

THE MANUFACTURING COUNCIL

DOC Building
14th & Constitution Avenue, N.W.
Room 4830
Washington, DC

Tuesday,
July 23, 2013

The meeting was convened, pursuant to notice,
at 10:10 a.m., MR. MICHAEL LASZKIEWICZ, Chair,
presiding.

APPEARANCES:

MEMBERS OF THE COUNCIL

MR. MICHAEL LASZKIEWICZ
Vice President and General Manager
Automation Power Control Business
Rockwell Automation, Inc.

MS. MARY ISBISTER
President
GenMet

MR. JOSEPH B. ANDERSON, JR.
Chairman and CEO
TAG Holdings, LLC

MS. CHRISTIE WONG BARRETT
CEO
Mac Arthur Corporation

MR. GREG BOOTH
President & CEO
Zippo Manufacturing Company

MR. STEPHAN G. BRAIG
President and CEO
Trexel Incorporated

MR. MICHAEL J. CADIGAN
General Manager
Microelectronics Systems and Technology Group

MR. CODY FRIESEN
President and Chief Technical Officer
Fluidic Energy

MR. HIROYUKI FUJITA
President and CEO
Quality Electrodynamics

MR. ALBERT M. GREEN
CEO
Kent Displays Incorporated

MR. DAVID HASTINGS
President and CEO
Mount Vernon Mills Incorporated

MR. ERIC L. KELLY
President and CEO
Overland Storage

MR. JOEL LORENTZEN
CEO
Genesis Systems Group

MS. CLAUDINE MARTINEZ
President and General Counsel
MCT Industries

MR. SHIRISH PAREEK
Founder and CEO
Hydraulex Global

MS. ANDRA RUSH
CEO
The Rush Group

MR. ROY SWEATMAN
President
Southern Manufacturing Technologies
Incorporated

MR. JEFF WILCOX
Vice President - Engineering
Lockheed Martin Corporation

MS. CAROL WILLIAMS
Executive Vice President - Manufacturing &
Engineering, Supply Chain and Environmental,
Health & Safety Operations
The Dow Chemical Company

MR. BILL YEARGIN
President & CEO
Correct Craft

MR. BILL ZAHNER
President and CEO
A. Zahner Company

ALSO PRESENT:

MS. PENNY PRITZKER
Secretary of Commerce

MR. FRANCISCO SANCHEZ
Under Secretary of Commerce

MS. MAUREEN SMITH
Acting Assistant Secretary for Manufacturing
& Services
U.S. Department of Commerce

MR. MATT ERSKINE
Deputy Assistant Secretary for Economic
Development

MR. MIKE MOLNAR
Director -- NIST Advanced Manufacturing
Office

MR. NEAL ORRINGER
Senior Advisor to the Secretary

for Manufacturing

MS. JENNIFER PILAT
Director
Office of Advisory Committees

MS. ELIZABETH EMANUEL
Deputy Director
Office of Advisory Committees

EX-OFFICIO OFFICERS

MR. DON GRAVES
Deputy Assistant Secretary for Small
Business, Community Development and
Housing Policy,
U.S. Department of Treasury

MS. GERRI FIALA
Acting Assistant Secretary for Employment and
Training Administration
U.S. Department of Labor

MS. LIBBY WAYMAN
Senior Advisor to the Assistant Secretary
for Manufacturing
U.S. Department of Energy

MR. JOHAN UVIN
Deputy Assistant Secretary of Policy
And Strategic Initiatives
Office of Vocational and Adult Education,
U.S. Department of Education

MR. JOHN YU
Special Assistant
Office of Manufacturing and Industrial
Base Policy
U.S. Department of Defense

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Mary Isbister, Vice Chair

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WELCOME & INTRODUCTIONS

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4 CHAIRMAN LASZKIEWICZ: I am not that good with
5 the gavel so we will just let that go. Welcome. I
6 want to thank everyone for their participation. This
7 is the second meeting of our term of the Manufacturing
8 Council.

9 I want to welcome all of the members here. We
10 had a great evening last night. We had dinner together
11 and spent a lot of time talking about the challenges
12 and opportunities of the day and having some fun. So
13 thank you everyone for participating.

14 I want to thank the ex-officio members for
15 their participation and their support over the past
16 several weeks as the subcommittee work has started.

17 Secretary Pritzker, first of all, I would like
18 to congratulate you on your appointment.

19 SECRETARY PRITZKER: Thank you.

20 CHAIRMAN LASZKIEWICZ: We were impressed with
21 the ease of the approval process and have heard nothing
22 but good things about your initial time here at
23 Commerce. We are told that people who have never met
24 the Secretary of Commerce have already -- so very
25 impressive. Thank you.

1 SECRETARY PRITZKER: We are trying to get the
2 word out. You know how important it is to touch your
3 teeth; right?

4 CHAIRMAN LASZKIEWICZ: Very good. So again,
5 just a few reminders. In today's meeting, the Council
6 membership can participate. Aides or those
7 representing members are asked to remain in the
8 background. But if there are issues or items that Mary
9 or I miss, I ask that any of you bring them to our
10 attention. We appreciate that. We will do our best to
11 keep the meeting on schedule.

12 Secretary and Committee members, again, thank
13 you for your work. We have organized our work into
14 four subcommittees. We have, I think, excellent
15 leadership with our Committees. Tax Policy and Export
16 Growth are critical to the growth of U.S.
17 manufacturing. We have a team focused there doing some
18 very good work. I think you will hear a bit from them
19 as they introduce themselves today.

20 Our second subcommittee is the Manufacturing
21 Energy Policy. Energy -- we are in a unique position
22 today in the United States. We have become a strength
23 and the energy team is working on very specific
24 actionable recommendations to leverage that strength
25 and maintain it for an extended period of time while

1 looking at all other alternatives and opportunities.

2 Workforce and Public Perception. We have
3 heard strongly from the membership and our colleagues
4 in the manufacturing industry that workforce, workforce
5 development -- the availability of a skilled workforce
6 is a critical issue to growth with the challenges of
7 unemployment today. We have many unfilled positions we
8 are working hard to find ways to match up with skilled
9 employees.

10 And then lastly, manufacturing plays a key
11 role in investment and development of Innovation,
12 Research and Development. Manufacturing hiring, I
13 think NIST references 60 percent of the technical
14 community in this country. It is a tremendous asset
15 and our innovation, our research and development team
16 is very focused on ensuring that those issues are
17 addressed.

18 So that is our scope. We are going to be
19 working on many details below the scope. We are
20 pleased to know that you are looking for actionable
21 recommendations from us, Secretary, and that is our
22 task.

23 With that, I would like to introduce our new
24 Secretary of Commerce, Penny Pritzker. We, again, are
25 very happy to have you with us. Again, I would like to

1 congratulate you.

2 (Applause.)

3 SECRETARY PRITZKER: Thank you, Mike and
4 Mary. I am very pleased to be here and I want to thank
5 everybody in this room for your service. You are a
6 very, very high caliber group and I appreciate having
7 the opportunity to be the beneficiary of your advice.
8 I know -- so do the Department and our Administration
9 know -- how much help you will give us to understand
10 and to help guide us in making manufacturing be
11 competitive and innovative in the 21st Century here in
12 the United States.

13 A little of my background with manufacturing.
14 Over the years, my family has been involved in
15 manufacturing since the '50s. My Uncle Bob acquired a
16 company called the Colson Corporation and ultimately
17 renamed it the Marmon Group. That was one business at
18 the time that was bought in the '50s and today is a
19 conglomerate of many different companies.

20 I served on the board of the Marmon Group for
21 roughly ten years. So I had a firsthand opportunity to
22 be a part of a manufacturing organization.

23 Today, as I said, the Marmon Group makes
24 things like electrical and industrial components,
25 transportation equipment and metal piping and things

1 like that. My uncle also served as the chairman of
2 NAM. So we have quite a history in the manufacturing
3 area.

4 He strongly believed it and when I was in my
5 teens he used to bemoan the fact that manufacturing was
6 in decline in the United States. So I really grew up
7 around the dinner table with this as a conversation.
8 And then, frankly, at one point I turned to him in
9 exasperation as only a 17-year-old can do and said,
10 "Why don't you just do something about it?"

11 I really had no idea that decades later I
12 would be sitting here trying to address the problem
13 myself. So there is sort of a what goes around, comes
14 around.

15 I do want to thank you for coming together so
16 quickly and forming the subcommittees in the areas that
17 you have. I think your subcommittees are spot on.
18 Those are absolutely the areas where we need the kind
19 of advice and insights that you can bring to the table
20 from the businesses and from what you are experiencing
21 out there.

22 I will give you a little bit of my own -- a
23 few of the areas that I have been involved in. I have
24 been involved in the skills and workforce area
25 development. I launched for the President something

1 called Skills for America's Future that came out of the
2 President's Economic Recovery Advisory Board, which was
3 really focused originally on highlighting the fact that
4 we had a skills problem and a skills mismatch and
5 really trying to bring that issue to the fore. And
6 then we also focused on working with manufacturers and
7 other types of companies and community colleges, coming
8 together to get the training more aligned.

9 We have also done work -- we have done a pilot
10 in Chicago called Skills for Chicagoland's Future,
11 where we work with the long-term unemployed and local
12 employers and really using workforce dollars to do on-
13 the-job training to help people transfer from whatever
14 career they did have into a new career, where there are
15 jobs available. Chicago, for instance, has 200,000
16 open jobs and 240,000 unemployed. It is crazy.

17 So there is a lot that we can do together to
18 strengthen the talent pipeline, particularly our need
19 for education.

20 Also, I think there is a perception problem
21 that needs to be addressed. The manufacturing employee
22 of tomorrow is very different than the manufacturing
23 employee of my uncle's era, if you will, and I think
24 that there are a lot of families and a lot of young
25 people who have struggled visualizing what it is to be

1 in manufacturing today.

2 So I think that I would look forward to your
3 insights on that; not just concrete training, but,
4 also, what do we do about the perception, because there
5 are families who are discouraging their kids from
6 considering this as a career because they have been
7 drummed into you are going to end up wrapping up your
8 machinery and shipping it to some other country.

9 So I think there is an issue there and there
10 is an opportunity. I do know the Discovery Channel --
11 there are a number of people in the entertainment
12 business, as well as in the broadcast business who are
13 willing to work on this subject with you. So if you
14 have creative ideas, we can end up matching you up with
15 them.

16 I want to say, though, that, frankly, I am
17 here to listen. I am really not here to -- I just want
18 you to know I think you guys are on the right track in
19 terms of where you are focused. My goal is really to
20 spend more time listening today than it is to talking
21 with you.

22 I did begin a listening tour last week in
23 Colorado. I met with 35 different companies, most of
24 whom are in some form of manufacturing. So I have been
25 learning a lot about what is going on, what businesses

1 right now are experiencing. Frankly, a number of the
2 topics that you are focused on are exactly what we are
3 hearing. So your work, I just want you to know, is
4 extremely relevant.

5 Before I open it up, I want to mention a few
6 things that the Administration is doing around
7 manufacturing. Some of you may be well aware of these
8 and some may not. So I will just sort of do a bit of
9 an inventory.

10 We have the National Network of Manufacturing
11 Innovation, or as we like to call it, MNMI, which is
12 launching pilot institutes. That effort -- we have one
13 up and operating in Youngstown, Ohio, and there are
14 three more that have -- the President has announced two
15 funded by DOD, one funded by the Department of Energy.
16 I think those are really important ways of showing how
17 we can bring universities, local manufacturers, local
18 communities and the Federal Government together to
19 really do things and catapulting advanced manufacturing
20 techniques forward. So that is very important.

21 We also have more R&D funding for NIST, the
22 National Science Foundation, and Departments of Defense
23 and Energy. And then we have been investing in
24 manufacturing communities partnerships. All of these
25 -- and the manufacturing communities partnerships will

1 announce the winners of their planning grants later
2 this year.

3 So all of these initiatives are moving
4 forward. We also have a strong trade agenda flowing
5 from the National Export Initiative, which I know you
6 all support. You all were very involved in working
7 with us to help get the Korean, the Colombian, and the
8 Panamanian free trade agreements passed.

9 As you may be aware, we are working on two new
10 trade agreements, very significant ones, the Trans-
11 Pacific Partnership, and the hope is that they are
12 trying to conclude that this year, and then beginning
13 the talks with the EU in the Trans-Atlantic Trade and
14 Investment Partnership.

15 But one thing I do know is when each of those
16 agreements are completed, we probably will need to turn
17 to you again and ask for your help in promoting those
18 agreements. It is never an easy route to ultimately
19 get the House and Senate to pass them. So you guys
20 were very effective before and I am sure we will lean
21 on you again.

22 The Commerce Department is going to continue
23 to lead the federal role in manufacturing exports and
24 the related areas. So I am looking for your ideas. I
25 am really open to what you have to recommend to us to

1 help the United States boost its competitiveness in
2 manufacturing.

3 Some of the things that I am interested in is
4 what is currently driving growth in our manufacturing
5 sector; what do your supply chains need to grow and
6 innovate; what are the best policies to increase your
7 competitiveness; and, probably most importantly, how
8 can the government and industry work together more
9 effectively. I know this Council is one very important
10 way that we will do this.

11 I just want you to know that I really support
12 your work.

13 The last thing I would like to know is how can
14 I, as the Secretary, add value and be most helpful to
15 this initiative, and that would be something else I
16 hope you would give me insight into. How do we use the
17 position of Secretary to help move the agenda forward?

18 So thank you very much, Mike and Mary, for
19 asking me to be here today, and I am going to listen to
20 the import of your proceedings.

21 CHAIRMAN LASZKIEWICZ: Madam Secretary, thank
22 you for your time. One thing we would like to do and
23 what we have prepared the group for is a brief
24 introduction of the individual members. This is the
25 first time we are really meeting you. We have asked to

1 keep that brief, but this is not a shy group and I am
2 sure that along those introductions you will hear some
3 commentary and feedback to the questions you posed.

4 SECRETARY PRITZKER: Right. I would love
5 that.

6 CHAIRMAN LASZKIEWICZ: I will start, we will
7 go with Mary, and then around clockwise. Again, Mike
8 Laszkiewicz. I am from Milwaukee, Wisconsin. I work
9 for a company called Rockwell Automation. We are a
10 global leader and manufacturing operation with 22,000
11 employees, half of them in the United States, half of
12 them outside the United States.

13 As we move forward, one of the requests I
14 would make is that you do just what you have asked. I
15 think that listening and then applying what you have
16 learned or collaborated with the Manufacturing Council
17 and helping us make that actionable is really what we
18 are looking forward to.

