

THE PRESIDENT'S EXPORT COUNCIL

Eisenhower Executive Office Building
Room 350
Washington, DC

Wednesday,

June 6, 2012

The meeting was convened, pursuant to notice,
at 9:32 a.m., Mr. James McNerney, Jr., Chairman,
presiding.

APPEARANCES:

PRIVATE SECTOR APPOINTEES

JAMES McNERNEY, Jr.
Chairman
The Boeing Company

URSULA BURNS
Vice Chair
Xerox Corporation

MARY VERMEER ANDRINGA
Vermeer

RICHARD FRIEDMAN
Carpenter & Company, Inc.

GENE HALE
G&C Equipment Corporation

ANDREW N. LIVERIS
The Dow Chemical Company

GARY LOVEMAN
Caesars Entertainment

DENISE MORRISON
Campbell Soup Company

IVAN SEIDENBERG
Verizon

JAMES TURLEY
Ernst & Young

PATRICIA WOERTZ
Archer Daniels Midland Company

HOUSE APPOINTEES

THE HONORABLE BETTY SUTTON, D-Ohio

THE HONORABLE JIM GERLACH, R-Pennsylvania

U.S. CONFERENCE OF MAYORS:

T.M. FRANKLIN COWNIE
Mayor of Des Moines

EXPORT PROMOTION CABINET MEMBERS

TOM VILSACK
Secretary of Agriculture

JOHN E. BRYSON
Secretary of Commerce

HILDA L. SOLIS
Secretary of Labor

KAREN G. MILLS
Administrator of the U.S. Small Business
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Chair
Council of Economic Advisors
The White House

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The White House

MIKE FROMAN
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Deputy National Security Advisor
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DANIEL PONEMAN
Deputy Secretary
U.S. Department of Energy

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VALERIE JARRETT
Assistant to the President and Senior Advisor
The White House

DAVID AGUILAR
Acting Commissioner
Customs and Border Protection
U.S. Department of Homeland Security

SUSAN KURLAND
Assistant Secretary for Aviation and
International Affairs
U.S. Department of Transportation

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P R O C E E D I N G S

WELCOME & OPENING REMARKS

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4 CHAIRMAN McNERNEY: Could you take your seats,
5 please? Let's officially call the meeting to order,
6 please. Thank you very much for being here today. It
7 has been six months since we last met. Before I
8 introduce some of the new members, I'd just like to
9 briefly mention some of the progress that has happened,
10 in part due to the cheerleading and efforts of this
11 Council. Ex-Im. Where's Fred? Fred. Ex-Im
12 reauthorization.

13 (Applause)

14 CHAIRMAN McNERNEY: Three FTAs, and some
15 significant progress, as we learned this morning, on
16 TPP.

17 (Applause)

18 CHAIRMAN McNERNEY: Export reform. Export
19 reform, which we're going to talk about a little bit
20 more today, and mention one of our follow-up letters.
21 Export reform is one of these things that everyone said
22 the administration could not make progress on. Well,
23 the administration is making progress on it. Visa
24 reform. I think we've got roughly a 2x flow in Brazil
25 and China, which I think is representative of real

1 progress.

2 Then the veterans' hiring and training, which
3 is something near and dear to the hearts of many Boeing
4 employees, has also gotten significant traction. So
5 since we last got together, I think a lot has happened.

6 My hat is off to the administration, and in some cases
7 the Hill, and in every case Secretary Bryson, of
8 course.

9 SECRETARY BRYSON: Thank you, Jim.

10 (Applause)

11 CHAIRMAN McNERNEY: But some great progress
12 over the last year. But now I'd like to introduce some
13 new members because we do have several ones now. Let
14 me go in no particular order, but we are going to start
15 with Denise Morrison, CEO of Campbell Soup. Denise, we
16 saw her earlier today. Denise.

17 (Applause)

18 CHAIRMAN McNERNEY: She'll be serving on the
19 Global Competitiveness and Workforce Readiness
20 Subcommittees.

21 Gary Loveman. Gary, where are you?

22 (Applause)

23 CHAIRMAN McNERNEY: A CEO of Caesar's. Gary
24 will also serve on the Workforce Readiness
25 Subcommittee.

1 Congresswoman Betty Sutton, Democrat from
2 Ohio. Thank you very much for being here.

3 (Applause)

4 CHAIRMAN McNERNEY: And Jim Gerlach, who I
5 just saw a minute ago, Republican from Pennsylvania.
6 There he is.

7 (Applause)

8 CHAIRMAN McNERNEY: Also, two new members who
9 are not able to be with us today, and they are both
10 representative of an engagement with State and local
11 government that I think everyone on the Council felt
12 was critically important for a number of our
13 initiatives, particularly the trade oriented ones.

14 Governor Dan Heineman, Republican from
15 Nebraska and chair of the National Governors
16 Association, could not be here, but he has just
17 recently joined the Council. And Mayor Antonio
18 Villaraigosa--I'm sorry, Antonio--a Democratic of Los
19 Angeles, as one of the largest employers of Southern
20 California. That's a bad mistake for me to make.

21 (Laughter)

22 CHAIRMAN McNERNEY: And president of the
23 National Conference of Mayors. It'll be really good to
24 have these two gentlemen.

25 But we do have Mayor Cownie of Des Moines here

1 who is going to stand in for Antonio. Time permitting
2 a little bit later, we might ask him to make a comment
3 or two. Thank you very much for pinch hitting. Good
4 to have you here.

5 (Applause)

6 CHAIRMAN McNERNEY: This is quite a
7 distinguished group and we are going to benefit from
8 their advice and counsel.

9 Now, as to why we're all here today, the news
10 on exports for 2011 was good, I think up almost 20
11 percent to \$2.1 trillion, on track for the doubling, I
12 think is fair to say.

13 This year, however, I think will be more
14 challenging in large part because of the Euro Zone
15 crisis, and given that 20 percent of our exports
16 traditionally go to European countries it's not hard to
17 do the math and understand the challenge, which of
18 course should only re-energize us because a challenge
19 is what we're always after.

20 So we're going to have to keep pushing our
21 policies, our programs, suggested reforms, and each
22 individually, those of in the private sector, keep
23 pushing our new products into new markets, of course.

24 With that said, let me congratulate the
25 administration on the remarkable progress we are seeing

1 on our recommendations so far. I chronicled a couple
2 in my introductory remarks, but looking at the overall
3 progress, out of 19 letters that this Council has sent,
4 they have taken action in whole or in part on 15, which
5 in this line of work is pretty, pretty good. So that
6 is real progress, but much of course does remain to be
7 done, particularly since some of these recommendations
8 require some legislative action.

9 Now, on today's agenda we have five letters
10 and two reports to get to. We have a long agenda. So
11 let me stop now and ask our vice chair, Ursula Burns,
12 for her comments, I think including an update on the
13 Brazil mission.

14 VICE CHAIR BURNS: That will be my major
15 speech point this morning.

16 CHAIRMAN McNERNEY: Go for it.

17 VICE CHAIR BURNS: Thank you, Jim.

18 CHAIRMAN McNERNEY: Go for it.

19 VICE CHAIR BURNS: Welcome to two new members.
20 Denise and Gary, thank you. All of the members from
21 the administration and government, thank you for the
22 work so far this year. I won't go through the details.
23 The Chair did such a great job in outlining those.

24 One point that I don't know if you brought up-
25 -if you did, I wasn't listening--is we still have some

1 work to do on PNTR and Russia's ascension to the WTO.
2 This is a big effort for us. I think that all we can
3 do as members of the PEC is to continue to have our
4 voice be heard very clearly and make it consistent. We
5 are in the last rounds of this, I think, and they need
6 help. The administration needs help to make sure that
7 they understand where we stand on this. Let's continue
8 pushing on that.

9 Last, but certainly not least, Brazil. I just
10 want to take a few minutes to highlight the trip, make
11 sure that all of you understand that we expect as many
12 of you to be present as is humanly possible. I'll say
13 that again: as many of you be present as is humanly
14 possible.

15 We'll travel to Brazil in September for a
16 series of meetings with local, State, and Federal
17 Government officials, and we'll also have meetings with
18 the private sector representatives as well, of course.

19 It's going to be all focused on exports. That's the
20 whole point there, and investment opportunities to help
21 our businesses to grow in this part of the world.

22 The current itinerary has us traveling to
23 Brazil on Tuesday, the 18th of September. We'll spend
24 Wednesday of that week in Sao Paulo, which you all know
25 is the commercial capital of Brazil. Thursday we'll be

1 in Brasilia, which is the government center of Brazil,
2 and then we'll go on Friday to Rocephe, which is a port
3 town in a fast-growing region of Brazil.

4 In addition, the schedule is very tight.
5 It'll be fairly grueling. But the tightness makes it
6 very useful. Obviously we'll be able to get a lot of
7 things done in a short amount of time. I strongly
8 recommend and encourage, as I said earlier, all PEC
9 members to come. Jim has a conflict that's unavoidable
10 so he will not be there, but I will act as chair for
11 that meeting.

12 It's really important that we have a good
13 showing of the PEC on this trip. So we will be
14 following up with you to make sure that you come, and
15 if you're not planning to come I will be following up
16 personally to get your excuses, not in writing but over
17 the phone.

18 In addition to it being impactful--Secretary
19 Bryson will be there--we'll also be able, I think, to
20 get a little bit closer as colleagues and spend some
21 pretty good time together, so it should be fun as well
22 as an important business trip.

23 CHAIRMAN McNERNEY: Thank you for leading it,
24 Ursula. I just returned from Brazil, just as a side
25 note, and aside from being a country on the make there

1 is an administration that is eager to engage down there
2 at the cabinet ministerial level. I am sure that the
3 trip is very, very well timed, so I think it's going to
4 be good. Unless you can arrange a death in the family,
5 good luck with Ursula.

6 (Laughter)

7 CHAIRMAN McNERNEY: We are very fortunate to
8 have Mike Froman here. I think he wants to get us
9 focused on a new agenda item for us--not for him, but
10 the U.S.-E.U. Transatlantic Partnership. It's perfect
11 to have you here personally to get us focused on it, as
12 well as some other comments you might have, Mike.

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1 **DISCUSSION OF LETTERS OF RECOMMENDATION**

2 **TRANSATLANTIC PARTNERSHIP**

3 **By Mr. Michael Froman**

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5 MR. FROMAN: Thanks, Jim. And thank you for
6 letting me jump the queue. I apologize to our
7 distinguished cabinet members, but actually it's very
8 much in line with what you've laid out. At 10:00 this
9 morning there's a closed Ways and Means discussion of
10 an interagency group on PNTR and Russia, so I
11 appreciate you letting me to go quickly now.

