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 Administration

ALAN KRUEGER  
Chair  
Council of Economic Advisors  
The White House
THOMAS NIDES
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Deputy National Security Advisor
International Economic Affairs

DANIEL PONEMAN
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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
## I N D E X

<table>
<thead>
<tr>
<th>AGENDA ITEM</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>WELCOME &amp; OPENING REMARKS</td>
<td>5</td>
</tr>
<tr>
<td>TRADE POLICY UPDATE</td>
<td>26</td>
</tr>
<tr>
<td>DEPARTMENT OF STATE UPDATE</td>
<td>32</td>
</tr>
<tr>
<td>DEPARTMENT OF COMMERCE UPDATE</td>
<td>17</td>
</tr>
<tr>
<td>DEPARTMENT OF AGRICULTURE UPDATE</td>
<td>22</td>
</tr>
<tr>
<td>DISCUSSION OF LETTERS OF RECOMMENDATION</td>
<td></td>
</tr>
<tr>
<td>RUSSIA</td>
<td>47</td>
</tr>
<tr>
<td>TRANSATLANTIC PARTNERSHIP</td>
<td>13, 50</td>
</tr>
<tr>
<td>FEDERAL, STATE AND LOCAL COOPERATION ON EXPORT PROMOTION</td>
<td>54</td>
</tr>
<tr>
<td>TRAVEL AND TOURISM</td>
<td>60</td>
</tr>
<tr>
<td>EXPORT REFORM</td>
<td>64</td>
</tr>
<tr>
<td>DEPARTMENT OF LABOR UPDATE</td>
<td>69</td>
</tr>
<tr>
<td>WORKFORCE READINESS SUBCOMMITTEE UPDATE</td>
<td>73</td>
</tr>
<tr>
<td>SMALL BUSINESS ADMINISTRATION UPDATE</td>
<td>77</td>
</tr>
<tr>
<td>SME BUSINESS ENGAGEMENT SUBCOMMITTEE UPDATE</td>
<td>78</td>
</tr>
<tr>
<td>EXPORT-IMPORT BANK UPDATE</td>
<td>83</td>
</tr>
<tr>
<td>REMARKS</td>
<td>86</td>
</tr>
<tr>
<td>NEXT STEPS</td>
<td>89</td>
</tr>
<tr>
<td>ADJOURNEMENT</td>
<td>89</td>
</tr>
</tbody>
</table>
CHAIRMAN McNERNEY: Could you take your seats, please? Let's officially call the meeting to order, please. Thank you very much for being here today. It has been six months since we last met. Before I introduce some of the new members, I'd just like to briefly mention some of the progress that has happened, in part due to the cheerleading and efforts of this Council. Ex-Im. Where's Fred? Fred. Ex-Im reauthorization.  
(Applause)

CHAIRMAN McNERNEY: Three FTAs, and some significant progress, as we learned this morning, on TPP.  
(Applause)

CHAIRMAN McNERNEY: Export reform. Export reform, which we're going to talk about a little bit more today, and mention one of our follow-up letters. Export reform is one of these things that everyone said the administration could not make progress on. Well, the administration is making progress on it. Visa reform. I think we've got roughly a 2x flow in Brazil and China, which I think is representative of real
Then the veterans' hiring and training, which is something near and dear to the hearts of many Boeing employees, has also gotten significant traction. So since we last got together, I think a lot has happened. My hat is off to the administration, and in some cases the Hill, and in every case Secretary Bryson, of course.

SECRETARY BRYSON: Thank you, Jim.

(Appause)

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

(Appause)

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

Gary Loveman. Gary, where are you?

(Appause)

CHAIRMAN McNERNEY: A CEO of Caesar's. Gary will also serve on the Workforce Readiness Subcommittee.
Congresswoman Betty Sutton, Democrat from Ohio. Thank you very much for being here.

(Applause)

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

(Applause)

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

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

(Laughter)

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

But we do have Mayor Cownie of Des Moines here
who is going to stand in for Antonio. Time permitting
a little bit later, we might ask him to make a comment
or two. Thank you very much for pinch hitting. Good
to have you here.