19 Mary and I and several other members
20 participated on the earlier Council. We are very proud
21 of the work that we did. But coming from industry, we
22 are always anxious to see those recommendations acted
23 upon. So we think from your seat of influence, you can
24 have a great impact.

25 Mary?

1 MS. ISBISTER: Good morning. I am Mary
2 Isbister. I am the President of GenMet. We are a 70-
3 person metal fabricating company not far from Mike's
4 plant, just north of Milwaukee, Wisconsin. I really
5 appreciate the opportunity to have a dialogue between
6 private industry and the public sector and sharing
7 ideas on how we can improve further the U.S.
8 manufacturing economy. So I appreciate that very much.

9 My personal passion is workforce. Mike and I
10 actually are chair and vice-chair of our Council for
11 Workforce Investment in Wisconsin. So one of the
12 things that we gain out of participating in the
13 Manufacturing Council is we used to take what happens
14 here into our own geographies and continue that
15 dialogue, but on a broader scope individually. So I
16 appreciate your being here.

17 MR. WILCOX: Good morning. I am Jeff Wilcox
18 with Lockheed Martin. We have about 118,000 people,
19 most of the in the U.S., all over the country. I guess
20 my personal passion is defense.

21 MR. KELLY: My name is Eric Kelly. I'm the
22 President and CEO of Overland Storage. We are a 32-
23 year-old technology company within California. I think
24 we are probably one of the last few technology
25 companies actually manufacturing in the United States.

1 So I have a passion for that particular workforce.

2 In terms of one of the comments you made in
3 terms of how some of the work is -- to me, we really
4 see a very tight combination between the public and
5 private sectors that is sort of metric-driven, where
6 you can actually measure what the manufacturers are
7 doing and what the public sector is doing to support
8 that. By having that handshake versus the policy, you
9 also have a handshake to make sure are all of these
10 happening.

11 So I look forward to -- also, I am the vice
12 chairman of workforce and perception.

13 MS. MARTINEZ: Good morning, Secretary. My
14 name is Claudine Martinez and I am with MCT Industries.
15 We are out of Albuquerque, New Mexico. We are very
16 proud to be a family-owned business that was started 40
17 years ago by my parents. I am very fortunate, on
18 August 3, to be celebrating our 40th anniversary with a
19 very intimate gathering of about 600 people, where we
20 will be formally announcing a new contract with,
21 namely, Defense and Energy, manufacturing ground
22 support systems for the various aircraft, as well as
23 transportation systems.

24 We are very excited to be announcing on the
25 third, our anniversary, the addition of another plant.

1 We have two plants. One is commercial-based, the other
2 one is government-based. We will be adding another
3 100,000-square-foot facility and probably almost
4 doubling our workforce. We are at 120 right now. We
5 are hoping to add between 66 and 85 people in the next
6 14 months. So we are very excited about that.

7 MR. BRAIG: Good morning, Madam Secretary. My
8 name is Steve Braig and I am CEO of Trexel. We are
9 located outside Boston, Massachusetts. We manufacture
10 an equipment solution that helps a plastics
11 manufacturer make a part lighter with better mechanical
12 properties. Most of our markets are in the automotive
13 industry.

14 Most of our products are being exported, a
15 little bit more than two-thirds, primarily to Europe
16 and Japan.

17 I am also co-chairing the Subcommittee on Tax
18 Policy and Export Policy and looking very much forward
19 to making a difference here and making a contribution.

20 Thank you.

21 MR. BOOTH: Good morning, Madam Secretary. My
22 name is Greg Booth. I am President and Chief Executive
23 Officer of Zippo Manufacturing Company, located in
24 Bradford, Pennsylvania, maker of the world-famous
25 windproof Zippo lighter.

1 We also own Ronson Company -- a little
2 advertisement -- Ronson, as well as W.R. Case & Sons
3 Cutlery in Bradford.

4 All of our products, pocket lighters and
5 pocket knives, are made in Bradford. We employ about
6 900 people in a small community of about 8,000. We
7 export about 60 percent of our product and we sell in
8 160 countries around the world. We have grown our
9 business pretty steadily since 2000. Our largest
10 market outside the United States is China, which is
11 maybe a shift for many; bringing product in, but we are
12 shipping product out. It is a wonderful market for us.

13 I also serve on Governor Corbett's
14 Manufacturing Advisory Council, both domestic and
15 export. My passion is to develop an environment
16 conducive to building and growing our manufacturing
17 base, re-shoring manufacturing and so forth.

18 So whatever I can do to help in that regard, I
19 am on board. Thank you.

20 MS. RUSH: Good morning, Madam Secretary. My
21 name is Andra Rush. I am President and CEO of the Rush
22 Group. The Rush Group is a family of companies that
23 started off in transportation 29 years ago, bringing
24 auto parts to assembly plants for the automotive
25 industry. Then I moved into assembly and sequencing of

1 interior components. We created last year an
2 opportunity called Detroit Manufacturing in the City of
3 Detroit to create sustainable careers for underserved
4 communities.

5 I am happy to report that we have 765 jobs
6 that we created within one year from this time. It was
7 22 jobs a year ago. And we are making complete
8 interiors for the Ford Motor Company's top eight
9 products. We hope to expand that to the other OEMs.

10 I can just tell you it is critical the impact
11 of creating opportunities specifically in manufacturing
12 for our communities throughout the United States. So I
13 am happy to serve.

14 Thank you.

15 MR. ANDERSON: Madam Secretary, I am Joe
16 Anderson, Chairman and Chief Executive Officer of TAG
17 Holdings, also in the Detroit area; history and
18 background in automotive manufacturing; expanded beyond
19 that just in the last couple of years to heavy
20 equipment like Caterpillar, aerospace and defense
21 machining and so forth.

22 I was the past Chairman of the Council. So
23 this is my second term with the Council and I am
24 enjoying it. Actually, this is full circle. I was a
25 White House fellow for a female Secretary of Commerce,

1 Juanita Kreps, some years ago. So I really look
2 forward to working with you.

3 I serve on the Workforce Committee and the
4 challenges that Detroit has in terms of the history of
5 the auto industry and now other industries, we are
6 machining and manufacturing parts on drone aircraft and
7 others and looking to provide more opportunity for our
8 workforce.

9 Thank you.

10 MR. LORENTZEN: Good morning, Madam Secretary.
11 My name is Joel Lorentzen. I am the President of
12 Genesis Systems Group in Davenport, Iowa. Genesis is a
13 robotics systems integrator, about a \$50 million-\$55
14 million company, serving manufacturers worldwide;
15 offices in San Juan Del Rio, Mexico, Detroit, Michigan,
16 and Nagoya, Japan.

17 A shameless plug. I am from a community who
18 is an applicant for the Manufacturing Community
19 Partnership Development Grant. So anything you can do.

20 (Laughter.)

21 MR. LORENTZEN: My personal passion is the
22 product that my company delivers and the people that
23 deliver it for us, which puts me firmly in the camp of
24 workforce development.

25 I am serving the Council as Chairman of the

1 Energy Subcommittee.

2

3 MR. SWEATMAN: Good morning, Madam Secretary.

4 My name is Roy Sweatman. I am the President and Owner
5 of Southern Manufacturing Technologies, usually known
6 as SMT. We employ about 110 people in Tampa, Florida,
7 machining and manufacturing components for aircraft,
8 aerospace, defense. We have parts from piston-engine
9 airplanes to 787s to joint strike to components that
10 were part of Curiosity's landing on Mars.

11 Our growth is limited primarily by lack of
12 skilled workforce. So I would love to see you use your
13 role as Secretary to promote the great careers in
14 manufacturing throughout the school system that nobody
15 knows exist.

16 SECRETARY PRITZKER: Before you go, could I?
17 Good ideas about how to promote this and something that
18 is reputable. Right? I can go to a school, but that
19 is going to not get the word out. But if you have got
20 good ideas of what we could do, I am really interested
21 in helping in this area and the President has really
22 encouraged me in that direction. I mean, I have the
23 support of the White House.

24 So think about things we could do that would
25 have legs that I can help. That would be great,

1 because I want to be helpful. Sorry.

2 CHAIRMAN LASZKIEWICZ: I am going to apologize
3 to the ex-officio members and ask that we pass it over
4 to Bill Yeargin, just to be respectful of the
5 Secretary's time.

6 Bill?

7 MR. YEARGIN: Good morning, Secretary
8 Pritzker. My name is Bill Yeargin. I am CEO of
9 Correct Craft. We are a global leader in the
10 recreational boat business.

11 My passion relates to innovation, primarily
12 because we operate in a very tough global market, our
13 business, and we have seen the impact innovation of
14 product and process can have on our business.

15 We have a really fun business. We are based
16 out of Orlando. The next time you are in central
17 Florida, come by and we will get you on the water and
18 you will have a blast.

19 SECRETARY PRITZKER: I love the water.

20 MR. HASTINGS: Good morning. My name is David
21 Hastings. I am CEO of Mount Vernon Mills. We are a
22 textile company headquartered in South Carolina. WE
23 have approximately 2,700 employees and 14 production
24 facilities in southern states in the southeast.

25 We have had continuous manufacturing since

1 1845 in our company. Mainly, most of our products are
2 exported. I am on the Tax and Trade Committee, and my
3 passion is trade. I think, as you referenced, we are
4 negotiating several trade agreements at this time and I
5 think it is imperative that we make sure that we don't
6 adversely impact our U.S. manufacturing as we negotiate
7 these agreements.

8 Thank you.

9 MR. PAREEK: Good morning, Secretary. I am
10 Shirish Pareek, Founder and CEO of Hydraulex Global. I
11 came to this country 16 years ago and started and now
12 run a hydraulics manufacturing company with 400
13 employees and five different manufacturing facilities
14 in Detroit.

15 I am a firm believer -- I am passionate about
16 skills, workforce development and entrepreneurship. I
17 really believe manufacturing should be and can be
18 expanded. Again, we would be making really -- I
19 believe our committee will be making strong
20 recommendations and look forward to your support.

21 MR. ZAHNER: Good morning, Madam Secretary. I
22 am Bill Zahner, the CEO of Zahner Company. We are a
23 116-year-old fourth generation company that
24 manufactures and designs architectural metal work.

25 We had the honor a few years ago of producing

1 the metal skins on the Pritzker there in Chicago.

2 SECRETARY PRITZKER: I know your company very
3 well. I made a mistake not barring you to do so.

4 (Laughter.)

5 MR. ZAHNER: It is an honor to be on this
6 committee.

7 MR. FRIESEN: Good morning. My name is Cody
8 Friesen. I am the Founder of Fluidic Energy. We are a
9 6-year-old advanced battery startup. We make an
10 entirely new type of battery that goes out and
11 displaces diesel generators and lead-acid batteries in
12 critical load sites in the emerging world.

13 In 2012, we shipped 75 units and in 2013 we
14 are slated to ship just over 1,000 units. We are about
15 200 employees now. The one connection between you and
16 I is my Chairman is Lee Scott, who I think is a good
17 friend of yours.

18 SECRETARY PRITZKER: Wonderful. Yes.

19 MR. FRIESEN: So he has been a great mentor to
20 me thus far, and I think we are on a path to doing some
21 great things. I am happy to be part of this committee.

22 DR. GREEN: Good morning, Madam Secretary. I
23 am Albert Green. I am the CEO of Kent Displays. We
24 are located in Kent, Ohio.

25 For the subcommittee, I chair the Innovation,

1 Research and Development Subcommittee, which is a
2 passion of mine.

3 Kent Displays is the maker of the world-famous
4 Boogie Board LCD eWriter, which I will shamelessly
5 promote.

6 (Laughter.)

7 DR. GREEN: We sell our product in just over
8 30 countries, actually. We have about 100 employees.
9 Our largest market is here in the U.S. We are consumer
10 packaged goods company. And our second largest market
11 is actually in Japan. I am delighted to serve on the
12 committee.

13 MS. BARRETT: My name is Christie Wong
14 Barrett. Good morning. I am probably representing one
15 of the smaller companies around the table, Mac Arthur
16 Corporation. I am the CEO of the company. We
17 manufacture die set components, labels and tags
18 primarily for the electronics and automotive sectors
19 and ship most of our products to multiple countries, 50
20 percent exports, in our small company. We have two
21 manufacturing locations.

22 My particular passion is around how to
23 transform small companies that are perhaps in a more
24 commoditized manufacturing environment providing to the
25 global supply chain into more manufacturing, advanced

1 manufacturing businesses, bringing those capabilities,
2 retooling them for the 21st Century, because the vast
3 majority of our manufacturing base in North America are
4 small companies. If we can tackle it with one, we can
5 deliver it to others.

6 I am serving on the Innovation, R&D
7 Subcommittee, as well.

8 MR. FUJITA: Good morning, Secretary. My name
9 is Hiroyuki Fujita. I am the President and CEO of
10 Quality Electrodynamics. We are a medical equipment
11 manufacturing company located in Ohio.

12 I came to the States when I was 22 and I went
13 for my Ph.D. So I started this company in 2006 and now
14 it has grown to 100 people. We are exporting our
15 products all over the world. So we are 90 percent
16 export.

17 Therefore, I am assigned on the Subcommittee
18 of Tax and Export. So I am hoping to make a
19 difference.

20 SECRETARY PRITZKER: It is timely, too,
21 getting in put on the tax policy. It is going to be
22 timely.

23 MS. WILLIAMS: I will finish up here. Carol
24 Williams from the Dow Chemical Company. We are a
25 company that is 117 years old -- so we just eked out

1 from over there -- \$55 billion, with 55,000 employees,
2 half of which are in the United States. We have
3 manufacturing facilities in the U.S. in 12 states, with
4 about 100 different manufacturing units that we have in
5 the United States.

6 So when you are a company where you buy as
7 much energy as Venezuela makes every day, I am on the
8 Energy Committee and I am the subcommittee chairman
9 with Joel. So, obviously, it is a key issue for us and
10 we see it as a major advantage for the United States,
11 with \$5 billion of investment.

12 SECRETARY PRITZKER: Thank you.

13 CHAIRMAN LASZKIEWICZ: Madam Secretary, I
14 think you can see this is a very impressive group of
15 people. Large and small companies are represented, all
16 segments of the manufacturing economy, all geographies
17 of the United States. This is an enthusiastic group of
18 people.

19 In response to your pointed questions, we are
20 in the early stages. Rough drafts are being developed
21 of specific recommendations that will be vetted with
22 representatives of the industries here, the geographies
23 here, education, ex-officio members. In November, we
24 will be prepared to give you rather detailed updates
25 where our specific recommendations will be.

