- we have done that. We've met with quite a few of your staff and with OV and we will continue to do that in any way we can do that better and more

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of it. We don't want to tell the problems. We want to tell the successes and how well this is going in the United States and jobs investment, all that good stuff. So that is a great opportunity.

MR. JADOTTE: As the Council develops its recommendations I think, to the points made earlier by the Secretary, it's very clear that this Council can add real granularity to the immigration debate that's happening across the Government, but you're also very well positioned to make recommendations that are very specific and unaddressed to our desire to maintain our leadership role in FDI. So striking that balance, adding to existing debates and surfacing issues that are specific to the SelectUSA platform as well as a broad range of issues that impact foreign direct investment in the U.S. Striking that balance I believe is very important as we move forward.

MEMBER McGUIRE: I have a comment on the ecosystems. Secretary Pritzker talk about building a good ecosystem for SME coming to U.S.

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So when SME coming, they're looking for a single point of contact they feel comfortable with, sometime they can identify them self with, sometime can speak their language to be that guiding hand. What I'm seeing in the field, we have so many consultants. Some are good, some are one-person shop that try to make a living. What happen is they may talk good game and end up not executing and left a bad taste in foreign investor's mouth.

And so what I'm thinking as we're talking is what if SelectUSA have a certification program. You actually have folks go out, certify these consultants, make sure they're able and to be the consultants for SME coming to the market besides your staff. Maybe in the commercial world there are certified consultants that they're able to assist these SME coming to this countries. And they don't have to be large company, because typically SME can't afford E&Y and Accenture. But they may be SME, but they need to have expertise and a background a proven track record to help these SMEs coming to the country. So that to me I think

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it's executable.

MS. PHILBIN: Thank you. I think one of the things we have been constrained with to date has been the resources. And this is not an apology, but it as both Penny and Bruce said, we have 26 people and in the last couple of years some of these issues that people have raised are fantastic and we hope with your help we can prioritize these so we can pick the ones that we think we can make a difference in.

Where we've focused on before have been services, individual services, as well as the events or the convening power of the United States. So you can see where the events aspect has improved the visibility of SelectUSA as well as the FDI as a whole. Yesterday's 2,400 people around the table at the Summit is an example of that. We have road shows overseas. We've reached out to something like 47,000 people already in the few years we've been around in terms of working with them directly.

When you get to the issues of

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certification and even training right now, which I think training, to your point of how are we going to solve the visa issue and deal with our Government partners who are dealing with these issues, coming in -- I think to your point, people who are coming in with a visa have been treated somewhat homogeneously and the role of a business person is not easily understood. We do feel that's a role for us, to develop the training so we can help with our government counterparts to see the distinctions there and the value to the country. And I think that's doable.

But for the service providers there are thousands, as you said, probably in the states you work in. We would very much want to talk with you. Is this something that the states would want to take on? Maybe with our support maybe we can look for Government resources to help support that effort. I think it's more doable and it's certainly something maybe achievable in the time frame we're looking at. Because I agree, there are many service providers and the people on the ground

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probably know who are the competent committed one. And we would be happy to work with you to see if we can find a way to tease out the good ones and make them available for everybody to use. But realistically I think that may not be the best use of our time at this point for us to take that one.

VICE CHAIR SMITH: Yes, go right ahead.

MEMBER MAALOUF: Yes, thank you. Actually, first thank you for having us here and for the great conversation.

You asked what we could suggest to keep SelectUSA's and FDI's success going forward. When I think about in the long term why global companies like ours invest in different regions, it really comes down to two big factors: One, size of market and growth of market. And two, is competitiveness, efficiency and predictability of that market.

So the United States has had a huge advantage being a large, rich and single market, and that's why companies like Siemens, Westfield, ourselves invest here. And second, it's always

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been competitive, efficient and predicable.

In terms of size and richness of market, over time that wealth of advantage is going to change because areas like China and the rest of Asia are going to grow more rapidly, attract more investment. That's actually a good thing. That would create export markets for us and make the world a better place. So there's not a lot we can do to maintain that dominance over the next 20 years. It's going to get re-balanced as other areas grow more rapidly.

What we can control more in our hands is our competitiveness, our efficiency, our predictability, and making sure that all the decision we make are not individually good ones, but collectively good ones. A lot of times the decisions we make on competitiveness seem good in their singular focus, but an accumulation of them can change our competitive positioning. And that can be in the regulatory area, that can be in the fiscal area. That we control more.

We're always going to be a very rich

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large single market. We're going to have some people catching up to us. That's good for everybody. It will create good business for us. We can control how competitive we remain. And anything that SelectUSA can do towards that end would be very helpful.

MEMBER LOWY: Chair?

CHAIR GARVEY: Yes?

MEMBER LOWY: I think there's two things that we could actually focus on as well that we haven't really talked about. And while it's good to market the country and market all the information, the real issue for companies like ours is when you allocate capital globally, how do you make the best return and where do you make the best return? And I think the two issues that we can -- besides immigration, the two other issues that we can weigh in on the debate is the investment in infrastructure by the Federal Government and tax policy.

If you look at the tax policy in the U.S., a whole range of issues come up where each

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country negotiates an agreement with the U.S. Government on how far investment is taxed from different regions and different countries. And there is a patchwork of agreements everywhere. And when you look at tax policy, it directly affects return. And depending on those policies and how we deal with foreign investment, it will depend on the competitiveness of the amount of capital that we can get allocated into the U.S.

In our industry, in the real estate industry that happens to be a particular issue where there is discriminatory taxes on foreign investment in real estate directly in the U.S. which decreases the amount of capital that we can come in. We've spent the last six years working with Congress to make some changes to that, to the tax policy from foreign investment in real estate, and there has been some changes, but we only attract here some 40 or 50 percent of the capital we can attract specifically because of the tax regime.

