

UNITED STATES DEPARTMENT OF COMMERCE

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U.S. INVESTMENT ADVISORY COUNCIL

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MEETING

+ + + + +

MONDAY

OCTOBER 31, 2016

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The Advisory Council met in the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, D.C., at 1:31 p.m., Jane Garvey, Chair, presiding.

PRESENT

JANE GARVEY, Chairman, Meridiam North America
and Board Director, LaGuardia Gateway
Partners, Council Chair

CATHERINE SMITH, Commissioner, Connecticut
Department of Economic and Community
Development, Council Vice Chair

MARK BEARIAULT, General Counsel and Head of
Legal Affairs, Kudelski Group

DAVID BURROWS, Vice President, Fuyao Glass
America Inc.

JEFFREY A. FINKLE, President, International
Economic Development Council

MANI IYER, President and CEO, Mahindra North
America

PETER LOWY, Co-CEO, Westfield

KENNY MCDONALD, President and Chief Economic
Officer, Columbus 2020

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YING MCGUIRE, Vice President of Operations and
Business Development, Technology
Integration Group
NANCY MCLERNON, President and CEO, Organization
for International Investment
IRENE SPANOS, Director of Economic Development &
Community Affairs, Oakland County,
Michigan
ERIC SPIEGEL, President and CEO, Siemens USA
CHARLTON WHIPPLE, Chairman, Southern Economic
Development Council
JEFFREY WILSON, President and CEO, Gestamp North
America and Gestamp Asia Pacific
Corporation

ALSO PRESENT

PENNY PRITZKER, Secretary, U.S. Department of
Commerce
BRUCE ANDREWS, Deputy Secretary, U.S. Department
of Commerce
KEN HYATT, Acting Under Secretary for
International Trade
JASON MILLER, Deputy Director, National Economic
Council
VINAI THUMMALAPALLY, Executive Director,
SelectUSA, U.S. Department of Commerce,
ITA
PEGGY PHILBIN, Deputy Executive Director, COO,
SelectUSA, U.S. Department of Commerce,
ITA
CAROLINE STRAND, Project Manager, SelectUSA,
U.S. Department of Commerce
LI ZHOU, Acting Director, Office of Advisory
Committees and Industry Outreach, U.S.
Department of Commerce

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TABLE OF CONTENTS

I.	Welcome Jane Garvey and Catherine Smith.....	4
II.	Opening Remarks Secretary Penny Pritzker..... Deputy Secretary Bruce Andrews.....	4 7
III.	Deliberation of Recommendations Workforce Development Subcommittee Jeffrey Wilson.....	16
	Investment Ecosystem Subcommittee Mani Iyer.....	31
	Investment Competitiveness Subcommittee Eric Spiegel.....	54
	Infrastructure Investment Subcommittee Peter Lowy.....	72
IV.	Reflections and Looking Ahead to 2017 Jason Miller..... Ambassador Vinai Thummalapally.....	80 95
V.	Council Priorities and Next Steps Jane Garvey and Catherine Smith.....	105
VI.	Closing Remarks Acting Under Secretary Ken Hayatt.....	112
VII.	Adjournment Jane Garvey.....	119

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

2 1:31 p.m.

3 CHAIR GARVEY: Welcome, everyone and I
4 am delighted to see everyone. It is hard to
5 believe that the summer went as quickly as it did,
6 way too quickly I have decided. But we are so
7 pleased that the Secretary, who I know is in the
8 midst of a very busy schedule, is able to stop by
9 for a few minutes before we begin our program.

10 So with that, I would like to turn it
11 over to the Secretary and thank her once again.

12 SECRETARY PRITZKER: Thank you very
13 much, Jane. And first of all, thank you all again
14 for your work here. I'm sorry I am not going to
15 be here for your meeting. You are in very capable
16 hands with Bruce and with Ken. But I wanted to just
17 say a couple of things about the importance of your
18 work and particularly, at this time, as we go
19 through transition.

20 If you look back at SelectUSA,
21 SelectUSA has had enormous impact on the U.S.

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1 economy and on our ability to attract and retain
2 foreign companies into the United States. We play
3 a very important pivotal role between the state
4 economic development officers and foreign
5 companies. And when we arrived, well you have been
6 a little bit beforehand but, frankly, when we got
7 together as a team, we had what -- SelectUSA, I
8 think it was a conference and three people.

9 MR. HYATT: Two or three people.

10 SECRETARY PRITZKER: Two and a half
11 people, and 70 people going to a conference if I
12 recall correctly. And today we are an
13 organization of --

14 MR. HYATT: Forty.

15 SECRETARY PRITZKER: -- 40 people. We
16 have a budget appropriated by the Congress and we
17 are all -- how many of our top markets -- 15 of our
18 top 30 some-odd, 32 markets. So, we have come a
19 long way but fresh eyes, fresh reflections, your
20 own experiences will help us do a better job. And
21 so that is very important.

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1 The second part of it is not just a fresh
2 perspective but also, frankly, helping the next
3 team, political team as they come in working with
4 our career professionals to make sure they
5 understand how important this is. And this is not
6 just a passing fancy of a previous administration
7 but it is a basic service the United States needs
8 to do to be competitive. And that is a role that
9 you can play that is less self-aggrandizing than
10 us. We will make the case but we need help with
11 that.

12 And I would just say I know, finally,
13 there is a lot of work that has gone into the
14 recommendations that you are going to talk about
15 today. And I just want say thank you for that work.
16 It is extremely important. You know since Ken is
17 the primary, the front line and Vinai of executing
18 against those recommendations, you know we take
19 them very seriously as an organization. This is
20 not about paperwork that we have put on the shelf.
21 We are looking for how do we function and do a better

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1 job and partner better as well.

2 So, I just want to say thank you and I
3 really appreciate your letting me crash your
4 meeting.

5 CHAIR GARVEY: I thought you were going
6 to say crash our party.

7 SECRETARY PRITZKER: Well, that's
8 later.

9 (Laughter.)

10 CHAIR GARVEY: Thank you.

11 SECRETARY PRITZKER: You guys are in
12 good hands but thank you all very much.

13 CHAIR GARVEY: Thank you.

14 DEPUTY SECRETARY ANDREWS: Well first
15 of all, thank you all for being here. It is great
16 to see everyone again and to have you all here. And
17 Jane and Catherine, I want to thank both of you for
18 your leadership. This is one of the things I have
19 learned about the Advisory Councils, and we have
20 a number here in the Department, is their success
21 is often based on two things. One is strong

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1 leaders. So, thank you for your work here. And
2 then also for the time and investment of all the
3 members. I know how hard and how much time all of
4 you put in to the recommendations that we are
5 bringing forward today. So, I just want to express
6 our real gratitude and appreciation for that.

7 We take this council very seriously. I
8 think the recommendations that you make are super
9 important to the way that we do our jobs. I think
10 it is particularly important at this point in time,
11 which is two things. One is demonstrating to the
12 next administration how important FDI is.

13 I mean to me, it seems pretty
14 self-evident that whoever the next administration
15 is, they will come in, they will recognize how
16 important that when we live in a globally
17 competitive world, where it used to be that in the
18 United States it was easy, we didn't have to do any
19 work to attract investment. Those days,
20 unfortunately are long gone and it is real work.
21 And we are in an intense global competition of

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1 making the United States as attractive as we
2 possibly can as a destination for investment is so
3 important.

4 So, the work that we do here I think will
5 really help set the tone for the next
6 administration. It will also help build a bridge
7 to the next administration because I think they
8 come in -- you know we will, undoubtedly get a good
9 start with many of these recommendations.
10 Hopefully, we will get some of them done. Some of
11 them are shorter time frames, some are longer. But
12 what I think is most important is that we start a
13 process that will then be easily picked up on by
14 the next administration and the ability to just
15 continue seamlessly in the great work that Vinai
16 and the entire SelectUSA team have done to this
17 point, while really continuing to build on it
18 across the administration.

19 I think represented around this table
20 one of the great things is a very broad view of the
21 U.S. economy. And I think what is important here

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1 is you all represent more than just a group of
2 companies or states or associations but really a
3 perspective that you need to bring to the table for
4 the entire U.S. economy or other companies who are
5 not here because I think that is what makes these
6 recommendations so meaningful is they are not just
7 because of your companies, they really reflect a
8 much broader view on the economy.

9 I feel like we have done a great deal
10 and it is amazing Penny made reference to where we
11 started with SelectUSA several years ago. And I
12 think of all the progress and not just the summits
13 which were, obviously, fabulous and successful but
14 also the road shows, the intense engagement around
15 the world. I think about how far we have come.
16 You know we just had the Brazil road show -- and
17 just how far we have come in terms of the engagement
18 in creating not just SelectUSA as a brand around
19 the world but really putting on the most favorable
20 face for investment in the United States.

21 And I think the benefits have been

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1 hugely tangible. The amount of investment that
2 SelectUSA has helped to facilitate is remarkable.
3 But really, this is a start and I think we have only
4 scratched the surface on what the potential is.
5 And I think that is why these recommendations are
6 so important. And I really do believe this that
7 we, and I see this as I travel around the world on
8 behalf of the Department, is we are in such an
9 intense global competition for capital and for
10 investment.

11 And obviously, we believe that we have
12 had a great story to tell you in the United States
13 but it is telling a story and it is making sure that
14 we have the best investment climate we possibly
15 can.

16 So, with that said, I just want to thank
17 both of you for your leadership and look forward
18 to hearing the recommendations today. I thank all
19 of you.

20 CHAIR GARVEY: Thank you very much, Mr.
21 Secretary. I have to say Catherine and I were

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1 talking at lunch and the kind of leadership that
2 you have provided has been extraordinary. And I
3 think your willingness to sit and to meet with many
4 of us and talk about some of the issues, over
5 difficult issues sometimes, we appreciated it very
6 much. So, thank you for that, and thank you for
7 being here today.

8 VICE CHAIR SMITH: Yes.

9 CHAIR GARVEY: Just a couple of quick
10 comments.

11 We are going to have an opportunity to
12 hear from the subcommittees to talk about the
13 recommendations, to ask questions, hopefully to
14 vote on the recommendations if that is the
15 inclination of the entire advisory group.

16 I would like to make one point, though.
17 While we vote on the recommendations today, there
18 is still going to be ample opportunity to talk with
19 Congress about how some of these recommendations
20 are implemented. And as the Deputy Secretary
21 mentioned, some of them were short-term and can

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1 probably would be implemented more quickly.
2 Others are going to take more discussion and I think
3 a little bit more time. But we want to encourage
4 that kind of conversation to continue with
5 Commerce.

6 And I really like the way both the
7 Secretary and the Deputy Secretary spoke about
8 these. This is a bridge and it really is a
9 foundation for the new team coming in. I expect
10 the new team is going to probably, whoever, they
11 are, it is going to hit the ground running and I
12 think that this is the kind of body work that will
13 be exceedingly helpful to them. So, I am very
14 grateful to all of you. I know we have worked very
15 hard.

16 And unlike a number of other committees
17 that I have been involved in, some of us haven't
18 had the pleasure of working together in the past.
19 So we have really, I think, had to work doubly hard
20 and really you all are to be commended for that.
21 Congratulations.

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1 Catherine, did you want to say
2 anything?

3 VICE CHAIR SMITH: Let me just make a
4 couple of quick comments. And again, I think I am
5 going to start by thanking the subcommittees
6 because that is where the real action happened
7 between June and now and it is obvious that people,
8 everyone put a lot of time and energy and thought
9 into it. So, it was a pleasure to read these ideas
10 and see them evolve. And so we want to thank them.

11 I also want to thank Caroline for
12 spending countless hours on making sure that we all
13 understood some of the parameters that we were
14 working in. I mean these issues, sometimes
15 something that looks like just an easy idea turns
16 out to have many aspects that may not be obvious
17 to those of us who are on the outside.

18 So, the perspective and the context was
19 extremely important. And so the whole team here
20 did a fantastic job. So, thank you to your
21 leadership and to the staff for doing that.

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1 And I would say one more thing and that
2 is simply that Jane and I have also talked about
3 how we know we continue and we do see we have a lot
4 of I think very thoughtful and good recommendations
5 that are intended to be, per the request of the
6 Secretary, short-term in nature but there are going
7 to be opportunities, and we will talk a bit more
8 about this in a few minutes, but opportunities for
9 us to continue to build upon some of these
10 short-term ideas and continue to influence the
11 Department as it moves forward.