1 So we look forward to the November meeting and
2 we believe it will be an important step in our process.
3 Between now and then, we are really calling upon help
4 from your entire team here. In past Manufacturing
5 Council terms, they have been extremely supportive,
6 giving us access to other parts of the Administration,
7 helping us understand data, providing technical
8 assistance.

9 I specifically want to call out Francisco, who
10 has been really rock solid in support of the Council,
11 and we are going to be calling on him.

12 SECRETARY PRITZKER: Before I leave, I would
13 like to get down to some real work. What I would say
14 is let me just underscore I really am very interested
15 in what you want to get accomplished. I am interested
16 in specific -- someone mentioned metrics -- things that
17 we can tangibly actually execute. It is timely. We
18 are committed. The entire Administration is committed
19 to trying to move the manufacturing agenda forward.
20 Obviously, we are needing in Commerce.

21 So this is very important work you are doing
22 and something that I look forward to hearing more in
23 November when you are ready with your recommendations.

24 CHAIRMAN LASZKIEWICZ: Thank you for your
25 time.

1 SECRETARY PRITZKER: Terrific. Thank you all
2 very much and good luck.

3 CHAIRMAN LASZKIEWICZ: Thank you. So just a
4 quick review of the agenda and as an opening. We have,
5 starting with Francisco Sanchez, updates from ex-
6 officio members. What I would ask -- it is really a
7 tough timeline for us today. So for all the ex-
8 officios, if we could keep our comments pretty quick
9 and to the point.

10 What I really want to accomplish here is make
11 sure you are connecting with the subcommittees. So Don
12 joined the task team this morning. The more we can
13 line you up with specific subcommittee work, we would
14 like to do that.

15 Using Don as an example, he provided some
16 feedback this morning about prioritization and
17 alternatives to be considered in the recommendations.
18 We need that help from all of you.

19 So with that, Francisco, you have the floor.

20 **CONSOLIDATION AND TTIP UPDATE**

21 MR. SANCHEZ: Mike, thank you very, very much.
22 I am going to adhere to your recommendation. I have
23 four items that I want to give you brief updates on.
24 But before I do, I just want to call your attention, as
25 we have not, to Chandra.

1 I have to tell you, we have such a passionate
2 advocate for manufacturing in Chandra and she was so
3 annoyed really that she could not be here that she is
4 joining us from China. Just so you know, we are
5 talking it is 10:45 in the evening in China and I can
6 assure you she put in about an 11-hour day today.

7 So thank you for joining us.

8 CHAIRMAN LASZKIEWICZ: Thank you, Chandra.

9 MS. BROWN: Thank you. It is great to be
10 here.

11 MR. SANCHEZ: I feel so lucky that Secretary
12 Pritzker was here for a number of reasons, but, one,
13 because I got to hear what each of you do again and
14 every time I hear this I get inspired and it reminds me
15 of my own family roots.

16 I think I mentioned to this group when I spoke
17 to you before my father ran a family-owned candy
18 factory in Spain and my uncle invented and brought to
19 market that blood pressure machine that I am sure all
20 of you have used when you are waiting for your
21 prescriptions at CVS or Walgreen's. It is that chair
22 that you sit in. He made that.

23 (Laughter.)

24 MR. SANCHEZ: I just come away so energized
25 and so inspired. So I have got to thank Penny for

1 being here, because that was the main impetus to go
2 around and let her know the caliber and talent that we
3 have here.

4 If I may just take one minute, Mike, on Penny
5 and to tell you how fortunate this department is and
6 how fortunate you are to have Penny here, and let me
7 just tell you briefly why.

8 I had the privilege of working with Penny in
9 2008. To me, the mark of a good executive is someone
10 who takes their time in selecting good people, then
11 lets them do their job, but remains engaged. It is not
12 hands-off. That is a fine line to walk to not
13 micromanage, but to stay engaged.

14 She managed that when she was Chairman of the
15 President's Finance Committee when he was running for
16 President. She has been here for four weeks and she is
17 doing it again here. She is a quick study. She is
18 passionate.

19 Her briefing books are generally about this
20 thick for the next day's work. She reads it all and I
21 know because as she is thumbing through the briefings,
22 almost everything is underlined. So you really have a
23 tremendous, passionate advocate who understands
24 business, who particularly understands manufacturing,
25 and, quite honestly, this is important to and has the

1 ear of the President of the United States.

2 If something is bothering her, if she has a
3 concern, she can pick up the phone and I guarantee you
4 at the other end of the line, at 1600 Pennsylvania, the
5 phone will get picked up.

6 So you have a real partner here. We do, too.

7 I could not be happier and more excited and I wanted
8 to convey that to you, because I think we can do a lot
9 of good things together.

10 I want to do four quick things: give you an
11 export update; tell you a little bit about
12 consolidation, which is something that is going on here
13 within the International Trade Administration to make
14 us more responsive to our stakeholders, as well as to
15 save some money and redeploy it into our priorities.
16 We are not going to give it back to the Treasury, with
17 all due respect to our friends from the Treasury, but w
18 are going to put it to good use.

19 I will briefly tell you where we are with US-
20 EU negotiations, and then give a plug to Select USA's
21 first summit, which will take place this fall.

22 So let me start with export updates. You know
23 that we have had back-to-back years of record exports;
24 2011, \$2.1 trillion, which was a record; 2012, \$2.2
25 trillion, and that progress continues. In the first

1 quarter of 2013, we had \$559 billion in exports. That
2 is a record for the United States in any quarter. So
3 we continue to be on track.

4 If you recall, the President's National Export
5 Initiative had two primary goals: doubling exports by
6 the end of 2014 and supporting an additional 2 million
7 jobs by that same time period. We are at 1.3 million
8 additional jobs.

9 So everything is moving along on track. We
10 continue to be working very hard on all of our
11 different export promotion programs. Penny has
12 committed to be very engaged specifically in doing
13 trade missions, as well as commercial advocacy. She is
14 quite willing to pick up the phone, write letters, talk
15 in her bilateral meetings with her counterparts about
16 American companies that have contracts in countries
17 around the world.

18 So I think we are doing well and you have a
19 team that is reenergized to take this to the finish
20 line for the President's National Export Initiative.

21 On consolidation, has everybody heard
22 consolidation with NITA? I know you have other things
23 going on in your mind at your businesses, but we have a
24 big thing going on here. The International Trade
25 Administration was established about 33 years ago and

1 in that 33-year period, it has really not undergone any
2 kind of major reorganization. We have never really had
3 a major change.

4 I suspect if I go around the room, every one
5 of you have had to probably look at your organization
6 and improve upon it, probably more often than once
7 every 32 or 33 years. We are a little slow in that
8 regard, but we have caught up and we went through about
9 a year-long process.

10 What we have come up with is a more
11 streamlined organization that we believe will be more
12 responsive to its clients and stakeholders.

13 So let me just give you the highlights. We
14 took our four business units and reduced them to three
15 and they are now organized by region. So one unit now
16 is focused on regions, the other is focused on
17 industries, and the third one is enforcement and
18 compliance.

19 We hope to see about \$8 million in savings
20 from this consolidation that we will plow back into
21 export promotion and to trade law enforcement, two of
22 the President's top priorities. The implementation, in
23 terms of where everybody gets situated in terms of the
24 boxes, we will end up by -- we will be finished by
25 October 1.

1 But as any of you that have gone through any
2 kind of substantial change in organization, that will
3 not finish on October 1. That will well take 12, 24
4 months, maybe longer. But we are very much engaged in
5 making sure that this change has its intended purpose,
6 which is to better serve our clients.

7 One of the things that we did was we took --
8 more and more we realized that export promotion, the
9 traditional activities of export promotion, like trade
10 missions, gold key services, international buyer
11 programs, export promotion was no longer just about
12 that, but it was helping a company who, in one of their
13 markets, was confronted with a regulation that had the
14 effect of being a non-tariff barrier. More and more,
15 being able to help companies do that was just as
16 important as doing the traditional trade missions and
17 other related export promotion activities.

18 The other thing we figured out is that a lot
19 of our trade specialists in countries were doing that
20 work on behalf of companies and dealing with non-tariff
21 barriers. So we combined what has been market access
22 and compliance. That is the unit that focused on trade
23 policy, and trade policy with a big "P," meaning
24 supporting USTR with things like the US-EU
25 negotiations, with the Trans-Pacific Partnership, with

1 bilateral trade agreements like Colombia, Panama and
2 South Korea, but, also, trade policy with a little "P,"
3 and by that, meaning focusing on one company that had
4 one barrier that was really causing them problems and
5 going to bat trying to change that.

6 So we have brought a lot of the resources from
7 market access and compliance and the U.S. Informed
8 Commercial Service together. We took parts that were
9 in market access and compliance that had to do more
10 with the compliance piece of this and put it in what
11 has historically been import administration, and that
12 is now enforcement and compliance.

13 So what were some of the goals that we had?
14 First and foremost, to make this easier on the client.
15 Sometimes you would have a company that literally had
16 to go to three different offices. The hope here is
17 that you do not have to call three different people.
18 You can go to one and that point of contact can help
19 you, whether it is export promotion traditional type
20 work or whether it is with a non-tariff barrier or
21 whether it is just information on what is going on with
22 the US-EU negotiations.

23 Number two, to try to be more efficient. I do
24 not need to tell you that budgets are tight and
25 Congress is not as generous as I would prefer in terms

1 of our mission. So we needed to squeeze as much as we
2 can and then redeploy that money into our priority on
3 markets.

4 Number three, we wanted to minimize what
5 happens a lot in government, which is folks live in
6 their unit and rarely talk to folks in other units, in
7 spite of the fact there is often a lot that can be done
8 by interacting.

9 Now, I happen to believe that ITA did better
10 than most, but we could do better. So another goal of
11 this was to kind of break down silos and have us work
12 better together across units.

13 Lastly, I would say is to spur innovation
14 within our own units. How can we do things better? So
15 we have done trade missions a certain way for 32 years.
16 I think we can tweak them. So there were units like
17 manufacturing and services that came up with missions
18 that were a little different from the way we had
19 traditionally done them and they added tremendous value
20 in the medical technology device or the mission we took
21 to Mexico and bringing together all of government in
22 the civil nuclear space for opportunities in Eastern
23 Europe, and I could go on and on.

24 But I am excited about this. We are being
25 very inclusive with our team as we get granular trying

1 to implement this, make sure that all the team is
2 working on making this thing work. So that is
3 consolidation.

4 US-EU, very exciting. Those negotiations just
5 launched a little over a week ago. I think they are
6 off to a good start. I do not have a lot to report on
7 other than to say that these initial meetings were
8 focused, as you might guess, on process.

9 I think it is important, even if the next
10 three rounds is about process, that they get the
11 process right, because US-EU negotiations, in terms of
12 true value, is going to be about regulatory cooperation
13 and standards cooperation. We are going to reduce
14 tariffs, but tariffs, by and large, between the United
15 States and the EU are not that terribly high.

16 So the real value in these negotiations will
17 come from what we can do in regulatory cooperation and
18 in standards.

19 Having said that, that is tough. It is tough,
20 in large part, because we have done regulations a
21 certain way in this country for a long time and our
22 regulators think they do it pretty well, thank you very
23 much. The Europeans have been doing their regulations
24 a certain way and their standards a certain way for a
25 long time. They think they do it pretty well, thank

1 you very much.

2 So the challenge here is how you have two
3 regimes that are well established to figure out how to
4 work together. If they were easy, I have a feeling
5 that this would have been done probably 25 years ago.
6 It is not easy, but the opportunity has never been more
7 important, for the EU, for obvious reasons. They are
8 going through some real challenges. This can be a real
9 shot in the arm.

10 But for both of our respective markets, it has
11 larger implications than just these two markets. The
12 implications that it has -- if we can really get
13 standards right, for example, then we have a real shot
14 at influencing standards in many other markets around
15 the world. You will have a combined market of over 800
16 million consumers. You better believe that countries
17 in other parts of the world will probably harmonize
18 their standards to be able to access an affluent 800-
19 million-person market.

20 So this is hugely important. I have one ask
21 of you. Please get engaged in this. Please have your
22 voice heard. Certainly, you can communicate with us.
23 I would encourage you to communicate with our
24 colleagues at USTR. This is going to be vitally
25 important.

1 As Secretary Pritzker said, when the time
2 comes, I would say even before the time comes, before
3 it gets to Congress, help us engage with the public. I
4 am excited about where the public is on trade.

5 In 2009, when President Obama got here, Gallup
6 did a poll and the poll said that 47 percent of
7 Americans thought trade was bad for economic growth --
8 47 percent. That same poll was taken in January of
9 this year, 57 percent of Americans say it is good for
10 economic growth. So there has been a huge swing.

11 So I think we have got a good foundation, but
12 we need to build on that, because that pendulum could
13 swing again. So I hope that you will rally your
14 employees, rally your communities and keep doing that
15 right up and through the time that we go to Congress
16 for trade promotion authority for the TTP agreement and
17 someday in the future probably the -- still a ways away
18 -- the US-EU.

19 Finally, Select USA, this is our effort to
20 attract foreign direct investment and retain investment
21 that is already here in the United States. It is a
22 program that was stood up by the President two years
23 ago. It is doing very well and we are having our first
24 ever summit that will bring investors from all over the
25 world, as well as economic development officers from

1 throughout the United States.

2 They will hear presentations on why it is a
3 good place to do business here in the U.S. There will
4 be breakout sessions for regions and states to talk
5 about their particular attributes, and there is going
6 to be plenty of opportunity for networking with
7 investors and EDOs.

8 So I have one more ask of you in this space,
9 which is to get the word out, encourage people that you
10 know of that might be interested in investing in the
11 U.S. to come here. Encourage your economic development
12 officers in your communities and your states to come
13 here. We are doing pretty well. I think we are just
14 under 200 participants already today and we are still
15 about three months away.

16 So I think it is going to be a wonderful
17 summit, but it will be even better if all of you were
18 engaged.

19 With that, I will hush. I hope I did not talk
20 too long.

21 CHAIRMAN LASZKIEWICZ: You did okay.

22 (Laughter.)

23 CHAIRMAN LASZKIEWICZ: But we will all need to
24 make up a little bit of ground so we can stay on track.

25 Thank you, Francisco, always a pleasure.

1 Chandra, again, I cannot thank you enough for
2 the late hour that you are joining us. The sound
3 quality and the video quality is outstanding. So thank
4 you for joining us, and you have the floor.