And then depending on the hotels, malls, many large projects, the infrastructure of

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the cities and how the Federal Government spends its money on transportation: highways, rail and airports. And so, if we can weigh in on some of those ideas, that's particularly important.

CHAIR GARVEY: Peter, just a comment to pick up on that. I think that's a really important point, and I thought of it when the Secretary was speaking this morning as well. There is such a direct link between infrastructure and economic development. And so, I think one of the great benefits of this administration is how closely you've worked with your colleagues at Transportation and in the infrastructure space.

But I think that's something really that's worth exploring as well, and I couldn't agree more. You really cannot have the kind of economic development that we all are interested in without a strong and robust infrastructure system. So point well taken.

MEMBER McDONALD: I just wanted to -- I would agree with those two points. I would add what is our client's biggest issue domestic and

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foreign is talent and workforce preparedness. What we win and lose on now is our ability to not only have the number of people, quantity of people, but to have them prepared.

And I can think of Eric's company. There's probably no better example of the money that they've invested as a foreign company coming into the U.S. and changing some of the systems in places like Charlotte. And that has spread out around the country. And it is a great story as well as something that's actually had practical elements that have played out and made our supply chains more competitive by bringing their practices from other parts of the world here to the United States.

But I would continue to bring that up. I think that increasingly our ability to how the workforce that's ready to compete will be where we actually attract or lose investment to other places that are making drastic changes to the way that they prepare their workforce. And some of those are right here in North America, in Mexico and Canada.

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And so, we have to remember that even within our own continent that there is incredible pressure for investment in the automotive sector and things like that. So I just wanted to make that point.

VICE CHAIR SMITH: We have one more comment.

MEMBER IYER: Of course we have heard a lot about these issues. I chair the Confederation of Indian Industries, Indian Business Forum. That's the hottest subject every time when we get into talk about it, and there is no clarity at different embassies. So we have now volunteered from India to talk to the embassies across the country to see what is the process, how do we get temporary visas for them to come and, as you said, get out from this place. It's just a temporary work. So we are working along the direction to see how we can educate companies in India to get the visas approved.

The second thing is a lot of success stories across, and our company itself is a big success story in Texas. And I think we should

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showcase such success stories which has done a lot through the panel discussions. It was very interesting. But more of that kind, not just through SelectUSA, but creating a platform, whether it's a web site or whether it is examples like us where we could meet people in Texas. And if you can nominate some companies, we don't mind meeting people and talking to them about the successes we had with the business in the U.S.

Just a tactical point here. In SelectUSA when we had those countries sitting with each other, I think they were all like India or Ghana. I saw them sitting. They were just talking to themselves, but not knowing -- no experience of any company in the table. So if would have put us, for example, in the India table, we would talked about our success. So they would have known more rather than ignorance was breeding ignorance in the table. So that's just a tactical point, as you could have mixed the table with few companies who've already seen success in this country would have related to the successes.

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VICE CHAIR SMITH: Sort of a lessons-learned-mentor-kind of arrangement.

MEMBER IYER: Yes.

VICE CHAIR SMITH: So a good idea. And sure there would be companies that have made that transition that would be happy to do that as well for the next in line. Yes, great idea.

MEMBER CLARKE: Thanks. Just two quick comments before we wrap up. One, in sort of response to some of the comments around SelectUSA and the coordinating and amplification role that it plays, I think in the United States it is such a collection of regional economies and so much economic growth happens at a regional level, and those regional economies are very diverse.

And the extent to which this body and SelectUSA can help sort of source best practices, certain types of case studies, I know in San Diego some of the richest interactions we've had have been with other metro regions like ourselves, other economic development organizations through the Global Cities Initiative or other forums like that.

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Certainly SelectUSA is one of those forums.

But I also think in terms of being able to amplify the economic impact of things like the Trans-Pacific Partnership on a regional economy. In San Diego we've done some data-driven work around the regional economic impact of the TPP, and that might look different for somewhere else, but that methodology is something that's transferrable to other regions.

So I think for SelectUSA and for this body to be able to bring together some of those case studies, talk about best practices in a way that's very targeted for the wider economic development community -- I know for people like me across the country that would be useful.

And then the second comment in passing, we know that sort of 60 percent of foreign direct investment in this country comes from M&A activity, and that's not something that we've talked at all about in terms of investment or investment attraction strategy. For economic developers M&A pipeline as an investment strategy tool is fraught

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and difficult, but at the same time it's one of the biggest ways that foreign direct investment enters our country.

MR. JADOTTE: Chair Garvey, I would love to move to the next section of the agenda. The quality of the conversation this morning really is a strong indication of the expertise that all of our council members will bring this topic and to the project.

Again, I would encourage the council to look the priority areas that the Secretary outlined earlier this morning. We have a great opportunity to move to a series of short briefings from our interagency colleagues who have made themselves available this morning. And Ambassador Thummalapally will, with your consent, lead those briefings.

CHAIR GARVEY: Absolutely. Though if I could just interrupt before you begin, I really feel compelled to quote the Secretary from last night when she said isn't Vinai fabulous?

(Laughter.)

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(Applause.)

CHAIR GARVEY: And, no, you've done a wonderful job. And I thought her point was so well taken, that we can all talk about programs, and it's sometimes easy in Government to come up with a notion or a great idea, but it's the implementation. And certainly we've seen that with the excellent work that you and your team have done, not just at this summit, but certainly the preceding summits as well. So thank you all on behalf of all of us. And we're thrilled and delighted that you're here, fabulous Vinai.

(Laughter.)

MR. THUMMALAPALLY: Thank you so much, and so kind of you.

Just in the last half hour I heard finance, needs for finance. I heard the conversation centered around workforce development. And last but not least, infrastructure.