(Applause)

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

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

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

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

With that said, let me congratulate the
administration on the remarkable progress we are seeing
on our recommendations so far. I chronicled a couple in my introductory remarks, but looking at the overall progress, out of 19 letters that this Council has sent, they have taken action in whole or in part on 15, which in this line of work is pretty, pretty good. So that is real progress, but much of course does remain to be done, particularly since some of these recommendations require some legislative action.

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

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

CHAIRMAN McNERNEY: Go for it.

VICE CHAIR BURNS: Thank you, Jim.

CHAIRMAN McNERNEY: Go for it.

VICE CHAIR BURNS: Welcome to two new members. Denise and Gary, thank you. All of the members from the administration and government, thank you for the work so far this year. I won't go through the details. The Chair did such a great job in outlining those. One point that I don't know if you brought up—if you did, I wasn't listening—is we still have some
work to do on PNTR and Russia's ascension to the WTO. This is a big effort for us. I think that all we can do as members of the PEC is to continue to have our voice be heard very clearly and make it consistent. We are in the last rounds of this, I think, and they need help. The administration needs help to make sure that they understand where we stand on this. Let's continue pushing on that.

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

We'll travel to Brazil in September for a series of meetings with local, State, and Federal Government officials, and we'll also have meetings with the private sector representatives as well, of course. It's going to be all focused on exports. That's the whole point there, and investment opportunities to help our businesses to grow in this part of the world.

The current itinerary has us traveling to Brazil on Tuesday, the 18th of September. We'll spend Wednesday of that week in Sao Paolo, which you all know is the commercial capital of Brazil. Thursday we'll be
in Brasilia, which is the government center of Brazil, and then we'll go on Friday to Rocephe, which is a port town in a fast-growing region of Brazil.

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

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

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

CHAIRMAN McNERNEY: Thank you for leading it, Ursula. I just returned from Brazil, just as a side note, and aside from being a country on the make there
is an administration that is eager to engage down there at the cabinet ministerial level. I am sure that the trip is very, very well timed, so I think it's going to be good. Unless you can arrange a death in the family, good luck with Ursula.

(Laughter)

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

TRANSATLANTIC PARTNERSHIP

By Mr. Michael Froman

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

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

Let me mention a couple of things that maybe can clear on the Transatlantic piece. First, in Geneva there's been really a fair amount of progress since the beginning of the year. When the G-20 said that negotiators should begin to explore fresh and innovative approaches, we now see progress on a services plurilateral, a trade facilitation agreement,
and an information technology agreement, the next generation of the information technology agreement. So on all three we're nowhere near closure yet, but I think there's positive momentum towards taking those issues up.

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

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

The last thing we want to do is get involved in a 10-year negotiation with some major obstacle that
we're not going to be able to overcome. We're not there yet, to be frank. We're making progress. We are, I think, identifying where we might be able to go on a number of issues.

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

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

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

But you all know better than anybody the impact that will be felt if Russia joins the WTO, as
they are expected to do in the next month or two, and we haven't lifted PNTR. We'll be put at a great disadvantage. That's the message we are carrying to the Hill, and it's very important that they hear that.

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

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

SECRETARY SOLIS: Thank you.

CHAIRMAN McNERNEY: John? Mr. Secretary, do you have some comments?
DEPARTMENT OF COMMERCE UPDATE

By Secretary John E. Bryson

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

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

This is the all-time record: $2.1 trillion in U.S. exports, the highest ever in American history. That reflects the historic progress under this National Export Initiative. So we know the President set out what was seen as at least a incredibly ambitious, very
difficult mark to set. We are continuing forward and continuing to focus on—and Germany actually had a good quarter, for example, the first quarter here—to keep charging ahead to meet this doubling within five years. That means by the end of 2014.

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

I won't touch on the free trade agreements you know that we've put in place, but wherever I go I indicate something that we want the country to know, and I think you, members of this Council, can assist a lot in this. So we have the Colombia Free Trade Agreements that are now in effect. About 80 percent of the tariffs on exports, so U.S. exports to those countries, are now zero. So that is a huge impact. What we are finding is what we need to do is better convey this message to exporters around the
United States. Of course, the big companies will tend to recognize that, or at least have the resources brought to them pretty quickly. But the medium and smaller businesses that are typically in these supply chains in an important way need to understand that better. So I understand that many of you in the President's Export Council are conveying that message around the country.