5 **U. S. DEPARTMENT OF COMMERCE, MANUFACTURING OFFICE**

6 MS. BROWN: Excellent. I will work hard at
7 making up some time, since I am losing my voice with
8 all the hard work we are doing here in China. I have
9 to say it is actually a joy and a pleasure. I am here
10 right now at the embassy in Beijing. For those of you
11 that have not been to Beijing, the embassy is amazing
12 and the quality of service here from the Foreign
13 Commercial Service has been incredible.

14 The reason why I am not there -- and you know
15 I miss you all and wish I could be there -- but I am
16 here in Beijing basically leading the U.S.-China
17 Environmental Industry Forum and I am attending
18 basically the largest and most prestigious
19 environmental conference here in Beijing, which means
20 it is really, really huge.

21 It is called CIEPEC, the China International
22 Environmental Protection Exhibition and Conference.
23 Basically, what is so great about this and why I was,
24 like, "Oh, if I could just have a minute, I will tell
25 you what I did today," and, that is, this morning, I

1 got to escort the mayor of Beijing and Minister Zhou,
2 who is the minister of the Environmental Protection
3 basically here in Beijing, through the United States
4 Pavilion, and it was just an incredible opportunity.

5 I have to call out Mike Laszkiewicz and let
6 you know that I feel like Rockwell is everywhere,
7 because you guys were actually there. You have a great
8 representative in Joe Miller, who is doing great work.
9 So kudos. You were selling Rockwell products even over
10 here in Beijing.

11 CHAIRMAN LASZKIEWICZ: Thank you, Chandra.
12 You used to buy them, too, and now you are selling
13 them. I think we have got the corner on the market
14 with you.

15 (Laughter.)

16 MS. BROWN: Then we have a business
17 roundtable, 17 U.S. companies here all discussing their
18 issues, which, obviously, there are a lot of issues
19 doing business here in China. I feel a million times
20 more educated. I got to sit with my colleagues at EPA
21 and USDEA. You guys know another one of my favorite
22 themes is intergovernmental working. So it has just
23 been a joy to sit next to the regulatory agencies and
24 be able to be the advocate for industry and for trade
25 out here in Beijing.

1 I am also quite sorry you all are going to
2 visit a good friend of mine, I hear, this afternoon,
3 Congressman Steny Hoyer, and a bunch of the Congressmen
4 and Congresswomen who are going to be there. I
5 encourage you guys to be blunt with them, which I know
6 you will. He is a great advocate for manufacturing and
7 I know you all are going to have a great time.

8 That being said, I am trying to make up time.
9 It is 11:00 p.m. here and I am keeping all this
10 wonderful staff who are here with me awake and up. We
11 have got a busy day tomorrow.

12 So I want to say (in Chinese), which is thank
13 you and goodbye from China.

14 CHAIRMAN LASZKIEWICZ: Chandra, thank you very
15 much. We really do appreciate it.

16 (Applause.)

17 CHAIRMAN LASZKIEWICZ: Keeping things moving,
18 I would like to welcome back Matt Erskine, who is
19 representing the Economic Development Administration.
20 Good morning, Matt.

21 **ECONOMIC DEVELOPMENT ADMINISTRATION**

22 MR. ERSKINE: Good morning. Thank you, Mike,
23 very much. Thank you all. It is great to be with you
24 again.

25 The two things I want to cover quickly with

1 you this morning is an update on the work EDA is doing
2 regarding the President's manufacturing agenda and then
3 ask for your help and support, specific help and
4 support on some of our efforts.

5 So as Secretary Pritzker said, at Commerce and
6 EDA, we are working very hard to break down
7 Washington's bureaucratic silos so that we can be a
8 more effective partner for our regional economies
9 across the country, those economies in regions that we
10 serve.

11 In just over the last three years, as I think
12 many of you know, Commerce and EDA launched and awarded
13 funding for four multi-agency competitions, including
14 the three jobs and innovation accelerator challenges.
15 These challenges have provided approximately \$200
16 million in coordinated funding from at least eight
17 different federal agencies; so synchronized coordinated
18 funding for a total of 44 projects nationwide.

19 For example, to help grow America's critical
20 manufacturing sector and to encourage companies to
21 invest in the United States, EDA together with NIST and
22 five other partner agencies last year worked together
23 to invest a total of \$20 million across ten winning
24 regions through our advanced manufacturing jobs and
25 innovation accelerator challenge.

1 This year, we launched our Make it in America
2 challenge competition, which was a partnership between
3 Commerce and the Department of Labor, which does even
4 more to encourage foreign and domestic businesses to
5 build and/or expand their operations here in the U.S.
6 That challenge was approximately \$40 million in funding
7 and will be awarded to up to 15 projects across the
8 country to accelerate job creation and manufacturing by
9 encouraging the re-shoring of productivity, productive
10 activity by U.S. firms, increased foreign direct
11 investment, and encouraging U.S. companies to keep or
12 expand their businesses and create jobs here at home.

13 An important component of this with our
14 friends and partners at Labor is training local workers
15 to meet the needs of those businesses. We received
16 more than 50 applications for this challenge from
17 across the country and they are currently under review
18 and we expect to announce the up to 15 winners this
19 September.

20 This type of interagency coordination and
21 support for manufacturing will continue this year and
22 next year through, as the Secretary mentioned, our
23 Investing in Manufacturing Communities Partnership, or
24 IMCP, and the President proposed a significant amount
25 of funding for this in his fiscal year 2014 budget

1 proposal to Congress.

2 The IMCP is a new multi-agency initiative,
3 again, targeted at accelerating the resurgence of
4 manufacturing and really helping communities across the
5 country cultivate the environment for businesses to
6 create the well-paying jobs. It is really designed to
7 build and improve upon the capacity of our regional
8 economies, again, creating that ecosystem necessary for
9 the attraction, the retention and the expansion of
10 manufacturing investment; designed to support the
11 locally developed strategies, again, particularly
12 manufacturing and supply chain companies, for that
13 long-term economic and job growth.

14 It is really designed to do three things. By
15 supporting and rewarding communities to, one, recognize
16 their comparative advantages, assess their regional
17 assets, and develop an implementation-ready plan;
18 number two, invest in the critical infrastructure using
19 both public and private funds, really looking to
20 leverage private funds as much as possible; and, three,
21 encourage the community links and partnerships, the
22 public-private-higher education partnerships to
23 reinforce and expand their commercial appeal to
24 investors.

25 This year, as the Secretary mentioned, we have

1 launched strategic plans, implementation-ready
2 strategic plan competition. As many as 25 communities
3 across the country will get up to \$200,000 each to
4 create these strategies. Our application period has
5 just closed and we had 78 applications from across the
6 country for up to 20 to 25 awards.

7 We are working with the Small Business
8 Administration, the EPA, as well as the U.S. Department
9 of Agriculture on this planning grant challenge.

10 In addition, federal agencies are working
11 together on a series of roundtable discussions, again,
12 across the country both to highlight and build an
13 awareness around the IMCP, but really, also, a
14 listening session with manufacturing stakeholders in
15 the communities to understand what they need to build
16 capacity within their regional economies.

17 So these strategy grants and roundtables will
18 set the stage for larger scale investments next year,
19 in fiscal year 2014, awards for the actual
20 implementation phase of the plans for these regional
21 economies.

22 In order for this to be most effective, my
23 specific ask of you is, number one, participate in the
24 roundtables that we hold throughout the country,
25 please; number two, sharing the information -- and we

1 will be sure to get you the schedule of these
2 roundtables, where they are going to be -- share that
3 information with the communities in which you work; and
4 then, number three, importantly, this is, obviously,
5 very much a work in progress, and so we need your
6 input, your ideas, and your feedback on how we can make
7 the IMCP initiative even more effective.

8 One last item is I would love to be involved
9 in the innovation and R&D Subcommittee. So I look
10 forward to hopefully be able to do that.

11 Again, thank you for your work on the Council
12 and for your service and we look forward to our
13 continued good work with you.

14 CHAIRMAN LASZKIEWICZ: Matt, thank you. Two
15 comments. One, your public listening sessions are
16 going to be important, I think, from a coordinating
17 perspective. As we vet our recommendations, there is a
18 good opportunity to collaborate. Specifically, there
19 could be an opportunity with the Workforce Development
20 and Public Perception Team.

21 So let's make sure we take those words into
22 action and get those invites out to the members of this
23 team so they have a chance to get those on their
24 schedule.

25 Secondly, being involved in one of the grant

1 applications for manufacturing communities, many people
2 here I think have been involved. I think it is a good
3 start. It is important, though, that we follow
4 through, that those grants go out as scheduled, and
5 that the best strategy, at least proposed strategies
6 are recognized. And those may also be opportunities
7 then for the Council to rally around the grants once
8 they are known in September.

9 So thank you very much.

10 MR. ERSKINE: Thank you.

11 CHAIRMAN LASZKIEWICZ: Next, I would like to
12 introduce Mike Molnar. I believe, Mike, this is the
13 first time you have presented to us; is that correct?

14 MR. MOLNAR: No.

15 CHAIRMAN LASZKIEWICZ: You are returning, that
16 is right. I apologize. Mike is here representing the
17 National Institute for Standards and Technologies.

18 Mike, I apologize in advance, but I always get
19 scared when I see a PowerPoint presentation. You have
20 really got to make up some ground here.

21 **NATIONAL INSTITUTE FOR STANDARDS AND TECHNOLOGY**

22 MR. MOLNAR: You bet. I am Mike Molnar. I
23 lead the Interagency Advanced Manufacturing National
24 Program Office. And I have a high quality problem,
25 which is we have a lot going on with President's

1 Advanced Manufacturing Initiative, and my goal today is
2 to cover five things in five minutes. I am going to do
3 my best.

4 I wanted to tie in Secretary Pritzker's
5 comments about what is happening with the President's
6 Advanced Manufacturing Initiative related to Commerce
7 and especially with NIST. NIST is the home of advanced
8 manufacturing for the Department of Commerce.

9 So we are going to move very quickly. I hope
10 that you have seen these. If you want to understand
11 what is behind the policy, there are these White House
12 reports. I want to just touch on them as we go along.
13 But these started from the PCAST report, through the
14 AMTech report, and the NSTC reports.

15 The first was that PCAST report that built the
16 case for why the Nation needs an innovation policy, why
17 advanced manufacturing is critically important, and
18 that we need to have a Presidential initiative. One of
19 the things they called for was a coordinated --

20 CHAIRMAN LASZKIEWICZ: Mike, can I ask a quick
21 question? From my review of the reports -- and all of
22 the members have received copies of the reports -- is
23 the definition of advanced manufacturing based on a
24 spend of 3 percent or more in their research and
25 development budgets as a percentage of sales? That was

1 the only definition I could find. We talked about
2 that, I think, the last time you were here.

3 What is the definition of advanced
4 manufacturing?

5 MR. MOLNAR: Very good. Actually, PCAST had
6 their definition. It is really about new technologies,
7 new materials, new ways of making existing products
8 better, and enabling totally new products. It was not
9 a percentage of --

10 CHAIRMAN LASZKIEWICZ: The only reason I ask
11 is we talked a little bit with the Secretary about
12 measures and when I looked at the measures for growth,
13 that was what I saw as the definition.

14 MR. MOLNAR: This is on the one -- I would say
15 the 3 percent measures is on the out.

16 So what it called for was a coordinated
17 federal focus and the outcome of that was this
18 interagency team. So we are working together as a team
19 and that is why you see all of the logos. But what is
20 important here is that the President designated the
21 Secretary of Commerce as the federal-wide champion for
22 manufacturing, because all the agencies touch
23 manufacturing, as well as we can do a better job by
24 working together.

25 So I wanted to tie that in with some of the

1 DOC advanced manufacturing programs. We have two brand
2 new ones right now. One is AMTech, Advanced
3 Manufacturing Technology Consortia. Another one is
4 MTAC. And you heard the Secretary talk about NNMI, the
5 National Network for Manufacturing Innovation.

6 So a lot is happening with all three of these
7 and that is what I wanted to highlight for you in this
8 brief session.

9 Next slide.

10 So going ahead, they are complementary. They
11 are all talking about this space, if you look at that
12 TRL space from one to nine. What NNMI is about is that
13 so-called middle.

14 Next slide.

15 So the first is AMTech. You may have heard of
16 Semitech. This is like -- if you like Semitech, let's
17 do more of this. A current one -- Semitech has grown
18 up. It does not use any federal funds today. It is
19 self-sustaining. A current one is the Nanoelectronics
20 Research Initiative, which is meant to create what is
21 beyond CMOS, let's change the rules, let's change our
22 own technology.

23 So the idea of AMTech is these work, these
24 partnerships with industry and academia, let's do more
25 of them. So AMTech is let's fund these and in the

1 first year -- we just started with this -- our
2 objective is to come up with -- if industry has a good
3 idea, if the consortia has a good idea, we will fund
4 the technology roadmaps and planning. Next year, then
5 we will begin the implementation for a public-private
6 consortia; that is, academic, industry.

7 Next slide.

8 The next one is I wanted to call attention to
9 MEP, the Manufacturing Extension Partnership. I hope
10 you are aware that Commerce is the home of MEP. There
11 are MEP centers in all 50 states.

12 I recently joined from manufacturing and when
13 I attended the trade show representing MEP once, I was
14 amazed that the majority of people do not know that
15 there were MEPS.

16 So one of the things that we can do is -- this
17 is focused on installed unions. So this is a big
18 surprise to a lot of the investors. What MEP is
19 highlighting is this manufacturing technology
20 acceleration centers, or MTACs in this slide, and this
21 is all about centers to focus on rapid technology
22 transition, especially to get it into the supply
23 chains. So this is augmenting the MEP center which is
24 in all of your states.

25 Moving on. Then for NNMI -- next slide --

1 this was the AMP report, 16 recommendations in three
2 buckets. The lead recommendation was we need
3 manufacturing institutes.

4 Next slide.

5 What they focused on was that missing middle,
6 the missing Bell Labs, that missing gap. The message
7 here is that we are under-investing. It is a market
8 failure, as the economists say, but the answer is not
9 having more federal spend in that space. The answer is
10 how do we create the space where it makes technical and
11 business sense for industry to be investing in this
12 pretty competitive space.

13 So a big part of the answer -- next slide --
14 is announced by the President for creating a network of
15 these, as well as he asked the agencies to work
16 together to launch a pilot.

17 Indeed -- next slide -- what we did was
18 focused on this missing middle. It has to be big
19 enough to have impact and its mission here is not just
20 R&D. It is on applied research and getting it into
21 production.