12 First, let me just say that we are keenly
13 focused on dealing with the challenge that Jim
14 mentioned on the declining exports, or the declining
15 export growth. Obviously our focus right now at the G-
16 8 and at the G-20 is very much on the Euro Zone crisis
17 and anything we can do on that, which will obviously
18 have benefits for exports as well.

19 Let me mention a couple of things that maybe
20 can clear on the Transatlantic piece. First, in Geneva
21 there's been really a fair amount of progress since the
22 beginning of the year. When the G-20 said that
23 negotiators should begin to explore fresh and
24 innovative approaches, we now see progress on a
25 services plurilateral, a trade facilitation agreement,

1 and an information technology agreement, the next
2 generation of the information technology agreement. So
3 on all three we're nowhere near closure yet, but I
4 think there's positive momentum towards taking those
5 issues up.

6 You heard about TPP, I gather, this morning.
7 A lot of very good activity around that. I'd also
8 mention that we've ruled our model bilateral investment
9 treaty after a long process of reviewing that and are
10 now in the process of identifying who we want to engage
11 in those negotiations. Next week we have the AGOA
12 forum here, the African Growth and Opportunity Act, and
13 we'll be talking about what we can do to make more of
14 that going forward.

15 But as Jim mentioned, we have Commissioner
16 DeGuttier for a couple of days earlier this week to
17 focus on the Transatlantic Trade and Investment
18 Initiative. I think both sides, both USTR and DG
19 Trade, are working very hard, with the help of USDA and
20 others, to figure out what can be done, how high in
21 ambition we can achieve, but also what the obstacles
22 are and that we go in clear-eyed with what the
23 obstacles are and whether we have a way through them.

24 The last thing we want to do is get involved
25 in a 10-year negotiation with some major obstacle that

1 we're not going to be able to overcome. We're not
2 there yet, to be frank. We're making progress. We
3 are, I think, identifying where we might be able to go
4 on a number of issues.

5 But there are a number of longstanding issues,
6 whether it's in agricultural market access or
7 agricultural regulation or technical barriers to trade
8 and how our regulatory systems and our standard systems
9 create unnecessary barriers to trade but are also very
10 difficult to get behind.

11 All I can say is, we are working really quite
12 well with our European counterparts to see if there's a
13 path forward. If there is, obviously there will be a
14 lot of political support on both sides for moving this
15 forward.

16 The last thing I would say, just on the
17 legislative front, clearly our top priority right now
18 is PNTR for Russia. There's been some good movement in
19 the House and Senate. There are hearings coming up and
20 we expect mark-ups to come up as well. There are
21 obviously a lot of issues in the U.S.-Russia
22 relationship that need to be dealt with that we're
23 engaged with Congress on as well.

24 But you all know better than anybody the
25 impact that will be felt if Russia joins the WTO, as

1 they are expected to do in the next month or two, and
2 we haven't lifted PNTR. We'll be put at a great
3 disadvantage. That's the message we are carrying to
4 the Hill, and it's very important that they hear that.

5 CHAIRMAN McNERNEY: Thanks, Mike. I think at
6 the BRT we need to rejuvenate. We've been pushing hard
7 on this but we need to make an issue out of it next
8 week, as you suggested, Ursula. So, we'll take on that
9 challenge, Mike, to help out. It's really important,
10 it really is. Thanks very much for the update.

11 Secretary Solis has arrived. I just wanted to
12 say welcome. We had not seen you before. It's great
13 to have you here.

14 SECRETARY SOLIS: Thank you.

15 CHAIRMAN McNERNEY: John? Mr. Secretary, do
16 you have some comments?

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1 **DEPARTMENT OF COMMERCE UPDATE**

2 **By Secretary John E. Bryson**

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4 SECRETARY BRYSON: I do. Mike Froman has done
5 a very nice job and he is leading, I think, with
6 exceptional ability in seeking to bring together these
7 trade agreements now with a particular focus on Russia,
8 but also the focus on the Euro Zone and the broader
9 economic situation in Europe that is certainly
10 affecting all of us right now.

11 I'm going to skip over things that I would
12 have touched on. I do want to hit on one thing, and
13 that is, notwithstanding the fact that we see
14 considerable challenges in the level of exports going
15 forward right now, having to deal principally with the
16 European Zone--that's been a key place for exports for
17 us--but I do want to pick up--Jim, you mentioned this--
18 but the all-time record for exports set in the United
19 States. I think most people think of these things as,
20 maybe there's been an increment since the recession.

21 This is the all-time record: \$2.1 trillion in
22 U.S. exports, the highest ever in American history.
23 That reflects the historic progress under this National
24 Export Initiative. So we know the President set out
25 what was seen as at least a incredibly ambitious, very

1 difficult mark to set. We are continuing forward and
2 continuing to focus on--and Germany actually had a good
3 quarter, for example, the first quarter here--to keep
4 charging ahead to meet this doubling within five years.

5 That means by the end of 2014.

6 With that, it's important to underscore we
7 have increased the number of exported jobs by 1.2
8 million. So the jobs, yes. The rate of job growth now
9 in this last month looks like it's declining some and
10 we've got to keep having the confidence in the sense
11 we're going to charge ahead, and that's the private
12 sector and public sector working together. But there
13 is a lot there. So historic progress, exports up 36
14 percent since 2009. We can't let up. There's a lot to
15 be done there. I won't take that further.

16 I won't touch on the free trade agreements you
17 know that we've put in place, but wherever I go I
18 indicate something that we want the country to know,
19 and I think you, members of this Council, can assist a
20 lot in this. So we have the Colombia Free Trade
21 Agreements that are now in effect. About 80 percent of
22 the tariffs on exports, so U.S. exports to those
23 countries, are now zero. So that is a huge impact.

24 What we are finding is what we need to do is
25 better convey this message to exporters around the

1 United States. Of course, the big companies will tend
2 to recognize that, or at least have the resources
3 brought to them pretty quickly. But the medium and
4 smaller businesses that are typically in these supply
5 chains in an important way need to understand that
6 better. So I understand that many of you in the
7 President's Export Council are conveying that message
8 around the country.

9 Let me touch on one that Mike didn't touch on,
10 and it's a very big deal and is in some ways
11 understated. That is, the strength of our travel and
12 tourism sector. One of the earlier recommendations of
13 this Council about two years ago is that we put greater
14 emphasis on that and we're doing that with the Commerce
15 Department having the lead on it.

16 But the President directed in January that
17 Secretary Salazar of the Department of Interior and I
18 put together, in a 90-day period--and we did that--a
19 National Travel and Tourism Strategy. We just released
20 that. Our goal is to increase these exports from a
21 record of \$153 billion last year to \$250 billion
22 annually by the year 2021.

23 So through this Travel and Tourism Advisory
24 Board, which is the private sector board that advises
25 us, and it's excellent, they're playing a key role in

1 implementation on that. So, that is a big, big slice.

2 It is the largest single services export that we in
3 the United States have and the dollar consequences are
4 very, very significant.

5 Ursula talked about Brazil. I will be there.

6 It is critical, and you have summarized it extremely
7 well. I will say that the visit from President Rousseff
8 here in April was a very constructive visit. She is a
9 strong-willed person. She has very clear views.

10 She is taking some steps that will make
11 working there somewhat more difficult, but at the same
12 time she is dealing with things in Brazil that can make
13 a real difference. So, we are looking forward to that,
14 the President, Hilary Clinton, I, and others. But I
15 was with her for nearly the entire day, and she has a
16 capable team. Tough-minded. She's going to lead. But
17 that meeting in Brazil in September I think will be
18 vitally important. So I hope as many of you can be
19 there, as Ursula suggested, as we possibly can have.

20 Let me talk finally just at the State and
21 local. The U.S. Conference of Mayors and the National
22 Governors Association is joining this group. As we
23 know, a lot of the real work is done at the State and
24 local levels, so we're working a lot with them. The
25 Brookings Institution has particularly led in that

1 area. So I won't take that further, but I'd say that's
2 something we're deeply, deeply involved in.

3 I'm going to stop there, Jim.

4 CHAIRMAN McNERNEY: Okay.

5 SECRETARY BRYSON: I know there's so much more
6 to do, but thank you.

7 CHAIRMAN McNERNEY: Thank you very much, Mr.
8 Secretary.

9 Listen, I guess, Secretary Vilsack, are you
10 prepared to make a comment or two?

11 SECRETARY VILSACK: Yes, sir.

12 CHAIRMAN McNERNEY: We would love to hear from
13 you.

14 SECRETARY VILSACK: Okay. Thank you.
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DEPARTMENT OF AGRICULTURE UPDATE**By Secretary Tom Vilsack**

SECRETARY VILSACK: Jim, thanks very much. Obviously we're very, very pleased with the progress that we've made in agricultural trade. Last year, the American agricultural economy was the strongest it has ever been in the history of the country. Farmers recognized record income, and in part because we had a record year in terms of exports. We had a \$42 billion trade surplus in agriculture.

This year we expect another strong year. We just revised our forecast up \$3 billion so that it is very, very close to last year's number. The last four years will be the best four-year period for agricultural exports in the history of the country. There are many reasons for that. Obviously it starts with the extraordinary productivity of American farmers, ranchers, and producers and the extraordinary partners that they have in the agricultural business community, some of whom are represented here today.

But it is also as a result of a strategic framework that we put in place at USDA, focusing on 20 countries where we have felt we had the greatest opportunity to move the dial more quickly. A record

1 number of trade shows and reverse trade shows have been
2 sponsored by the USDA. We are working hard to eliminate
3 sanitary and phytosanitary barriers, of which there are
4 many, over 1,400 last year, and we are aggressively
5 using our export guarantees in partnership with the Ex-
6 Im Bank, which is doing a fabulous job. We are
7 obviously taking advantage of the recently passed trade
8 agreements.

9 We understand and appreciate that not only do
10 American farmers and ranchers benefit from this, but it
11 is a job creator. Every billion dollars of
12 agricultural sales helps to support 7,800 jobs at home,
13 so we obviously want to continue to expand. It's one
14 of the reasons why we entered into recently an organic
15 equivalency trade agreement with Canada and the E.U.,
16 which we think will offer another additional
17 opportunity.