12 And last but not least, I would say that
13 I think many of want to get things done immediately
14 and keep moving forward at a fast pace. And so we
15 know that this administration has only a finite
16 number of days left but we do hope that some of the
17 work that we propose here can be carried forward
18 into the next administration in a speedy and
19 effective manner.

20 So, to the extent the subcommittees can
21 continue to put more meat on the bones that are in

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1 these letters, I think that would probably be
2 helpful to try to help make sure there is a path
3 forward.

4 Thank you again, everybody.

5 CHAIR GARVEY: Thanks very much. The
6 way that we will do this is have each one of the
7 committees make their report but then have the
8 discussion after that presentation. So, you will
9 have plenty of opportunities to ask questions, if
10 you would like. And we are going to begin with the
11 Workforce Development with, I think, Jeff, you are
12 on deck, as they say.

13 MR. WILSON: Well, good afternoon,
14 Madam Chair, Madam Vice Chair, and members of the
15 Investment Advisory Council.

16 As a support to the Director Department
17 of Commerce, we are taking steps to hopefully
18 improve the process for foreign direct investment
19 to obtain key enabling foreign enterprises to
20 better understand our labor markets, as well as
21 relevance so that they can make relevant investment

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1 decisions and have greater investment confidence
2 and expedite, especially expedite the research and
3 analysis work that is done when you make an
4 investment into the area.

5 So that said, and with the help of the
6 hard work of the subcommittees and the feedback
7 from a number of you, we have three actionable items
8 we would like to present to the committee today.

9 The first is the development of a
10 searchable cloud-based portal that a foreign
11 enterprise can use to identify locations in the
12 U.S. and in different regions which might meet
13 their potential needs, specific needs for labor
14 requirements. I know for our company that is a
15 major consideration when looking to investments.

16 And then to build onto that idea, the
17 second would be with this portal we would populate
18 the information provided by the federal government
19 sources and supplement it with standardized
20 workforce demographic data from the state, and
21 regional, and local sources that today is, if

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1 currently available, or not available in a
2 standardized format.

3 And then a third initiative that we
4 are recommending is that once we have the database
5 out there and we have it standardized and the
6 information is available, then we go about the work
7 of a promotional campaign that showcases to our
8 foreign enterprises the availability, the
9 accessibility, and the importance and relevance of
10 this campaign.

11 So, that concludes our recommendation.

12 CHAIR GARVEY: Thank you. Thanks very
13 much. Are there questions or comments or
14 observations anyone would like to make?

15 VICE CHAIR SMITH: I'll start off.
16 Can we describe -- I know there is some work already
17 being done to standardize data or maybe create some
18 data through either SelectUSA or Commerce. Is
19 this something that -- or is this something that
20 is brand new that you would be starting from
21 scratch? How do you see the evolution here?

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1 MR. WILSON: I think probably, Cathy,
2 that there is data out there already. And when the
3 teams should describe it and be approved and
4 changed and move forward, I think we are going to
5 be able to really I see the standardization, the
6 portal being more of taking that data that is
7 already out there. There is, obviously,
8 demographics, educational technical support from
9 the various areas. That data is there.

10 But to be able to provide the customer,
11 in this case, a foreign investor with the
12 standardized approach to say they can do a review
13 from California to Maine and look at all of the
14 regions and it would be in a disciplined,
15 obviously, regional format. This would allow them
16 to take the data, again I think to your question,
17 that is already present and look at it in a more
18 systematic view.

19 I know that that is very challenging.
20 With the number of investments that our company has
21 made into the United States, we are always -- now,

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1 I think it is important to footnote that what we
2 are proposing has nothing, no interference with the
3 competitive process that the states will go in.
4 This is more just the initial screening and
5 analytical work.

6 AMBASSADOR THUMMALAPALLY: If I could
7 add to what Jeff said, in proposal 1, there are
8 number of bullets. A number of these bullets are
9 available on the Census site. The Census Bureau
10 already has things like items like salary, wages,
11 and benefits by community. Education level of the
12 various communities, it is already there.

13 So, the point here is we don't need to
14 wait until we get all of these things before we take
15 this approach. We can start and it be a living
16 document and we update it as we go forward. So,
17 we will evaluate this and we will come back and sort
18 of build on these ideas. This is very helpful.

19 VICE CHAIR SMITH: So, is this
20 searchable data? So, someone can type I need you
21 know CNC operators.

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1 AMBASSADOR THUMMALAPALLY: It is on
2 their site. It is available already but to bring
3 it onto a portal like this proposal would be so much
4 more user friendly, both from the economic
5 development standpoint but also from the
6 investor's standpoint.

7 CHAIR GARVEY: Would the portal be
8 housed in Commerce?

9 AMBASSADOR THUMMALAPALLY: So that is
10 the recommendation. So, we need to find out how
11 and what are the steps and so on. So, we will have
12 that discussion. But we are just talking about the
13 idea is there.

14 MR. FINKLE: Yes, I have two comments.
15 One, unless I am mistaken, I don't see the word
16 certifications used. And so many employers are
17 looking at certifications in a variety of manner.
18 And from ACT with the work keys to the name of the
19 game for many companies is -- and so it seems to
20 me you would want to capture certifications.

21 And maybe this is a personal issue. I

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1 come from Ohio and we are a labor state. I mean
2 I live here now. Are we, by putting union
3 classifications or whether union or nonunion state
4 and what that impact is on wages, do we really want
5 to advertise that? I think those who might see
6 their wages being a little higher would also say
7 that causes us to retain better employees.

8 And of course there are two sides of
9 this union issue. It seems to be a political
10 statement that we may not want to make because that
11 would have blowback from somebody.

12 MR. WILSON: Understood. And I would
13 respond, Jeff, by saying that I think your idea with
14 respect to certification is certainly one that
15 makes a lot of sense with this project in support
16 of the data.

17 With respect to the sensitivity around
18 union, we certainly realize that just recognizing
19 that we, from a global perspective and the
20 companies that we are attracting I think we will
21 attract, especially in the manufacturing base, the

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1 competitive processes, and that will be something
2 that I think that the company will require. We
3 don't have to advertise.

4 MR. FINKLE: Exactly.

5 MR. WILSON: So, I get your point.

6 MR. FINKLE: Yes, I mean they are going
7 to find out one way or the other.

8 MR. WILSON: Sure.

9 MR. FINKLE: Should we be the ones
10 providing that, therefore, trying to be somewhat
11 neutral in the process?

12 CHAIR GARVEY: Jeff, thank you for the
13 suggestion because if we do certification, the
14 notion, the idea of certification but perhaps
15 remain silent on the union piece.

16 MR. WILSON: Yes, I think it is --

17 VICE CHAIR SMITH: One other thought on
18 this area. And I know this is done nationally is
19 that states are ranked by productivity of their
20 workforce, which is a way to sort of get past the
21 union issues because sometimes their productivity

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1 is higher than non-unionized workforce. So, that
2 gives a more neutral look at it.

3 And that is available. I don't know
4 which department has it but it is available out
5 there today.

6 CHAIR GARVEY: Any other comments or
7 questions or observations?

8 MR.IYER: This is quite comprehensive.
9 In fact, we are looking forward to support like that
10 for our business in Houston. And I approve of the
11 idea, Jeff, you do the certifications of people
12 looking to do it, number one.

13 Number two is labor laws is a very
14 sensitive subject for us and we would like to have
15 a comprehensive area where we can understand the
16 labor laws. That is number two.

17 Number three is some of the best
18 practices in the sense that if you can showcase some
19 success stories of companies like us in Houston,
20 it sort of gives a comfort feel to companies coming
21 into a city.

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1 So, somewhere if you can showcase some
2 of the success stories from the companies in those
3 cities, or states, or regions, it just gives
4 another comfort feel for a company coming in. We
5 do that with Houston a lot. And we have visitors
6 almost every month and they are asking us how is
7 it doing business in Houston.

8 CHAIR GARVEY: What do you say?

9 MR. IYER: Oh, it's great!

10 CHAIR GARVEY: Fabulous.

11 MR. IYER: It is probably because it is
12 the people. You get the best group of people and
13 plus the airport is very connected to different
14 part of the world and all that stuff.

15 So, there are many things that are
16 successes in Houston but it is good to showcase
17 success stories, wherever this information is put
18 as a consolidated information.

19 And I think the information is
20 available but if it comes together in one place,
21 it is easy to search. Just today I see information

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1 is in many places, very difficult to get all what
2 you want and you spend a lot of time. So, it would
3 be good to have one platform with all those
4 incorporated.

5 CHAIR GARVEY: So, two comments, then.
6 One was on the labor laws, the understanding of the
7 labor laws and the other, of course, is best
8 practices. I totally agree, it always is easier
9 when you can sort of see that.

10 I guess my question, and perhaps it is
11 more for the committee and perhaps for Commerce,
12 is the portal the place for that? I think these
13 are two excellent ideas. Is the portal the right
14 place or should we be looking --

15 DEPUTY SECRETARY ANDREWS: Well, the
16 labor laws, I think we have got to figure out what
17 we want. Because I think the portal is likely to
18 be more successful if it is data-oriented.

19 But to your point, I think the
20 information that you are talking about is valuable
21 but I think that is an important observation is do

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1 we want it to be a data-driven portal. Is the
2 usefulness primarily bringing together data?

3 And I would just note that it's two
4 things. One, it is really impressive how concrete
5 this is. So, I appreciate the very in detail of
6 this but it also aligns with the administration's
7 Skills for Business Initiative trying to really
8 broaden out the accessibility of information on
9 different skills programs and also our long-term
10 data goals here as a Department.

11 So to your point, I do think probably
12 focusing on the data and then looking for other
13 appropriate places because that is valuable
14 information.

15 And I will just give you an example,
16 state labor laws are probably not something we, as
17 the federal government, have or we don't control
18 that information as well. Whereas, the data, it
19 will be bringing various data sources together and
20 allowing them to be accessed through this portal.

21 MR. HYATT: Can I ask you do you think

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1 -- this says from federal sources. So, the
2 intention here is a portal which provides currently
3 collected federal data. That is a little bit
4 different than gathering data to actual portal.
5 So, is that what is meant here?

6 It does say from federal sources. Or
7 is it thought of more broad?

8 MS. SPANOS: There is an opportunity
9 for states to add their specific data at the state
10 level, as well.

11 CHAIR GARVEY: As long as it is in the
12 same format.

13 MS. SPANOS: In the same format, same
14 context. That standardization is important.

15 CHAIR GARVEY: Got it. Yes, I agree.

16 MR. HYATT: And is it your sense there
17 is a lot of data at the Department of Labor as well
18 or is it primarily Commerce data? Is it like all
19 over the place?

20 MR. WILSON: I think it is data that is
21 collected in a number of different departments.

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1 And this tool allows us to harvest that data and
2 bring it together, along with gathering the states'
3 information. So, again, when you go in and you are
4 looking for a particular area to invest in, you can
5 do a fairly balanced analysis between one region
6 or location versus another.

7 CHAIR GARVEY: Any other comments or
8 questions?

9 MR. MCDONALD: I just would like to
10 reinforce the work that SelectUSA is already doing
11 with some of the third-party providers like
12 Statebrook and others that are helping to aggregate
13 this federal data and making it understandable for
14 the customer, at the end of the day.

15 Again, piecing together Census and DOL
16 data and making it map able so people can see it
17 spatially and everything is a terrific way to just
18 be -- they are just friendly to those and not cause
19 them to actually look through five different
20 websites and try to figure it out. So, a portal
21 is landed.

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1 And I would reinforce Mani's comment
2 about not just best practices but case studies
3 about what worked and what didn't and lessons
4 learned by companies small and large that have
5 invested in the country and inevitably have hired
6 people and figured the system out. But if they can
7 do that to make it easier for the next company, that
8 would be fantastic.

9 CHAIR GARVEY: Any other comments?
10 So, it sounds like the two suggestions from Mani,
11 which I think are very good ones, we will table and
12 continue our discussion on it. Perhaps that would
13 be the next -- part of our next body of work that
14 we do. So, this will stick with the data-driven
15 portal but recognize that those are two important
16 questions.

17 I really love the idea of the case
18 studies, too, because even at some sort of a
19 conference that really highlighted where it worked
20 and what didn't work.