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

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

So through this Travel and Tourism Advisory Board, which is the private sector board that advises us, and it's excellent, they're playing a key role in
implementation on that. So, that is a big, big slice. It is the largest single services export that we in the United States have and the dollar consequences are very, very significant.

Ursula talked about Brazil. I will be there.

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

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

Let me talk finally just at the State and local. The U.S. Conference of Mayors and the National Governors Association is joining this group. As we know, a lot of the real work is done at the State and local levels, so we're working a lot with them. The Brookings Institution has particularly led in that
area. So I won't take that further, but I'd say that's something we're deeply, deeply involved in.

I'm going to stop there, Jim.

CHAIRMAN McNERNEY: Okay.

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

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

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

SECRETARY VILSACK: Yes, sir.

CHAIRMAN McNERNEY: We would love to hear from you.

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

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

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

I was the first Agriculture Secretary in the history of this country to visit Vietnam. Just to give
you a sense of how interested they are in doing business with the United States, not too many years ago they were 53rd on the list of trading partners with the United States in agricultural products; today they are 13 and it has been a rapid ascension. So, they are very interested in doing business.

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

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

The reality is, it has a trade section, which is important. There is likely to be several different
attitudes about this, but we want to obviously get it done before September 30 when the existing legislation expires. It would be quite chaotic if we do not get this done, so any help that this committee could provide would be helpful.

CHAIRMAN McNERNEY: Yes.

SECRETARY VILSACK: Thanks.

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

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

By Mr. Alan Krueger

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

(Laughter)

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

It does feel like we've been caught in a tug-of-war. The good news is, the economy has now expanded for 11 straight quarters. Growth has been in the 2 to 3 percent range. For the private sector, growth has actually been stronger, closer to 3.5 percent. I think one of the things people do not appreciate is that State and local governments have been cutting back
pretty sharply, particularly after support they were
getting from the Recovery Act phased out. If we look
at the expansion of the private sector in this
recovery, it is actually growing faster than it had
during the previous recovery and about on pace in the
recovery in the early 1990s.

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

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

Looking forward, we certainly face headwinds.
That is on top of the problems in the U.S. economy
that had been building for a long time. I was actually
very happy to see Gary Loveman here on the program,
because I remember Gary's dissertation.

(Laughter)

MR. LOVEMAN: That makes two of us.
(Laughter)

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

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

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

Government spending is very unlikely to be the engine of growth in the future. We see State and local governments cutting back. The Federal Government is now also reducing the deficit. Over the last couple of
quarters we saw a slow-down in military spending.

Investment will help, and we've actually had pretty strong investment, particularly in equipment and software, partly a result of some of the incentives that were part of the Recovery Act and subsequent legislation that increased tax deductions for investment.

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

I think there are a number of reasons why we have comparative advantages when it comes to exports that had not fully been exploited before. We have the most competitive economy in the world. We have the most innovative entrepreneurs in the world. We have trends, as Secretary Vilsack mentioned, in agriculture which are leading us to have a record level of exports. The U.S. has wonderful tourist destinations. We have a large trade surplus in services.

So there are, I think, many reasons why exports can be a path to stronger economic growth.

Just to echo some of the comments that were already
made, the U.S. has had record levels of exports in recent years, in 2011, $2.1 trillion of exports, which constituted almost 14 percent of GDP. So not only was the $2.1 trillion a record, but as a share of GDP it was also a record in U.S. history.

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

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

Then the last comment I'll make is that, given the wonders of compound growth, given that exports will become an even larger share of our economy as the growth rate continues, that means that exports will be even more important for jobs and economic growth going forward. That's why I think the work of the Export
Council is so important and why we have devoted so much effort to pursuing an agenda that will make it easier for our businesses to expand exports in the future.

Thank you.

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

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

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

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

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

(Laughter)

SECRETARY NIDES: So they clearly understand how to accomplish that and to make sure that they use, and that's what we're there for to do, working with our
colleagues at the Commerce Department.