So the interagency collaboration that we have, it's growing. SelectUSA is growing in its

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work and its effectiveness. So without further ado, I'd like to see if Mr. Mark Walsh is here from SBA to take it from here talking about finance and so on.

So thank you so much, Mark.

MR. WALSH: Good morning. It's great to be here. It's also great to see Chair Garvey again. She and I served on the Bipartisan Policy Center Board. I'm still on it. I succeeded her as chair.

It's great to see you and it's great to lay eyes once again on Marcus Jadotte, who I've not seen in 12 years. The last time was in 2003 at the ill-fated John Kerry for President campaign where I saw him ride herd over an extraordinary amount of high-powered personalities. I think your departure in NASCAR was because you felt you stood in the middle of a racetrack during our time in the campaign, which is why you were right.

But the Small Business Administration, in case any of you have ever doubted whether the United States Government is bad at branding, the

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products and services we offer are 7(a), 8(a), 504, SBIC and SBIR. Okay? Nobody knows what they mean, but they're actually incredibly productive tools and tactics that the United States Government and its budget applies to developing small businesses both here and abroad.

Basically the 7(a), 8(a) and 504 are loan guarantees where the United States Government through the SBA guarantees up to 85 percent of a bank loan, a local bank loan to a local small business whose risk appetite does not match that of the bank. Loan guarantees. Huge program, tens of billions of dollars a year, zero subsidy, so it is not a cost to the United States taxpayer.

My area is called the Office of Investment and Innovation, or as we call it OII. Some may ask why we combine investment and innovation together. Our little joke is that with investment you use dollars to gain knowledge and with innovation you use knowledge to gain dollars.

The main areas that we use dollars in my structure are SBICs, small business investment

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corporations. Some of you may know this. It's really the largest fund of funds in the world. I get \$4 billion a year authorized by the U.S. Government to hand out and leverage debt, to back up professionally-managed venture and private equity funds with non-dilutive capital.

So if Marcus and I started a venture capital fund tomorrow and raised \$50 million and applied for a license from SBIC, we would get \$100 million in low-cost 3 percent, 10-year debt, no prepayment penalty, effectively doubling two to one, doubling our capacity as a venture fund to invest in small businesses based in the U.S., based on the U.S., but often times with foreign offices and employers and limited partners.

So the 50 million that we raised together before we got the 100 million and the SBIC non-dilutive debt could include limited partners from outside the U.S., and those companies could have offices and employees outside the U.S. That's 4 billion a year.

Two-and-a-half billion a year I have in

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cash awards, cash grants through SBIR, small business innovation research. It's effectively a matching process where I get about three percent of the research budget of every other agency in the U.S. Government, DoD, Energy, Education, Agriculture, et cetera. It's a way to have nimble procurement applied to small businesses that solve a Government program.

So we have a giant dating service. Forgive the analogy. It's like Tinder for start-ups so that problems the United States Government has -- for instance, the DoD needs a new Kevlar weave for its bulletproof vest. They put that RFP effectively up on my sbir.gov site and small businesses that solve that problem get cash grants, Phase 1, from me for about 200 grand to prove it, cash grants, phase 2, about 2 million to show they can scale it and commercialize it. Phase 3 they have a customer called the Department of Defense. Two point five billion dollars a year.

Incredible stories over the last several decades of SBIR companies becoming

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incredibly important. In fact, about 60 percent of what's in this device has come from SBIR grants. Some of the great companies that have gotten SBIC or SBIR money would include Intel, Amgen, AOL, Apple, et cetera, et cetera, et cetera.

Lastly, we run an accelerator and an incubator contest. This is our third year. We had out \$50,000 prizes to accelerators or incubators based on the U.S. that apply to our contest. There's about 2,000 accelerators and incubators in America today. Bluntly, about a thousand of them are really not worth a whole lot of attention. If any of your relatives work at one, they're in the 1,000 of the good ones, just so you know.

(Laughter.)

MR. WALSH: Of the thousand that have a lot of velocity and capacity, about 400 to 600 each year apply. We judge them on number of companies that come through the cohort, number of dollars those cohort companies raise outside the accelerator/incubator, how much money the

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accelerator/incubator has registered itself; i.e., outcomes.

Final couple of points: As was mentioned earlier I think by Jeff Zients, about 60 percent of the venture capital in the world is residing in the United States. Sadly, about two-thirds of that venture capital is spent in 25 ZIP codes. Twenty-five ZIP codes. One of the goals of my department, of the SBA writ large is to make sure that investment dollars, be it backing up bank loans or an SBIC, non-dilutive debt or SBIR cash grants, goes to the other ZIP codes, to other states, to other demographics, to other opportunities that make sense, the concentration of dollars, investment dollars in the U.S., although a natural social conclusion is something we're trying to push back on. So we have a couple of flavors of SBICs that I want to touch on before I conclude.

Impact small business investment corporations. An Impact SBIC is if it's geographically desirable; i.e., super-urban or

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super-rural, demographically desirable, run by Native, wounded veterans, African-Americans, Latina women, or pushes one of the major agendas of our President: clean energy, advanced manufacturing, education, software and services.

We have a wide variety of Impact investment funds. In fact, we have one that's place-based called Michigan First specifically aimed at the State of Michigan. The major limited partner in that is the Michigan Employee Pension Fund. So we're cycling dollars of the employees' pension fund back into a professionally managed private equity fund who invests in Michigan-based companies. We have about five place-based version of Impact SBICs domestically that we're really excited about.

At the end of the day the Small Business Administration, although not as well-known as I wish it was -- and I'm new to Government, so part of my job is to market. At the end of the day the SBA's real job is to make sure that the U.S. Government through zero subsidy, no cost to the

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United States taxpayer, is able to channel dollars into opportunities that matter, be they domestic, totally-owned or even with foreign investment as well.