21 DEPUTY SECRETARY ANDREWS: Is that

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1 something we would put on the SelectUSA website?

2 MS. SPANOS: It is a natural place
3 where enterprises can go to look.

4 CHAIR GARVEY: Yes, and Mani, it sounds
5 like you have some case studies to offer as success
6 stories. So, that is great.

7 So, if there -- I just want to be sure
8 there are no further comments or questions.

9 VICE CHAIR SMITH: Great job.

10 CHAIR GARVEY: Yes, it is a terrific
11 job.

12 If not, may I -- should I get an actual
13 motion or is it just assumed that we -- oh, thank
14 you.

15 Here we go, guys. Are you ready?

16 (Simultaneous speaking.)

17 CHAIR GARVEY: Since there are no
18 objections to the recommendations, they are
19 accepted. I am glad you were here.

20 All right, so we will move on to the next
21 group, which is ecosystems.

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1 I'm sorry, do I need to do something
2 else? Oh, I have to actually say that?

3 All right. Hearing none, the
4 recommendations are adopted.

5 (Simultaneous speaking.)

6 CHAIR GARVEY: Ecosystem. Mani, are
7 you going to lead that?

8 MR. IYER: Yes. Good afternoon,
9 Chairman Garvey and Vice Chair Smith, Deputy
10 Secretary Andrews, and fellow council members. I
11 am going to present on behalf of Chris Camacho,
12 chair of the subcommittee and my fellow members
13 here.

14 In the initial months that Investment
15 Ecosystem Subcommittee had focused on some
16 short-term initiatives and actions that has the
17 highest impact on what we discussed as identifying
18 the three opportunities starting and growing
19 business investments in the U.S., as well as
20 leveraging partnerships, best practices, as well
21 as technology tools to best support the FDI in this

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1 country.

2 The subcommittee's initial discussion
3 centered on three ideas, along three ideas, which
4 have an opportunity to affect change in the
5 near-term. And they are enhancing the gathering
6 and dissemination of information already
7 available. Second is managing client services
8 through standardized processes. And third was
9 resources needed to globally compete to attract
10 FDI.

11 In this case, as client services, we
12 have a couple of audiences. Number one is the
13 educators of foreign-owned enterprises like us
14 evaluating, investing, and expanding investment in
15 the United States. The second is the state and the
16 regional economic development organizations that
17 work with SelectUSA to promote FDI in their
18 respective markets. And we believe with the
19 engagement of states and regions SelectUSA can
20 carry out its most important mission of
21 job-creating business investment into the United

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1 States.

2 So, on behalf of this committee, I
3 respectfully submit some recommendations for
4 consideration. Number one is creating cohesive
5 federal, state, and regional EDOs foreign direct
6 investment attraction objectives and strategies to
7 create a stronger platform to promote the U.S. And
8 this, we believe, could be accomplished by
9 prioritizing the deployment of the current
10 available resources to maximize the outreach
11 efforts to potential investors, as well as
12 expanding the SelectUSA investment mission at
13 these marketing and promotion events, as well as
14 dedicated tools and staff to support the outreach
15 and align with the regional, state, and local EDOs.

16 So, the subcommittee recommends
17 SelectUSA to deploy existing resources in a very
18 focused and prioritized manner and in coordination
19 with the state and regional EDOs.

20 Number two is service states and
21 regions on a biannual basis because we believe the

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1 EDOs are very well connected to the market of the
2 key objectives and strategies. There are frequent
3 touch points and that includes the alignment
4 between SelectUSA and the EDOs.

5 And I think also there is a need for a
6 standardized process to share information between
7 the state and the regional EDOs about the type of
8 investment opportunities we have that the
9 investors are seeking.

10 It goes without saying that we believe
11 additional resources are required at SelectUSA for
12 expansion of trade missions, marketing, and
13 promotional events to enhance the outreach. But
14 this is more important for us to gather
15 information, get some access so that the potential
16 investors can go through it to evaluate locations
17 to invest in the U.S.

18 The second is we recommend optimizing
19 the flow of information between SelectUSA and the
20 EDOs and potential foreign investors by creating
21 some standardized targeted questions and request

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1 forms detailing the critical data points the
2 investors would like to see at certain level of the
3 projects and also develop procedures that allows
4 the EDOs working through SelectUSA to provide
5 investors with relevant data and the information
6 they seek.

7 We believe utilizing these best
8 practices in standardized intake processes will
9 benefit communication between SelectUSA and the
10 EDOs while maintaining the highest standards of
11 confidentiality, which is important, we agree, and
12 geography neutrality. SelectUSA will develop a
13 position to respond to the client needs.

14 Finally, we propose establishing a
15 recommended set of standardized state and
16 regional-level data to be aggregated from the EDOs
17 and make it accessible to the SelectUSA clients.
18 This promotes the focus of database to the EDOs,
19 as well as actively pursuing data sharing from EDOs
20 to SelectUSA.

21 Initially, the current data could be

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1 warehoused in a central place that everyone can
2 access and then, eventually, it has to be a
3 federally-operated database, in our opinion, of
4 national and metro-level international business
5 cost comparisons.

6 We recommend SelectUSA establish a
7 collaborative portal. Right now I understand it
8 is with Statebrook but we recommend SelectUSA
9 establish a collaborative portal of its specific
10 state and regional data collateral so that we can
11 access and there is no fear of losing information
12 or not getting enough information to SelectUSA.

13 So, these would be our recommendations.
14 I appreciate the opportunity for us to present.
15 And I leave it to you all to discuss the merit and
16 impact of these recommendations. And thank you,
17 Chair Garvey. I return the floor to you.

18 CHAIR GARVEY: Thank you very much,
19 Mani. Any comments? Any questions for Mani?
20 Any observations at all?

21 VICE CHAIR SMITH: So, Mani, it sounds

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1 as if, particularly on the standardized data, that
2 it has some resemblance to what we heard out of
3 Workforce.

4 MR. IYER: Yes.

5 VICE CHAIR SMITH: Do you see that as
6 kind of a cornerstone, the Workforce work that we
7 have just talked about and then building upon that
8 with other types of data? And if so, what other
9 types of data do you anticipate being included?

10 MR. IYER: Yes, you are right in saying
11 it is along the Workforce Development discussion
12 we had a standardized set of data where I believe
13 the EDOs have got a lot of data of the regional and
14 the local state market information. They have
15 done a lot of research to get those data. To what
16 extent is the Statebrook updated with those data
17 is the question.

18 So, to what extent we have reliance with
19 the SelectUSA for its federally-operated database
20 or even if it is Statebrook can we carve a portion
21 which is just made for this purpose?

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1 Does that answer your question? You
2 are asking for what data do you need to be posted?

3 VICE CHAIR SMITH: Well, I think in
4 addition -- so I think we have agreed that the
5 workforce data is extremely important, I mean a lot
6 of what people are looking for when they are
7 coming from offshore. And I think the question I
8 had is are there other types of data that you, as
9 a committee, discussed adding to that workforce
10 data that would be of particular relevance?

11 MR. IYER: The occupational cost and
12 the tax information, the regulatory information.
13 And those information are all required for us to
14 compare which part of the country. A big city is
15 more competitive against our cities. So, the data
16 should be able to compare cities of other countries
17 versus our city so that the investor looks at those
18 data and makes a conscious call of where to first
19 to come to the U.S. and when it comes to the U.S.,
20 all the states and the regions should have that data
21 so that he or she decides which part of U.S. would

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1 he like to come to.

2 MS. MCGUIRE: And Mani, when we were
3 going through this committee discussion, we were
4 trying to look at our customers or investors. What
5 do they need in order to make a decision? Where
6 are they going to do the first level exploration?

7 So, that can be the talent
8 availability, which is the workforce. It can be
9 government incentives. It can be what industry
10 clustered we have in what part of the country. It
11 can be the cost.

12 So, I think study could be done saying
13 looking from a core investor's perspective what
14 data they need to make the decision, the first level
15 decision. The data cannot replace relationship.
16 That is a first step. And so all of those data
17 should be integrated into one tool, not just
18 workforce.

19 The other thing is everything we talk
20 about is structured data but also there is
21 unstructured data. They are the people on the

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1 Facebook talk about Samsung made a \$16 billion
2 investment in Austria. We got 3,000 workforce.
3 cost very affordable. That kind of information,
4 if we can integrate unstructured data into a tool,
5 now we become powerful. Then, they can compare
6 these data with another country to make a
7 preliminary decision. So, that is what we are
8 talking about comprehensive.

9 CHAIR GARVEY: You know I was curious
10 and I think it is a terrific observation, the notion
11 of focusing and prioritizing resources. And in
12 fact, the Congress has limited resources.

13 What was the -- I would be interested
14 in some of your discussion that you had. How did
15 you see that happening? You said along the state
16 and regional lines. Was there more you can add to
17 that? What were the areas of focus you wanted to
18 focus on?

19 MR. IYER: Yes, I would like the
20 committee members to also pitch in if I am missing
21 something here.

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1 I believe, and I will be candid here,
2 to begin with, we felt that there is not enough
3 information. I think that SelectUSA's resources
4 are relevant today but not very openly known to the
5 EDOs, in my opinion. So, there was some learnings
6 through the process of what is available to begin
7 with and, therefore, how do we prioritize what is
8 available.

9 And then we felt that the resources in
10 the SelectUSA is not expansive enough to collect
11 in the many countries -- within the country the
12 areas we need to address and, therefore, how do we
13 have SelectUSA recruit resources, prioritize into
14 those areas.

15 So, those are the discussions I would
16 like my committee folks if there is any more things
17 which I missed speaking about. Do you have
18 anything to add on this question?

19 MS. MCGUIRE: I think let me maybe give
20 you a real example to bring to light.

21 So, three weeks ago we had an Inaugural

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1 Texas-China Investment Summit. And we practiced
2 and learned three key areas that is kind of reflect
3 our recommendation. So, it has not come from a
4 vacuum.

5 Number one, we talk about harmonized
6 federal, state, and regional EDOs and working
7 together. We were able to, we, as a volunteer
8 nonprofit organization, we were able to bring in
9 SelectUSA, Vinai's organization, to support
10 effort. We were able to bring
11 Republican-dominated states, governor's office,
12 economic development agencies. We were able to
13 bring Democrat-dominated county and city
14 government. And we were able to bring in
15 universities and chambers, EDO, all coming,
16 working together.

17 So, the recommendation is how we can
18 find a mechanism to get all these people working
19 together towards common goal.

20 What we did was fuel people's effort,
21 literally sat down with each one of them and

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1 understand their objectives, what they are doing,
2 and make sure what we are doing reflects their
3 objectives.

4 But somehow we even make into a
5 mechanism. And what I am thinking, as I am
6 listening, this is what just came to my mind, is
7 if SelectUSA can fund some neutral nonprofit
8 organizations solely to bring these parties
9 together. So, that is one, to bring everybody
10 working together.

11 Because of this effort, we were able to,
12 within about three months, we were able to bring
13 in \$4.5 billion project, diverse projects from
14 internet things, to clean energy, to medical
15 devices, to real estate, et cetera and we were able
16 to bring 55 qualified investors representing \$6
17 billion.

18 And the results is like amazing.
19 Within weeks, we had a \$300 million MOU signed with
20 the investors and project owners. And if we didn't
21 bring these parties altogether, that wouldn't

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1 happen because what I said in the past was divide
2 and conquer.

3 So, the one, that first recommendation
4 is harmonized for those state, regional EDO working
5 together to create objective strategies. What if
6 SelectUSA partnered with nonprofit organization to
7 make that happen, a neutral party? So, that is one
8 observation.

9 The second one is technology tools. So
10 initially we said let's get just 50 projects and
11 we got 50 investors. Perfect match, right? But the
12 word got out. All these projects want to come talk
13 to us. Now we have got 100 projects. And we have
14 few volunteers. We can't manage it.

15 So, we were forced to go look for tools. And
16 then later on we found out we didn't have to create
17 the tools. The tools are already there. We just
18 need to go find them.

19 So, we found, after talking to
20 different people, we found state exchanges. It
21 has actually served the purpose we want to deliver,

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1 which is consolidate qualified different projects
2 and have very ready accessible tool that can
3 receive investors' inquiry and do that online due
4 diligence. It is like Match.com on SelectUSA.