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

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

Since we do not have money to do that, we do have the ability to promote people through promotion processes and to make sure they understand that they are going to be evaluated not just on the particular cone in which they work, the particular role that they
have signed up for, but how they work in the cross-lights, how they are working with the Commerce Department and the Agriculture Department. So the incentive to making sure our economy officers are at the same kind of stage as our political officers is very important.

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

The fourth thing is, our relationships with the AmChams. I never thought in my world I'd be as close to the American Chamber of Commerce than I am right now every day. They are our best advocates in these countries. Many of the employees of the companies around this table are members of the AmChams. They are the voice of American businesses in many cases, and they are enormously helpful.

So as we think about our State Department--this is nothing new. We have always had good relationships--but Secretary Clinton never goes to a
country, nor do I, nor does Bill Burns, without meeting
with the local AmChams. It is the pulse of what's
going on there. It is critically important that we
think about that.

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

The case study has been on this issue around
travel and tourism. Thanks to the work that the
Secretary of Commerce and the Secretary of the Interior
have done, and quite frankly when the Jobs Council,
which was involved and talked about the need to improve
the ease of getting tourists from across the world to
the United States, and why are we taking advantage of
that, as you know it's the one simple place where, for
every 65 tourists that arrive in the United States, it
creates 1 American job. So obviously you would say,
let us open up the borders and make sure that we have
as many tourists. It obviously makes a lot of sense to us. But like everything in the world, it is never simple as it is presented.

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

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

In China it took 100 days, and now it takes
less than a week and a half to two weeks, and that is
working with our friends Gary Locke there and trying to
also change some of the requirements. But again, we
talk at the State Department of economic diplomacy, but
working with our partnerships. So we can make the case
to say what does that really mean? In this case we
have increased tourism by about 5 percent in the last 9
months to a year.

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

So let me just make one last comment. We are
spending an enormous amount of time on all aspects of
economic statecraft. As I pointed out, it's not just
about promoting U.S. jobs, it's making sure that the
playing field is leveled. It's about taking, when
there's an RFP listed, that the U.S. embassy puts all
of its resources to make sure that the U.S. company has
the ability to not only compete, but to win. I think, quite frankly, we have always done this. This is not something new. This is why the Commerce Department focuses on this like a laser.

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

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

So, thank you very much.

CHAIRMAN McNERNEY: Tom, thank you very much for those comments. The reason you see a Boeing
employee wherever you go is because you get things done, and we really appreciate it, we really do.

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

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

For nearly six years now I have had the honor and privilege of representing northeast Ohio in Congress. From the steel mills in Lorraine County, Ohio, to the auto assembly plants and other auto industry components in northeast Ohio, we embody the heritage of taking something of lesser value and creating something of greater value that all Americans can be proud of. We know that our workers are the best in the world, but we also know that without a stronger and fair export policy their talents can never meet their full potential.
So today as we have this opportunity to talk about some of the major obstacles that our businesses face when they work to export goods, as well as some of the major opportunities that we have already started to hear about, we as a Nation can come together to help our manufacturers and workers and I look forward to being a part of that.

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

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

So again, I want to thank the members of this Council for your time and your effort in supporting the working men and women and businesses of this country.
It is the work that we do here that gives hope to every American that they will always have a fair chance at that American dream.

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

CHAIRMAN McNERNEY: Thank you, Congresswoman.

Congressman?

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

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

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

Mayor Cownie, a quick comment?

MAYOR COWNIE: Sure. I want to thank the group for recognizing the importance of State and local
governments. I think that we serve sort of as a lynchpin as we work with local businesses and government agencies, and how do we increase our export capacity. We know that in local governments it is all about jobs. We want to see our cities grow. Of course, I apologize for our president, Antonio Villaraigosa, for not being able to attend here today. Of course, probably a lot of you are thinking, why Des Moines? But for those of you who --

SECRETARY VILSACK: I'm not thinking that.

(Laughter)

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

(Laughter)

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

But more importantly, I think that local governments, we know in our areas, whether it be local or regional, how it is that we work and what our obstacles are, what our opportunities are, and what are
some of those blocks and hurdles.