It's about time, I would argue as a former venture capitalist and angel investor, that the great ideas, the great velocity, the great capacity of this nation is in fact funded. My job is to find fires and to pour gasoline on them.

With that, it's exciting to be here, to see Chair Garvey again. I look forward to your questions or comments about the SBA's programs.

MR. THUMMALAPALLY: Thank you so much, Mark. We can go into Q&A, quick Q&A after all three presenters finish their work, their presentations. We'll move to Brent, Brent Parton. He's with the Labor Department.

So good to have you, Brent.

MR. PARTON: Thank you, Ambassador, and good morning everyone. It's great to be here. I should mention that -- echo the Secretary's remarks. We're really excited at the Department

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of Labor to be partners with you at SelectUSA. The fact I'm here right now speaks to the fact that so many of my colleagues are working the floor right now at the SelectUSA event. And so it's an exciting partnership for us. Worked with you at the Hannover Messe event earlier this year as well.

And the reason that we're working with you, as our Secretary said at SelectUSA, is that human capital really is the centerpiece for business success. That's something that I've heard this Council echo already today, and that really places education and training at the forefront of how this country can maintain its competitive edge. And we at the Department recognize that and that is not new to anyone around this table, but -- and in fact it's been the key to our success over the past century as a nation.

The first of the nation universal high school, the massification of higher education. But I think the only thing that's changed is that the rest of the world has caught up. It's a global labor market that we're playing in. It's a

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competitive space. And the skills demands are higher. We heard as much as by 2020 about 65 percent of jobs will require some form of post-secondary education and training.

And that really speaks to what -- the need is for a historic effort particularly in this space of what is often called the middle to high-skills technical capabilities of workers that can get the training they need that's relevant to put them in jobs quickly. And us at the Department -- I've been working closely with Commerce to drive innovations in this space.

So when I say there's a historic effort, there's really been three historic things over the course of this administration that I want to highlight for you that show the progress we've made, but there's a lot still to do.

The first, in the State of the Union in 2014 the President held up the concept of job-driven training. Our Secretary says that was the transition from thinking about instead of training and praying to moving to training programs

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that are really customized in a way to move people into jobs and get people the skills they need to be career ready.

Since then we've really incorporated as part of -- what the Vice President did is a review of the workforce programs across the country. What are the practices that work? And we've looked to incorporate elements such as deep employer engagement, work-based learning, using transparent data to look at the outcomes of different training programs. And we've incorporated that into our discretionary grants at the Department.

We've put 2 billion in community colleges over the past several years to really work with local industry to design customized programs to move people into middle and high-skilled jobs. Right now there's \$100 million available for what's called the America's Promise Grants, and that's directly tied towards supporting regional economic development ecosystems and getting the workforce that those employers need to succeed.

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But the reality is that we need scale. And we at the Department are really excited to be a part of this conversation because we administer the public workforce system. That's really -- the services themselves are delivered through state and local workforce boards, which means they're everywhere in the country, which means that for any sort of investors that are looking at opportunities in the United States they can really be there as an ecosystem partner and working with employers that exist and creating opportunities for new industry to come in and invest, small, medium and large, and get them to work together as a cluster or as a sector to identify what their skill needs are.

And then the workforce boards really are meant to serve as a connective tissue, as an intermediary that can help translate those needs to community colleges, accelerated training programs, apprenticeships, whatever it might be.

The thing I also want to point out as a historic opportunity is that those workforce

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boards then, and the law that governs them -- the Workforce Innovation and Opportunity Act was passed in 2014. We see that as a historic opportunity for re-engagement, particularly for a lot of the economic development organizations in industry that are out there to really bring the job-driven focus and see the workforce boards as partners in regional economic development ecosystems.

It was a bipartisan act. And I hate to say that's historic, but it was. And it really shows that in this country there is an interest across party lines in investing in the skills of the workforce. It's really a race to the top in that standpoint.

The last thing that I quickly want to quickly highlight is that the administration has seen a historic renaissance in apprenticeship programs. And it's really exciting to see Mr. Spiegel here, as well as Mr. Beariault from Kudelski. Industry partners like Siemens and Kudelski have been critical in being leaders and

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driving that renaissance in apprenticeship.

Apprenticeship works. We know that. That's why the President called in 2014 to double the amount of apprenticeships. And through the Apprenticeship USA campaign we've been focused on figuring out how do we elevate more examples of industry leaders out there who are seeing apprenticeship as a work-based learning strategy that allows people to earn money while they learn. And that's such an important thing for creating more pathways and opportunity for folks in this country.

So with that historic investment I guess I would just say that on the apprenticeship side we've now seen \$90 million, another bipartisan commitment, to invest in apprenticeship in the United States. A lot of that money is becoming available to states to drive innovative apprenticeship strategies. Connecticut is represented here. They've been a leader on that front. And it will be really exciting to see a lot of the more innovation and developing an

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apprenticeship ecosystem that can be driven by those funds. And there's going to be funds available as well to industry partners as well to develop national programs.

So again, we're excited to be here. I know that was quick, but I look forward to any questions you have about sort of how the Department can be a partner in attracting good jobs to the United States.

MR. THUMMALAPALLY: Thanks so much, Brent.

We'll move on to the Department of Transportation. Roger Bohnert is with us.

Thank you so much, Roger.

MR. BRODER-FINGERT: I'll actually go first, if that's all right. Roger and I are going to tag team here. Jake Broder-Fingert from the National Economic Council.

I just want to thank you all for joining us for this very important discussion, and thank you to the Department of Commerce team for your great leadership in this effort.

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I was very happy to hear infrastructure come up earlier today. I know it's an issue that Jane knows, very near and dear to her heart. And the truth of the matter is we have an infrastructure problem in the U.S. I know you all feel it as you ship your goods across the country, as you try to bring goods and services into the ports, as you fly through our airports.