18 It's the reason why we're working with the
19 President and others, and John Bryson and the Trade
20 Representative's office, and Ambassador Kirk to work
21 hard on the Trans-Pacific Partnership. We think
22 there's extraordinary opportunity there in Southeast
23 Asia.

24 I was the first Agriculture Secretary in the
25 history of this country to visit Vietnam. Just to give

1 you a sense of how interested they are in doing
2 business with the United States, not too many years ago
3 they were 53rd on the list of trading partners with the
4 United States in agricultural products; today they are
5 13 and it has been a rapid ascension. So, they are
6 very interested in doing business.

7 I can't emphasize enough the importance of
8 getting Russia into the WTO. We have a lot of issues
9 with Russia on agricultural products. Oftentimes it's
10 very difficult to deal with the Russians because they
11 don't necessarily deal on a science-based or rules-
12 based system, so it is important and relevant to our
13 ability to expand exports in Russia to get them into a
14 system where they have to play by the rules. So any
15 help that you all can give would be greatly
16 appreciated.

17 One last comment. That is that in the list of
18 things that you all are going to discuss, you may want
19 to also pay attention to what I like to refer to as the
20 Food, Farm and Jobs bill, which traditionally is
21 referred to by others as the Farm bill. It's something
22 you may not often think about as relevant to your
23 lives, but it is.

24 The reality is, it has a trade section, which
25 is important. There is likely to be several different

1 attitudes about this, but we want to obviously get it
2 done before September 30 when the existing legislation
3 expires. It would be quite chaotic if we do not get
4 this done, so any help that this committee could
5 provide would be helpful.

6 CHAIRMAN McNERNEY: Yes.

7 SECRETARY VILSACK: Thanks.

8 CHAIRMAN McNERNEY: Thank you very much, Mr.
9 Secretary. Good progress. We'll take on the challenge
10 that you've suggested to us.

11 I've just noticed that Alan Krueger, chair of
12 the President's Council of Economic Advisors, has
13 joined us. Perhaps we could entice him to make a
14 couple of comments on the economy.

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TRADE POLICY UPDATE**By Mr. Alan Krueger**

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4 MR. KRUEGER: Thank you very much. A year ago
5 this time I was giving final exams at Princeton.

6 (Laughter)

7 MR. KRUEGER: In the course I taught, I
8 described the economy as caught between a tug-of-war, a
9 tug-of-war between the natural forces for the economy
10 to bounce back after a recession and to bounce back
11 more strongly after a deeper recession--I call that
12 Zonowitz's law, after Victor Zonowitz--and then on the
13 other side the tendency for economies to grow very
14 slowly after a financial crisis, particularly the deep
15 kind of financial crisis that we had beginning in 2008,
16 which I called Kindleburger's curse, after Charlie
17 Kindleburger, who wrote a lovely book on financial
18 crises, panics, and manias.

19 It does feel like we've been caught in a tug-
20 of-war. The good news is, the economy has now expanded
21 for 11 straight quarters. Growth has been in the 2 to
22 3 percent range. For the private sector, growth has
23 actually been stronger, closer to 3.5 percent. I think
24 one of the things people do not appreciate is that
25 State and local governments have been cutting back

1 pretty sharply, particularly after support they were
2 getting from the Recovery Act phased out. If we look
3 at the expansion of the private sector in this
4 recovery, it is actually growing faster than it had
5 during the previous recovery and about on pace in the
6 recovery in the early 1990s.

7 We have now had 27 months in a row of job
8 growth, 4.3 million private sector jobs in total. This
9 year we are averaging 165,000 a month. That time pays
10 for about 2 million jobs this year. That's about what
11 we predicted in the economic report of the President.

12 On the other hand, the last couple of months
13 the job figures have been slower than they were earlier
14 in the year. There were probably several reasons for
15 that, some of which have been mentioned, the difficulty
16 in the Euro Zone, spikes in oil prices, warmer weather
17 probably brought some economic activity forward in the
18 year.

19 Looking forward, we certainly face headwinds.

20 That is on top of the problems in the U.S. economy
21 that had been building for a long time. I was actually
22 very happy to see Gary Loveman here on the program,
23 because I remember Gary's dissertation.

24 (Laughter)

25 MR. LOVEMAN: That makes two of us.

1 (Laughter)

2 MR. KRUEGER: I'm sure that Larry Katz, one of
3 Gary's co-authors, remembers as well. Anyway, Gary,
4 among others, did work on the rising inequality in the
5 U.S. That's one of the factors that's contributed to
6 the longstanding problems that we have. Fundamentally,
7 we borrowed too much during the boom years. We
8 financed a lot of the borrowing with the housing bubble
9 and people have been paying down their debts, and
10 that's been restraining economic growth.

11 If you think about the identity you all
12 learned in introductory economics, that GDP is equal to
13 consumption plus investment, plus government spending,
14 plus exports less imports. You kind of look at that
15 equation and say, where is the U.S. going to get growth
16 from going forward?

17 It's pretty clear that consumption is going to
18 grow more slowly in the future than it had in the past
19 because of the level of consumption growth we had was
20 unsustainable since it was supported by borrowing that
21 turned out to be unsustainable.

22 Government spending is very unlikely to be the
23 engine of growth in the future. We see State and local
24 governments cutting back. The Federal Government is
25 now also reducing the deficit. Over the last couple of

1 quarters we saw a slow-down in military spending.
2 Investment will help, and we've actually had pretty
3 strong investment, particularly in equipment and
4 software, partly a result of some of the incentives
5 that were part of the Recovery Act and subsequent
6 legislation that increased tax deductions for
7 investment.

8 Then finally, net exports. We looked early on
9 at what are the sources of growth likely to be, and
10 clearly net exports jumped out at us. Now, every
11 country can't export their way out of a financial
12 crisis, out of an economic crisis, but the U.S. has
13 been doing remarkably well in pursuing that strategy.

14 I think there are a number of reasons why we
15 have comparative advantages when it comes to exports
16 that had not fully been exploited before. We have the
17 most competitive economy in the world. We have the
18 most innovative entrepreneurs in the world. We have
19 trends, as Secretary Vilsack mentioned, in agriculture
20 which are leading us to have a record level of exports.

21 The U.S. has wonderful tourist destinations. We have
22 a large trade surplus in services.

23 So there are, I think, many reasons why
24 exports can be a path to stronger economic growth.
25 Just to echo some of the comments that were already

1 made, the U.S. has had record levels of exports in
2 recent years, in 2011, \$2.1 trillion of exports, which
3 constituted almost 14 percent of GDP. So not only was
4 the \$2.1 trillion a record, but as a share of GDP it
5 was also a record in U.S. history.

6 From 2009 to 2011, exports have grown at a
7 compound rate of 15.6 percent, which is on pace to meet
8 the President's ambitious goal of doubling our exports.
9 We certainly do face headwinds going forward, as the
10 business people here know much better than I do. The
11 unemployment rate in the Euro Zone is now 11 percent,
12 which is a record since the euro was introduced.
13 That's clearly going to affect their demand for imports
14 going forward. Then China and Brazil are growing more
15 slowly than they had been.

16 The good news is that our exports, in spite of
17 these headwinds, have held up relatively well. That's
18 rather remarkable, given the weakness outside the U.S.
19 that our exports have grown at such a fast pace.

20 Then the last comment I'll make is that, given
21 the wonders of compound growth, given that exports will
22 become an even larger share of our economy as the
23 growth rate continues, that means that exports will be
24 even more important for jobs and economic growth going
25 forward. That's why I think the work of the Export

1 Council is so important and why we have devoted so much
2 effort to pursuing an agenda that will make it easier
3 for our businesses to expand exports in the future.

4 Thank you.

5 CHAIRMAN McNERNEY: Thank you very much, Mr.
6 Chairman. The challenge has never been clearer, and
7 there's nothing about what we're doing that won't help
8 that problem. So, we'll just keep working it and
9 appreciate your support very much.

10 I think Deputy Secretary of State Nides has
11 just joined us. You probably have a number of
12 thoughts, one of which might be on economic statecraft,
13 and we'd love to hear it.

14 Secretary Nides?

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DEPARTMENT OF STATE UPDATE**By Deputy Secretary of State Tom Nides**

SECRETARY NIDES: Thank you very much, Jim. Thank you for inviting me. As someone who is a former CEO of Morgan Stanley or an investment bank in New York, I am certainly appreciative and respectful of the role of the private sector and the combination of what we can do together. Many of you might be asking what the State Department is doing about economics, so I am here to spend, I guess, six minutes in telling you that.

So I assure you, you should accomplish something. When you get cabinet secretaries of Defense to speak for five minutes, that's remarkable, so I'm going to try to accomplish that goal, too.

So when I took this job, Secretary Clinton asked me to focus on a few things, principally on the Iraq transition, the Afghanistan portfolio, improving our ties with Pakistan. Obviously, haven't been totally successful in all of those.

But one of the things, as I'm here, was to focus principally on what she has called economic statecraft, the connection between what we do as diplomats to improve the economy at home. That has

1 been one of the things that I have spent an enormous
2 amount of attention on. You have to ask yourself, what
3 is the role that we at the State Department play along
4 with our friends at the Commerce Department? You
5 should just remember, we have a dual agenda at the
6 State Department. It's called peace and prosperity.

7 This is the prosperity part of the agenda. As
8 you know, we have over 250 embassies around the world
9 and consulates, so we are the front lines, as they say,
10 about not only promoting the diplomatic peace but they
11 are the engine for our promotion of U.S. goods and to
12 do, as Alan pointed out, with doubling the President's
13 export agenda and getting that accomplished.

14 We have over 1,000 economic officers
15 positioned all over the world. In every one, what we
16 try to do is make sure that they understand that we're
17 at the front line. The Boeing Company, not to just
18 point to one company in particular, knows how to use
19 these officers quite effectively because every country
20 I go there seems to be a Boeing executive in the room
21 with me.

22 (Laughter)

23 SECRETARY NIDES: So they clearly understand
24 how to accomplish that and to make sure that they use,
25 and that's what we're there for to do, working with our

1 colleagues at the Commerce Department.

2 So what we have tried to do with our economic
3 work is to focus on a handful of things. People say,
4 how do you get people to think, at the State
5 Department, differently about their economic work?
6 One, is we try to get people to think about their job
7 differently than they thought about it before. We
8 have, as you know, council officers and we have
9 political officers. We want all of our employees in
10 the Department of State to think of themselves as job
11 officers.