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

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

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

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

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

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

So a few issues that manufacturers constantly are also looking at are tax policy and energy policy to make sure that we are competitive for the future. So I think a lot of great work is being done, but I do think that these things are also important to just keep in front of Congress and the administration, that we make sure the environment is great for manufacturers to
continue to see the U.S. is the place to be. So, thank you very much for letting me say those words.

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

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

(Laughter)
DISCUSSION OF LETTERS OF RECOMMENDATION

RUSSIA

By Mr. Andrew Liveris

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

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

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

But at the end of the day it's not unlike the U.S. Ex-Im Bank reauthorization. We have to allow
manufacturers to export to growing markets, and Russia is a huge market for all of us and can become even larger if we, of course, allow the PNTR to occur.

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

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

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

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

Did you have a second letter?

Mr. Liveris. I can go to the second letter if you wish before we ask questions.
CHAIRMAN McNERNEY: Any other comments on Russia?

(No response)

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

Mr. Liveris. Great.

CHAIRMAN McNERNEY: So why don't we move on to the next one?
DISCUSSION OF LETTERS OF RECOMMENDATION

Transatlantic Partnership

By Mr. Liveris

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

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

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

The letter speaks really to the opportunity, it speaks to some of the topics that are going to take a lot of work. There is no question, whether it is
sectorial, like agriculture, or whether it's tariffs
and elimination of tariffs on key industries, there is
a lot of work that needs to be done before this
probably becomes reality.

    But much like the work that we've done on
other trade agreements, like TPP this morning, we have
to begin. I think what we are really asking for is that
obviously the letter speaks to beginning it, and that
we would ask this Council to adopt the letter so we can
recommend to the President and that we actually start
this year—not wait for November, just start this year.
    It hasn't stopped us doing other things before and it
shouldn't stop us now.

CHAIRMAN McNERNEY: Any other discussion from
any other of the committee members?
    (No response)

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

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

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

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

CHAIRMAN McNERNEY: Okay. Any other comments? (No response)

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

Next, we'd like to consider Federal, State and local cooperation and the letter that states the case. I think, Ursula, you're going to pitch hit for Scott?
VICE CHAIR BURNS: I am.

CHAIRMAN McNERNEY: So why don't you just take it?
DISCUSSION OF LETTERS OF RECOMMENDATION

FEDERAL, STATE AND LOCAL COOPERATION ON EXPORT PROMOTION

By Vice Chair Ursula Burns

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

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

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

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

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

(Laughter)

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

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

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

MAYOR COWNIE: I'd just quickly like to reemphasize the importance to local governments on the export potential. Our president, Mayor Villaraigosa,
created the Metro Exports-Imports Task Force. We held
our first meeting earlier this year in Jacksonville,
looking at the 150 U.S. metros that we think have the
opportunity to participate in it.

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

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

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

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

CHAIRMAN McNERNEY: Okay. Any other comments?

Yes, Administrator Mills?

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

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

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

So one example so far is, we have 600 firms that received assistance and they generated new immediate foreign sales of almost $17 million and they estimate it's going to be over $200 million arising
from this $30 million investment.

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

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

MS. ZAK: Thank you very much. I wanted to lend my voice to thanking the Council for this letter. This is a truly very important initiative. Recently, U.S. TDA launched its Making Global Local initiative, where we're partnering with State and local trade promotion entities. I have to say, this was met with a great deal of excitement from the localities and it's really been terrific.

It's done three things. One, is that it has allowed us to leverage our funds with State and local governments. Basically, they leverage with us, we leverage with them. Two, it's allowed us to reach out to small- and medium-sized businesses that we might otherwise not have been able to reach out to. But I think most importantly, it allows us to hear from U.S. business and be able to design our programs in response to that.
So this, I think, is an extremely important initiative and I really appreciate the Council's recognizing that. We've had terrific partners with the Department of Commerce, State, the Small Business Administration. But the Making Global Local initiative that we initiated really has given us the opportunity to work directly with these State and local entities, which I think is extremely valuable. So I want to thank you for recognizing that.

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

Any other comments?