Our infrastructure deficit -- and I won't get into all the numbers, but consistently the American Society of Civil Engineers and others say it's in the trillions of dollars. And we need to do better. And there's really two things we need to do to solve the problem. One is invest more and the invest more smartly.

On the first, the President signed into law December 5th of last year the FAST Act, which was a \$305 billion, five-year transportation plan, which was an important step forward, but we still need to do more. And as some of you may know, the President put forward the 21st Century Clean Transportation Plan this year which would further

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increase our investment in infrastructure and also make sure that we're investing in clean transportation, which is critically important to us.

And then when we say we need to invest smarter, a lot of that really means leveraging the knowledge and expertise of the private sector to do more projects and get them done more efficiently. And when we started thinking about as an administration the public/private partnership market, which as many of you know is one to two percent of the market here in the U.S., and if you look at other parts of the world, it's 15, 20, even 30 percent of the market, one of the things we heard from both investors here domestically and internationally was you just need more projects. If the Government could just put forward more projects, capital would flow off the sidelines and fund these projects.

And what we found as we dug in is it wasn't quite that simple. When you unpack the market a bit, there are a few big barriers in place

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that are sort of limiting that pipeline, so making it difficult for projects to get in.

The first was expertise. And we realized that we really need good expertise, both at the federal level and the state and local level, to be able to analyze projects to understand which projects made for good candidates for public/private partnerships.

And in July of 2014 the President put forward the Build America Investment Initiative, which is an effort I lead here at the White House, which was precisely designed to help address some of these barriers and bring in some of the expertise into Government. And through this initiative we have stood up four finance centers across Government. The Department of Transportation and the BATIC team, which Roger will talk about in a minute, is the biggest of those finance centers, which is really helping to bring in some of this expertise at the national level and also train folks at the state and local level.

The second thing we realized as we

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unpacked the problem was we really need to make the Government easier to do business with. If you talk about public/private partnerships, it's very difficult to do a deal with the Government in infrastructure if it's a difficult partner.

And just one area to highlight here -- and there's many that we're pushing to make better. But one area to highlight is permitting in the U.S. I think as some of you may know, permitting for projects can take in some cases five or seven years. There's a lot of uncertainty. And we've been pushing hard to stand up new processes and new teams to help really spearhead permitting reform in the Government. And we recently through an executive order last year and then also the FAST Act stood up a new permitting council with senior accountable officials across Government who are really responsible and on the hook for making sure that our permitting process moves forward quickly and in sync.

And then the third main barrier that we found to growing this market is really creating

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something that is at a scale where investors find it attractive. And by that we mean if you have a billion dollar project, you're going to have tons of investors come and bid on the project and try to bid down the price, but if you go to a lot of state and local governments that have 50, 60, 80 million, \$100 million projects, they're economically important, but they don't always get the type of interest that you get for the billion dollar projects.

So we've been working closely through the BATIC team and the other finance centers, with state and local governments to stand up their own P3 offices to help them work together so that collectively they have packages of projects that look similar, almost like project bundling.

And we've also been putting forward legislation to help spur the market to support some of those projects. So some of you may have seen in the budget this year the President put forward the FAIR proposal, which is Financing America's Infrastructure Renewal, which was really meant to

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help spur the P3 market in the U.S.

So with that, if I could leave you one thing, this is a market that, short of a major overhaul like the National Infrastructure Bank, it's really going to take a lot of hand-to-hand combat on the ground with the individual projects in the states to get it going.

We are delighted by the work of the BATIC team. And I'll let Roger talk about some of the specifics of that effort.

MR. BOHNERT: Great. Thanks, Jake and Ambassador.

Great to have an opportunity to talk with you folks today. And I know time is really limited, so hopefully this is just the first bite at the apple. And I am happy for myself and our team to come and support either a subcommittee or however you want to work forward as you pursue your deliberations.

The BATIC, the Build America Transportation Investment Center, as Jake said, is an outtake of the President's Build America

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Initiative, and we're the guys doing the hand-to-hand combat he mentioned.

I'd like to talk just a little bit about kind of the progression of where we've gone and where we're going a little bit and then a little bit about what we could do to work together.

When the President announced the initiative, we started the BATIC kind of as a working group. And we found out a lot of things as we were looking for opportunities that will probably not be a surprise to many of you.

But in terms of the infrastructure Jake mentioned the expertise. We found that it was really hard to navigate the federal system. You had to not know one person in the Department of Transportation to do a project, but dozens to understand the application process for multiple loan programs, to navigate through the environmental and NEPA review process. Jake mentioned permitting. It just goes on and on on the regulatory hurdles that a project sponsor has to go through. And that really discourages

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investment and especially foreign investment.

In terms of the private sector there is an interest in investment, but it's really hard to find projects that are suitable. There's a lot of public sponsors that are either uninformed or unwilling to enter into the public/private partnerships. And all of that makes it more difficult for that investment, as Jake had mentioned. And as some of you know, only certain states even have legislative authority to enter into public/private partnerships. So there are a lot of barriers throughout the whole process.

So this work group, after about a year -- so last July we turned into what the BATIC 2.0 and we put a small full-time staff together, but still sort of outsourced all the other processes distributed in the Department. And what we focused on was being the one-stop shop. I you're a project sponsor, you just come to us. We'll find all the other people in the Department depending on what your needs are.

We wanted to improve access to the DOT

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credit programs which can be onerous to go through. Certainly a lot more complicated than the mortgage on your house. And then also very importantly to try and encourage public/private partnerships where they make sense. And what we found is certainly the first steps in that is a lot of education of the public sector for them to get more comfortable with the complexities.

And towards that end we put together what we call the BATIC Institute. It's a partnership with AASHTO and it's really an educational arm for us. We do webinars, we do peer exchanges, and sort of best practices so public sponsors can see what other P3s are being done and how they're being put together.