12 I know that seems to be kind of a cute catch-
13 all phrase, but it's very important for those in our
14 embassies around the world to wake up every day and
15 thinking about what they can do to promote U.S. exports
16 and promote American jobs. I think they're getting
17 that message loud and clear. The second thing is, we
18 are trying to align incentives. Not to kind of repeat
19 what most of us who have been in business understand,
20 but you have to incentive your employees.

21 Since we do not have money to do that, we do
22 have the ability to promote people through promotion
23 processes and to make sure they understand that they
24 are going to be evaluated not just on the particular
25 cone in which they work, the particular role that they

1 have signed up for, but how they work in the cross-
2 lights, how they are working with the Commerce
3 Department and the Agriculture Department. So the
4 incentive to making sure our economy officers are at
5 the same kind of stage as our political officers is
6 very important.

7 The third thing is, we are advocating to make
8 sure that there's a level playing field. One of the
9 things for most of the companies around this table is
10 if we have a level playing field we can compete. That
11 is certainly the understanding. Our goods will be sold
12 if we can sell them on a level playing field, and that
13 is something our economic officers need to be doing
14 across the world.

15 The fourth thing is, our relationships with
16 the AmChams. I never thought in my world I'd be as
17 close to the American Chamber of Commerce than I am
18 right now every day. They are our best advocates in
19 these countries. Many of the employees of the
20 companies around this table are members of the AmChams.

21 They are the voice of American businesses in many
22 cases, and they are enormously helpful.

23 So as we think about our State Department--
24 this is nothing new. We have always had good
25 relationships--but Secretary Clinton never goes to a

1 country, nor do I, nor does Bill Burns, without meeting
2 with the local AmChams. It is the pulse of what's
3 going on there. It is critically important that we
4 think about that.

5 So I want to just point out one area where we
6 have had a lot of success. I point this out because it
7 is an interesting case study. As someone who has been
8 in the government and has spent the last decade and a
9 half in corporate America and then came back to
10 government, obviously one of the wraps is when you're
11 outside of the government you always never believe that
12 government can work and get a problem done. I
13 fundamentally believe that's a misnomer. When it
14 works, it really works well.

15 The case study has been on this issue around
16 travel and tourism. Thanks to the work that the
17 Secretary of Commerce and the Secretary of the Interior
18 have done, and quite frankly when the Jobs Council,
19 which was involved and talked about the need to improve
20 the ease of getting tourists from across the world to
21 the United States, and why are we taking advantage of
22 that, as you know it's the one simple place where, for
23 every 65 tourists that arrive in the United States, it
24 creates 1 American job. So obviously you would say,
25 let us open up the borders and make sure that we have

1 as many tourists. It obviously makes a lot of sense to
2 us. But like everything in the world, it is never
3 simple as it is presented.

4 One thing became clear to us, is that we had
5 extraordinary wait times in Brazil, in China in
6 particular, in India. The Jobs Council and the
7 President want us to focus on this like a laser.
8 Through the hard work of our consulate officers, who
9 are the men and women at the State Department who are
10 on the first lines of defense, because just remember we
11 want people to come to the United States for all the
12 right reasons. We do not want people coming to the
13 United States for the wrong reasons. So our consulate
14 offices are there.

15 After 9/11, they take their job with DHS very
16 seriously. Through an enormous amount of work with our
17 partners at DHS, by trying to figure out how we can
18 surge people into this country, consular officers, how
19 we can build more space, how we can do things more
20 effectively, we took the wait times down within the
21 last nine months from almost 140 days in Brazil to less
22 than four days now. So it takes you four days right now
23 currently to get a visa to come to the United States
24 from Brazil, without compromising our security.

25 In China it took 100 days, and now it takes

1 less than a week and a half to two weeks, and that is
2 working with our friends Gary Locke there and trying to
3 also change some of the requirements. But again, we
4 talk at the State Department of economic diplomacy, but
5 working with our partnerships. So we can make the case
6 to say what does that really mean? In this case we
7 have increased tourism by about 5 percent in the last 9
8 months to a year.

9 Now, there's a lot of reasons for that, as the
10 economy improves in places like Brazil, so I don't want
11 to get crazy about taking over too much credit for that
12 increase. But if you ask the tourism industry, they
13 have seen a direct increase in this. I congratulate
14 the men and women who work not only at the State
15 Department, but at DHS and around the other agencies.
16 But obviously visitors spent over \$153 billion a year
17 here, so we feel very comfortable that we're doing our
18 fair share.

19 So let me just make one last comment. We are
20 spending an enormous amount of time on all aspects of
21 economic statecraft. As I pointed out, it's not just
22 about promoting U.S. jobs, it's making sure that the
23 playing field is leveled. It's about taking, when
24 there's an RFP listed, that the U.S. embassy puts all
25 of its resources to make sure that the U.S. company has

1 the ability to not only compete, but to win. I think,
2 quite frankly, we have always done this. This is not
3 something new. This is why the Commerce Department
4 focuses on this like a laser.

5 But I think, quite frankly, over the last few
6 years we probably haven't been as aggressive as we
7 should be. Let me just tell you, around the world they
8 are aggressive. These countries that we're competing
9 with are doing whatever they need to do to make sure
10 that they get the advantages to get these deals done.

11 So we as diplomats need to understand that we
12 are also responsible to helping improve this economy,
13 that we are also responsible for making sure that we've
14 doubled the President's export initiative. So I think
15 we have made an enormous amount of progress. I just
16 want to also say that as someone again who has been in
17 and out of government, when we work together, when the
18 private sector and the public sector work together, it
19 is an enormously powerful tool. I see it every day in
20 what we do. I appreciate the work you all are doing,
21 so thank you very much. We will continue to try to do
22 as good a job as we can do.

23 So, thank you very much.

24 CHAIRMAN McNERNEY: Tom, thank you very much
25 for those comments. The reason you see a Boeing

1 employee wherever you go is because you get things
2 done, and we really appreciate it, we really do.

3 Listen, we have three people that I don't want
4 to force to make comments, but if any one of the three
5 would like to. As we mentioned before, we had
6 Congressman Gerlach, Congresswoman Sutton, and Mayor
7 Cownie from Des Moines. If any one of the three --
8 perhaps we could start with you, ma'am. If you'd like
9 to make a comment, we can just go around the room.

10 CONGRESSWOMAN SUTTON: Sure. Thank you very
11 much. I am honored to be here. I want to thank all of
12 the fellow members of this council for your warm
13 welcome and your dedication to increasing exports and
14 creating jobs in this country.

15 For nearly six years now I have had the honor
16 and privilege of representing northeast Ohio in
17 Congress. From the steel mills in Lorraine County,
18 Ohio, to the auto assembly plants and other auto
19 industry components in northeast Ohio, we embody the
20 heritage of taking something of lesser value and
21 creating something of greater value that all Americans
22 can be proud of. We know that our workers are the best
23 in the world, but we also know that without a stronger
24 and fair export policy their talents can never meet
25 their full potential.

1 So today as we have this opportunity to talk
2 about some of the major obstacles that our businesses
3 face when they work to export goods, as well as some of
4 the major opportunities that we have already started to
5 hear about, we as a Nation can come together to help
6 our manufacturers and workers and I look forward to
7 being a part of that.

8 One of the major issues we are addressing
9 today is the need to help small- and medium-sized
10 manufacturers export goods and create jobs. In my time
11 in Congress I have met with, as you might imagine,
12 countless manufacturers throughout our district.
13 Speaking with owners and workers alike, I've seen their
14 potential and I stand with the members of this Council,
15 dedicated to doing all that we can to empower them to
16 grow and compete.

17 Implementing measures such as creating
18 individualized State and local export plans and
19 boosting the importance of trade promotion tools can
20 help our small and medium manufacturers send more of
21 their goods overseas so that we can create more jobs
22 here at home, but we have to get it right.

23 So again, I want to thank the members of this
24 Council for your time and your effort in supporting the
25 working men and women and businesses of this country.

1 It is the work that we do here that gives hope to every
2 American that they will always have a fair chance at
3 that American dream.

4 So again, thank you for the warm welcome and I
5 look forward to working with all of you.

6 CHAIRMAN McNERNEY: Thank you, Congresswoman.
7 Congressman?

8 CONGRESSMAN GERLACH: Just, thank you very
9 much for the opportunity to be on the Council. This is
10 my first meeting, as was mentioned. My district is
11 outside of Philadelphia in Southeastern Pennsylvania.
12 I am in my fifth term. I serve on the House Ways and
13 Means Committee, and before that was on Transportation
14 and Financial Services.

15 We have a very diversified economy in
16 Southeastern Pennsylvania, from pharmaceutical,
17 biotech, biomed, medical device, steel, agriculture.
18 So, working here on the Council is going to be a very
19 educational experience and I look forward to it very,
20 very much. Thank you.

21 CHAIRMAN McNERNEY: Well, we appreciate the
22 leadership of both of you, and welcome to the Council.

23 Mayor Cownie, a quick comment?

24 MAYOR COWNIE: Sure. I want to thank the
25 group for recognizing the importance of State and local

1 governments. I think that we serve sort of as a lynch
2 pin as we work with local businesses and government
3 agencies, and how do we increase our export capacity.
4 We know that in local governments it is all about jobs.
5 We want to see our cities grow. Of course, I apologize
6 for our president, Antonio Villaraigosa, for not being
7 able to attend here today. Of course, probably a lot
8 of you are thinking, why Des Moines? But for those of
9 you who --

10 SECRETARY VILSACK: I'm not thinking that.

11 (Laughter)

12 MAYOR COWNIE: Yes. I am actually here to
13 support Secretary Vilsack.

14 (Laughter)

15 MAYOR COWNIE: And former governor, I might
16 add, and also former mayor. So at any rate, here we
17 are. *Forbes*, by the way, sees Des Moines as the
18 number-one place to do business, and the number-one
19 place to raise a family, and the number-one place for
20 folks. So those of you who are wondering why, I would
21 suggest you pick up *Forbes* every now and then.

22 But more importantly, I think that local
23 governments, we know in our areas, whether it be local
24 or regional, how it is that we work and what our
25 obstacles are, what our opportunities are, and what are

1 some of those blocks and hurdles.

2 The mayors have worked very hard and I know
3 the NGA, the National Governors Association, is also
4 working hard. I think it's all levels of government,
5 Federal, State, and local, working together that gets
6 rid of some of the redundancies. I know the letter
7 speaks to some of those opportunities and we thank you
8 all for letting us be at the table. We want to be
9 strong partners. I think together that's how we're
10 going to move our exports in job growth forward.