5 And so they have done the first level
6 due diligence. And so once they have done their
7 due diligence through the technological tools, now
8 the relationship comes into play. Now, we sit down
9 with them to make sure there is synergy. So, those
10 are the two things I learned.

11 Actually the third thing, it is also
12 PPP, public and private partnership. We have the
13 mayor of Austin pitch in \$500 million affordable
14 housing to private investors. We had a director
15 of the Transportation Department pitching a
16 billion dollar highway project they couldn't fund
17 for investors. Now, I have a trip to China to make
18 that happen.

19 So, these are the things I learned. It
20 is a partnership. It is PPP. It is all about
21 leveraging technology tools which reflect our

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1 recommendations.

2 Thank you.

3 CHAIR GARVEY: Thank you very much.

4 VICE CHAIR SMITH: So, in the
5 discussion in your letter about creating maybe a
6 dashboard or getting requests from potential
7 investors that then would be followed up on by the
8 EDOs. Being very practical-minded, running and
9 EDO myself now, my question is how would that
10 actually work because that is, potentially, a lot
11 of information. And you said confidentiality
12 would be protected, which is very important.

13 So, I am just trying to understand how
14 you saw that actually functioning in a way that
15 would give access to all the EDOs, which there are
16 hundreds of in the United States. And then there
17 are, presumably I hope, hundreds, maybe thousands
18 of potential investors.

19 So, I just was curious how you saw that
20 actually operating.

21 MR. IYER: If it is a database where all

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1 the information will be there but if it is
2 searchable there, if I am an EDO of a particular
3 area and if I would like to know what is the interest
4 of these potential investors in my EDO so I can
5 search and find out who are these potential
6 investors, who has already sort of narrowed down
7 to where my EDO is and how they would like to come
8 and participate in our community.

9 If not, then are there adjoining EDOs?
10 If he can collaborate and find out who could those
11 potential investors be so that we can collaborate
12 and work with each other, that would be my
13 suggestion.

14 Now, I understand that it is a lot of
15 data and a lot of data to scan through and see what
16 would work but today I believe we have to go to many
17 sites to get that data.

18 Today, I may be wrong here, the data is
19 not available in one particular place. If all the
20 data could be coming to one place and could be
21 searchable, we should be able to narrow it down to

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1 what could be the most important for that.

2 VICE CHAIR SMITH: For the company or
3 for the EDO?

4 MR. IYER: Both.

5 VICE CHAIR SMITH: For both.

6 MR. IYER: I think the potential
7 investors also would be interested to see which
8 part of U.S. do I go to.

9 VICE CHAIR SMITH: Yes, that I get.

10 MR. IYER: Very Good. And then the EDO
11 also could get a list of those potential investors
12 so that there is more education, there is more
13 alignment, and there is more information sharing,
14 more so than anything else.

15 I see a lot of anxiety. Now, if I take
16 my example as my intergroup of companies, we have
17 seven sectors here. We have a lot of sectors back
18 in the world which could come here. And I see a lot
19 of governors representing India meeting with my
20 chairman. But it would be good to have one place
21 where we could go and access to say give us a place

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1 which will be conducive with its workforce,
2 development, and labor laws. There are many
3 things which we have to consider to get to that
4 place.

5 I don't find that as one available
6 place.

7 VICE CHAIR SMITH: Yes, and I think,
8 from the prior conversation and this, that having
9 that, and it is all publicly available information
10 but in a standardized consolidated way, so that you
11 could search it and get the information. I think
12 it is the other direction that I am really curious
13 about because there a company like yours, how much
14 of their information do they want to put out to how
15 many organizations and do they want potentially
16 hundreds of organizations responding when they may
17 or may not want to talk to them.

18 So, I think that would be something I
19 would ask this committee to carry forward and think
20 a little bit further about of how practically that
21 could work in a way that would protect the interest

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1 of both sides.

2 CHAIR GARVEY: So kind of a gating
3 question.

4 VICE CHAIR SMITH: Kind of a gating
5 question. Or is there ability for the company to
6 sort of self-select I want to talk to these six and
7 then you get access or something like that.

8 MS. SPANOS: Is there some of that
9 gating happening at SelectUSA, though?

10 VICE CHAIR SMITH: I don't know how
11 they manage it today.

12 MS. SPANOS: I think yes, because all
13 the states get leads that come into SelectUSA,
14 correct? If an investor is interested in
15 investing in the U.S., don't they typically go
16 through SelectUSA and then you farm them out to the
17 states?

18 AMBASSADOR THUMMALAPALLY: Not all.
19 We would like them to because we know that would
20 be ideal but I think the idea here is to see if a
21 portal could be developed that can provide just

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1 that, what you are describing.

2 So, there are a lot of touch points.
3 There are so many -- there is a lot of case work
4 happening, this kind of just the way you described
5 it. But the scale is -- I mean the field is so big.

6 MR. FINKLE: So, we at the
7 International Economic Development Council, we
8 actually did a project several years ago and we
9 called it the Site Selection Data Standards. And
10 we didn't feel that we encouraged communities to
11 maintain a certain set of data. And the data needs
12 of companies can be massive. And it kind of
13 depends. You know what is a company looking for?
14 If they are looking for a headquarters operation,
15 that is an entirely different set of data needs
16 versus a logistics center of some sort versus a
17 manufacturing center of some sort.

18 Let's take a headquarters, for
19 instance. You know a headquarters operation, they
20 are going to want to know what do the local high
21 schools look like because they are going to

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1 bringing in their top executives and they are going
2 to want to have them in great schools. They are
3 going to be looking at quality of life questions.
4 And how much data are we going to be asking
5 SelectUSA to put out there?

6 I think Statebrook is doing a decent job
7 right now at providing a fair amount of data. The
8 second question -- and I was on this committee and
9 so I feel a little guilty maybe of not having raise
10 some of these more articulately at a previous time.
11 But the second question is where are our leads as
12 economic developers coming from. And my guess is
13 that -- let me give a different analogy before I
14 talk about SelectUSA.

15 The site selection consultants we all
16 think of as gods within the economic develop world,
17 oh, they have all these connections to all of these
18 business leads, they are only doing about 30
19 percent of the site selection deals. What
20 percentage is SelectUSA doing of international
21 deals? Are they doing five percent? Are they

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1 doing ten percent? I don't think we know.
2 Hopefully it is 100 percent but 2 percent?

3 And so it seems to me we need to be
4 careful before we jump into building an enormous
5 database until we also get SelectUSA in a position
6 where their influence on deal flow is so
7 significant it justifies an enormous amount of
8 investment to build such a tool.

9 MR. IYER: We could look at the
10 Statebrook database and see if we can carve out a
11 place where EDOs and SelectUSA can look at the data
12 themselves it is all being open to the public. So,
13 then there is confidentiality in there. If the
14 EDOs have made investments, they don't want that
15 investments to be sent to other places. So, it
16 could be at one specific place in the Statebrook
17 site.

18 MR. FINKLE: And, Jane, there is one
19 third point. I apologize.

20 I do worry about the rural places and
21 places that don't have a lot of money to populate

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1 data. So, that is where SelectUSA and Statebrook
2 have to be helpful to those places because not
3 everybody is going to have the budget of GPAC or
4 Greater Houston Partnership or Kenny for that
5 matter. They are prepared and they have the
6 resources and the research tools to supply most
7 data needs. You know there is going to be a lot
8 of places that aren't going to be able to be
9 helpful. And that is --

10 MR. SPIEGEL: It is a huge challenge,
11 though. I know even a large company like Siemens,
12 where all 50 states, we do a little bit of the
13 analysis in-house but we use consultants a lot on
14 the outside and we use the SelectUSA database. But
15 there is so much data, especially if you are making
16 a big investment decision, so much data, everything
17 is changing rapidly. You also have to fact check
18 some of this information you get to see if it is
19 really true.

20 I mean we have had situations where
21 people said well there is enough workforce in the

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1 area to handle this additional facility and find
2 out there aren't enough people who have those kinds
3 of skills and things like that. So, it is a big
4 challenge.

5 It would be a massive database. There
6 would be a lot of data.

7 CHAIR GARVEY: Right. I would say
8 from listening to the discussion, this is really
9 excellent discussion and I think, directionally,
10 it is very good. The recommendations are really
11 solid.

12 But it also sounds like we have got some
13 more discussion and some areas that we can focus
14 on as we move forward, but terrific.

15 And thank you very, very much. I am
16 wondering if there are any other more questions or
17 any objections.

18 MS. MCLERNON: Jane?

19 CHAIR GARVEY: Yes.

20 MS. MCLERNON: This is Nancy McLernon,
21 I would just like to add a point on the ecosystem.

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1 So, one of the things that, and I don't
2 know if it belongs here, but about 60 to 70 percent
3 of FDI comes from existing companies that are
4 already here. And so the extent to which any sort
5 of tools also take into account the companies that
6 are already here and any activities that SelectUSA
7 engages upon, I just wanted to flag that it is not
8 always reaching across the Atlantic. You know
9 that if the companies here, sometimes even if they
10 have got foothold or a company like Siemens still
11 can require some of that care and feeding as well.

12 So, just to define it, I don't know if
13 it belongs in the ecosystem part. To not just
14 focus on the global headquarters but the companies
15 that are already here can provide so much. It is
16 kind of low-hanging fruit.

17 CHAIR GARVEY: Very good. Good
18 observation.

19 So, hearing no objections, I am going
20 to adopt the recommendations from the Ecosystem
21 Committee. Li, how did I do on that one?

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1 (Laughter.)

2 CHAIR GARVEY: I have proclaimed the
3 recommendation adopted.

4 I didn't know I had this much power.

5 (Laughter.)

6 (Simultaneous speaking.)

7 CHAIR GARVEY: Well, look, I'm a little
8 sensitive about time. We have got two more
9 presentations and then we have a couple of folks
10 who are here from the administration that we would
11 like to hear from as well. And we want to also
12 spend a little bit of time talking about where do
13 we go from here.

14 So, with that, I am going to turn it to
15 Eric for the Investment Competitiveness
16 Subcommittee.

17 MR. SPIEGEL: Very good. Well, thank
18 you. First, I want to Chair Garvey, and Vice Chair
19 Smith, and Deputy Secretary Andrews, and everyone
20 else from the Department who is here. We really
21 appreciate the opportunity to be part of the IAC

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1 and look forward to working with you and going
2 forward in the future.

3 I would also like to thank on the
4 subcommittee one of my subcommittee members here,
5 Nancy McLernon is down there from OFII. Thank you
6 very much for her help. It was a great team effort,
7 actually lots of phone calls, lots of meetings,
8 lots of editing and we got it down to two
9 recommendations, which I will get to in a second.

10 Our charge was really to take a look at
11 identifying policy barriers and challenges to
12 foreign direct investment. I think one thing that
13 became clear as we went into this is what a great
14 job the Department and Secretary have done. I
15 think just from 2014 to 2015 alone, FDI has
16 increased, almost doubled, in the U.S. over that
17 period. So, that is great.

18 And I think just in working with people
19 in the Department and the Secretary, it is pretty
20 clear they realize that increasing FDI would
21 increase jobs and I think we have seen now 6.4

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1 million Americans now work for inbound companies,
2 which is about 1 in 20 jobs. So, I think that is
3 a great accomplishment.

4 We would obviously like to see this
5 continue. We would like to see a national goal,
6 in fact, set by the next administration to increase
7 FDI. We would also like to see, obviously,
8 SelectUSA continue, which we hope it does and we
9 think it has been invaluable.

10 And I think especially at this time we
11 do see some headwinds out there. There is
12 definitely a global backlash around globalization.
13 It also trends toward protectionist measures. You
14 can see that both here in the U.S, we obviously see
15 some of that but, around the world, we see some of
16 those issues as well. So we think now more than
17 ever SelectUSA and getting the right policies in
18 place to encourage, in fact, we think not only as
19 a defensive thing but an offensive mechanism, this
20 is a great time I think for the U.S. to be inviting
21 companies in and make it easier to invest where

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1 other companies, other countries are pushing back.

2 So, let me turn to the recommendations.

3 So, there is two. The first one is as an
4 authoritative source on inbound investment, the
5 Secretary and SelectUSA should be used as a
6 resource for the review of public policy. As such,
7 we recommend the Secretary continue to work to
8 remove barriers to FDI in the U.S. by preventing
9 or changing regulations and regulatory actions
10 that may disproportionately disadvantage foreign
11 companies doing business in the U.S. To further
12 that, advocating the necessary steps towards
13 fixes, where appropriate, could help create a more
14 level playing field.