22 Next slide.

23 So this was announced last fall. This was the
24 National Additive Manufacturing Innovation Institute,
25 or NAMII. It is really a regional thing. It has an

1 innovation center in Youngstown, Ohio, but it is a
2 regional thing and it is going well. But the initial
3 \$30 million of federal investment attracted \$40 million
4 from the private sector.

5 So we learned a lot from NAMII. That is our
6 pilot. That helped to inform us on the design.

7 Next slide.

8 The other thing that we did -- Commerce led an
9 interagency effort, five events across the country, to
10 engage you, to engage leaders from industry and
11 academia on the design of what these institutes are all
12 about. We had over 1,200 voices.

13 Next slide.

14 We took that and that was the outcome of the
15 report that came out in January. This is a framework.
16 There is still much to do. So one of the asks would be
17 to have the Manufacturing Council help us with the
18 detailed design of manufacturing institutes.

19 At its core, it is really about creating that
20 space for industry and academia to work together to
21 accelerate new products and make them sticky, grow the
22 new hub to the future in the United States.

23 Next slide.

24 As Commerce Secretary Dr. Blank pointed out
25 once she announced NAMII, it is not your father's

1 research institute. You have to have the science base
2 right. But the core of this is all about technology
3 integration systems, education and workforce
4 development, and having something that small and
5 mediums can go to as a user facility and accelerate.

6 Next slide.

7 So in closing, what was announced? We learned
8 from the pilot. We are asking Congress for
9 authorization for an entire network. But in addition
10 to that, under existing budgets and authorities -- next
11 slide -- during the President's State of the Union
12 address, he announced -- he did a call to NAMII, let's
13 do more, and he asked -- flip one more time -- it is
14 three full-sized -- NAMII is a pilot.

15 We are doing three full-sized institutes to be
16 awarded this year according to the framework design.

17 Next slide.

18 Very briefly, they are interagency. All of
19 the agencies, including Commerce, are contributing
20 their time and their budgets to help stand these up.
21 This one is being led by the DOE -- next slide -- and
22 then two by the DOD, lightweight and moderate metals,
23 additional manufacturing and design innovation.

24 Next slide.

25 That was your whirlwind, five topics in

1 hopefully five minutes. It is an exciting time. I did
2 ask already for you to help with the design of NNMI. I
3 would also ask -- we are planning a Washington, DC
4 summit. I think it would be a great idea to have the
5 Manufacturing Council advise and perhaps be involved
6 with that summit.

7 Then, lastly, my other job is from NIST. I
8 would like to invite you perhaps at a DC Manufacturing
9 Council meeting to consider -- we will host it up at
10 NIST, just north of Washington, DC. We could arrange
11 laboratory tours and we can explain why our director
12 says that NIST is industry's national lab and we want
13 to make it more relevant to the manufacturing sector.

14 Thank you very much.

15 DR. GREEN: Mike, this is really relevant to
16 my Subcommittee on Innovation. We are certainly going
17 to ask for some of your time to kind of give us maybe
18 the longer version of this. Certainly, you sat in our
19 room today.

20 MR. MOLNAR: Less fire hose, but yes.

21 DR. GREEN: Yes. You heard questions of IP
22 come up. So I will certainly invite you to participate
23 with us, because clearly a lot of the stuff -- a lot of
24 the questions we were asking you guys have been
25 thinking a great deal about. So we are very excited to

1 engage you on this and get the longer version of the
2 specs.

3 MR. MOLNAR: Delighted to.

4 MS. BARRETT: Could we get the slides?

5 MR. MOLNAR: Absolutely.

6 CHAIRMAN LASZKIEWICZ: Thank you very much,
7 Mike.

8 I am sorry. I think there are restrooms right
9 outside the doors here you can directed to, but we are
10 just going to continue on. So if anyone needs to take
11 a break or grab a coffee, please do not hesitate to
12 step up.

13 Next, I would like to introduce Gerri Fiala.
14 I am sorry if I did not get that quite right. Gerri,
15 we are very happy to have you here. Mary and I know
16 from working with the Workforce Development
17 Subcommittee in the last term of the Manufacturing
18 Council that the Department of Labor was very important
19 in terms of working with us. Dr. Spriggs was an
20 extremely valuable resource to us.

21 We know he has moved on and, I believe, is
22 back in the academic world, but we appreciate your
23 participation and look forward to working with you.
24 You have the floor.

25 **U. S. DEPARTMENT OF LABOR**

1 MS. FIALA: Thanks a lot, Mike. I will try
2 and make up time very, very quickly.

3 First of all, simply to say that one reason --
4 and I apologized to the Subcommittee on Workforce this
5 morning -- I was late because I was listening to our
6 new Secretary on his first day talk about the Labor
7 Department has an opportunity for both job-seekers and
8 workers to acquire new skills, higher level skills that
9 they need to find better jobs, and an opportunity for
10 employers to articulate what it is they need in terms
11 of the skills of workers and to make that match.

12 So that is clearly on his mind. So the timing
13 of the discussions here could not be better.

14 We want to be a good partner. We want to
15 continue to be a good partner both with our sister
16 agencies -- when Matt was talking about the various
17 advanced manufacturing grants, we are a partner in
18 those grants.

19 Our focus is on ensuring that the workforce
20 funds that are contributed help workers acquire the
21 industry-recognized processes that you and your
22 colleagues need to be productive in the global
23 marketplace.

24 In addition, we have awarded about \$340
25 million since late 2011 and early 2012 for technical

1 skill training grants. About a fifth of those are
2 focused on advanced manufacturing. We are going to
3 evaluate those. I took to heart the subcommittee's
4 preliminary discussions last week and just want to let
5 people know that we do evidence-based evaluation,
6 because it is very important for us to learn what
7 worked, what did not, and then make sure we disseminate
8 that to everyone so that they can build on the best
9 practices. So we will do that over time.

10 The other couple of things I wanted to
11 mention. We have also other -- we have a public
12 workforce system that Mike referred to and that Mary is
13 on. That public workforce system is throughout the
14 country. It is the largest in terms of dollars that
15 the Department of Labor has to serve two customers --
16 job seekers and workers, one customer, and the other
17 customer clearly is business.

18 There are voluntary boards, for those of you
19 that do not know, throughout the country chaired by
20 business volunteers, with business majority. One of my
21 asks is if you do not know, please let us know, let me
22 know, and we will get you the information, because I
23 think given your emphasis on changing perceptions,
24 which means career counseling, labor market
25 information, making sure that parents and students and

1 others know what it is really like to work in an
2 advanced manufacturing facility and the skills they
3 need, it would be really important for you or members
4 of your teams to become part of those councils.

5 I also wanted to mention that we will be
6 listening both in the subcommittee and to others. I
7 want to know what it is we can do to make that public
8 workforce system more effective in terms of meeting
9 your needs. So this is a very important group of
10 people that we think that we will learn a lot from over
11 the next year.

12 So we are thrilled to be here. I am going to
13 stop and not talk about technology and tools we have to
14 offer you, but we will do that next time.

15 CHAIRMAN LASZKIEWICZ: One comment I would
16 like to make. The Secretary mentioned this. It is a
17 unique period of time for the Department of Labor,
18 because we are working hard on reducing unemployment at
19 a time where there are lots of available jobs that we
20 cannot get filled.

21 So it is a challenge, but it is an
22 opportunity. So we look forward to working with you.

23 MS. FIALA: We appreciate that. We have just
24 given money to states to actually try and reach out to
25 those workers who are eligible for unemployment

1 insurance benefits, and we would like to get them back
2 to workforce and not use all those benefits, as well as
3 for longer-term unemployed.

4 We are focusing in on on-the-job training to
5 encourage workers. We pay for some of that
6 extraordinary cost of training for these workers, and,
7 also, customized training.

8 So any ideas along those lines to help us,
9 that would be great.

10 CHAIRMAN LASZKIEWICZ: We will have several, I
11 am sure.

12 If I could, I am going to make a minor
13 modification to the agenda. I am not sure if I am
14 allowed to do that, but I am going to give it a try. I
15 would like to go to -- and I will try to get to
16 everyone. I will go back into order on this.

17 I would like to go to John Yu's Department of
18 Defense update. We want to do that, John, because I
19 believe this is the first time you have participated.
20 There was a strong message to make sure we got you on
21 the agenda.

22 Because we are running behind and I am
23 nervous, I am going with you know. I apologize to
24 anyone else who may be shortened, but, please, you have
25 the floor, John.

U.S. DEPARTMENT OF DEFENSE

1
2 MR. YU: Thank you. Again, I am John Yu. I
3 am with the DOD Office of Manufacturing Industrial Base
4 Policy. As a former Army officer, I was always wowed
5 by the technical products that industry was able to
6 deliver. We consider industry an equal partner in
7 maintaining the superiority of U.S. forces and the
8 military.

9 I spent most of my military career overseas
10 and one of the things that also wowed me was whenever
11 our foreign partners came on our bases, they were also
12 wowed by the technical items that U.S. industry and
13 manufacturing was able to offer; not only from the big
14 ticket items like tanks and fighter jets, but even
15 small items.

16 One of the interesting stories that I have is
17 I hosted a bunch of French officers on a military base
18 and the number one thing that they asked for from the
19 PX was a Leatherman and Gerber multi-tool knives. They
20 would literally get enough from all the other U.S.
21 military officers that they would have bags of these
22 going back home.

23 A friend of mine and I joke that these multi-
24 tool knives would replace the franc as the currency of
25 France, that you would see Coke machines that accepted

1 these things.

2 (Laughter.)

3 MR. YU: But, again, one of the common threads
4 that the big items and the small items that the
5 manufacturing industry was able to deliver. The
6 hallmark that they had was that they were reliable,
7 they were quality products, and they were innovative.

8 That is why we were wowed by them and that is
9 why our foreign partners were wowed by them, as well.
10 For that, I basically would congratulate everybody here
11 at this table and our industry partners.

12 For the Defense Department, we know that the
13 defense industry and the defense manufacturing
14 community does not exist as an island. We are part of
15 the broader domestic U.S. manufacturing ecosystem. And
16 as part of that, we are focused on the labor issues of
17 preserving design teams, of advancing the level of
18 technology forward, and making sure that the science
19 and the technology and the research sets done within
20 our labs, within industry and within universities can
21 be applied and created into -- joined into the larger
22 industrial base that supports the work volume.

23 So as part of that, we are heavily involved
24 with the National Manufacturing Institute, as Mike
25 stated. We are helping a major sponsor, the Additive

1 Manufacturing Institute, with the Air Force research
2 labs in Youngstown. We are also going to be a key
3 sponsor on the lightweight metals, which the Office of
4 Naval Research is going to take the lead on. Also, the
5 Army Research Laboratory is going to be a major player
6 with the Digital Manufacturing Institute, as well,
7 within it.

8 So that is basically where we stand with the
9 defense manufacturing. If you want more information,
10 we also have a great Website, dodmantech.com. I am not
11 sure why it is a dot-com. But that is the central
12 repository where we have information regarding defense
13 manufacturing. We also have a conference annually in
14 Orlando for Defense-wide manufacturing.

15 Thank you.

16 CHAIRMAN LASZKEIWICZ: So, John, that was your
17 introduction. There are several subcommittees who have
18 referenced the need for the engagement of Defense on
19 their subcommittee work. So I hope that you are able
20 to get connected. We will make sure you have the notes
21 for all the subcommittees, and I am sure you can expect
22 to be contacted. So thank you.

23 MR. YU: I would be glad to participate and
24 sit in and contribute in any way.

25 CHAIRMAN LASZKIEWICZ: Thank you. So we are

1 going to try and hasten the pace of the remainder here
2 and just offer a minute or two.

3 Don, I want to thank you again for joining the
4 Tax and Export Team. You added a lot of value. If you
5 could just take a minute.

6 Then I would ask the following presenters, we
7 are running a bit behind, please just take a minute or
8 so and we will move forward.

9 Don?

10 **U.S. DEPARTMENT OF THE TREASURY**

11 MR. GRAVES: Thanks, Mike. It is good to see
12 everyone again. I will not go through the whole spiel
13 that I might normally do because you have heard me
14 several times in the past.

15 I will mention just three quick things. One,
16 financing. We know that financing is an issue for many
17 manufacturers, particularly smaller and mid-sized
18 manufacturers. We are looking at ways that we can gin
19 up new products from the capital markets.

20 We, in fact, hosted a conference, and Commerce
21 was part of that conference, a few weeks ago looking at
22 engaging with investors who are interested specifically
23 in working with companies like manufacturing companies.

24 So we think we will have very soon a new set of ideas
25 and ways to pass forward on financing for many of your

1 businesses.

2 If you have any questions on that, feel free
3 to talk with me afterwards.

4 Tax issues. You all know that we are in the,
5 hopefully, beginning stages of actually getting to a
6 point where we are going to get to comprehensive tax
7 reform, including corporate tax reform to make this
8 country as competitive as any country or more
9 competitive than any country.

10 I will say it is not clear whether we will
11 actually get action on this. It is all up to our
12 friends down the street and if they get their act
13 together, then maybe we can get something done.

14 I will say that we are looking for good ideas
15 on specific components of tax reform, and I am sure
16 your committee will help with that. I will mention,
17 quickly, that the President, if you did not notice it,
18 has proposed over the last three years the
19 manufacturing communities tax credit as part of his
20 budget, a \$2 billion tax credit specifically focused on
21 communities that have high concentrations of
22 manufacturing.

23 We would love to get your feedback, the
24 Council's feedback on ways that we could make that work
25 if it is included in the broader tax reform.

1 Then the final thing that I will mention, and
2 it gives in a little bit to the manufacturing
3 communities tax credit, we all have seen -- certainly,
4 some of you more closely than others -- what has
5 happened in several of our regions in terms of the
6 economic impact, the fiscal impact -- I point out
7 Detroit as one of them.

8 There is an ongoing cross-agency effort to
9 look at ways that we can stabilize, that we can support
10 regional and local competitiveness. We know that
11 whether it is an issue of fiscal issues, an issue of
12 economic development, an issue of workforce impact as a
13 result of what has happened in these communities, there
14 needs to be more coordination across agencies; more
15 specifically, more coordination with local and regional
16 entities.

17 So whether it is mobility, opportunity,
18 education, or any of the other issues that tie into
19 that, we are focused on ways that we can help local and
20 regional economies get back on their feet, because it
21 has a direct impact on many of the manufacturers in
22 this room and your colleagues across the country.