11 CHAIRMAN McNERNEY: Thank you very much,
12 Mayor. I mean, this is a big deal, to engage State and
13 local government in a meaningful way. Your
14 participation today is very meaningful, so thank you
15 very much.

16 Mary, we blew by a time when it was natural
17 for you to make a comment after Alan's comments. Would
18 you like to jump in for just a second?

19 MS. VERMEER ANDRINGA: Sure. Thank you very
20 much. It is great to hear about the continued progress
21 and achievements that are being really accomplished by
22 the administration, and I think the dedication of this
23 group to continuing exports. As the chair of the
24 National Association of Manufacturers, I just want to
25 kind of reinforce some of the things that have already

1 been said.

2 With 18 million people who support or are
3 directly involved in manufacturing, we actually have
4 four key goals. Two of them are totally aligned
5 exactly with what this Council is talking about as far
6 as wanting to be a great place from which to export,
7 and also the need for a skilled workforce. I will
8 address that a little bit later in the workforce
9 letter.

10 But one other thing that we talk a lot about
11 at the NAM is for manufacturers -- and by the way,
12 manufacturers, I think, have had a disproportionate
13 amount of jobs added during the recovery because
14 manufacturers also are some of the big exporters. We
15 also talk about how important it is that we make sure
16 this country continues to be the best place in which to
17 have a manufacturing business and to attract direct
18 foreign investment.

19 So a few issues that manufacturers constantly
20 are also looking at are tax policy and energy policy to
21 make sure that we are competitive for the future. So I
22 think a lot of great work is being done, but I do think
23 that these things are also important to just keep in
24 front of Congress and the administration, that we make
25 sure the environment is great for manufacturers to

1 continue to see the U.S. is the place to be. So, thank
2 you very much for letting me say those words.

3 CHAIRMAN McNERNEY: Thank you, Mary. I just
4 noted that Valerie Jarrett from the White House and
5 Administrator Mills have joined us. It's great to have
6 you here.

7 Listen, I think we're ready to move on to some
8 items of business now, some of the letters of
9 recommendation. I think, Andrew, were you going to
10 kick it off? Why don't you introduce your letter and
11 summarize it. Summarize it. Summarize it.

12 (Laughter)

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1 **DISCUSSION OF LETTERS OF RECOMMENDATION**

2 **RUSSIA**

3 **By Mr. Andrew Liveris**

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5 MR. LIVERIS: Thank you, Mr. Chairman. I've
6 been trained that when you've got the order, don't keep
7 asking for it.

8 So on the Russian PNTR, I actually think this
9 administration and this committee, it's a fairly self-
10 explanatory -- Vice Chair Burns has already talked
11 about it. The letter is very self-explanatory. We
12 obviously, as an Export Council, feel very strongly
13 that the U.S. does not disarm itself. Russia joining
14 the WTO will happen. Other countries will benefit; why
15 would we not allow our companies to benefit? It just
16 doesn't make any sense. There are very cogent
17 arguments in the letter.

18 I would just say that the U.S.-Russia Trade
19 Coalition and the U.S.-Russia Business Council has made
20 hundreds of visits to the Hill. I think the
21 opportunity for the arguments on the Russia issues,
22 which are there and we've already spoken to by Mike
23 Froman when he was here, have to be discussed.

24 But at the end of the day it's not unlike the
25 U.S. Ex-Im Bank reauthorization. We have to allow

1 manufacturers to export to growing markets, and Russia
2 is a huge market for all of us and can become even
3 larger if we, of course, allow the PNTR to occur.

4 I know a couple of my members might want to
5 say something. Jim Turley, did you want to add
6 anything?

7 MR. TURLEY: Well, I think you've summarized
8 it so well. I've had the pleasure of co-chairing, with
9 the Prime Minister of Russia, for a dozen years, a
10 Foreign Investment Advisory Council. This has been
11 nonstop the biggest issue that they've been dealing
12 with, particularly from the United States. So you are
13 spot on. I think everybody understands this. We know
14 where we have to get and now we just have to have the
15 will to get there. So, kudos to all the parties for
16 lining up on this.

17 Mr. Liveris. So I will just leave it there,
18 Jim, and open it up to any other comments.

19 CHAIRMAN McNERNEY: No. The only other thing
20 I'd say is that, as we commented earlier, we've got to
21 make this a big deal at the BRT meeting next week just
22 to line up and support.

23 Did you have a second letter?

24 Mr. Liveris. I can go to the second letter if
25 you wish before we ask questions.

1 CHAIRMAN McNERNEY: Any other comments on
2 Russia?

3 (No response)

4 CHAIRMAN McNERNEY: Okay. We will so adopt
5 the letter, hearing no objections.

6 Mr. Liveris. Great.

7 CHAIRMAN McNERNEY: So why don't we move on to
8 the next one?

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1 **DISCUSSION OF LETTERS OF RECOMMENDATION**

2 **Transatlantic Partnership**

3 **By Mr. Liveris**

4
5 MR. LIVERIS: Sure. Yes. Again, this is one
6 that's emerging and become an administration priority,
7 and one that we have studied extensively. That is, of
8 course, the Transatlantic Partnership. Needless to
9 say, at this time of great economic woes across the
10 Atlantic, there is a lot of engagement on this topic.

11 It is very, very clear that the relationship
12 really goes back to the Marshall plan. We cannot speak
13 too strongly about our European colleagues, and our
14 U.S. presence in Europe is strong. My own company,
15 one-third of the company, is in Europe.

16 So if you think about a global company based
17 out of the United States, think about us as also part
18 European. That means that the trade flows between the
19 two continents, the two large markets, huge and equal
20 in size, we have to rejuvenate, reactivate the
21 partnership. There's been a lot of meetings on both
22 sides of the Atlantic on this topic.

23 The letter speaks really to the opportunity,
24 it speaks to some of the topics that are going to take
25 a lot of work. There is no question, whether it is

1 sectorial, like agriculture, or whether it's tariffs
2 and elimination of tariffs on key industries, there is
3 a lot of work that needs to be done before this
4 probably becomes reality.

5 But much like the work that we've done on
6 other trade agreements, like TPP this morning, we have
7 to begin. I think what we are really asking for is that
8 obviously the letter speaks to beginning it, and that
9 we would ask this Council to adopt the letter so we can
10 recommend to the President and that we actually start
11 this year--not wait for November, just start this year.

12 It hasn't stopped us doing other things before and it
13 shouldn't stop us now.

14 CHAIRMAN McNERNEY: Any other discussion from
15 any other of the committee members?

16 (No response)

17 CHAIRMAN McNERNEY: Listen, the trade agenda
18 is full and the administration has made great progress
19 this year on the three trade agreements that have
20 already happened. TPP, which we've been discussing --
21 we still don't have our fair share of trade agreements
22 out there, so I think your call to action to get going
23 on this one expeditiously makes sense, even though it
24 crowds the agenda a little bit. So, if there are no
25 objections --

1 MR. TURLEY: Real quick.

2 CHAIRMAN McNERNEY: Jim, did you want to jump
3 in? Sure.

4 MR. TURLEY: Really quickly. Because it's not
5 always visibly evident how important this is to trade.
6 But we work in 140 countries and when you have
7 misaligned regulatory environments it just raises the
8 cost of business for everybody. So I think it's in
9 here, but continuing to emphasize harmonizing the
10 regulatory thinking, I think, is a great advantage to
11 trade as well.

12 MR. LIVERIS: And of course the committee
13 importing European regulations to here or exporting
14 U.S. regulations to there is very costly and very
15 inefficient, so this harmonization point is a very big
16 non-tariff trade barrier.

17 CHAIRMAN McNERNEY: Okay. Any other comments?

18 (No response)

19 CHAIRMAN McNERNEY: Hearing none, we will
20 adopt the letter. Thank you very much, Andrew, for
21 your leadership and your team's leadership on both
22 those issues.

23 Next, we'd like to consider Federal, State and
24 local cooperation and the letter that states the case.

25 I think, Ursula, you're going to pitch hit for Scott?

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VICE CHAIR BURNS: I am.

CHAIRMAN McNERNEY: So why don't you just take
it?

1 **DISCUSSION OF LETTERS OF RECOMMENDATION**
2 **FEDERAL, STATE AND LOCAL COOPERATION ON EXPORT**
3 **PROMOTION**

4 **By Vice Chair Ursula Burns**

5
6 VICE CHAIR BURNS: First, I'd like to thank
7 Scott for his leadership on this letter. He couldn't
8 be present today. I'd like to thank Mayor Cownie for
9 actually doing the job for me here in presenting the
10 case for Federal, State and local cooperation on export
11 promotion. So, thank you for that.

12 The letter provides a recommendation on how it
13 can be done. Particularly in the current economic
14 environment, efficient use of our resources is
15 obviously very critical. State and local governments
16 often do significant work on export promotion and it's
17 important that these efforts and the efforts at the
18 Federal level complement each other and support each
19 other and are not redundant.

20 The letter highlights a number of initiatives
21 that have demonstrated success that could provide
22 models for other States or for the Nation as a whole to
23 make this whole process significantly more efficient.

24 It's clear to me, and I think it's clear from
25 the letter, that the information and recommendations

1 that are present in the letter were served well and
2 actually had the support of and import from the U.S.
3 Conference of Mayors and the National Governors
4 Association, so I thank them. It's a fairly self-
5 evident. Scott's done a great amount of work on it and
6 the examples in the letter are something that I think
7 are low hurdles, low bars that we can jump over to move
8 this along.

9 One other point. Scott has already said yes
10 to the trip to Brazil.

11 (Laughter)

12 VICE CHAIR BURNS: He's already said yes. So
13 have you, Pat, and so have you, Mary, right? So I
14 think I may have missed somebody. I just bring this up
15 because, in addition to saying yes on it, you have to
16 say it quickly so we can actually get some of the
17 logistics worked out as well.

18 Thank you for that. Thank you for the letter
19 as well.

20 CHAIRMAN McNERNEY: Okay. I think -- well,
21 first of all, are there any additional comments? Yes,
22 Mr. Mayor?

23 MAYOR COWNIE: I'd just quickly like to
24 reemphasize the importance to local governments on the
25 export potential. Our president, Mayor Villaraigosa,

1 created the Metro Exports-Imports Task Force. We held
2 our first meeting earlier this year in Jacksonville,
3 looking at the 150 U.S. metros that we think have the
4 opportunity to participate in it.

5 We think the potential is just unbelievable
6 for job creation and export potential, looking in our
7 local governments and again partnering in global
8 insight to help us prepare that report. It received
9 some national coverage and we think, again, let's
10 reemphasize that partnership, Federal, State and local
11 working together.