We also, once a project is what we call baked enough, is we assign what we call a project development lead. It's one person that is championing your project from the time that it's got a schedule and a scope and a budget to the time you go into the credit process. And we actually help develop the project, not just finance it. And

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we're finding that that is really helpful to sponsors.

As Jake mentioned, with the FAST Act basically the legislation said build on what you were doing in the BATIC and turn it into an innovative finance bureau. It also gave the Secretary the authority to put more resources towards that. You'll see announcements coming as early as next month on how the bureau is being put together, but it really adds a lot to the technical assistance side of things, assisting with the project development, assisting with permitting and environmental review, as well as streamlining some of the credit processes.

I'll mention that within the Department we have about \$50 billion in very low-interest loans, like in the 22 to 3 percent range right, now with really good long-term payoffs that can be really attractive to a public/private partnership. So that will be more streamlined as we go forward.

So again, starting next month you'll start hearing about this bureau. We think it will

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be a great opportunity to improve public/private partnerships, which really when you think about it for transportation, is going to be the way that we can encourage that foreign investment, not necessarily through the Federal Government, but us kind of encouraging and removing the impediments so that states can enter into those partnerships and foreign and private investors can work with them on that.

So in the interest of time I'll leave it at that, but again happy to work with you or subcommittees as you do your deliberations. And thanks again for the opportunity.

MR. THUMMALAPALLY: Thank you, Roger. Thank you so much. And thank you all.

Chair Garvey, I'm thinking for benefit of time how would you like -- should we do a quick sort of Q&A piece now or there's -- on the agenda there's next steps to be discussed and moderated by you. Your call.

CHAIR GARVEY: Right, I think a few questions would be terrific. And one of the

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requests I was going to make of the staff -- and I'm wondering if we can get the email addresses of some of the speakers today, because I think there may be questions and so forth. We will not ask for home phone numbers, but if you want to put that down --

(Laughter.)

CHAIR GARVEY: -- certainly feel free. But I think getting those email addresses would be very helpful for the Council.

But with that, let me see if there any specific questions. I'm sure there are many. Those were terrific presentations. I have to say I certainly learned a great deal.

Mark, there was just so much there that I had never been aware of in my many years in Government, so thank you.

And to Jake and the BATIC folks, I mean, it was just really terrific.

So questions?

VICE CHAIR SMITH: Maybe I'll just make a comment, which is I'm aware of a lot of this

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because I sit in Government, but I do think one of the challenges that we have both locally and at the federal level is there's almost too much, right, and how do we make it simpler and easier for both incoming companies as well as for the local regional people to take advantage of some of these programs?

And I think this is a great role for SelectUSA through your web sites and others is to make sense out of this myriad of different opportunities that really are available to companies and to the Government to support companies to try to make it so that they're picking the right tool for the right area and not getting overwhelmed with, holy smokes, a lot of it feeling like there's a lot of paperwork and everything else.

So I think that could be one of the things to try to help simplify and make sure that we're tailoring in a kind of systematic way these opportunities to the companies that we want to serve. So it's just a thought. But they are great

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programs and well worth taking advantage of. It's just which one for me?

MEMBER WILSON: I just really have a comment, because I'm brand new to the Government side of this process. But sitting here and just listening to the presentations and thinking about how these programs and projects -- because sometimes we're sitting out in the field every day competing in a global market and we don't know if the Government understands that we don't have enough of the right skill sets to compete and we don't know that we have these programs that should allow expertise to come in and work and help and train our people as a part of our ability to compete as well.

So for an outsider that's just starting I think the programs, the financing programs, the infrastructure that's being touted here today is pretty exciting. So I just wanted to make a comment of, wow.

(Laughter.)

CHAIR GARVEY: Well said.

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Vinai, if there are -- and let me just ask again, if there are no more comments, we'll move on because I know we are constrained for time, but I don't want to limit any questions that you may have.

(No audible response.)

CHAIR GARVEY: Well, if not, let me go back to -- and I'm going to turn it over to Catherine in a minute for the process and the next steps, but just to reiterate for a moment -- if we could sort of step back and reflect again for a moment or two on some of the priorities that the Secretary mentioned when we began our discussion this morning, she had two sort of overarching themes I thought as she was speaking.

She said first of all for the Council, if they're -- the possibility to identify the programs, the policies that can attract foreign investment. That was one overarching theme that she spoke about.

And secondly, she said that they would -- this Commerce Department would very much

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like some advice on how to position the U.S. as a good place to invest. And I think much of the discussion and many of the ideas that we heard from the Council today really get at the heart of both of those sort of overarching questions.

But then she spoke more specifically about five areas that additional help or additional advice would be welcome. One was in the area of metrics. And someone who's dealt with metrics a lot in sort of the infrastructure side, it's a challenging area. What you measure, how you -- is very important and how you determine what those metrics will be is not an easy task, but certainly one I think that's worth taking on.

Secondly, she spoke about workforce development, and many of you echoed those same comments, the need for help in that area.

Thirdly, encouraging small and mid-size enterprises, that that's really an area where we could see where some advice would be very welcome.

She also spoke about how to create a

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foreign development investment ecosystem. How do we leverage; Catherine spoke about this as well, in a time of limited resources? How do we leverage, how do we collaborate, how do we take advantage of governors' associations and others to really create those ecosystems?

And finally, the infrastructure investment and the real link between infrastructure investment and economic development, which is true whether you're dealing with foreign investment or domestic investment as well.

So there's a great deal I think that we can think about. There's a great deal where we can offer advice and counsel, and I'm certainly looking forward to it. I was very encouraged. I was struck once again by the enormous expertise and the breadth of experience that's represented at this table. So it's very exciting and I'm looking forward to it.