23 CHAIRMAN LASZKIEWICZ: Thank you for that
24 expedited update.

25 Libby Wayman, representing the Department of

1 Energy. I apologize in advance for the short amount of
2 time you are going to get.

3 I want to make one point. Your focus on clean
4 energy has been a topic of our Energy Committee and
5 there are some new and unique challenges there as it
6 relates to the competitiveness. So the team, I am
7 sure, is looking for your engagement at the
8 subcommittee level.

9 **U.S. DEPARTMENT OF ENERGY**

10 MS. WAYMAN: Thank you very much. Thanks to
11 the committee and to the Department of Commerce. We
12 are grateful to participate and very happy that Energy
13 is considered an important topic for manufacturing.

14 A bit about the Department of Energy. The
15 Department of Energy has simplified -- has kind of two
16 main focuses -- nuclear security and new energy
17 technologies and practices. And where energy and
18 manufacturing come together is kind of embodied in the
19 unique time that we are confronted with right now,
20 where natural gas is abundant and at low cost and is a
21 tremendous natural resource for the country and for
22 specifically manufacturing in the country, and we also
23 have new energy technologies that are entering into the
24 market.

25 So this unique opportunity presents a need

1 really to capture the value of both natural gas and its
2 resource for manufacturers and the economic development
3 opportunity of new energy technologies.

4 So the department created the Clean Energy
5 Manufacturing Initiative to take advantage of this
6 unique time in Energy.

7 Just to simplify dramatically what the Clean
8 Energy Manufacturing Initiative is trying to do, it is
9 really focusing on manufacturing competitiveness across
10 the board in industries across the economy by taking
11 advantage of strategic energy resources such as natural
12 gas and energy efficiencies.

13 We are also trying to increase U.S.
14 competitiveness in manufacturing of these technologies.

15 As I mentioned, the Department of Energy really
16 focuses on new energy technologies and practices, but
17 primarily that has been through innovation, through
18 funding, R&D and breaking down market barriers.

19 But it is time for us to now transition and
20 broaden our focus not only to advancing those
21 technologies to the point of market adoption, but,
22 also, making sure that the U.S. is competitive in
23 manufacturing those technologies.

24 So that is what the Clean Energy Manufacturing
25 Initiative was created to try to do. There is a little

1 bit more detail actually in your folders on the
2 initiative. So I will not go into too much detail on
3 everything, all of the resources that we have available
4 through this initiative, but they kind of fall into
5 three buckets.

6 One is a set of resources that the Department
7 of Energy already has authority and funding for, and we
8 would really seek the input of this committee, of this
9 Council on how to basically execute those authorities
10 and funding vehicles as effectively as possible. Those
11 include R&D, facilities for manufacturing innovation
12 and demonstration, including the National Network for
13 Manufacturing Innovation, industrial energy
14 efficiencies, and a whole host of other resources that
15 we have.

16 So we would love to engage both the Energy
17 Committee on how we can spend those resources more
18 widely, and then probably, also, the Innovation
19 Committee on how we carry out innovation in such a way
20 that it best translates into U.S. manufacturing
21 competitiveness.

22 The second thing that the initiative is doing
23 is it is really acting as a channel to all of the
24 interagency initiatives around manufacturing, this
25 being one of them, the National Network of

1 Manufacturing is another, the Investing in
2 Manufacturing Communities Partnership. And we are
3 happy to bring the Energy mission and Energy focus to
4 all of those cross-cutting initiatives.

5 Then, finally, the initiative is set up to
6 keep input as broadly as possible, so to add to kind of
7 the host of events that have been discussed already in
8 manufacturing. They are going around the country and
9 conducting hosting regional summits as a broad kind of
10 data call for new things that we should be doing to
11 increase manufacturing competitiveness.

12 We also have a dialogue series with the
13 Council on Competitiveness. I wanted to mention the
14 next dialogue that we have will be August 13, hosted by
15 GE and GE Global Research. This is a small kind of
16 invitational forum where we are really trying to very
17 specifically hash out a model for a public-private
18 partnership that we might launch together to further
19 the goals of manufacturing competitiveness as it
20 relates to Energy.

21 So I would like to put that invitation out
22 there. If anyone is interested, please contact me.
23 There should be some contact information on this sheet.
24 But we would love to engage the expertise of this group
25 in thinking about a public-private partnership.

1 Then, finally, we will have a larger summit in
2 Washington, DC in December, on December 12, where we
3 would love to have you as speakers and certainly
4 provide input to our initiative at that time.

5 That is sort of a run-down.

6 CHAIRMAN LASZKIEWICZ: Thank you. One piece
7 of feedback, I think, for you, Libby, and all of the
8 ex-officio members is that as businesspeople, we need
9 more visibility of dates and times, and I do not think
10 you can rely on us to call you. We need to get these
11 invitations formally into the system and you need to
12 reach out to us when you really need a member in a
13 particular part of the country for a particular event.

14 I would like to see that process discipline
15 raise up a little bit, if possible. Thank you.

16 Last, I would like to invite back and
17 introduce Dr. Uvin. I apologize that you are last and
18 it is short. I think you know from working with us in
19 the past and from what you have heard today that
20 education is critically important to manufacturing, and
21 we appreciate you being here to represent the
22 Department of Education.

23 U.S. DEPARTMENT OF EDUCATION

24 DR. UVIN: I will accept the time challenge,
25 and you can time me, see if I can do it in 60 to 70

1 seconds. So thank you. Thank you, first and foremost,
2 for the continued opportunity to actually work with
3 Commerce and with the Manufacturing Council. This is
4 one of the partnerships that we value a lot because of
5 the opportunities it creates for our students , because
6 ultimately you have the good jobs that they might
7 aspire to.

8 There are many areas where the interests of
9 the Council and our work at the Department of Education
10 intersect, but I am just going to quickly mention three
11 and we can explore this further in the subcommittees
12 that we will be participating in.

13 One, of course, is our stem work. The second
14 one is our secondary and post-secondary career and
15 technical education work. We are a resource to you and
16 we want to make sure that we advance that resource in
17 communities across the country. And the third one I
18 want to mention is our interagency work with our
19 colleagues at Labor, Health and Human Services, and,
20 most recently, Transportation around career pathways.

21 What we are trying to do is help states,
22 regions, local communities build systems that allow
23 people to actually prepare for opportunities in
24 critical sectors.

25 Every year we invest \$1.2 billion in post-

1 secondary and secondary career and technical education
2 and one of our objectives, since we released a
3 blueprint last year to transform that system, is to
4 make it more responsive to the needs of business and
5 industry.

6 So we are very much appreciative of the
7 opportunity to participate in the various
8 subcommittees. And based on this morning's
9 conversation, which was a great conversation, we are
10 looking forward to actively and completely engaging in
11 identifying good solutions that people at the local
12 level have come up with to address skill issues,
13 pipeline issues, and, most certainly, partnering with
14 all of you around changing the perception of careers in
15 manufacturing, because we think it is sorely needed.

16 CHAIRMAN LASZKIEWICZ: Dr. Uvin, on that
17 point, I believe we are going to be asking for some
18 help, where the ideas need to flow in both directions,
19 is how we educate the educators, especially elementary
20 educators on the opportunities in manufacturing.

21 DR. UVIN: My colleagues, Greg and Jessica,
22 are ready to roll up their sleeves with us and work
23 with you.

24 CHAIRMAN LASZKIEWICZ: Thank you. Thank you.
25 Before we move on to the next portion of the

1 agenda, I would like to open this up to the
2 Manufacturing Council members. Are there any questions
3 or comments for any of our presenters this morning, any
4 special requests?

5 (No Response.)

6 CHAIRMAN LASZKIEWICZ: Subcommittee chairs and
7 vice-chairs, any issues?

8 (No Response.)

9 CHAIRMAN LASZKIEWICZ: We are looking forward
10 to working with all of you on our subcommittee work,
11 and, again, I want to thank you for your participation
12 today.

13 **SUBCOMMITTEE PRESENTATIONS**

14 CHAIRMAN LASZKIEWICZ: The next part of our
15 meeting is going to be the readouts from the
16 subcommittees. We are going to start with Eric Kelly,
17 who is the subcommittee vice-chair for Workforce and
18 Public Perception of Manufacturing. Some of their work
19 has kind of sneaked out through our discussion today,
20 but, again, we are early in the process.

21 Eric, if you could give us a brief update on
22 where you are at, we would appreciate it.

23 MR. KELLY: Sure. First of all, I had the
24 opportunity to meet with both the Department of
25 Education, as well as Mr. Henderson at the Department

1 of Labor, and had some very informative conversation
2 that actually was kind of a precursor to some of our
3 first steps.

4 First of all, let me kind of just talk about
5 just really two areas that we are going to be focusing
6 on. The first one is identifying, recommending and
7 establishing best practices, plans that can be
8 replicated, which will accelerate the availability of
9 the workforce. That will address both the projected
10 job requirements, as well as the current gap that was
11 highlighted this morning.

12 We feel that has to be tightly integrated
13 between government, education, industry, as well as
14 foundations, and that came out of the conversation that
15 I had in terms of the foundation, trying to figure out
16 how to train, skills going forward, and making sure
17 they have advanced technology manufacturing.

18 The second one which I would also highlight is
19 we have to build an integrated ad and PR and grassroots
20 campaign. One of the things that was kind of
21 highlighted, there has been a lot of focus on getting
22 that information out on a national basis. Also,
23 looking at other ways to expand that perhaps in the
24 social media arena, because what we have identified is
25 kind of a new era of manufacturing must be competitive

1 in terms of competing for talent.

2 I think one of the things that was highlighted
3 was that one of the companies bidding for a particular
4 engineer and lost that engineer between Google and
5 Apple.

6 So the talent pool is being requested beyond
7 just the manufacturers. So we have to take a broader
8 approach and more aggressive approach, which is how do
9 we actively attract them and change the perception of
10 manufacturing.

11 Just to highlight kind of our next steps. We
12 think it is critical that we have a clear definition of
13 the problem and to identify the most critical areas
14 that we need to focus on.

15 Sometimes you hear about the 80/20 rule. We
16 want to make sure that the areas that we are focused on
17 have the biggest impact on the national requirement for
18 workforce.

19 So I think we have a clear two areas we are
20 focusing on. One is the perception side and two is
21 identifying and coming up with recommendations and
22 establishing -- hopefully we will have a repeatable
23 process that accelerates growth on the key areas that
24 everyone wants to focus on.

25 So that is our update.

1 CHAIRMAN LASZKIEWICZ: Thank you, Eric. I
2 also want to mention that this subcommittee has a lot
3 of crossover points or intersect points, I should say,
4 with other subcommittees. So we want to make sure that
5 we continue to collaborate, and we may hear a little
6 bit of that as the readouts continue. But thank you
7 for your leadership.

8 Our next update is from Dr. Albert Green. He
9 is the subcommittee chair for the Innovation, Research
10 and Development Subcommittee.

11 I want to thank Dr. Green. He invited me down
12 to his facility earlier this summer and I had a great
13 tour and got to meet some of his team, and I am certain
14 by the technology that I have seen in your operation
15 that you are going to do a great job leading the
16 subcommittee.

17 DR. GREEN: We have got a lot of great people
18 on the subcommittee. So let me try to report out, just
19 in summary, what we have been talking about.

20 We have had several calls and discussions, a
21 very lively group. We boiled it down to really two
22 topics, Mike. The first topic is we would like to be
23 able to, first, understand, but then to make specific
24 recommendations on what the manufacturing technology
25 investment priorities ought to be.

1 I was very excited to hear some of the breadth
2 from the government folks, from Commerce and DOE and
3 DOD. First, we have got to try to understand it, but I
4 think that from the industry side, we can make some
5 recommendations from what we would see based on the
6 stuff that we encounter every day, what the priorities
7 ought to be.

8 Some of the questions -- what are the gaps?
9 Where should we invest more? Where should we invest
10 less? What should we, frankly, cut out? We talk about
11 portfolio renewal. In describing it that way, I have
12 always said that the U.S. Government is probably the
13 best VC out there, and VCs talk about an investment
14 portfolio.

15 Another thing that comes up under that same
16 topic of the investment priorities is what should the
17 proper metrics be used to evaluate the success or
18 failure of the investments. I know that there has been
19 a lot of thought put into that. We would like to hear
20 what the thought has been from the government side and
21 we can maybe add some thoughts of our own.

22 The thing that we really zeroed in on
23 immediately was what do you do to ensure that the
24 investments lead to the eventual commercialization of
25 the technology, the manufacturing technology that is

1 being invested in. So that is the broad topic number
2 one.

3 Topic number two was to understand essentially
4 best practices for manufacturing technology
5 commercialization and to provide what we see are some
6 of the best practices, looking at, say, other
7 countries, of which several members on the team have
8 some experience with, as well as corporations who make
9 investments in manufacturing, what are the best
10 practices.

11 One thing that is highlighted is to really
12 consider the breadth of that topic, everything from the
13 raw materials, the feedstock, to the supply chain.
14 There is lots of discussion in our subcommittee of
15 where there are great technologies out there, but there
16 is simply no supply chain that could really support the
17 technologies that would lead to cost-competitive
18 manufacturing.

19 So those are the two broad topics that we have
20 been -- that we would like to consider. I am sure we
21 will modify those and change those. We will be asking
22 for a lot of input from the government side.

23 There is one comment and question that came up
24 in our subcommittee. We would really like to try to
25 understand a little bit better the timeline for the

1 deliverables. Frankly speaking, the quality of the
2 deliverable will be some function of the time, and we
3 did not quite understand the January deliverable when
4 it is a two-year term.

5 So if you could maybe at some point describe
6 or just outline what the timeline is. I reckon that
7 people are anxious to roll up their sleeves and get to
8 work, but we are not going to be all done by November,
9 effectively.

10 CHAIRMAN LASZKIEWICZ: Right. I will ask Mary
11 for some help here. But, again, as soon as you are
12 reasonably comfortable with the priority areas as you,
13 as a subcommittee, have identified them, you really
14 need to vet those, and vetting them means teaming up
15 with ex-officio members of the various departments of
16 the government, working with your colleagues in your
17 geographies and in your industry and associations. And
18 I can promise you would get a lot of input and the list
19 will grow.

20 So we are really asking that you give us an
21 update in November. And my suspicion, understanding
22 where each of the teams is at, some will be further
23 along than others. But we have set as a goal an
24 opportunity to give the Secretary of Commerce a pretty
25 sound and reasonably complete update as to where you

1 see those focused areas.

2 She is very anxious to get our
3 recommendations. And while it is a two-year term and a
4 report focused on four subcommittees, if we execute our
5 work efficiently, there are always more things that we
6 can do to help. But it is not a hard or fixed
7 deadline.