12 CHAIRMAN McNERNEY: I think it is absolutely
13 the key to actually operationalizing a lot of great
14 thinking, this local partnership. Gene, you found some
15 similar dynamics out in the field as you've moved
16 around. Do you have a comment to make on this?

17 MR. HALE: I think that what we try to do is
18 create that same atmosphere, or environment, I should
19 say with regards to metro -- mayor -- working with us.

20 VICE CHAIR BURNS: If I could just add one
21 other point. Having a plan -- you mentioned it, Jim.
22 So every State, every locality having a plan on
23 exports, it's not something that just happens. It's
24 something where you have to develop a plan, an
25 implementation plan, for that plan. That's something

1 that's also highlighted in the letter.

2 CHAIRMAN McNERNEY: Okay. Any other comments?
3 Yes, Administrator Mills?

4 ADMINISTRATOR MILLS: Well, this is a terrific
5 letter. Just in support of it I want to mention an
6 update on the STEP program, which was authorized in the
7 Small Business Jobs Act. Thirty billion dollars a year
8 was authorized for three years. We are now soliciting
9 the second round of it.

10 But this is money that goes directly to States
11 from the Federal Government in a competitive activity
12 and we awarded 47 States about \$29 million. It is
13 extremely well-received and it is to coordinate State,
14 local, and Federal activity, particularly for small-
15 and medium-sized enterprises.

16 As you know, this is the critical piece of
17 getting new-to-export small businesses in there and
18 existing small businesses getting them the expertise.
19 It avoids duplication of effort and coordinates all the
20 activities that we have on the ground, that Commerce
21 has on the ground, and that States have on the ground.

22 So one example so far is, we have 600 firms
23 that received assistance and they generated new
24 immediate foreign sales of almost \$17 million and they
25 estimate it's going to be over \$200 million arising

1 from this \$30 million investment.

2 CHAIRMAN McNERNEY: We're hearing more and
3 more stories like that. So if we can just keep the
4 momentum going, because the stories are beginning to
5 create some of the momentum themselves.

6 Lee, do you have a comment that you'd like to
7 make? The Director of the Trade and Development
8 Agency.

9 MS. ZAK: Thank you very much. I wanted to
10 lend my voice to thanking the Council for this letter.

11 This is a truly very important initiative. Recently,
12 U.S. TDA launched its Making Global Local initiative,
13 where we're partnering with State and local trade
14 promotion entities. I have to say, this was met with a
15 great deal of excitement from the localities and it's
16 really been terrific.

17 It's done three things. One, is that it has
18 allowed us to leverage our funds with State and local
19 governments. Basically, they leverage with us, we
20 leverage with them. Two, it's allowed us to reach out
21 to small- and medium-sized businesses that we might
22 otherwise not have been able to reach out to. But I
23 think most importantly, it allows us to hear from U.S.
24 business and be able to design our programs in response
25 to that.

1 So this, I think, is an extremely important
2 initiative and I really appreciate the Council's
3 recognizing that. We've had terrific partners with the
4 Department of Commerce, State, the Small Business
5 Administration. But the Making Global Local initiative
6 that we initiated really has given us the opportunity
7 to work directly with these State and local entities,
8 which I think is extremely valuable. So I want to
9 thank you for recognizing that.

10 CHAIRMAN McNERNEY: Terrific. Thank you very
11 much for your comments.

12 Any other comments?

13 (No response)

14 CHAIRMAN McNERNEY: It sounds like this is a
15 pretty popular letter, so without objection we will
16 adopt it.

17 Dick? Where did --

18 MR. FRIEDMAN: I'm right here.

19 CHAIRMAN McNERNEY: There you are. Dick
20 Friedman, on the visa issue. We had commented earlier
21 on the progress that had been made over the last six
22 months, but I know there's more work to be done and I'm
23 sure you'll comment on both.

1 **DISCUSSION OF LETTERS OF RECOMMENDATION**

2 **TRAVEL AND TOURISM**

3 **By Mr. Dick Friedman**

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5 MR. FRIEDMAN: Well, there is more work to be
6 done, but this is a pretty good story. We're off to an
7 incredibly good start. I might say that Valerie
8 Jarrett has been working for this for years, and very
9 effectively. It's incredible that Secretary Nides has
10 just done a fabulous job, very practical.

11 We have conference calls with him. It sounds
12 sort of simple, but he's increased the number of
13 windows and working people more hours, and just really
14 getting it done. The industry, the travel industry, is
15 very, very thrilled with these efforts so far. There
16 is a lot more to be done, however.

17 Basically, just as an example, we've shortened
18 wait times, as Secretary Nides said, but a 26 percent
19 increase in Brazil in one year, 57 percent more than
20 the previous year. So, a couple million Brazilians
21 coming here per year. Wait times in Beijing--I was
22 there last week--are down to like four or five days.
23 The same is true in India and other places.

24 So we have millions more visitors to this
25 country. The average Chinese, I think, who comes here

1 spends something like \$8,000 on the ground in the U.S.,
2 not including airfare or hotels. They spend real
3 money.

4 The goals here are to continue to work on
5 shortened wait times, longer term visas, opening more
6 windows and more hours and more consulates so that
7 people don't have to travel thousands of miles to get a
8 visa, people working longer hours, and increasing the
9 number of visa-waivered countries. All of these are
10 incorporated in our letter.

11 So, there's been enormous progress. The
12 industry is very pleased with the progress. We've got
13 a little ways to go. It's not over. I might say that
14 the letter speaks for itself, but does not speak to
15 another visa issue which I think the Council has got to
16 deal with over time, which is the H1B issue. That is a
17 big issue that Secretary Nides and I talked yesterday
18 about, actually. He said everywhere he goes, he runs
19 into this issue.

20 So I think we have made enormous progress on
21 tourist visas. We have still got more fat there. But
22 the H1B issue is something we should take up in the
23 future because we are losing very talented people and
24 it is hurting our economy. But I think we have a good
25 story here. Thank you.

1 The Chairman. Thanks. Thanks very much,
2 Dick. I think the progress has been very significant
3 and I think there was a lot of cynicism around it, but
4 a lot of accomplishment has blown through all that. So
5 your leadership -- and Valerie, thank you very much for
6 making it real.

7 MR. FRIEDMAN: I might add that one of the
8 things in the letter is a statement that, worldwide, we
9 want to see a goal of not more than two weeks to get a
10 visa in any country in the world. That's an achievable
11 goal and it's a dramatic improvement over what it has
12 been. It's been as much -- Secretary, maybe as much as
13 six months in some countries. So we're going to get it
14 down.

15 CHAIRMAN McNERNEY: Well, it's a big deal.
16 And your challenge to take on the employment-related
17 visa situation is also one that we will take up. It's
18 very important. Any additional comments?

19 MR. FRIEDMAN: I am going to Brazil.

20 CHAIRMAN McNERNEY: What's that?

21 VICE CHAIR BURNS: Oh, yes. I'm sorry. Yes,
22 you were the other person who was going to Brazil.
23 Thank you very much.

24 CHAIRMAN McNERNEY: My advice to all of you is
25 to say yes today.

1 (Laughter)

2 CHAIRMAN McNERNEY: Any additional comments on
3 the visa letter?

4 (No response)

5 CHAIRMAN McNERNEY: Hearing no objection,
6 let's adopt it.

7 Now, Raul Pedraza, who chairs our Subcommittee
8 on Export Reform, had a health issue and could not make
9 it today so I will discuss the letter of
10 recommendation--it's sort of a follow-up letter--on
11 export reform.

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1 **DISCUSSION OF LETTERS OF RECOMMENDATION**

2 **EXPORT REFORM**

3 **By Chairman Jim McNerney**

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5 CHAIRMAN McNERNEY: Being in the aerospace and
6 defense industry myself, I know what a tough one this
7 is. The progress has been significant. I mean, you all
8 may remember the Secretary of Defense first proposed
9 this about a year and a half ago, and that was the
10 right place to start this process because this is all
11 around national security.

12 The whole idea is to put tougher regulation
13 around a much smaller number of items and streamlined
14 processes and databases. Congress has often been a
15 challenge on this issue, but there have been some
16 congressional votes that have gone in the way of
17 supporting this.

18 We are now down to -- we have got a
19 recommended number of items to move from the super-
20 protected list, which includes some items from Radio
21 Shack, okay, and that's the whole idea here, move it
22 over into the less-protected environment. So we have a
23 letter here that encourages us to keep pushing to get
24 that over the goal line.

25 But tremendous progress has been made. Those

1 of us in defense, aerospace, and the electronics
2 industry understand how this makes us significantly
3 more competitive, particularly against some of our
4 European competitors where they tend to not have the
5 same kind of regulatory environment. They don't have
6 the same kind of technology in many cases.

7 So a little like the visa situation, good
8 progress. A couple of things to get over the goal
9 line. We can help because there are some congressional
10 challenges that still lie in front of us, another BRT
11 agenda item. But I think those of you that have been
12 involved, thank you very much for taking on a tough
13 one. I know Raul's done a tremendous job, and could
14 not be with us here today.

15 So any discussion or questions on this one?
16 John?

17 SECRETARY BRYSON: I would only add that I
18 strongly, strongly endorse this. This is one of the
19 more difficult challenges that we have in making sound
20 judgments in the Federal Government because national
21 security issues, appropriately, deserve high credit,
22 high recognition.

23 But there is this series of products, Jim, as
24 you're suggesting, where their capabilities in our
25 industries, our high-tech industries in particular,

1 where the products in some respects really are simply
2 most important in the private sector and don't have
3 dangerous national security implications at all.

4 So I think that's what you're saying, Jim.
5 Eric Hirschhorn is with me here today. He and I, three
6 times yesterday, met with various people on this
7 particular subject. We're trying to take it as far as
8 we can. We have to be credible with the Congress. As
9 we do that, I think all that's moving forward with some
10 meaningful potential. An endorsement like this from
11 this group will be helpful to us.

12 CHAIRMAN McNERNEY: Good. I very much
13 appreciate the cooperation between State and Commerce
14 on this one, and Defense. It's one of these ones that
15 cuts across three administrative giants, shall we say.
16 Each can occasionally have a bureaucratic response to
17 some suggestions, only occasionally. But this one
18 really
19 is --

20 SECRETARY BRYSON: Eric spends a high
21 percentage of his time, for example, recently, working
22 with the State Department. There is agreement on the
23 part of the State Department that more of these items
24 ought to come over to the Commerce Department list that
25 allows us to make them available to the private sector.