And with that, I'm going to turn it over to Catherine to speak a bit about the process going

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forward.

VICE CHAIR SMITH: So the process going forward is a bit of a work-in-progress and we want your input and engagement in that as well.

I will say in addition to those five things that were just mentioned that the Secretary put out there I do think this question of sustainability of SelectUSA by itself is a short-term, a very short-term area that we could be of assistance almost immediately. And so, as I suggested before, I'd ask that we get everyone's email information and the governors' letter that's going out, this delegation meeting in the morning. I think we'd all be happy to participate in making sure that that goes forward. So we will just take that on, but we just need a little support from the staff to make sure we can communicate effectively.

Does that make sense, Peggy?

MEMBER JADOTTE: And I think Li has a plan for creating --

(Simultaneous speaking.)

MS. ZHOU: Yes, we can follow up with

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the contact list and as well as other items from the briefing so that we can all have it and be in communication.

VICE CHAIR SMITH: Super. Thank you, Li. And I think that is something that we can take on immediately.

But then we do plan to create some working groups that will be focused I think on some of these five areas that have been suggested and any others that we feel compunction to go forward with. And what I think what I might do -- and Li and Caroline will of course be here to support us in this effort, but what I might suggest is that each of you take a moment to let us know, the two chairs here and Li and Caroline, what your preference is for where you want to put your time and energy, and then any other suggestions you have of things that you think are important enough that we need to raise them to the level of trying to put some real work behind this.

Not all these topics may need a full working group. They may just be things we can

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raise up as issues. But I think one of the things we're driving towards in this group is to come to consensus about our recommendations and put them forth to the Secretary in a way that isn't just one-off ideas, but rather something that we all agree is pretty important and we're willing to put our shoulder and our energy behind.

So that will probably be the process. So I'd ask Caroline and Li to send us a reminder on that. Here's the areas that we're going to create working groups and then each of you respond in the form of putting together your volunteering, et cetera.

Li?

MR. ZHOU: Absolutely. And we'll also just make sure to collect that information and redistribute it. So we'll do some sort of a form basically.

CHAIR GARVEY: Right. Good.

MEMBER SPIEGEL: Catherine?

VICE CHAIR SMITH: Yes.

MEMBER SPIEGEL: I think that's a good

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summary. I just had a couple -- I wanted to tie together something that Elie said and Peter said that I don't want to miss here.

These five things I think are a great list, but I think Elie was saying that one of the reasons a lot of companies come here is the big market, but we're only going to grow so fast. It's growing okay relative to a lot of developed countries, but much slower than it has in the past. So we have to make sure we're competitive. And we do things that are competitive.

And I think this hits -- for example, we had DoT here talking about infrastructure, we had SBA here talking about increasing small and medium-sized businesses, we have DoL here talking about workforce. We're missing a couple of big things. We're missing the issue around tax. There's a big issue out here around 385, for example, and how it's going to impact all foreign investment. We've had a lot of discussions going on with Treasury and we've talked to Secretary Pritzker. We talked to her about it over in the

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Hannover Messe. It's a huge issue.

And there are other tax policies as well. If you take a look at some of the policies in the country, they will either detract -- attract investment or detract investment, things like a production tax credit for wind. No production tax credit, we make no investment in wind. We invest in 7 or \$800 million in wind here in the U.S., right, and 5,000 jobs. So these policies, these fiscal and tax policies have a big impact on whether companies are going to invest here. I don't see the Treasury here. And so, I think we need to think about how we're going to address that.

And the second thing I mentioned before is exports. This country is only to go -- we've lost a lot of jobs. Some of those will come back. But a big reason for being here is to export. We have to make sure that not only the infrastructure and the workforce is here, but we also have the policies in place. The Ex-Im Bank just got approved again, but it's got authorization problems going forward and things.

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So, but also just that the foreign companies are on equal footing with U.S. companies, because I consider us a U.S. company because we have 50,000 employees. I just want to make sure I get treated the same as everybody else in the U.S. when it goes toward exporting, when it goes toward MOUs with other countries, things like that.

And so, we need to get the right groups involved in having that discussion as well, because those are big deals for companies investing in the U.S.

VICE CHAIR SMITH: Yes, and there's some question in my mind about scope and where these boundaries are going to be drawn for this particular group. So I would ask, Vinai, that maybe you address kind of what your thinking is about some of these bigger picture issues. And the visa issue is another third one that we might add to that list as well.

MR. THUMMALAPALLY: Not to take the absence of Treasury like by any factor, but neither is State here. So if you look at what are the

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issues that we deal with, it's visas and tax policy.

So these folks are actually -- several of these DHS, they're all at the Summit, but to Eric's question, we are working with Treasury and the White House on this matter. There is a public comment, as you know, the public comment period that we are in right now. So the Secretary is very engaged, is all I'd like to say and leave it at that.

These are complex issues. It's multi-agency and, of course, under the direction of White House, National Economic Council and others here. We're trying to see how -- so this platform, this IAC, I think to Catherine's point, is where -- this is the starting point. So we want to do this together to develop an approach. How do we want to get this mechanism started to provide the feedback, to get the -- for the Federal Government to get the feedback, the administration to get the feedback from all of you.

So, no, we're listening and we want to make things happen. But that's --

MR. JADOTTE: And if I could add a

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couple of additional thoughts, I think it is incredibly important to also place a focus on how the Council stages its recommendations. To Secretary Pritzker's earlier point, your near-term recommendations. We look to you for actionable recommendations, recommendations that we in the balance of President Obama's administration could move forward, could take action on. And obviously this point has been made a number of times. You're well-positioned to not only advise the current administration, but the next administration as it comes in.

And, Eric, certainly absolutely know that tax and immigration policy are very important. And again, the Council is well-positioned to add to what is a robust, if not fast-moving debate on both of those two issues.