8 Thank you for your update. I thought it was
9 very good.

10 MS. PILAT: Mike, can I just add one thing to
11 that?

12 CHAIRMAN LASZKIEWICZ: Please, Jenna.

13 MS. PILAT: As you are looking at your issues,
14 it is inherent that some of them are going to take more
15 research, more analysis than others. I think in our
16 meetings in 2014, when you start to present the
17 recommendations, it is okay to not have them all come
18 at once.

19 So you can make maybe your more short-term
20 recommendations, the ones that take less lead time,
21 earlier on in the calendar next year and leave the ones
22 that are more complicated, more complex for later
23 meetings.

24 So it is okay to kind of separate the work out
25 that way and build on what you do.

1 DR. GREEN: The question was really -- there
2 is a discovery process, particularly when we laid this
3 out and how long -- if you cut off that discovery
4 process and you give yourself a month or a month and a
5 half, you are simply not going to get much of a work
6 product out of it.

7 MS. PILAT: We do not want to cut off any of
8 that.

9 CHAIRMAN LASZKIEWICZ: Don?

10 MR. GRAVES: I would just add, on behalf of
11 the ex-officios, know that we have our own internal
12 processes for policy development and rollout of new
13 ideas and programs, and, typically, that aligns with
14 the State of the Union and the budget.

15 So if you have an idea that is worthy of
16 rolling out by the -- rolled out by the President for
17 the State of the Union or for the budget or for all the
18 policy ideas that come out at that time in the spring,
19 you have to back it up to -- November is really getting
20 to the end of that process, at least on the government
21 side.

22 We can slip things in at the last minute, even
23 into December, but November really is --

24 DR. GREEN: That is excellent guidance. That
25 is really good. Thank you.

1 CHAIRMAN LASZKIEWICZ: Thank you. Our next
2 update is from Steve Braig, the subcommittee vice-chair
3 for Tax Policy and Export Growth.

4 **TAX POLICY AND EXPORT GROWTH**

5 MR. BRAIG: Thank you, Mike. Our subcommittee
6 has been focusing on recommendations relating to tax
7 policy and export and trade policies.

8 For tax policies, we have a number of specific
9 proposals that we would like to pursue broadly. We
10 support very much needed corporate tax reform and also
11 very much support the President's proposal of the 25
12 percent corporate tax rate for manufacturers.

13 More specifically, I would like to group our
14 recommendations into two areas. Tax policy
15 recommendations are the first ones. Basically,
16 removing any barriers or any disadvantages for U.S.
17 manufacturers as it relates to the tax code and
18 competing globally.

19 So that includes removing the disincentives
20 for overseas earnings to be brought back to the U.S. so
21 that these funds can be further reinvested into our
22 manufacturing infrastructure. This also includes
23 fixing disincentives for U.S. manufacturing costs by
24 tax at a high rate of gain on export shipments. So,
25 again, that is in the category of having a tax code for

1 manufacturers that removes any barriers to competing
2 globally.

3 The second category of tax policy
4 recommendations focuses around tax incentives. Number
5 one, the subcommittee really feels that the R&D tax
6 credit needs to be made permanent, because R&D
7 initiatives usually are long-term and if the tax credit
8 is expiring from year to year, then I think that leads
9 manufacturers to possibly move elsewhere. So making
10 the R&D tax credit permanent.

11 There are other specific recommendations. For
12 example, faster depreciation of assets under the tax
13 code. We feel that this will lead to new investment
14 into more modern manufacturing assets, which, in turn,
15 will improve the competitiveness of U.S. manufacturers.
16 We know that other countries have similar programs.

17 Lastly, and this is a little bit overlapping
18 with the Workforce Development Council, as it relates
19 to the tax code, we would also like to see a way to
20 find an incentive for companies that have a form of
21 apprenticeship program and specific programs in
22 training their workforce.

23 So that is on the tax policy recommendation
24 side.

25 Export and trade policies. We are encouraging

1 better enforcement of existing trade agreements,
2 particularly as it relates to IP protection and
3 performance with China; but, also, better enforcement
4 of predatory pricing practices here, too, first and
5 foremost, and China with state-owned enterprises. So
6 that will link the playing field.

7 There are some concerns about the negotiated
8 TTP and making sure that the interests of the
9 manufacturing -- of the U.S. manufacturing community
10 are adequately represented. And, lastly, more
11 suggestions on the tactical level and we feel there are
12 many good programs that are already existing to
13 particularly smaller companies in terms of export, such
14 as the gold key program. The Ex-Im Bank certainly is a
15 big help for particularly smaller companies that export
16 to have a more transactional business model, like
17 capital equipment manufacturers and attaching the risk
18 of neglecting their payments.

19 So these are some of the priorities that we
20 have identified that we would like to work on in the
21 next effort.

22 CHAIRMAN LASZKIEWICZ: Thank you. They are
23 very impressive. I joined the subcommittee this
24 morning. They have their list of seven tax initiatives
25 and four export initiatives and they are working to

1 refine that. But you did a great job of summarizing
2 them and I really appreciate the work that you have
3 been doing.

4 Our last update is from Joel Lorentzen from
5 the Manufacturing Energy Policy Subcommittee. I have
6 to thank Joel. He made clear his passion was on
7 workforce and public perception of manufacturing, but
8 he has reallocated his energy and passion to the
9 Manufacturing Energy Policy Subcommittee, and I really
10 appreciate that.

11 **MANUFACTURING ENERGY POLICY**

12 MR. LORENTZEN: You are welcome. Thank you.
13 So we had developed a list of four issues, kind of in
14 phone calls prior to our subcommittee meeting this
15 morning.

16 The difficulty that we are having with energy
17 is there is just a lot of kind of social and political
18 inertia in the whole topic. So in order to reduce it
19 to kind of actionable items, we kind of honed in on two
20 specific areas that I will just spend a little time on.

21 The first one was the new and emerging impacts
22 of natural gas, kind of study and recommend how the
23 impacts of long-term sufficiency for our own use
24 interacts with exportation and how that kind of rolls
25 into the manufacturing jobs picture, and we have got

1 some kind of passionate positions that we are trying to
2 balance within the committee itself on that topic.

3 The second area that we kind of honed in on
4 was the competitiveness of alternative sources. The
5 Department of Energy was present in our meeting and
6 that seems to be one that -- well, discussing the Clean
7 Energy Manufacturing Initiative, there is some direct
8 crossover.

9 So our kind of work plan on both of these
10 issues is to inventory the programs, the pending
11 programs, pending regulations that affect them, to
12 study those, provide commentary, take a position. I
13 think that is probably the best we are going to be able
14 to do as far as making it actionable is trying to
15 effect or provide commentary to those types of
16 programs.

17 We did discuss principled statements in our
18 conference call a couple of weeks ago and tried to
19 develop principled statements to give some kind of
20 certainty to the trajectory of policy, and I will just
21 review those statements right now. These are not
22 formally adopted. They are kind of trial ones.

23 The policy should reinforce responsible
24 transition to sufficient, independent and sustainable
25 energy sources for manufacturing and that policy should

1 not discourage potential comparative advantages
2 available to any manufacturer based on their unique
3 access to regions and to energy sources. Kind of
4 pulling in the whole hydroelectric advantage here,
5 natural gas advantage here, technical approach.

6 That is our report. We have got a lot of work
7 to do to further reduce the workload.

8 CHAIRMAN LASZKIEWICZ: Very good. Thank you.
9 I think all of the subcommittees are off to a good
10 start. Much work ahead.

11 I would like to open up the discussion to the
12 floor, if there are any comments or special requests
13 from one subcommittee to the other. Any comment?

14 DR. GREEN: I have one question. For our
15 committee, what was pretty clear was our innovation
16 group. It was pretty clear that we do not want to try
17 to boil the ocean and try to start from scratch. There
18 is just a ton of existing resources.

19 One thing that we wrestle with is how most
20 efficiently to tap into the government side in terms of
21 to -- there is a huge body of work out there and even
22 coming and hearing some of the presentations today, it
23 was clear that a lot of thought has already been put
24 into this.

25 Frankly speaking, there are, obviously, time

1 constraints and so on. I would wrestle with what is
2 the most efficient way to tap into the government side.

3 I am just basically asking on behalf of our
4 subcommittee.

5 MS. PILAT: I think we are happy to be your
6 resource there and to act as a conduit between the ex-
7 officio members and folks we are not actually working
8 with yet, but we should be, and the Council members and
9 subcommittees. We can help organize in that way and
10 make sure that we are giving you really what you need
11 to be seeing and kind of doing that first initial sort
12 through what is available, but, also, what is most
13 timely and what is most appropriate.

14 That is a very administrative answer to your
15 question, but I think we can be helpful in sorting
16 through what is available.

17 DR. GREEN: Can there be like, say, for the
18 subcommittees, maybe a designated POC that we could use
19 on the government side that kind of works with our
20 subcommittee? Because there is going to be just a ton
21 of data requests and it might be helpful. That would
22 be a suggestion maybe to most efficiently --

23 MS. PILAT: Absolutely. And we will get the
24 right names out to folks after the meeting.

25 DR. GREEN: The only other point I want to

1 make is that every Council I hope has learned from the
2 previous Council and is looking to enhance the process.
3 I think the connectivity we have with these ex-officio
4 members is a step up from where it has been in the
5 past.

6 CHAIRMAN LASZKIEWICZ: While we want to have
7 the point of contact, Al, I think we also want to make
8 sure -- there are cases where these folks feel
9 comfortable calling us and vice versa. So we want to
10 have a more direct relationship.

11 DR. GREEN: Check.

12 CHAIRMAN LASZKIEWICZ: Thank you for your
13 comment. Yes, David?

14 MR. HASTINGS: Under Secretary Sanchez -- the
15 TTP negotiations are rather time-sensitive. So maybe
16 if there is anything that this group can provide, feel
17 free to reach out to us.

18 CHAIRMAN LASZKIEWICZ: And I would welcome you
19 to also not be bashful and reach out to us, as well.
20 It should be made a two-way street. The President has
21 set a goal of trying to have this wrapped up before the
22 end of the year. So we are reaching a critical time.

23 We have caught up a little bit.

24 MR. MOLNAR: If I could comment, I would like
25 to just add to Al's question and build upon Don's

1 comment about timing is everything.

2 Again, it is your Council. This is an
3 extraordinary Council, with tremendous wisdom and
4 breadth, and you can choose whatever you want.
5 However, I would point to manufacturing -- we have a
6 huge budget issue, and, yet, the President, the
7 Administration has made advanced manufacturing a
8 priority and made increases.

9 What is really important is are we using these
10 scarce resources effectively. Certain things are
11 happening. The State of the Union Address and the
12 budget are key things, but investing in manufacturing
13 communities is happening now.

14 The programs that I wanted to highlight to
15 you, these pilots are happening now. The detailed
16 design, before we are going to be making awards at the
17 end of this year for the institutes, the detailed
18 designs for these institutes should not happen after
19 they are awarded. The intention is to have that -- the
20 common framework for IP before they are awarded.

21 So while we are very excited that you are
22 here, you have a special voice, a special voice of
23 American manufacturing, the voice of industry. So
24 rather than working on the -- lots of reports have come
25 out and lots more will come. Reiterating those, re-

1 stressing them, that would be helpful, but I would
2 argue what is even more helpful is your special voice
3 in advising not only the Secretary of Commerce, but in
4 her role as co-chair of the White House Office on
5 Manufacturing Policy, I would suggest to you look at
6 what is happening right now and then you have an
7 amplified voice from the Council view to advise on the
8 things that are happening right now.

9 So I would not wait until two years -- I would
10 not wait until whatever, and that is why we were
11 highlighting a number of asks. That would be
12 especially important.

13 CHAIRMAN LASZKIEWICZ: Fair enough. Thank
14 you.

15 **LETTER OF RECOMMENDATION TO SECRETARY PRITZKER**

16 CHAIRMAN LASZKIEWICZ: Our last action in
17 terms of the Council meeting this morning is I hope
18 what is considered to be a bit of a practice run. As
19 we have discussed in the past, as the subcommittees
20 develop their letters of recommendation, those letters
21 have to be reviewed and approved by the entire Council.

22 We have a letter that Mary and I have
23 distributed to the Council. It is a congratulations
24 and an early notification to Secretary Pritzker as to
25 our priorities on the Council. It is a bit of an

1 announcement and a commitment to the work moving
2 forward.

3 I do not plan on going through the letter
4 line-by-line. We have incorporated the comments that
5 we have received. You should have a letter in the
6 packet, in the blue folder that you received, and our
7 work here is to do a final review of the letter and
8 then I will ask for a motion to approve this letter.

9 Upon that approval, it could include an
10 approval with some additional modifications from today.
11 We will leave with the action to publish this letter to
12 the Secretary. That is the work at hand here.

13 So I think everyone got a feel for this. Let
14 me just suggest -- when the letters start coming in, to
15 Jenna's point, they will not all come in at the same
16 day or the same time. So there will be telephone
17 conferences and e-mail communications, but we will use
18 the formal meetings to actually approve the letters.
19 Again, this is the first of those letters.

20 Again, does everyone have the letter in front
21 of them?

22 MR. SANCHEZ: Mike, while you are doing that,
23 I am going to take my leave.

24 CHAIRMAN LASZKIEWICZ: Thank you.

25 MR. SANCHEZ: It was a pleasure to be with all

1 of you. Thank you for your service.

2 CHAIRMAN LASZKIEWICZ: Thank you.

3 MR. SANCHEZ: Thank you very much.

4 CHAIRMAN LASZKIEWICZ: Thank you. Have a good
5 day.

6 So you can see the changes that we have made.
7 I guess I am opening up to discussion. Are there
8 additional changes, additions that any of the
9 membership of the Council would like to see made to the
10 letter?

11 MS. ISBISTER: I would like to suggest an
12 addition.

13 CHAIRMAN LASZKIEWICZ: Please.

14 MS. ISBISTER: In more of a summary statement,
15 adding something to the effect that we look forward to
16 providing the Secretary of the Department of Commerce
17 with actionable deliverables that fully leverage the
18 public investment made in manufacturing and promotes
19 public-private partnering.

20 CHAIRMAN LASZKIEWICZ: Mary, where would you
21 add that?

22 MS. ISBISTER: That could be a summary at the
23 end or it could be part of the introduction. But it is
24 basically reinforcing the fact that at the end of the
25 day, this Council's work -- for us, success will look

1 like actionable deliverables and that we find it very
2 important to fully leverage the public investment that
3 is being made, the significant public investment that
4 is being made in manufacturing, and that that
5 investment is best played when it is the true
6 partnership between the public-private sector.