1 CHAIRMAN McNERNEY: Any other comments? Yes,
2 Don?

3 MR. PONEMAN: Mr. Chairman, I would just like
4 to reinforce this point and underline a point that you
5 made that I think is critically important, having
6 labored in these vineyards, including at the PECSEA
7 where I served for many years, going back to 1989.

8 The key insight Secretary Gates had when he
9 was earlier at the White House and began struggling
10 with this in the late '80s was in fact that this is
11 critical to our military strength and our continued
12 ability to excel.

13 CHAIRMAN McNERNEY: Yes.

14 MR. PONEMAN: That that seed bed of
15 technological innovation that comes from the private
16 sector, increasingly as we move to an off-the-shelf
17 procurement strategy, is absolutely essential to keep
18 our fighting forces in the field, successful as they
19 have been.

20 It is by starting there, as you just said a
21 few minutes ago, that I think people have come to
22 understand what Secretary Bryson said so clearly, which
23 is this is absolutely critical not only to our
24 competitiveness, but to our long-term national
25 security. They have made incredible progress in the

1 last couple of years, and hopefully with the good work
2 of the PEC and the PECSEA, will continue to do so.

3 CHAIRMAN McNERNEY: Thank you very much.

4 SECRETARY BRYSON: I thank Department of
5 Energy. Thank you very much for your strong support.
6 A great help on this.

7 CHAIRMAN McNERNEY: Okay. Any other
8 discussion on this one?

9 (No response)

10 CHAIRMAN McNERNEY: Hearing no objection, we
11 will adopt it as a Council.

12 Secretary Solis, as I welcomed you earlier,
13 would you please give us an update on labor issues as
14 they relate to our work here?

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DEPARTMENT OF LABOR UPDATE**By Secretary Hilda L. Solis**

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4 SECRETARY SOLIS: I will be brief. I first of
5 all want to commend the Council for passage of the five
6 items, and want to also just reiterate how important it
7 is for members of the Council, when available, to come
8 and meet with some of our agencies. We had a visit a
9 few months ago and we had some members of the Council
10 come in.

11 Actually, I think people really learned some
12 new services that had been available that they were not
13 aware of, and we definitely want to work with you. A
14 lot of the things you are talking about, obviously
15 we're very concerned about, particularly with manpower
16 training and readiness.

17 I am sorry that Mr. Hait isn't here, but I
18 know that he's been a champion on the veterans issues
19 and getting folks hired up there. We have some good
20 initiatives that we're working towards with the VA to
21 make sure that we can hire up and make sure that those
22 veterans that are coming back, that they are
23 credentialed, first of all, and that we provide every
24 available resource for them.

25 For those veterans that are between the ages

1 of 35 and 60 that do not qualify for vocational
2 education funding, that's something that's going to be
3 provided through VA. We'll be working with them
4 through the Department of Labor to get that training
5 that they need in credentialed areas.

6 I want to draw your attention -- I have a
7 staff person who has an article that we wanted to just
8 pass out to people, if you hadn't seen it in the
9 *Forbes*: "America's Best Paying Blue Collar Jobs:
10 Manufacturing". We know that it works.

11 So part of, I think, our message has to be
12 also selling this whole sector, that these are good-
13 paying jobs and they're good for everyone, including
14 our vets, including non-traditional and displaced
15 workers. So we want to work with you on that end and
16 continue to see that we can place veterans in jobs.

17 But then the second part of it is our work
18 with community colleges. The President is really
19 working very hard to make sure that we lift the ante in
20 terms of the kinds of credentialed individuals that are
21 out in the field, so he has a very ambitious agenda to
22 put at least a million to two million people with
23 credentials out there.

24 And it doesn't mean going to a four-year
25 university, but maybe getting a one-year credential at

1 a community college. We have funding for that. We
2 have already, through our TAA Community College
3 Partnership Program, have put out close to -- it will
4 be close to \$1 billion. There is \$2 billion that will
5 be available. The second round will go out in the
6 summer.

7 Some of you here I know are aware of some of
8 the work that we're doing because we're doing it with
9 manufacturers and with industry, so the hook here is
10 that it is not just teaching or any credential, it is
11 partnering with a business. So if you have not taken
12 advantage of that, go on line to dol.gov, get
13 information about where you can work with us or share
14 information. We'd be happy to help provide that
15 service.

16 But that next round of funding will come out.
17 We just did a tour a couple of months ago with Dr.
18 Biden and went into five States and talked about the
19 partnerships with businesses. You would be surprised:
20 Gatorade, Semens, and all kinds of different industries
21 are taking advantage of this. I know there's a high
22 cost to training.

23 I think what we want to do is break down the
24 barriers. We can work with you, we can have curriculum
25 through the community colleges interface and look more

1 like what an employer needs and wants, and then create
2 that pipeline. So, we're available to work with you.
3 I welcome the new members that are here on that
4 subcommittee, so I look forward to working with you.
5 Thank you.

6 CHAIRMAN McNERNEY: The workforce training
7 program -- as you know, Boeing has had experience over
8 the years, as the skills gap gets bigger in
9 manufacturing, and particularly STEM-related
10 manufacturing, this is really important. It makes a
11 big difference. We have personal experience with that.

12 So we want to get behind this and we will, and
13 appreciate you being here and partnering with us on
14 this.

15 Just speaking of that, Mary, were you going to
16 pinch hit for Bill on the Workforce Readiness report,
17 which will touch on some of the things that the
18 Secretary mentioned?

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WORKFORCE READINESS SUBCOMMITTEE UPDATE**By Ms. Vermeer Andringa**

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4 MS. VERMEER ANDRINGA: Yes. Thanks very much.
5 I am happy to fill in, but am sorry that Bill isn't
6 able to make it today. I am very pleased to have new
7 members on the Workforce Committee. So, Denise and
8 Gary, thanks very much for agreeing to be part of this
9 committee.

10 Also, I think it's fantastic, the more
11 coordination we're getting with the governors and the
12 mayors, because on this workforce issue it is a high-
13 level priority. We have several hundred manufacturers
14 coming in today to go visit with their elected
15 officials on the Hill. One of the three topics is the
16 whole workforce and the gap, the skills gap, and what
17 we need to do.

18 Secretary Solis, we really do appreciate the
19 partnerships. You are absolutely right, I know for our
20 company we have been able to coordinate with the many
21 programs that are going on, and it's fantastic.

22 So I don't have a new letter, but just as a
23 reminder to the committee a letter was presented last
24 fall with five key recommendations. Actually, I think
25 virtually all five of those recommendations were

1 mentioned by the President in his State of the Union
2 address. They are to make sure that high school
3 completion is a top-tier priority, that we utilize
4 time-tested skills, training models, and manufacturing.

5 I know in the State of Iowa, for instance, the
6 community colleges and several businesses together are
7 working and we have a group just graduating now with
8 the skilled credentials for welding. Welding is one of
9 the big areas for us as a manufacturer that we're
10 constantly looking for skilled welders. So things are
11 happening. I think that's the good news. I think
12 there's good emphasis on the whole workforce issue and
13 the skills gap, so we are seeing some good movement.

14 The third item is to expand the specialized
15 training programs for veterans. I think, Jim, as you
16 mentioned, good traction. And yes, Bill Hait has been
17 a champion for that. Boost workforce readiness
18 programs at community colleges. The community colleges
19 are just integral in all of these issues.

20 Then develop a comprehensive plan to expand
21 STEM training. I know we've all seen the statistics on
22 the STEM. You start out with 4 million 9th graders,
23 and at the end maybe 160,000 really end up with a
24 science, technology, engineering, or math focus in
25 college.

1 I read a very convicting article in the
2 *Harvard Business Review* earlier this spring that said
3 the OECD did a test, a comparative test, with 34
4 nations. In the U.S., 15-year-olds came out 17th in
5 reading, 22 in science, and 25 in math. It was the
6 first year, in 2009, that that test was administered in
7 China and they came out number one in all three. That
8 just has to make us want to even put more emphasis on
9 workforce and on our opportunities for students.

10 I just came back from China last week, working
11 with some of our business partners. One of the
12 business colleagues I was visiting with has an 11-year-
13 old daughter who comes home from school at 5:30, she
14 does homework till 11:00. This is an 11-year-old. She
15 has a tutor on Saturday and Sunday, and her parents
16 allow her two afternoons on the weekend where she can
17 do some other things. They are sort of chastised for
18 allowing her to have that time off.

19 Now, that seems over the top the other way,
20 but somehow I think our emphasis on education and on
21 STEM -- I'm a real big proponent for getting more girls
22 involved in the STEM opportunities as well.

23 We have a great opportunity. But I believe
24 that the focus that this Council is making, the
25 administration is making, in our States, the focus that

1 we're getting on education will make a difference. It
2 will make a difference. When you focus on things you
3 make a difference. I think, again, the focus of this
4 Council on very key items, we're seeing good results.

5 So, anyway, I don't have a letter but we will
6 give you more updates at our next meeting. Then there
7 may be some specific recommendations at that time.

8 CHAIRMAN McNERNEY: Okay. Thank you very
9 much, Mary.

10 Karen, would you like to make an additional
11 comment here?
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SMALL BUSINESS ADMINISTRATION UPDATE**By Commissioner Karen Mills**

ADMINISTRATOR MILLS: Well, the number-one issue, when we travel around talking to small businesses, is really workforce training. You know this from your operations; this is true throughout the whole supply chain. We have been working very closely with Secretary Solis and across the administration with community colleges and Arnie Duncan. We're involved in this terrific pilot on Right Skills Now with the National Association of Manufacturers and it is one of the key priorities for small business.

CHAIRMAN McNERNEY: Thank you very much. Appreciate that comment and the support.

Were there any other comments on that initiative?

(No response)

CHAIRMAN McNERNEY: If not, Gene, do you want to give us an update on your Chicago experience?

SME BUSINESS ENGAGEMENT SUBCOMMITTEE UPDATE**By Mr. Gene Hale**

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4 MR. HALE: Yes. Thank you. The committee has
5 been very busy since the last meeting. We've done a
6 number of things. One, we held the round table in
7 Chicago, which was hosted by our PEC member, Glen
8 Tilton of JP Morgan Chase.

9 What we found there was quite interesting
10 compared to some of the other round tables we have
11 done. The number one issue in this case was workforce
12 readiness. That was it. We were just surprised that
13 there were no comments relative to outreach, SBA,
14 Commerce Department, none of that. It was about
15 workforce readiness.