(No response)

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

Dick? Where did --

MR. FRIEDMAN: I'm right here.

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

TRAVEL AND TOURISM

By Mr. Dick Friedman

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

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

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

So we have millions more visitors to this
country. The average Chinese, I think, who comes here
spends something like $8,000 on the ground in the U.S., not including airfare or hotels. They spend real money.

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

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

So I think we have made enormous progress on tourist visas. We have still got more fat there. But the H1B issue is something we should take up in the future because we are losing very talented people and it is hurting our economy. But I think we have a good story here. Thank you.
The Chairman. Thanks. Thanks very much, Dick. I think the progress has been very significant and I think there was a lot of cynicism around it, but a lot of accomplishment has blown through all that. So your leadership -- and Valerie, thank you very much for making it real.

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

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

MR. FRIEDMAN: I am going to Brazil.

CHAIRMAN McNERNEY: What's that?

VICE CHAIR BURNS: Oh, yes. I'm sorry. Yes, you were the other person who was going to Brazil.

Thank you very much.

CHAIRMAN McNERNEY: My advice to all of you is to say yes today.
(Laughter)

CHAIRMAN McNERNEY: Any additional comments on the visa letter?

(No response)

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

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

EXPORT REFORM

By Chairman Jim McNerney

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

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

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

But tremendous progress has been made. Those
of us in defense, aerospace, and the electronics
industry understand how this makes us significantly
more competitive, particularly against some of our
European competitors where they tend to not have the
same kind of regulatory environment. They don't have
the same kind of technology in many cases.

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

So any discussion or questions on this one?
John?

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

But there is this series of products, Jim, as
you're suggesting, where their capabilities in our
industries, our high-tech industries in particular,
where the products in some respects really are simply
most important in the private sector and don't have
dangerous national security implications at all.

So I think that's what you're saying, Jim.

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

CHAIRMAN McNERNEY: Good. I very much
appreciate the cooperation between State and Commerce
on this one, and Defense. It's one of these ones that
cuts across three administrative giants, shall we say.

Each can occasionally have a bureaucratic response to
some suggestions, only occasionally. But this one
really
is --

SECRETARY BRYSON: Eric spends a high
percentage of his time, for example, recently, working
with the State Department. There is agreement on the
part of the State Department that more of these items
ought to come over to the Commerce Department list that
allows us to make them available to the private sector.
CHAIRMAN McNERNEY: Any other comments? Yes, Don?

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

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

CHAIRMAN McNERNEY: Yes.

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

It is by starting there, as you just said a few minutes ago, that I think people have come to understand what Secretary Bryson said so clearly, which is this is absolutely critical not only to our competitiveness, but to our long-term national security. They have made incredible progress in the
last couple of years, and hopefully with the good work
of the PEC and the PECSEA, will continue to do so.

CHAIRMAN McNERNEY: Thank you very much.

SECRETARY BRYSON: I thank Department of

Energy. Thank you very much for your strong support.

A great help on this.

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

(No response)

CHAIRMAN McNERNEY: Hearing no objection, we

will adopt it as a Council.

Secretary Solis, as I welcomed you earlier, would you please give us an update on labor issues as they relate to our work here?
SECRETARY SOLIS: I will be brief. I first of all want to commend the Council for passage of the five items, and want to also just reiterate how important it is for members of the Council, when available, to come and meet with some of our agencies. We had a visit a few months ago and we had some members of the Council come in.

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

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

For those veterans that are between the ages
of 35 and 60 that do not qualify for vocational education funding, that's something that's going to be provided through VA. We'll be working with them through the Department of Labor to get that training that they need in credentialed areas.

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

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

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

And it doesn't mean going to a four-year university, but maybe getting a one-year credential at
a community college. We have funding for that. We have already, through our TAA Community College Partnership Program, have put out close to -- it will be close to $1 billion. There is $2 billion that will be available. The second round will go out in the summer.

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

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

I think what we want to do is break down the barriers. We can work with you, we can have curriculum through the community colleges interface and look more
like what an employer needs and wants, and then create
that pipeline. So, we're available to work with you.
I welcome the new members that are here on that
subcommittee, so I look forward to working with you.
Thank you.