7 CHAIRMAN LASZKIEWICZ: Could I suggest that if
8 that addition were approved, it be considered in the
9 last paragraph?

10 MS. ISBISTER: That is good.

11 CHAIRMAN LASZKIEWICZ: Any comment on Mary's
12 requested addition?

13 (No Response.)

14 CHAIRMAN LASZKIEWICZ: Are there any other
15 comments on the letter?

16 (No Response.)

17 MS. ISBISTER: Motion to approve with the
18 addition.

19 CHAIRMAN LASZKIEWICZ: The motion and the
20 letter are approved. Another piece of business
21 complete. Congratulations. That was a nice practice
22 run. It will not always be so easy.

23 We did forget to vote. Hearing no opposition.

24 MS. PILAT: Mary, we can just get the language
25 from you.

1 CHAIRMAN LASZKIEWICZ: Jenna, could I ask for
2 a little bit of help with this afternoon's agenda and
3 logistics? I want to make sure there are no changes.

4 MS. PILAT: Yes.

5 CHAIRMAN LASZKIEWICZ: We have two short
6 items. One is Jenna is going to give us a process
7 update. Then I guess I should note something we had
8 not done historically in the previous Council, but we
9 have had a special request for public commentary, and
10 we will have a guest joining us for a few minutes who
11 would like to provide the Manufacturing Council some
12 input. It is on the agenda and we will be covering
13 that.

14 I will be asking our guest to introduce
15 himself, and I believe he has a pickup.

16 We need one more minute. There is one more.
17 I apologize. I jumped the gun. But thank you for
18 attending.

19 Jenna?

20 **RECOMMENDATIONS**

21 MS. PILAT: Two quick things, and we thought
22 it would be helpful for resources. The first thing is
23 this chart on manufacturing organizations, you have a
24 copy of it in your folders. This is something we
25 initially developed during the last Council at the

1 request of Joe Anderson and Chandra, the chair and
2 vice-chair, trying to just map out who is active in the
3 space that we are working on issues.

4 So this is a working document, but we are
5 trying to kind of chart out who is doing what on what.
6 So, again, we can add to it, revise it, but it kind of
7 gives you the players that we will work with; also, an
8 opportunity to incorporate folks that you are reaching
9 out to for information.

10 So that is just kind of our roadmap of who we
11 will be interacting with over the course of the term.

12 CHAIRMAN LASZKIEWICZ: Nicely simplified, by
13 the way. Thank you.

14 MS. PILAT: Thank you. Secondly, you might
15 think that you are doing all the hard work, but I
16 wanted to assure you that your recommendations do not
17 disappear when you adopt them and convey them to us and
18 the Secretary conveys them into her agency partners.

19 We chart them and this is an example of how we
20 have charted them last year. This is only three of the
21 Council's recommendations from the last term. My
22 predecessor coined this phrase, recommendation matrix,
23 which gives me hives, but it is the chart that we use
24 and we use it with all our ex-officio partners and
25 within the department to track progress of

1 recommendations.

2 So this goes out regularly to our Federal
3 Government partners. They update it in the work that
4 they have undertaken and the work they expect to take,
5 and we make sure that we are being responsive to your
6 recommendations.

7 We use various formations of this. If there
8 are different formats you would like to see, we are
9 completely open to changing it. We use stoplight
10 charts for some of our other committees. But it is a
11 really good way for us to be engaging with you on what
12 you have recommended to us.

13 To tell you the truth, sometimes it forces
14 more interaction and more conversation because we look
15 at something and we say, "It is just not going to be
16 possible, not in this timeframe or not with the budget
17 that we have," and we come back and we try to figure
18 out what can be done in the context in which you have
19 made a recommendation.

20 So I just wanted you to be expecting this sort
21 of update, and we will try to do at least a partial
22 update of past Council recommendations, I think, at the
23 next meeting. So you can see that that work lives on
24 even though the Council's term has ended.

25 Lastly, I just want to say for the public

1 comment period, the Administration is committed to
2 transparency and inclusion in federal policy-making.
3 This is one way we try to do it. As you are working
4 with outside partners, whether they be community
5 colleges or associations, think tanks, this is an
6 opportunity to invite them to participate in the
7 meeting.

8 So in future meetings, if you have folks that
9 you think would want to come and make comments --
10 unfortunately, because of our bylaws, we cannot have
11 them participate in the regular agenda, but this period
12 could be very instructive for increasing our
13 participation amongst key stakeholders.

14 CHAIRMAN LASZKIEWICZ: Jenna, before we give
15 the floor to our guest, I just want to follow up on the
16 recommendations.

17 Another consideration is that our ex-officio
18 members are always reviewing our working materials, our
19 notes, all of our public information. So while there
20 was a strong emphasis on deadlines for budgets and for
21 the State of the Union Address, please do not
22 underestimate how quick these folks are to leverage our
23 input throughout the process.

24 It is not always event-based. They are able
25 to read the tea leaves and understand issues of

1 importance and represent some of these issues as we go
2 along. So it is important to think about that as we do
3 our work.

4 I want to thank our guest for visiting us
5 today and ask you to introduce yourself.

6 **PUBLIC COMMENT**

7 MR. REAMER: Thanks for having me. I am
8 Andrew Reamer. I am a research professor at George
9 Washington University, the Institute on Policy, and my
10 focus is on federal policies that promote economic
11 competitiveness.

12 My background is in regional economic
13 development. For 20 years, I worked with cities and
14 states around the country and helped them analyze their
15 economies and how they work and how they could work
16 better, particularly focused on manufacturing.

17 In the last ten years, I have been in DC
18 focused a fair amount on the role of the federal
19 statistical system in providing the numbers that people
20 need to make intelligent decisions both in the public
21 and the private sectors.

22 So it has become clear to me that we all in
23 the public and private sectors need good information to
24 make good decisions and that is often a neglected part
25 of public policy -- the role of information, the role

1 of analysis of industries, and the role of data.

2 So the result is that a lot of people in the
3 public and in the private sector, and, I would say,
4 particularly in the labor market, people are operating
5 in the dark.

6 If you are 18 years old, you are faced with a
7 bewildering array of choices about what to do and every
8 little information about what the likely outcomes are
9 going to be if you choose this path or that path.

10 So I put together today -- and I have
11 handouts. There are like three pages of cover and then
12 a bunch of attachments that describe -- and I brought
13 20 and I know there are more than 20 people in the
14 room.

15 Mr. Chairman, this has my card on it.

16 CHAIRMAN LASZKIEWICZ: Thank you. I
17 appreciate that. Dr. Reamer, would you be able to make
18 this available electronically for distribution?

19 MR. REAMER: Sure. Yes.

20 CHAIRMAN LASZKIEWICZ: That would be very
21 helpful. Thank you. I will make sure you get my
22 contact information.

23 MR. REAMER: So my suggestion, there are some
24 actionable things that can be done around information.
25 Because of the nature of politics here and because of

1 fiscal constraints, big asks are going to be hard to
2 do, if you get something with the President's State of
3 the Union or a multimillion dollar budget initiative.

4 But using existing law and regulation,
5 providing guidance to program agencies and statistical
6 agencies around how they might use their budgets more
7 effectively -- there is a lot of low-hanging fruit that
8 costs little or no money that the Secretary has the
9 power to make happen.

10 So what I tried to put together is a series of
11 recommendations around the role that this Council can
12 play in encouraging the Commerce Department to produce
13 better information about industries so that the folks
14 at the local level who are doing those strategies that
15 Erskine talked about have information they need to
16 understand how to make their manufacturing sectors in
17 Wichita or in Louisville or in Denver more competitive,
18 as well as that the students in high school, the
19 students in post-secondary, educators and employers all
20 have better information, you all have better
21 information about the nature of the labor force in
22 prospective sites of operation.

23 So what you see here are suggestions regarding
24 reviewing existing law that gives the Secretary the
25 authority and the mandate to produce statistics on

1 manufacturing, because from the 18th Century to the
2 Depression, the U.S. economic policy was manufacturing
3 laws.

4 This whole macroeconomic stuff is new. And so
5 when people talked about economic policy -- and
6 economic policy was tariffs. And so all our
7 statistical agencies have their origins in Congress
8 asking for data to set tariffs.

9 But all this stuff is still on the books -- a
10 lot of it is. So you will see in this handout there
11 are requirements to produce manufacturing statistics
12 rather than ignore them.

13 Also, the Secretary has the right to -- has
14 the ability to write departmental organization orders
15 that lay out what the functions are of key offices in
16 the department. The Office of the Chief Economist was
17 last revised in 1994; the Office of the Bureau of
18 Economic Analysis in 1982; the Census Bureau in 1987.
19 There is nothing in there about manufacturing. There
20 is nothing in there about competitiveness, because
21 competitiveness has not been a primary focus of federal
22 policy for quite some time. Even now, with all the
23 things that are going on, it is still pretty ad hoc.

24 So what can this committee do to get the
25 Secretary to institutionalize the focus on

1 manufacturing and on competitiveness in the role of the
2 chief economist, who was sitting behind -- I do not
3 know if people met her -- whose area is manufacturing
4 policy.

5 So that as this Council ends and people move
6 on, that there is an institutionalized effort in
7 Commerce to keep that focus on manufacturing in
8 people's day-to-day work.

9 I have put together a list of relatively low
10 lift issues and opportunities regarding federal
11 statistics that I organized by your subcommittees. So
12 that is the bottom of page 1 and page 2 here. So you
13 will see that there is a couple paragraph description
14 of each. There are a couple of attachments there, one
15 for innovation, trade.

16 So they are there for your information. If
17 these are of interest, you can get in touch with me and
18 I can provide more information.

19 With workforce, and people have mentioned a
20 lot about workforce, there is -- providing information
21 is really cheap and it is getting cheaper because of
22 advanced information technology. There are things we
23 can do now we, as you know, could not have dreamed of.
24 So there are really low cost ways to make labor markets
25 work a lot better, so that educators know what

1 employers are looking for and community colleges can
2 train the people to get industry-recognized
3 certifications so that when they show up at your
4 doorstep, you know that they have the competencies.

5 That is all possible now. There has been on
6 the books for 15 years a responsibility of the
7 Secretary of Labor to create a national employment
8 statistics system, the purpose of which is to help
9 people at the ground level, those students and workers
10 and educators and employers, make better labor market
11 decisions with better data, because, historically,
12 those federal statistics were used by federal decision-
13 makers, used by the Fed and by the Council of Economic
14 Advisors.

15 It was kind of an innovative thing in the late
16 1990s to come up with this notion that let's create
17 data for people to use to make better decisions about
18 careers. And that was implemented at the end of the
19 Clinton Administration and then it stopped. It was not
20 touched in the Bush Administration and the Obama
21 Administration has not revisited it. But it is on the
22 books. The Secretary has the responsibility.

23 This committee could say to this Secretary of
24 Commerce, "Please ask the Secretary of Labor to
25 implement this system so we can get the workers we

1 need."

2 CHAIRMAN LASZKIEWICZ: Thank you very much for
3 your time. Your passion with manufacturing is
4 recognized and appreciated by the committee.

5 We will take a closer look at this work, and I
6 appreciate that you have provided your contact
7 information for the subcommittee. Thank you very much.

8 MR. REAMER: My pleasure. Thanks for having
9 me.

10 CHAIRMAN LASZKIEWICZ: Thank you.

11 MR. REAMER: I am sorry. One more thing?
12 This is something called the U.S. Industry and Trade
13 Outlook. Maureen is nodding her head.

14 So for about 40 years, this International
15 Trade Administration produced this document and this
16 document is 60-some chapters, one per industry, of
17 analysis.

18 Once upon a time, this was entirely
19 manufacturing. The last time it came out, 2000, it was
20 mostly manufacturing. The agency stopped producing it.
21 But this was a very useful -- this kind of analysis
22 really informed a lot of decisions. It was relatively
23 low cost and the -- I do not know if ITA has the
24 capacity to do this anymore, but this is the kind of
25 informational analysis that would be helpful.

1 CHAIRMAN LASZKIEWICZ: Thank you. Are there
2 any other public comments?

3 (No Response.)

4 CHAIRMAN LASZKIEWICZ: Are we adjourning or is
5 this a continuation?

6 MS. PILAT: We are adjourning at 12:30. But
7 if you want, we can just go over what goes next.

8 **NEXT STEPS**

9 CHAIRMAN LASZKIEWICZ: Could you, please? I
10 would like to make sure we talk about this afternoon's
11 logistics. We want to talk about the dates for the
12 next two meetings, which are -- I am not going to
13 remember them, but I believe November and -- so Monday
14 would be a travel day in November, the 11th, and then
15 Tuesday, the 12th, is our next meeting. It will be in
16 Houston, Texas. More logistic information will be
17 provided shortly.

18 Then our January dates, travel on January
19 13th, with subcommittee meetings, and full meeting on
20 the 14th, and that meeting will be in Washington, DC.

21 MS. EMANUEL: So the meetings will be on the
22 12th of November and the 14th of January.

23 CHAIRMAN LASZKIEWICZ: I am sorry. I did not
24 hear you, Liz.

25 MS. EMANUEL: So the actual Manufacturing

1 Council meetings will happen November 12th and January
2 14th.

3 CHAIRMAN LASZKIEWICZ: Correct. Thank you.
4 So we have meeting dates. All of you have asked that
5 we give you as much advanced notice on these meeting
6 dates as we can. I think Joel will support me in that
7 this is the farthest out we have ever looked.

8 So we will work on, by our next meeting,
9 having the spring meeting dates out there.

10 MS. PILAT: So now we are going to move to
11 lunch, the same room that we were in before last time.
12 Just walk with us, we will take you. And then at about
13 1:15, we will get on the bus and go down to the Hill
14 for the meeting.

15 At lunch, we will kind of go over who is going
16 to be in the meeting and what you can expect there.

17 CHAIRMAN LASZKIEWICZ: So we are going to have
18 that information at lunch.

19 Yes, Joel?

20 MR. LORENTZEN: Just as the meeting wraps up,
21 is the 3:00 end -- is that a hard stop?

22 MS. PILAT: We have established it as a hard
23 stop. So if you depart by 3:00. Members can get a
24 little loquacious and no one is going to be effective.

25 CHAIRMAN LASZKIEWICZ: If there are no other

1 comments or business, the meeting is adjourned.

2 (Whereupon, at 12:30 p.m. the meeting was
3 adjourned.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the Manufacturing Council, held on July 23, 2013, were transcribed as herein appears, and this is the original transcript thereof.

ANTHONY DENNIS,

Court Reporter

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