16 So the other thing that we've been able to do
17 was, thanks to Fred, his vice chairwoman Wanda Felton
18 came out to Los Angeles and we hosted an SME committee,
19 about 75 small businesses, and she did a wonderful job
20 there. We also advocated extensively for the
21 reauthorization.

22 With regards to the minority outreach,
23 Secretary Solis has been a very active person with our
24 committee. She hosted us at her facility once, and also
25 she came to Los Angeles and addressed about 500

1 individuals to talk about promoting exports among
2 minorities and women. So, that was very, very helpful
3 as well.

4 I have met with Secretary LaHood on a couple
5 of occasions. What we're talking about is the
6 harmonization of small business goals across all
7 Federal agencies. The SBA -- I've been involved with
8 conversations with Dario, and we'll pretty soon talk to
9 Karen, about trying to get them to move forward with
10 amending their legislative small business programs. So
11 we believe that that's going to be a big win-win.

12 We will focus our next series of SME
13 roundtables on what we call silent exporter companies.

14 What we mean by that, is these are some of the
15 companies that supply the large corporations, like
16 Boeing, for example. They have like 10,000 suppliers
17 compared to Mary, who has like 600. But all of them
18 are engaged in the supplying of these products that
19 help in the movement of goods and services. So that's
20 what we want to focus on, and the SBA is taking the
21 lead on that as well.

22 That's my report.

23 ADMINISTRATOR MILLS: If I might add to the
24 supplier initiative that Gene just described, we have
25 started across the administration something called the

1 American Supplier Initiative as part of the
2 manufacturing focus.

3 As Gene said, a lot of suppliers don't export
4 directly but they are part of a supply chain that does.
5 We have focused on this community and the first thing
6 we did was revise one of our loan products in order to
7 make sure they have working capital.

8 We have extensive use of our export working
9 capital loans, but if you're in a supply chain and
10 supplying you or someone else -- we have re-done our
11 cap lines program, and I'm happy to say it is up 200
12 percent because we streamlined the paperwork and
13 increased the ability of small businesses to use it.
14 So, we now have a really strong working capital product
15 for them.

16 In addition, one of the big problems is
17 connection between people in the supply chain and new
18 potential commercial customers. We have a great set of
19 small businesses in our military supply chain, in our
20 Federal Government supply chain, that could use some
21 commercial business.

22 So we have joined IBM in a partnership called
23 Supplier Connection. Several of you have also looked
24 at it and signed up. We have 17 companies that IBM has
25 put together and recruited in this portal, including--

1 Andrew is raising his hands--Dow. Thank you. It's
2 like the common app.

3 For those of you who have kids who have
4 applied to college, they make one application and it
5 goes for all the colleges. It's quite a streamlined
6 process, thank goodness. We are able, therefore, to
7 have, in about two hours, where a small business can
8 complete the form and be a qualified supplier in a
9 supply chain for 17 commercial companies. So we are
10 working to take our supplier base.

11 I sent out an email to 50,000 of our qualified
12 suppliers, and within literally a day we had 1,000 of
13 them registered into this supplier base. We've got
14 about 4,000 small businesses, and we'd like to have
15 about triple that.

16 CHAIRMAN McNERNEY: Thank you very much. I
17 can speak with personal experience on the value of this
18 supply chain product and some of the work you are also
19 doing, Fred, that's analogous. Growth is an enemy of
20 some of these people. As the economy recovers, the
21 working capital challenge is significant, and some
22 capacity additions and some export financing. So, this
23 is a very timely thing for you to be driving and we'll
24 make sure we cheerlead it.

25 ADMINISTRATOR MILLS: Thank you.

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CHAIRMAN McNERNEY: Speaking of Fred, do you
have a comment on Ex-Im reauthorization?

EXPORT-IMPORT BANK UPDATE**By Mr. Fred Hochberg**

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4 MR. HOCHBERG: Well, I will say that President
5 Obama signed a bill on May 30th. Our authorization
6 would have expired on May 31st. We had a \$100 billion
7 cap on May 31st. Our authorizations were \$99.3
8 billion. That's about as close as you're going to get.

9 I ran a company for a long time, and that's pretty
10 close forecasting.

11 So the President, the White House were fully
12 engaged, many, many people in this room. I don't want
13 to name them all, but particularly Andrew Liveris and
14 Dow, Jim McNerney, and many other companies, private
15 sector, really weighed in.

16 Largely, small businesses. What is also
17 forgotten is 85 to 90 percent of our customers each
18 year--it's only about 20 percent of the dollars, but 85
19 to 90 percent of our customers--are small businesses.

20 They weighed in. We do work in every single
21 congressional district.

22 In preparation for this, on our website
23 there's a map of the United States. When you tap on
24 it, we have arranged every transaction we have done by
25 congressional district. So Congresswoman and

1 Congressmen, you can see on your I-pad app. You can
2 tap on your district and it will show every company
3 we've helped for the last five years. In addition, we
4 send you a letter every month of transaction we've done
5 in each of your respective districts, as well as to
6 governors of every State.

7 Just to pick up on what Jim said on the supply
8 chain, we also have a supply chain product that is
9 focused on exports. Boeing is one of our supply chain
10 clients, as well as CAT, Navistar, Case-Newholland. It
11 really helps small businesses that supply larger
12 companies for export to get paid within 3 to 5 days as
13 opposed to waiting 30 or 45 days, or longer, which
14 really helps the working capital.

15 The bill that was passed with bipartisan
16 support in both the House and the Senate provides for
17 \$140 billion lending cap, so we are actively
18 approaching that. It stepped it up immediately to \$120
19 billion when the President signed the bill last week,
20 and it will go to a \$130 billion cap on October 1st,
21 then \$140 billion the following year.

22 We already had a very strong month. I am
23 concerned about whether we would be reauthorized to
24 meet the May 31st deadline. We actually approved, in
25 the last two days of May, just under \$7 billion worth

1 of export loans, which equate to approximately 50,000
2 jobs.

3 This again is a no-cost bill and it is really
4 helping us expand our exports to -- particularly the
5 strong countries we're seeing this year is Turkey,
6 that's been very strong, and Australia may be our
7 largest single increase, a lot of mining work in
8 Australia, a lot of work in the Mideast. My friend to
9 my left here, we're working on a project for the
10 Mideast.

11 But I think we have a very strong bill. Yes,
12 we have a lot more reporting to do, but the important
13 thing is this creates jobs, good, middle-class jobs, at
14 no cost to the taxpayer. I think this is a real win
15 for President Obama, along with the free trade
16 agreements in terms of doing things to create jobs and
17 build our economy.

18 CHAIRMAN McNERNEY: Thanks very much, Fred.
19 Congratulations from all of us. Your tireless work
20 here in support of the administration and the President
21 made the difference here.

22 So Valerie, do you have any closing comments
23 before we get to the end of the meeting, here?
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REMARKS

**By Valerie Jarrett, Assistant to the President
and Senior Advisor, the White House**

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5 MS. JARRETT: Sure, Jim. Thank you. Good
6 morning, everyone. It's always a pleasure for me to
7 stop by and visit this Council. The President sends
8 his regrets for not being able to be with you today.
9 He left earlier this morning for the West Coast. But
10 he did ask me to begin by saying thank you to all of
11 the members of the PEC, as well as his Cabinet, and all
12 of the staff who do so much hard work and who really
13 produce the kind of results that we have so far.

14 So, everything from the trade agreements to
15 our visa reform to the reauthorization of the Ex-Im
16 happened because of this extraordinary partnership
17 between the private sector, labor, State and local and
18 Federal Government, and the President really believes
19 this is a role model for how we should work together.

20 Dick, thank you for that shout out. But I
21 have to tell you, if it had not been for your direction
22 and focus putting the spotlight on this visa reform
23 issue, really I do not think that the Secretary and Tom
24 would have been empowered to make the progress they
25 have.

1 I met with Tom last week on everything that
2 he's done, and I'm sure you've felt his passionate
3 enthusiasm for this issue when he presented this
4 morning. That's terrific for the government, so he can
5 go back to his team and he can say this is something
6 that's actually going to make a difference. So, that
7 was important.

8 Jim, when you hosted the President at Boeing
9 it was an opportunity for him to really explain to the
10 American people why your exports actually create jobs
11 right back here at home. So I know it's not easy to
12 host him, so thank you for that inconvenience. It was
13 very cool for all of us to have a chance to visit your
14 facility.

15 And for everyone who worked on the trade
16 agreements and the Ex-Im reauthorization, we are
17 confident that they would not have passed without you
18 putting in that extra muscle. You and the
19 organizations to which you belong, such as the BRT,
20 really made a big difference.

21 Andrew, you might as well just have a pass.
22 You're here all the time. I know how much it takes
23 away from your running your business, and we appreciate
24 all of your efforts. So, just a big thank you. We are
25 going to have a lively -- next few months, I know

1 you're not meeting again until December, but the
2 President's final comment he asked me to make is that
3 we are going to continue our progress. Even though
4 there will be a lot of other things going on, the folks
5 who are devoted to working with you on PEC have one
6 objective, and that is to meet the President's goal,
7 exceed his goal for doubling exports in five years.

8 So, thank you very much.

9 CHAIRMAN McNERNEY: Thank you, Valerie.
10 Thanks for your leadership and keeping us all focused
11 and working together. John and I very much appreciate
12 it as we plow through all this.

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NEXT STEPS

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3 CHAIRMAN McNERNEY: Look, I think one big
4 take-away from the meeting for me here today is just
5 the ongoing level of activity in every subcommittee.
6 There's been accomplishment. There's more to go.
7 There's an agenda. There's deliverables that are
8 happening. We don't meet until December, as Valerie
9 mentioned--December 6th to be specific--so let's keep
10 pushing.

11 MR. TURLEY: You wouldn't say that if Ursula
12 was here.

13 CHAIRMAN McNERNEY: No, no. I'm saying this
14 because Ursula told me to say it before.

15 (Laughter)

16 CHAIRMAN McNERNEY: Now, I think we've got a
17 lot to do. The agenda is better defined and the
18 outcomes are much more clearly defined than they were
19 this time a year ago. I think we should all feel good
20 about that. So, with that comment I think we'll have
21 the infamous stoplight chart in the December meeting,
22 sort of tracking how we're doing and what additional
23 encouragement we need to provide and work we all need
24 to do.

25 So, with that said the meeting is 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 President's Export Council, held on June 6, 2012, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS

Court Reporter