15 Three points under that. One is the
16 Secretary should serve as an expert resource in
17 this area by advocating for regulatory climate that
18 balances both the policy objectives where they
19 impact on FDI and that is working with other
20 agencies in the U.S. Government and also with
21 states.

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1 And the Secretary and the Department
2 should continue to engage interagency colleagues,
3 including utilizing their agency Investment
4 Working Group on matters that relate to FDI
5 promotion in the U.S., such as regulations that are
6 prejudiced against FDI, and that the IAC can serve
7 as a positive resource for the Secretary for this
8 purpose going forward.

9 Just a couple of details under that,
10 further context about the recommendation. On the
11 regulatory side, we think the Department of
12 Treasury's Section 385 final rules threaten U.S.
13 competitiveness, predominately impact inbound
14 companies and, unfortunately, the
15 characterization of FDI contained in these rules
16 is completely contrary to the Secretary's strong
17 efforts.

18 I won't go into detail on that but we
19 think the Secretary has done some very good things
20 around that but we are still concerned because,
21 unbalanced, it does impact foreign companies more

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1 than domestic companies.

2 On the legislative side, improvements
3 are needed to the Foreign Investment Real Property
4 Tax Act. Some of the changes have been made to
5 FIRPTA but a long-term statutory fix is still
6 needed. We recommend the Secretary support a
7 change in the definition of a U.S. real property
8 holding company that would streamline compliance.
9 The Infrastructure Subcommittee, as well, is
10 recommending clarification of FIRPTA. I think
11 they are talking next.

12 Our second recommendation is as
13 follows. The Department can serve as an advocate
14 for commerce in the U.S. by clarifying that U.S.
15 subsidiaries should be regarded as part of the U.S.
16 business community for the purposes of federal
17 government support, advisory group services, and
18 promotion in the U.S. and around the world. Given
19 inbound companies export nearly one-fourth of all
20 U.S. exports, they should have an actionable and
21 government business dialogue guiding our business

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1 environment here in the U.S.

2 One point under that, the executives of
3 U.S. subsidiaries of foreign companies should be
4 more actively included and considered for business
5 engagement opportunities, including advisory
6 groups, roundtables, and trade missions with
7 senior government officials. I think there is an
8 opportunity, given the short-term for the
9 Secretary, to work with the Assistant Secretary of
10 Commerce for industry analysis. The end result
11 would be revising eligibility for the
12 administration's industry advisory groups to
13 include executives of U.S. subsidiaries in foreign
14 companies.

15 This is similar to Secretary Pritzker's
16 efforts on the Manufacturing Advisory Council and
17 the Secretary can also encourage the
18 administration to include and actively seek out FDI
19 participation on the President's Export Council
20 and other similar advisory councils.

21 So, I will just end by saying thanks

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1 again to the Secretary and to the Department for
2 forming this group. Thank you, Chair Garvey. And
3 we look forward to having a discussion about these
4 topics.

5 CHAIR GARVEY: Thank you. Thank you,
6 Eric.

7 Any questions, or comments, or
8 observations that anyone would like to make?
9 Nancy.

10 MS. MCLERNON: So, I will just say a
11 couple words. It was a pleasure working on this
12 subcommittee.

13 And as an organization for the last 25
14 years who has focused on discriminatory policies,
15 having an administration think outside the
16 economic box and make foreign investment a priority
17 has been tremendous and is so far from where we were
18 ten years ago. And so moving that football down
19 the line is, obviously, an important goal.

20 Eric mentioned 385, our favorite three
21 numbers, and we know that the Commerce Department

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1 went to bat on a lot of issues of concerns to the
2 business community. They were revised in a such
3 a way to have an almost exclusive impact on just
4 inbound companies. So, U.S. multinationals were
5 largely carved out. And so there is a
6 disproportionate impact on inbound companies and
7 it is something we will obviously continue to work
8 on.

9 But as Eric mentioned, the
10 characterization of foreign investment that is in
11 the over 500 pages of regulations is something that
12 is problematic and we worry about going into the
13 next administration how they may view foreign
14 investment.

15 So, it wasn't just the changes to the
16 regs. It was actually the characterization of FDI
17 seemed disconnected to the hard work that both the
18 Commerce Department and the White House have been
19 doing on FDI and would love to figure out a way to
20 have the connecting of the dots on how FDI is viewed
21 in other agencies within the executive branch, as

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1 well as Congress, not just the Commerce Department
2 who definitely seems to get it.

3 DEPUTY SECRETARY ANDREWS: I just want
4 to say on behalf of the Department, look, we are
5 very committed for advocating the United States is
6 open for business and I think the work that we have
7 done both developing the SelectUSA program and also
8 the work within the Interagency Working Group
9 really reflects that. We are very committed to
10 treating all investors the same in a fair manner
11 under law.

12 Your recommendations, these
13 recommendations are important and they are
14 helpful. You know I think there are, there have
15 been, and 385 is an example of challenging policy
16 discussions which have taken place within the
17 administration and there is a complexity to the
18 myriad of issues that takes place here.

19 And so it is a challenge but to the
20 points of both Eric and Nancy, thank you for
21 recognizing the work that we did because we did

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1 engage significantly within the administration and
2 with Treasury. I think we had some successes.
3 There were a bunch of things where we moved the ball
4 very successfully, some things that we had some
5 success but maybe not as much as we would like.

6 But I think part of the challenge here
7 is I think they were trying to address certain
8 factors that, unfortunately, the complexity
9 sometimes of writing regulations, I don't think
10 they were purposely trying to -- and they actually
11 stated, they were not trying to reduce U.S.
12 competitiveness in terms of FDI but I do think that
13 the ultimate impact recognized was broader than
14 many in the room would have liked to have seen.

15 But so we are going to continue to work
16 on these issues, frankly continue to coordinate
17 within the U.S. Government, within the
18 interagencies, use the Interagency Working Group
19 to keep pushing these issues forward.

20 And I think, to your point, this gives
21 us a good opportunity to go into the next

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1 administration to continue to highlight the
2 importance of FDI and to encourage policies that
3 support the expansion of FDI and we will continue
4 to do that.

5 I appreciate the recommendations.
6 Thank you.

7 CHAIR GARVEY: Any other comments?

8 MR. BEARIAULT: Maybe one thing. I
9 would echo the second point regarding executives
10 of U.S. subsidiaries having a bigger say as part
11 of advisory groups like this. I know there is a
12 rule that prevents non-U.S. citizens from serving
13 on advisory committees like this. I am sure there
14 was a very good reason for adopting that at the time
15 but it hampers -- I speak from my own experience
16 in my company -- it hampers the ability of my
17 colleagues to share and participate in worthy
18 initiatives like this.

19 So, if we can as part of this, maybe
20 have people take another look at that rule and maybe
21 advocate for some change, I think that would open

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1 up the ability of foreign countries and their
2 executives to take a more active role.

3 DEPUTY SECRETARY ANDREWS: And I think
4 just to comment to that briefly, we are very focused
5 on getting the broadest participation and getting
6 the broadest number of voices. The political
7 climate, and somebody had mentioned what is going
8 on in the broader political climate right now,
9 whether it is about globalization, whether it is
10 about the back and forth, which frankly is not
11 always helpful rhetoric because I think we all
12 recognize that A) having welcoming companies into
13 the U.S. -- but there is a political challenge here
14 and we appreciate that.

15 We try to recruit far and wide to get
16 participation on these things but there are also
17 just political challenges domestically and
18 particularly in terms of we have heavy scrutiny of
19 Congress by the process.

20 Some of you may have seen we get
21 articles frequently, how shall we say, critiquing

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1 how we go about doing these things. Not always
2 does the press see our efforts or Congress our
3 efforts to be as expansive or not widely supported.
4 But we totally understand the point and appreciate
5 it.

6 CHAIR GARVEY: Other comments? Yes.

7 MR. SPIEGEL: Maybe just to underscore
8 the importance of SelectUSA's team in providing
9 council and building a bridge with particularly the
10 trade organizations and reinforcing the
11 competitive nature of foreign investment where
12 trade policies can greatly have impact at going
13 forward. It was not only inside this institute.
14 It was competing on the front lines. It was left
15 to the states and the regions. And now that we have
16 it, we should utilize it for expert advice about
17 why we are winning and losing based sometimes
18 solely on trade policies, particularly in the NAFTA
19 Zone.

20 So, it is critical components,
21 something we should lean on more in the next

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1 administration than we could at the beginning of
2 the Obama administration.

3 MS. MCLERNON: Can I just add to that
4 to Kenny's point?

5 So, a lot of the great work that this
6 administration has been trying to do to move TPP
7 and trade agreements down the road. Is there a way
8 to think of encouraging whether it is USTR or others
9 as they quantify the benefits of trade agreements
10 to include increased foreign direct investment as
11 sort of part of those considerations? So, we did
12 a study showing that trade agreements, in fact, do
13 encourage more FDI. So, to be globally connected
14 to trade agreements can make the U.S. more
15 competitive.

16 And we had some executives say that the
17 lack of a robust agenda on trade has hurt the U.S.
18 a bit on that front. And to have FDI sort of all
19 the great benefits that come from FDI somehow
20 included some of the conversations and statistics
21 on the benefits of trade might be a way to also kind

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1 of boost up the understanding of the benefits of
2 agreements, as well as cross-border investment.

3 CHAIR GARVEY: I think that is
4 certainly, I think, has been part of the discussion
5 from the group to really provide some helpful
6 feedback to Commerce and we will take all of that.

7 Does anyone have any objections to the
8 draft recommendations? Hearing none, I will
9 proclaim the recommendation adopted.

10 If I do this enough, I am going to get
11 it.

12 We are going to turn it over to our last
13 committee. Peter is going to lead us in that
14 discussion.

15 MR. LOWY: Thank you for your help,
16 Madam Chairman and Vice Chairman. Thank you,
17 Secretary.

18 For the benefit and tyranny of going
19 last is I will be as brief as possible.

20 What we did at the Infrastructure
21 Subcommittee is really try and research the area

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1 to see where we are and where we think can go forward
2 and we did get some very helpful briefings from
3 Department of Treasury and Department of
4 Transportation, as well as our own research.

5 The thing that I found most fascinating
6 is that from where we sit, there is enough actual
7 capital around at the moment, both foreign and
8 domestic, for the current needs of infrastructure
9 and that the benefits of private capital coming
10 into infrastructure projects is relatively
11 well-recognized by both the federal government and
12 the states themselves.

13 And our ability to reduce barriers
14 going forward will really meet the future needs of
15 infrastructure development in the country.

16 I think the one thing which I think is
17 probably a personal editorial here that no one on
18 the subcommittee objected to, since I was the
19 chairman and I did ask why, is that the issue of
20 future -- the amount of capital needed for future
21 infrastructure spending, there is not a mechanism

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1 that is really is set either on a regional, state,
2 or federal level for urban planning.

3 Being out of the urban planning
4 industry or world is that if you can set local,
5 regional, state, and federal urban planning goals
6 for four or five or ten years, you can then start
7 to see the amount of capital that is needed in
8 infrastructure spending and where it needs to be
9 directed. That is the editorial point. So, I
10 will move on.

11 There is also, a bit surprising to us,
12 much more infrastructure in the federal government
13 that we thought going into this or than I thought
14 going into this. And the example of the Build
15 America Program is one that is very instructive for
16 what we are talking about. They have a number of
17 initiatives right now that help streamline the
18 process and create a one-stop resource. And there
19 is growing awareness about what Build America has
20 been doing, and where it goes, and how it actually
21 facilitates both domestic and foreign capital

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1 coming into the private partnerships.

2 We have three recommendations, which
3 are short-term ones that we think can be carried
4 out and I would be remiss if I leave out some of
5 the long-term ones as we have a two-year charge here
6 and hopefully can bridge administrations.

7 The first one is similar to what we are
8 we are hearing everywhere else is that when a
9 foreign company comes to the U.S., they don't know
10 where to go. They can come to SelectUSA,
11 especially in infrastructure they can go to Build
12 America and go to the Transportation Department or
13 to each of the states. And what we believe is that
14 a register should be kept federally of the top four
15 or five infrastructure projects that each state is
16 looking for. And through that register, through
17 the Commerce Department, or SelectUSA or however
18 we decide to do this, that they can then, the
19 investors can then be directed to whose is needed
20 in each of those states.