CHAIRMAN McNERNEY: The workforce training
program -- as you know, Boeing has had experience over
the years, as the skills gap gets bigger in
manufacturing, and particularly STEM-related
manufacturing, this is really important. It makes a
big difference. We have personal experience with that.
So we want to get behind this and we will, and
appreciate you being here and partnering with us on
this.

Just speaking of that, Mary, were you going to
pinch hit for Bill on the Workforce Readiness report,
which will touch on some of the things that the
Secretary mentioned?
WORKFORCE READINESS SUBCOMMITTEE UPDATE

By Ms. Vermeer Andringa

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

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

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

So I don't have a new letter, but just as a reminder to the committee a letter was presented last fall with five key recommendations. Actually, I think virtually all five of those recommendations were
mentioned by the President in his State of the Union address. They are to make sure that high school completion is a top-tier priority, that we utilize time-tested skills, training models, and manufacturing.

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

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

Then develop a comprehensive plan to expand STEM training. I know we've all seen the statistics on the STEM. You start out with 4 million 9th graders, and at the end maybe 160,000 really end up with a science, technology, engineering, or math focus in college.
I read a very convicting article in the *Harvard Business Review* earlier this spring that said the OECD did a test, a comparative test, with 34 nations. In the U.S., 15-year-olds came out 17th in reading, 22 in science, and 25 in math. It was the first year, in 2009, that that test was administered in China and they came out number one in all three. That just has to make us want to even put more emphasis on workforce and on our opportunities for students.

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

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

We have a great opportunity. But I believe that the focus that this Council is making, the administration is making, in our States, the focus that
we're getting on education will make a difference. It will make a difference. When you focus on things you make a difference. I think, again, the focus of this Council on very key items, we're seeing good results.

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

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

Karen, would you like to make an additional comment here?
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

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

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

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

With regards to the minority outreach, Secretary Solis has been a very active person with our committee. She hosted us at her facility once, and also she came to Los Angeles and addressed about 500
individuals to talk about promoting exports among minorities and women. So, that was very, very helpful as well.

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

We will focus our next series of SME roundtables on what we call silent exporter companies. What we mean by that, is these are some of the companies that supply the large corporations, like Boeing, for example. They have like 10,000 suppliers compared to Mary, who has like 600. But all of them are engaged in the supplying of these products that help in the movement of goods and services. So that's what we want to focus on, and the SBA is taking the lead on that as well.

That's my report.

ADMINISTRATOR MILLS: If I might add to the supplier initiative that Gene just described, we have started across the administration something called the
American Supplier Initiative as part of the manufacturing focus.

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

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

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

So we have joined IBM in a partnership called Supplier Connection. Several of you have also looked at it and signed up. We have 17 companies that IBM has put together and recruited in this portal, including--
Andrew is raising his hands--Dow. Thank you. It's
like the common app.

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

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

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

ADMINISTRATOR MILLS: Thank you.
CHAIRMAN McNERNEY: Speaking of Fred, do you have a comment on Ex-Im reauthorization?
EXPORT-IMPORT BANK UPDATE

By Mr. Fred Hochberg

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

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

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

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

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

In preparation for this, on our website there's a map of the United States. When you tap on it, we have arranged every transaction we have done by congressional district. So Congresswoman and
Congressmen, you can see on your I-pad app. You can
tap on your district and it will show every company
we've helped for the last five years. In addition, we
send you a letter every month of transaction we've done
in each of your respective districts, as well as to
governors of every State.

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

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

We already had a very strong month. I am
concerned about whether we would be reauthorized to
meet the May 31st deadline. We actually approved, in
the last two days of May, just under $7 billion worth
of export loans, which equate to approximately 50,000 jobs.

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

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

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

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

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

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

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

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

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

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

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

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

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

So, thank you very much.

CHAIRMAN McNERNEY: Thank you, Valerie.

Thanks for your leadership and keeping us all focused
and working together. John and I very much appreciate
it as we plow through all this.
NEXT STEPS

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

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

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

(Laughter)

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

So, with that said the meeting is adjourned.

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CERTIFICATE

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.

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LISA L. DENNIS

Court Reporter