MEMBER McLERNON: Marcus?

MR. JADOTTE: But you're also well-positioned to move --

MEMBER McLERNON: Sorry. Go ahead.

MR. JADOTTE: You're also

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well-positioned -- it's like the voice of God --

(Laughter.)

MR. JADOTTE: -- well-positioned to move more immediate-term actionable recommendations. And, Eric, one of the areas of advantage clearly in the United States, as recognized by the World Bank in its ease of doing business ranking, is the ease of exports. It's a huge advantage that we have through export procedures as well as the efficiency of our ports. And we're working with Labor and Transportation on a ports project. Those are issues that are incredibly important. They're also issues that frankly haven't gotten as much attention as some of the other big macro policy issues that have been discussed during this conversation.

So I do think that striking a balance between the near-term actionable and adding again granularity that this group is incredibly well-positioned to do to broader policy conversations in Washington -- both are important.

MEMBER MCLERNON: I would just add that

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obviously that the tax policy infrastructure, all those things, enormously important macro issues. The 385 issue that Eric mentioned is a now issue. The Treasury Department has said they are going to finalize these regulations quick. It is disproportionately impactful on foreign direct investment.

We were talking about the financing of foreign companies. A lot of U.S. subsidiaries get their financing from their parent companies to sort of ease their investments here. The regulations were unveiled to stop corporate inversions. The regulations have nothing to do with corporate inversions and the political environment pushing back on that because it was unveiled in that way is hard.

And so, for those companies around the table or EDOs that don't know about this issue it is a hugely problematic area where the Treasury is now overturning about 80 years of case law. I mean, we have companies that are already reevaluating their investment decisions based on

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it. It's that important. And it's a now issue.

I would love to see the Council have sort of a policy working group overall that can touch on tax, immigration, some of those macro issues, all those things that are important, but the 385 issue is a now issue. And the Treasury Department is dug in and does not seem concerned about the impact on foreign direct investment, told directly to me. So the efforts of SelectUSA and this administration on FDI, unparalleled. The connecting of the dots within the Administration, which I know can be very hard, would be extremely welcome.

And, Vinai and Bruce and Secretary Pritzker have been great on this issue. They are in listening mode. They haven't just said sort of the Treasury's line, which has been done before. So it's been very welcomed and appreciated by my membership, many of which are around the table, and it's an area we'd love to talk about now because it's really that important.

VICE CHAIR SMITH: So, I'm hearing

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broad agreement that these issues need to be addressed. I kind of like the idea of a policy working group. And I think what I'm going to take away from this conversation is in order to again focus our work so we're not trying to boil the ocean and we can actually come up with actionable ideas we may need to narrow or at least put in sequence the working efforts of this group.

And so, again when you're sending us back your feedback, please prioritize in your own mind and in this list of now eight items that we've just talked about where you see this group putting its effort first, second and third so we can do the best we can to prioritize against these very important efforts.

So with that, I think I can turn it back to you, Madam Chair.

CHAIR GARVEY: Well, just on that last point, too, I mean, I think it gets to something that Jeff mentioned at the very beginning and then something that, Marcus, you mentioned as well, and that is that there is also -- because we are going

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to transition to a new administration, there is also the sort of clustering of those ideas that are so critical beyond the immediate one, but some of those policy issues that ought to be considered. And that's part of what a transition team takes a look at.

So I think we can -- to Catherine's point, we can prioritize without losing some of these very important longer term issues as well. So we'll be thinking about that as we're putting our list together.

Before I close the meeting, let me just turn it back over to the Assistant Secretary and to Vinai and see if you have any -- Ambassador, if you have any comments or a blessing going forward, anything at all.

(Laughter.)

CHAIR GARVEY: We'll take it. We'll take it. We'll take it.

MR. THUMMALAPALLY: If you're thinking that those of us who are working in the Commerce Department in Washington, DC knew everything that

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was just presented by our colleagues, the interagency colleagues, I'm sorry to tell you -- admit that you're misinformed. I today was -- like I was just a sponge. I want to learn much more of what's going on in this space, much more than what we have had in terms of knowledge about the infrastructure, about the financing and about labor. So this has been really enlightening and listening to all of you today, I think it's just been fantastic.

So again, go back to what I said earlier, let this be a starting point of something that is meaningful and that would be truly worth our while. That's for all of us who are in this room today.

So I just want to say thank you, Chair Garvey, and I just want to hand it over to my colleague Marcus Jadotte.

MR. JADOTTE: So, I will be very brief. I will add again my thanks to all the Council members and my congratulations on your having been selected to serve on the United States Investment

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Advisory Council. It's very clear that you are the right group at the right time to serve in this role.

As you've heard from the Secretary, from Deputy Secretary Andrews and from myself and the Chair, you really are in an extraordinarily important position to help the U.S. continue to be the preeminent destination for foreign direct investment. And again, you bring extraordinary expertise to the task.

As we think about moving forward, the briefings were incredibly helpful. I think Vinai and his team are very much looking forward to providing a deeper brief into the work that SelectUSA is currently doing. But to the point that the Secretary made clear this morning, we have a short number of months remaining in this administration and we'll look to the Council for actionable recommendations that we can begin to move on or to move on and accomplish before the end of the term.

We also look to this group going forward to provide broad advice to the U.S. Government on

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maintaining our position as the preeminent destination for foreign direct investment even as markets around the world gain relevance. We want to keep the advantage. We are grateful for your willingness to give of your time and your expertise, and I very much look forward to working with this group. Thank you.

CHAIR GARVEY: To first of all to the Government officials, thank you all being here and giving us your time. And the briefing were excellent and very helpful.

To the Council members, I thank you again, and I will take this opportunity to adjourn the meeting and thank Catherine. So thank you.

(Whereupon, the above-entitled matter went off the record at 11:28 a.m.)