21 I think that is actually probably one

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1 of the most important things we can see because when
2 you talk to investors it is very difficult for them
3 to find what is actually going on, unless they
4 actually go to a state or they target a state or
5 they come through somewhere like Build America.

6 The second one is really, I suppose
7 another editorial by ourselves to the states, to
8 find a way to get the states themselves to
9 prioritize what their top four or five projects
10 are. We ought to bundle projects into one
11 investment, if there is a number of smaller
12 projects that are there, and then those priorities
13 can be listed. They can be put together on the
14 information register that way, looking at that.

15 The last one is mainly education and
16 that we would create a symposium not necessarily
17 for the public investors but for the states
18 themselves. Currently, 33 of the states have
19 enabling legislation that allow public-private
20 partnerships but the expertise in each state varies
21 tremendously with the ability to take inventory and

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1 how to raise this outside capital and how the states
2 actually take the benefit of some of the benefit
3 programs that are going now.

4 And we think under the Commerce
5 Department, something similar to the SelectUSA
6 symposium that would be sponsored by the federal
7 government, the states, and some of the investors
8 and people who invested in them themselves. And
9 I think with the correct frame, that could actually
10 be done next year. It would be extremely helpful
11 in pushing this along.

12 The last one is the long-term
13 recommendations that we see, some of the
14 initiatives that should be taken. The suggestion
15 is about clarifying FIRPTA taxes, especially on
16 infrastructure investment, is a major issue on how
17 foreign investment looks at the projects here.

18 And then some of the abilities and ideas
19 of how to create a structure for foreign
20 investments come in and how to deal with tax
21 credits, et cetera, that are being used, so that

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1 we can actually create an ability of the capital
2 to leverage federal capital that is being spent
3 over a long period of time.

4 And I just turned eight minutes into
5 three.

6 CHAIR GARVEY: There you go. Well
7 done. Very well done.

8 I am going to ask for any questions but
9 I will just ask that the questions focus on the
10 short-term recommendations because we will have an
11 opportunity in a bit to touch a little bit on the
12 long-term recommendations.

13 Any questions? Yes.

14 MR. WHIPPLE: Madam Chair, with
15 respect to a registry for transportation projects,
16 I think the Council of Governments and most
17 communities I think they chronicle the top
18 transportation projects, priority projects in most
19 of the region.

20 So, if there is a way for us to tap into
21 that database, I think we could help solve that

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1 number one issue.

2 CHAIR GARVEY: Good point. It is that
3 leverage again in collaboration.

4 MR. WHIPPLE: Absolutely.

5 CHAIR GARVEY: Exactly.

6 MR. LOWY: It is not just
7 infrastructure -- I'm sorry. It is not just
8 transportation.

9 CHAIR GARVEY: Right.

10 MR. LOWY: I think if you look, the
11 transportation area is the one that is most
12 well-served in the country because of where the
13 public transportation is, what they are doing with
14 Build America.

15 We are looking at a whole range of
16 projects and states that can go all the way from
17 a school or a courthouse all the way to water
18 treatment plants or electricity or --

19 MR. WHIPPLE: It was inclusive of all
20 of those, as well as water wastewater. It is all
21 of those projects that you referenced. They are

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1 catalogued in those now at the moment. I would
2 suggest you take a look at those.

3 VICE CHAIR SMITH: Could Build America
4 increase its scope beyond just transportation?

5 MR. LOWY: I don't really want to get
6 into interagency issues. And as much as I hate to
7 do that, the simple answer to that is, yes.

8 (Simultaneous speaking.)

9 CHAIR GARVEY: I'm sensitive to
10 Jason's time. I'm still sucking up to people in
11 government.

12 (Laughter.)

13 CHAIR GARVEY: I know he has got a very
14 limited scheduled and I don't want to cut off
15 discussion but we can come back to that. Why don't
16 we just stop and we will hold on this, the
17 recommendations, until we have the opportunity to
18 hear from Jason?

19 And it is really a pleasure to have you
20 here. You have been at a number of our discussions
21 on other issues but really have been one of the

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1 leaders in investment and setting the path for so
2 many of us and worked, I know, on SelectUSA.

3 So, we are delighted to have you and I
4 just will turn it over to you.

5 MR. MILLER: Thank you.

6 MS. ZHOU: Did anyone have other
7 questions?

8 CHAIR GARVEY: We are going to hold
9 further discussions until after we hear from Jason.
10 Sorry.

11 MR. MILLER: Okay, thank you.

12 CHAIR GARVEY: You're welcome.

13 MR. MILLER: Good to see you.
14 Catherine, good to see you as well. The last time
15 I saw you was in Connecticut. And Jane, last time
16 we saw each other was talking about Build America.

17 CHAIR GARVEY: Right.

18 MR. MILLER: And just since it is live,
19 yes, Build America, should go beyond
20 transportation projects. The federal government
21 just has a more limited role outside of

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1 transportation projects entirely. But if you just
2 look at the set of public-private partnerships over
3 the last several years, in a growing number of them,
4 the federal government is a partner in them. But
5 in non-transportation infrastructure, there are
6 just fewer dollars and fewer hooks.

7 So, how we do it is not obvious and we
8 tried to create sort of Centers of Excellence in
9 different places for different pieces of
10 infrastructure. So, EPA focused on water. DOI
11 actually focused on both water and conservation
12 because the Department of the Interior owns massive
13 water assets in the west and will play a key role
14 there, even getting the Army Corps thinking about
15 its own infrastructure, how does it get private
16 investment into what has historically been a
17 completely federally-owned, operated, and funded
18 set of models.

19 So, I will be brief. I would be more
20 interested in having a broader discussion. Just
21 a big thank you to Bruce, Ken, Vinai, the whole team

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1 at the Commerce Department. It has been fantastic
2 to work together on this effort over my entire time,
3 actually. This is one of the first things that I
4 started working on when I joined the National
5 Economic Council in the beginning of 2011 was
6 beginning to think about how the federal government
7 could play a more active role in supporting
8 job-creating investments, particularly inbound
9 investment.

10 Because we have 80-some days remaining
11 in this administration, I know the precise number
12 but like bounding, one thing that, in any
13 discussion where the economy is, it is nice to know
14 that we will be leaving the next President with a
15 much less painful moment than the current President
16 faced.

17 You know in January of 2009, the United
18 States Economy lost 800,000 jobs in that month.
19 So, the day the President was being inaugurated,
20 while we don't keep daily numbers, roughly 25,000
21 jobs the economy was shedding.

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1 At the time when people were thinking
2 about what kind of legislative options, the data
3 at that moment showed that the economy was
4 contracting at a rate between 3.5 and 4.0 percent.
5 When the numbers were later revised, it was closer
6 to 8 percent. The stock market and household
7 wealth decreased at a rate faster than the great
8 depression. Unemployment grew to 10 percent.
9 So, big challenges.

10 We have made a lot of progress but have
11 remaining challenges that we are dealing with.
12 So, unemployment is now down to 5 percent. There
13 is still some room for improvement there. We have
14 added 15.3 million private sector jobs over 79
15 months of job creation. That is the longest
16 continuous streak in the data.

17 We have reversed household wealth
18 particularly because of housing values and housing
19 prices have rebounded, the stock market has
20 rebounded. And all of that means significant
21 things to millions of people around the country.

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1 One thing that we have looked at, you
2 may have covered this at the beginning but median
3 household income grew \$2,800 in 2015. That is 5.2
4 percent. That is the largest gain on record. So,
5 we are seeing a lot of improvement.

6 Two areas of challenges in the economy.
7 One, global growth. Global growth has caused
8 weakness in the U.S. and I think it is an ongoing
9 challenge and there is more meaningful
10 conversation around the world in terms of the ways
11 in which governments need to work together and
12 individually to stimulate growth in their own
13 countries and internationally.

14 You see that in our export numbers. We
15 are on track to doubling exports but weak global
16 growth drove down our export growth, which has had
17 negative impacts on the U.S. economy.

18 The second, and I think there was
19 actually a *Wall Street Journal* article that had
20 good parts and bad parts, this morning in terms of
21 productivity growth. So, productivity growth in

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1 the United States, if you look at productivity
2 growth in the United States from 1973 to today, it
3 has been markedly lower than 1940 to 1973.

4 When you look at the different drivers
5 of what has caused what some people have called
6 reduced opportunity or increased inequality, the
7 single largest driver has been because
8 productivity growth has been slower. So, labor
9 force participation and just inequality, more
10 broadly, have been of less importance. Still
11 important but less important than just top line
12 productivity growth.

13 So, when we think forward about how are
14 we going to stimulate global growth, how are we
15 going to break through on productivity, there is
16 still debates. Those are going to be important
17 debates but I would just highlight a couple of
18 things.

19 One, enhancing access to markets. TPP
20 is, obviously, a big focus of this administration.
21 And as we look forward, the President has been clear

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1 on that. The President was public on that,
2 actually, at the end of last week, and something
3 that could stimulate global growth, including in
4 the U.S.

5 The second is, we are going into a
6 discussion, as we too often do on the federal
7 budget. I think what gets lost in discussions on
8 the federal budget is what we are actually spending
9 money on, as opposed to how much money are we
10 spending. There is a lot of business people around
11 the room. Your first discussion saying oh, my God,
12 we spent \$638 million as opposed to \$579 million;
13 it has lowered my margins, lowered the returns on
14 my investments. And we need to think that way as
15 a federal government as well.

16 There is lots of bad ways to compare
17 businesses in the federal government but when you
18 think about returns on long-term investments, that
19 is a proper comparison.

20 One thing that gets lost in the
21 discussion on budgets is the area that we have

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1 continued to cut is discretionary, domestic
2 discretionary, which is about, outside the DoD is
3 about \$500 billion per year. A big chunk of that
4 is research and development. Federal R&D as a
5 percentage of GDP, is at a historical post-World
6 War II low.

7 For anybody that is concerned about
8 productivity growth going forward, I think it is
9 hard to argue that we should be spending less on
10 federal R&D.

11 The third thing is infrastructure of
12 business tax reform. That is something that this
13 administration has been calling for. It is needed
14 for a whole host of reasons and I think there is
15 real opportunity moving forward on that. We are
16 under investing in federal infrastructure,
17 bringing more private money in, probably will also
18 require more public money at the same time and those
19 have to hand-in-hand.

20 So, this is a big opportunity yet there
21 is not a natural forcing function on the

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1 infrastructure side. I think the marriage of
2 business tax reform with infrastructure is
3 important and creating a motivating force behind
4 it early in 2017, when you have the Surface
5 Transportation Legislation that was passed in
6 December 2015 doesn't expire for five years, that
7 is normally the forcing function for Congress.

8 You need to create motivation when
9 there will be continued challenges driving
10 bipartisanship. This is a topic that should be
11 bipartisan. People all agree that we are
12 under-investing on our infrastructure. Everybody
13 can look at failing bridges, roads, increased
14 congestion, increased freight costs, et cetera,
15 and how it altered the ways in which our current
16 infrastructure is failing but we need to motivate
17 action about it.

18 So, I think those are a few big areas
19 that we need to get done both this year and early
20 into the next administration.

21 The last thing I would just say is a huge

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1 thank you to the SelectUSA team, Vinai in
2 particular, but the whole SelectUSA team. I think
3 this is an important ongoing accomplishment of this
4 administration. We are trying to, as Vinai I am
5 sure will talk about and may have already talked
6 about, putting it in a really strong place for
7 continuity. There is lots of ways in which that
8 is happening, whether it be through dedicated
9 personnel, all of the different relationships that
10 have been built, and the ongoing summit. I think
11 making sure that SelectUSA continues on a growth
12 path is an important part of connecting all of this.

13 And so I just wanted to close with a
14 thank you. Thank you to both the current team and
15 Aaron and the original team. So, I think this is
16 a huge win for this administration and it has built
17 positive momentum.

18 A lot of you around the table have been
19 a big part of creating that. So, thank you guys
20 for continuing pushing on us on that. I hope you
21 all continue that push with the next team as well.

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1 CHAIR GARVEY: Thanks very much.
2 Thank you, Jason. That was really helpful.

3 Any questions for Jason before he
4 leaves or any comments?

5 MR. SPIEGEL: I think just maybe tying
6 together a couple of those points. We were just
7 saying before you arrived what a great job the
8 administration and this Department has done on
9 attracting foreign direct investment and creating
10 the right environment.

11 We need to continue that going forward.
12 And we made some recommendations about using the
13 Secretary of Commerce in support of it and
14 SelectUSA as a wedge and also to encourage
15 collaboration across all the departments of
16 government to make sure we don't do things that will
17 discourage raw investment.

18 Because I think at this point in time
19 the U.S. is a very attractive place for investors,
20 relative to what is going on around the rest of the
21 world. And I think when we come out of this little

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1 bit of a slump we are going through, I think we will
2 be even better.

3 But also foreign companies, and Nancy
4 would have all the numbers but, spend a
5 disproportionate amount, a hugely
6 disproportionate amount of R&D exported. Also
7 driving exporters to pay higher wages, et cetera.
8 So, encouraging more FDI is just going to promote
9 more R&D, et cetera, relative to what domestic
10 companies do.

11 And secondly, I think companies,
12 foreign companies can play a big role in helping
13 with TPP and T2. I know we have given op-eds and
14 also working with the German government on
15 encouraging as to why this is a really good thing
16 for a German company and other German global
17 companies have done the same thing.

18 So, I think companies can play a big
19 role in helping to drive that wedge as well.

20 MR. LOWY: I would just like to add on
21 infrastructure, which is now Ground Zero,

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1 apparently, that while there is large amounts of
2 capital waiting to come in in capital there, the
3 allocation of capital is extremely difficult.

4 And you are right about having the
5 Department of Transportation has their area, EPA
6 has their area, Interior has their area but it is
7 very difficult when you have it so dispersed to be
8 able to create an ability to bring in the foreign
9 capital or even domestic capital to a central
10 marketplace to decide where that capital should be
11 allocated.

12 We also have a number of ideas on how
13 to increase, which is a little outside the scope
14 of this because it was an actionable items on how
15 to encourage large amounts of foreign investment
16 to come into infrastructure, which we are happy to
17 share with you because they are quite complex and
18 a little bit out there for where this committee
19 would actually see it.

20 CHAIR GARVEY: But maybe a good
21 foundation for the next administration.

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1 MR. LOWY: It might be a good
2 foundation. Well, we think it is a good
3 foundation. I'm not sure everyone would agree.

4 CHAIR GARVEY: Other comments or other
5 questions for Jason?

6 Jason, thank you very, very much for
7 being here and for being so supportive for all the
8 time that you have been here. It has really been
9 terrific and we appreciate it very much. I think
10 the individual companies and then folks who have
11 had the opportunity to work with you individually
12 thank you very much.

13 So, with that, I think if you don't
14 mind, Vinai, I think I may go back to Peter so we
15 can wrap that up a little bit.

16 DEPUTY SECRETARY ANDREWS: Can I just
17 say something? Because I apologize I have to
18 actually leave to go to another meeting.

19 CHAIR GARVEY: Okay.

20 DEPUTY SECRETARY ANDREWS: But two
21 things. First of all, thank you all for what was

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1 a really great discussion and I think a bunch of
2 really good recommendations that we look forward
3 to working going forward.

4 I just actually just want to say a quick
5 thank you to the team with Li, and Caroline, and
6 Peggy for pulling this altogether as well. As you
7 guys know, the good news about my job is that I just
8 get to show up and take credit and look good for
9 all the good work that they do in preparation for
10 this. But really I know how much they work on all
11 of this. So, thank you as well.

12 CHAIR GARVEY: They have. Thank you
13 very much. Well said.

14 DEPUTY SECRETARY ANDREWS: And I look
15 forward to hearing the readout of not just the road
16 today but the road ahead as well.

17 CHAIR GARVEY: That's right. Okay,
18 good. Good. Thank you.

19 Okay, so back to Peter. Any questions?
20 We had a good comment. Any other comments? Any
21 objections?

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1 Hearing none, I -- what is that again
2 -- I proclaim this recommendation accepted.

3 It is my pleasure now to turn the
4 meeting over to Vinai, who is such a good friend.
5 It is great to hear the kind of compliments and the
6 kind of support and the recognition that everyone
7 has for the work that you have done with SelectUSA.
8 It has been a heroic effort, an extraordinary
9 effort. The fruits of your labor are very evident.
10 So, thank you. Thanks for joining us and for
11 offering a few comments to the committee.

12 AMBASSADOR THUMMALAPALLY: Thank you,
13 Madam Chair. It really is a team effort. I mean
14 the Dep. Sec. just talked about Li, Caroline,
15 Peggy, what role they played in bringing us
16 together today but it dates back to really several
17 years. And with Ken Hyatt, it really is a team
18 effort. I am just fortunate to be just happen to
19 be here at the right place at the right time, I
20 guess. But thank you so much. I really
21 appreciate it.

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1 I will compress my remarks, so I crossed
2 off a bunch of stuff. So, make it worthwhile.
3 Make it worthwhile for everybody.

4 So, today is a very important day.
5 Three years ago today was the Inaugural Summit.
6 Three years ago today, 31st of October, just in
7 terms of how far we have come, roll back the clock
8 three years. So, we had just come off a government
9 shutdown. So, we still pulled this off. So,
10 again, there is a lot of things that kind of -- you
11 know the climate was just right for an idea like
12 SelectUSA to have succeeded.

13 So, essentially, everybody in this room
14 had a lot to do with it and you know who you are.
15 I don't have to go through all the names and all.
16 So, it is really a team effort on how so many folks
17 had such a key role, the role they played in making
18 this effort what it has become. So, thank you so
19 much.

20 Just a quick sort of summary of where
21 things are today. To date, we have sort of

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1 calculated about \$23 billion of investment
2 directly where SelectUSA was instrumental in
3 participating in that space. So, these are
4 confirmed investments. I won't go into all the
5 details. It is about two-thirds of the states is
6 where these investments took place. I put up two
7 fingers earlier when we were talking about percent
8 of where SelectUSA is directly impacting. So,
9 this number comes to just a tad under two percent
10 of all investments. So, the space is massive and
11 we can go into details in separate meetings.

12 But let me go on with what sort of things
13 we have accomplished. We are known for the
14 summits. This is the third summit we had this
15 June. For the first summit, which goes back, dates
16 back to three years, we had a little over 1,000
17 people. These last two summits, Summit 2 and
18 Summit 3 we had over 2,500 people. We believe not
19 only was it just a numbers things but in just terms
20 of the quality of what these summits accomplished.
21 We have the next summit already planned. It is

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1 18th, 19th, and 20th of June 2017 and we are
2 expecting that summit to be even better. So, that
3 is our goal, our hope, and so on.

4 I would like to highlight the
5 relationship SelectUSA has built with our
6 partners. I am talking now of external partners.
7 The economic development community and several
8 EDOs are here but also the investors. Nancy
9 touched on a very key point and that is the amount
10 of investment FDI that is taking place by companies
11 who are already active here and that one key group
12 is OFII. I mean their membership sort of
13 exemplifies that.

14 So, we believe we have built a
15 relationship that is a good partnership but it is
16 sort of mutually beneficial. We have come
17 together to sort of be that convenor, if you will.
18 So, we believe that is a significant accomplishment
19 for SelectUSA.

20 Just some housekeeping stuff. Just in
21 terms of numbers, we now have 25 full-time

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1 equivalents here in headquarters. We also have,
2 in these foreign countries; we have what we call
3 locally employed staff. So, these are LES's with
4 13 of them in 11 markets; very quickly, Japan,
5 India, Germany, Israel, Brazil, Mexico, Canada,
6 Singapore, the United Kingdom, France, and
7 Switzerland. It is not to say that countries are
8 not here on our important just a bandwidth issue.
9 It is based on the budget that Congress has provided
10 for us.

11 So, while we have done this, one
12 important thing, and Ken may touch on this -- He
13 is intimately involved with this effort -- is how
14 we are sort of institutionalizing, working to
15 institutionalize this work internally in commerce
16 but also outside of commerce.

17 Very, very briefly I want to touch the
18 point that International Trade Administration
19 which was historically concerned primarily with
20 exports, create promotion, is now starting to --
21 and not just starting to -- has already started to

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1 provide investment assistance in this FDI space.
2 So, in terms of lead generation and event
3 organizing, I will touch a few metrics on that in
4 just a minute. But this is very significant going
5 forward into the next administration and future is
6 for the International Trade Administration both
7 domestically, the Export Assistance Centers, the
8 over 100 Export Assistance Centers in the U.S. and
9 we have presence in almost 80 countries globally.

10 We are also working hand-in-hand with
11 the State Department. If you can imagine the
12 dynamics at posts, consulate generals,
13 ambassadors, everybody is onboard. And this is a
14 very significant accomplishment. Again, not here
15 taking credit for SelectUSA did this and did that
16 but these are things that have happened and
17 continue to sort of solidify into people's sort of
18 work and portfolios in their daily work.

19 If you can just imagine Consul Officer
20 ECON officers at posts, Consulate Generals,
21 Ambassadors, and so on, so the State Department

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1 partnership on interagency has gone well.

2 On the metrics, if I could just touch
3 on a few things. There were a total of 6,000, a
4 little over, 6,072 to be exact, of unique
5 investment clients assisted. That is a huge
6 increase from the year before, this is in '15 --
7 sorry, '16, fiscal '16. That was a jump from
8 1,651, a 267 some percent bump.

9 The golfers here may think this is a
10 case of sandbagging but I promise you this really
11 sort of -- it just goes to show how part of the work
12 we are doing, we are just scratching the surface.
13 The amount of the opportunity is massive. The
14 number of cases that we could increase is really
15 huge.

16 Since 2014, SelectUSA has led or
17 supported over 1,040 domestic and international
18 events in over 60 markets attended by over 71,000
19 non-USG attendees. Again, trying to sort of get
20 a picture of what is happening not just here at the
21 summits and sort of road shows and so on, but there

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1 are other events taking place in foreign markets.

2 US EDOs and foreign firms can access our
3 fact sheets today or select USA stats, an FDI data
4 visualization tool on our website, in addition to
5 reaching out to our team for useful data for various
6 subscription-based services.

7 SelectUSA continues to proactively
8 improve by learning from the success of others.
9 Projects like our Leapfrog IPA Best Practices, a
10 cross-agency priority goal, as an example, we will
11 use funds to research the best practices of
12 international investment promotion, agencies, and
13 incorporate them into our processes.

14 Interagency work, very quickly. We
15 have worked closely with the National Economic
16 Council, Jason Miller's team, to establish a
17 job-creating investment at GCI, cross-agency
18 priority. So, that was a cross-agency priority
19 goal which I mentioned earlier.

20 The Office of Management and Budget
21 awarded us an additional \$1.3 million this year to

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1 do just that. So, we believe this is clearly being
2 acknowledged by folks in the White House and the
3 kind of support we are getting.

4 Looking ahead, SelectUSA still really
5 we believe we are scratching the surface. We are
6 just in a growth phase. In the next year, we are
7 excited to continue to educate the public, our
8 interagency colleagues, Congress, and U.S.
9 economic development organizations on the
10 importance of FDI and the positive impact it has
11 had on local communities and our economy.

12 I just want to say thank you, Madam
13 Chair, Vice Chair for the amount of work, the
14 sincere dedication, the fact that we have come here
15 with some action items, some recommendations. We
16 are just so honored but just so deeply appreciative
17 of this commitment from the council and I will stop
18 right there.

19 Thank you so much.

20 CHAIR GARVEY: Thank you very much, Mr.
21 Ambassador.

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1 Any questions at all or comments, or any
2 observations anyone would like to make?

3 Yes.

4 MR. FINKLE: You know I do want to make
5 an observation. And I guess many of us have
6 probably been involved with SelectUSA or
7 InvestAmerica. And I felt like a counselor, to
8 Aaron, at times because he was a one-man band trying
9 to build a global direct investment program for the
10 U.S. Government and particularly, Department of
11 Commerce.

12 I then, believe, went through three
13 heads of SelectUSA; one that was a blimp on the dot
14 and then two, that were meaningful. And you know
15 working with Vinai and the team that they have
16 around them has, for the economic development
17 community, has absolutely been phenomenal. It is
18 watching this organization stand up. And I want
19 to repeat something I just alluded to, the United
20 States was the only industrialized country that did
21 not have a significant foreign direct investment

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1 agency. Meaning, even to this day, Great Britain
2 whops us in terms of the number of staff that throw
3 out at this. I would venture to guess Canada comes
4 close. And to see this finally get stood up and
5 to have Vinai leading it has been phenomenal.

6 So, I hope you will all join me in giving
7 them a round of applause.

8 CHAIR GARVEY: Well said. Thank you
9 very much. Any other comments or questions?

10 MR. BURROWS: I just had one. Aaron,
11 I don't know if you remember but it was three years
12 ago today we sat in this room with Fuyao when they
13 were here from China for the first time. So, it
14 was a big moment. It was deep.

15 SelectUSA, Aaron, made arrangements to
16 have a meeting in this room, I believe to meet with
17 our chairman from China in his first visit. So,
18 thank you.

19 AMBASSADOR THUMMALAPALLY: He was on
20 last Thursday's *Washington Post* article. And what
21 he said was -- well, I am done talking.

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1 CHAIR GARVEY: That's great. Thank
2 you for commenting.

3 Well, I know we don't have much time and
4 I do want to be sensitive to the time. I know some
5 have travel arrangements to make. But we want to
6 spend a moment or two talking about where do we go
7 from here. And we have heard today, I think, some
8 excellent short-term recommendations but we have
9 also heard reference to some longer term
10 recommendations, some that will need more
11 discussion, more understanding perhaps.

12 But what Catherine and I have talked
13 about is the possibility for the committees to take
14 -- the same subcommittees to take two or three of
15 those longer term recommendations, give it some
16 thought, work together as a committee with a goal
17 towards February. And we are just choosing that
18 right now. There is a lot of unknowns but with the
19 idea that sometime in February we might reconvene
20 either in person or by telephone. But we would
21 like to come together in February with some notion

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1 of where you might be with those longer term
2 recommendations and, again, a good foundation for
3 the next administration coming in.

4 So, good work on the long-term
5 recommendations. More work needs to be done.
6 Some of the committees have a whole list but we
7 would suggest that sticking with two or three for
8 now would be the good approach.

9 Catherine, do you want to add anything?
10 Or does anyone have any comments on that?

11 VICE CHAIR SMITH: Yes, I think that is
12 the goal is to keep the momentum moving and try to
13 help start the next administration with our best
14 thinking.

15 You know one other thing we have talked
16 about is, and maybe we can spend just a minute on
17 this right now, are there ideas that aren't
18 necessarily in those subcommittees that we want to
19 surface, that we could then determine which
20 subcommittee might be appropriate to assign it to
21 or some other methodology so that we think broadly.

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1 If not, I think we are very comfortable.
2 The subcommittees have done a great job and there
3 is plenty of fodder out there for them to do their
4 work. I just wanted to ask that one question.

5 CHAIR GARVEY: Any comments?

6 MS. MCGUIRE: So, I brought this up
7 last time and I want to emphasize again about bona
8 fide service providers to have a good
9 representation of this country. So, when we were
10 talking to the investors for our Texas-China
11 Investment Summit, I asked the question you know
12 what kind of experience do you have to have to come
13 into the U.S. And multiple people told me that
14 they had bad taste because some of the people
15 represented even five initiatives has been going
16 to them and making lots of promises, took their
17 money, put their children in less qualified
18 schools, and not getting their visa. So, they said
19 so we are looking at Australia, and at Britain, and
20 other countries because we didn't have good taste,
21 dealing with the service providers.

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1 So, it is kind of boiled over almost how
2 we qualify these service providers. How do we make
3 sure you have the right representation of the
4 investment community in this country when they
5 interface with foreign investors?

6 So, last time I brought up an idea about
7 have certified agencies kind of go out and make sure
8 you qualify these service providers so you have a
9 certified service providers list about SelectUSA
10 website so people go to them first. And so they
11 are legitimate, they are credible, and so they are
12 not there to go out to get short-term profit. So,
13 that is one thing I still want to bring it up and
14 think about it.

15 CHAIR GARVEY: Thank you. On what
16 committee would you see that?

17 MS. MCGUIRE: On Ecosystem.

18 (Simultaneous speaking.)

19 CHAIR GARVEY: So, would you see them
20 as part of an ecosystem?

21 MS. MCGUIRE: That's a good idea, yes,

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1 for service providers.

2 CHAIR GARVEY: Yes.

3 MR. MCDONALD: I guess maybe a big
4 picture statement is that the impact that the
5 President had in stating an export goal. When he
6 started, the administration kicked off a number of
7 initiatives at Brookings and others that we all
8 participated in that drove a lot of thought
9 leadership and activity that I think has increased
10 awareness across the country.

11 I think a recommendation at a higher
12 level would be that would quantify the market
13 opportunities bring in more foreign direct
14 investment, try to quantify that as an opportunity
15 for the next administration and put some sort of
16 stake in the ground so that we are leading the
17 witness a little bit to perhaps a goal statement
18 that would then require an execution strategy
19 behind it.

20 Having lived through that, I think that
21 had an enormous impact and we did not include

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1 foreign direct investment at that time and it could
2 now that we have built this platform and
3 infrastructure.

4 MR. SPIEGEL: I would agree with that.
5 I mentioned that in my preamble but I think it did
6 rally a lot of support.

7 CHAIR GARVEY: And broadening it at
8 this point now is a good suggestion.

9 MS. MCLERNON: I would actually add to
10 that. So, President Obama had a Council on Jobs
11 and Competitiveness, you may remember. And there
12 was a working group there on just foreign direct
13 investment. And we actually had a roundtable
14 with, at the time Secretary of State, Hillary
15 Clinton, and all discussed about creating an FDI
16 annual goal. And there was a lot of support at the
17 time during that conversation. That was one of the
18 recommendations of the Council on Jobs and
19 Competitiveness.

20 So, there is some work there that
21 perhaps Eric our subcommittee can build off of.

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1 CHAIR GARVEY: Good suggestion.
2 Others?

3 All right, well, I think we have got a
4 path forward and the goal would be February for some
5 sort of a reconvening. If there is anything that
6 changes between now and then, we will certainly be
7 in touch with the committees and let you know.

8 And with that, I will turn it over to
9 Catherine.

10 (Simultaneous speaking.)

11 VICE CHAIR SMITH: We're obviously a
12 little behind in doing our reading but Ken, you have
13 been a great supporter of all of us. So, we just
14 wanted to give you an opportunity to provide a few
15 comments as we close up this meeting.

16 MR. HYATT: Thank you. It's nice to
17 see you in this context.

18 Just a couple of thoughts for a person
19 who has been in Commerce it will be seven years in
20 May, I thought I would be here for two.

21 But on one of my first days, as I was

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1 coming down here, I had a conversation with the
2 global site selector for a big U.S. international
3 pharmaceutical company and we were standing,
4 picking up our children. And I said I am going to
5 work at Commerce. And he said to me, you know I
6 have an issue. I said I'm not even in government
7 yet. And he said no one has ever called on me. No
8 one has ever talked to me to talk about investing
9 in the United States. And this country, and this
10 country, and this country, and this country, and
11 this country have.

12 And I remember very quickly, just after
13 beginning having a conversation with the then Chief
14 of Staff and a couple of others. And we thought
15 we had this great idea which was to create such an
16 organization and then we learned about Aaron, that
17 it actually existed.

18 But for someone like me to sit here now
19 and listen to the quality of the conversation that
20 was just had around different ways of gathering
21 data to deliver more value to investors, we have

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1 come an extraordinary path. So, I am so excited
2 to have listened to this, to have been part of this.

3 I also get to stay. I am a senior
4 career. So, I am the Acting Under Secretary and
5 I will be the Acting Under Secretary in February.
6 And then I will become the Deputy Under Secretary.
7 But I am sort of one of those folks who will actually
8 create transition for you. So, that is part of the
9 reason I was interested in being here.

10 I have just a couple of asks. And I
11 think a February meeting is a great meeting. One
12 is that we engage with you over these next months
13 to pull from and we will evaluate the
14 recommendations. I would like to be able to
15 deliver by February, have some clarity around what
16 are some things we want to hit and execute quickly.
17 So, that is one of the conversations I would like
18 to have. The teams will look at the
19 recommendations but what might we might be able to
20 pull out and what might I, even in my roll, be able
21 to simply say we hereby agree to execute? All

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1 right? Because some of the data stuff that we are
2 talking about for me is stuff that we should be able
3 to pick out.

4 I think it is a very complicated
5 question. The recommendations on the data, three
6 are a set of very hard questions. What data is
7 actually gathered? What are the sources of the
8 data? Do we build it? Do we rely upon the private
9 sector? Is the vision here much more to get people
10 to put their data into APIs, application program
11 interfaces, to allow others to search? All I am
12 saying is there is tremendous complexity in how you
13 actually execute this.

14 But so number one is just we continue
15 the conversation over the next couple of months.
16 I know the teams will own these recommendations.

17 Number two, that we should also
18 continue talking about transition. We will know
19 in a week or so how all this plays. And then a
20 number of us will then be in conversations on
21 transitioning. And I, again, would love to be in

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1 a position -- I will transition the next
2 administration and talk about the interagency
3 difference on foreign direct investment because
4 Jason, eight years ago, his role, they weren't
5 spending a lot of time talking about foreign direct
6 investment. There was no Interagency Working
7 Group.

8 At the ITA just speaking frankly, our
9 mission was export promotion and enforcing trade
10 laws. Our mission today is export promotion,
11 foreign direct investment promotion, and enforcing
12 our trade laws. So, we have already made a big
13 difference in that it is a part of the fabric of
14 my organization and it wasn't part of the fabric.
15 I was persuading people. Now, it is people are
16 talking about it. How are we rolling it out? So,
17 I would like to just continue that conversation
18 with you.

19 And then the final piece, obviously, is
20 just if you need us as we go here, we still are
21 working with you. You are also customers and

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1 clients of ours.

2 And then the final thing I will just say
3 and then turn it back to you is that this topic of
4 one of the one, two, three highest priorities for
5 me in my role. So, within Commerce and within the
6 ITA, how we take this notion of FDI and now continue
7 to drive it into the culture of Commerce and yet
8 every foreign, you know there are 1,500 or so people
9 who report to me all over the world, and more and
10 more of them are thinking about investment
11 promotion. But I really drive that
12 organizationally. This is a big priority.

13 So, I thank you for your leadership.
14 Thank you for the recommendations and I look
15 forward to the next gen. Of course, thank you,
16 Vinai. Thank you, Aaron. Peggy, you and I have
17 to do sort of do some of this now going forward.

18 So, again, thank you. I look forward
19 to working with you all.

20 CHAIR GARVEY: Thank you very much and
21 it is wonderful to hear that you are going to be

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1 part of the transition and we have sort of a
2 continuing thread here.

3 I was struck by your comments and also
4 Vinai's that the great success that has occurred
5 over the last several years, in a very short time,
6 really, several is probably too long a period to
7 say, but the great success has been due, in large
8 part, to the partnership that you have been able
9 to create with a number of individuals in this room.
10 And I know I speak for all of the committee when
11 I say we applaud you for that and really want to
12 see that continue.

13 And we will be as engaged as you will
14 let us be over the next several months. This is
15 really, I think, a really critical issue and one
16 that we are really honored to be part of. So, thank
17 you very much.

18 Vinai, thank you. Peggy, and to the
19 staff, again, to echo the comments that have been
20 expressed, you have been extraordinary. It has
21 been several long conversations. We appreciate it

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1 very much.

2 MS. PHILBIN: Thank you. I think we
3 all feel, I just want to say for everybody else you
4 have been an extraordinary committee and our people
5 here can attest to that. These committees
6 sometimes are big and cumbersome and they don't
7 always drive this quickly to achievable results.

8 And this committee has set a standard
9 that we are delighted to be a part of because I think
10 many of the comments, the recommendations, the
11 caring about FDI, I mean we will acknowledge this
12 is new but it is powerful. It is exciting and it
13 has a real impact. And I think that is why we all
14 at this table have a passion for this.

15 So, thank you for everything you have
16 done. It has been extraordinary.

17 CHAIR GARVEY: Well, thank you all very
18 much and like the air traffic control system in this
19 country, we are going to finish and land on time.

20 (Whereupon, the above-entitled matter
21 went off the record at 3:30 p.m.)

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