THE PRESIDENT'S EXPORT COUNCIL

Eisenhower Executive Office Building
Room 350
Washington, DC

Thursday,
September 19, 2013

The meeting was convened, pursuant to notice, at 9:33 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 ANDRINGA
Vermeer

SCOTT DAVIS
UPS

KEN FRAZIER
Merck & Co., Inc.

DICK FRIEDMAN
Carpenter & Company, Inc.

ANDRES GLUSKI
AES Corporation
GENE HALE
G&C Equipment Corporation

MARILYN HEWSON
Lockheed Martin Corporation

BOB IGER
The Walt Disney Company

VANESSA KEITGES
Columbia Green

ANDREW N. LIVERIS
The Dow Chemical Company

DENISE MORRISON
Campbell Soup Company

RAUL PEDRAZA
Magno International, L.P.

ARNE SORENSON
Marriott International, Inc.

PATRICIA WOERTZ
Archer Daniels Midland Company

ROBERT WOLF
32 Advisors, LLC

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SENATOR MARK BEGICH
D-Alaska

SENATOR AMY KLOBUCHAR
D-Minnesota

UNITED STATES HOUSE OF REPRESENTATIVES

REPRESENTATIVE DAVE REICHERT
R-Washington

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MARY FALLIN
Governor of Oklahoma
U.S. CONFERENCE OF MAYORS:

SCOTT SMITH
Mayor of Mesa, Arizona

ALVIN BROWN
Mayor of Jacksonville, Florida

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TOM VILSACK
Secretary of Agriculture

PENNY PRITZKER
Secretary of Commerce

THOMAS PEREZ
Secretary of Labor

ANTHONY FOXX
Secretary of Transportation

ERNIST MONIZ
Secretary of Energy

AMBASSADOR MIKE FROMAN
U.S. Trade Representative

JOHN PORCARI
Deputy Secretary of Transportation

VALERIE JARRETT
Senior Advisor and Assistant to the President
for Public Engagement and Intergovernmental Affairs

GENE SPERLING
Assistant to the President for Economic Policy and Director of the National Economic Council

CAROLINE ATKINSON
Deputy Assistant to the President and Deputy National Security Adviser for International Economic Affairs
JEANNE HULIT  
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Small Business Administration

LAEL BRAINARD  
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Department of the Treasury

FRANCISCO SANCHEZ  
Under Secretary for International Trade  
Department of Commerce

ERIC HIRSCHHORN  
Under Secretary for Industry and Security  
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FRED P. HOCHBERG  
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President  
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JASON FURMAN  
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Department of Homeland Security
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I. WELCOME & OPENING REMARKS

CHAIRMAN McNERNEY: Why don't we get going? Welcome to the President's Export Council. It's nice to see all the old stalwarts and some of the new ones.

We are always time challenged. Today could set a new precedent, but we will get through it. We have eight letters to consider. We think we have a streamlined process to get through it.

Of course, we have the President who will join us in about an hour and a half, around 11:00, I believe. I think our stretch goal should be to get through our business by 11:00 so that we're not, obviously, stretched beyond the President's visit.

Just a couple of housekeeping items. Since we last met in March, we've had some transitions, a couple of CEO departures. A big thanks to Stephanie Burns of Dow Corning, Glenn Tilton, and Chip Kaye; Glenn used to run United Airlines and is now with JP Morgan Bank in the Midwest; and, Chip Kaye of Warburg Pincus. We thank the three of them for their service.

(Applause)

CHAIRMAN McNERNEY: Of course, we have some new members to welcome, the foremost of which, Penny
Pritzker, who is going to make some comments to us. We just had a great breakfast with her this morning. And this is going to be a fun ride with Secretary Pritzker. (Laughter)

CHAIRMAN McNERNEY: You'll get a sense of that as you hear more from her.

We are very pleased to have Oklahoma Governor Mary Fallin -- she is here with us today -- the new Chair of the National Governors Association. (Applause)

CHAIRMAN McNERNEY: We also have Mayor Scott Smith of Mesa, Arizona, a town I happen to know a little bit.

Mayor Smith, great to have you here. (Applause)

CHAIRMAN McNERNEY: He, of course, is the President of the U.S. Conference of Mayors.

So we have more local representation than we can stand after not having enough for a long period of time.

And we are pleased that you both could join us, Governor Fallin and Mayor Smith, and we look forward to hearing a couple of comments from you a little bit later in the meeting on what is going on at the state and local level.
We also have several new CEOs joining us. Robert Wolf of 32 Advisors. Robert, we saw you at breakfast this morning. There he is. Robert, don't be shy; just stick your hand up.

Arne Sorenson of Marriott. Arne, saw you earlier. There you go. Welcome. Good to have you here.

Andre Gluski of AES. Hold your applause until we get to the end.

Marilyn Hewson of Lockheed Martin. Marilyn, where are you? Marilyn, it's great to have you here.

Vanessa Keitges of Columbia Green. There she is.

And Ken Frazier of Merck.

Now we applaud.

(Applause)

CHAIRMAN McNERNEY: Also joining the PEC, but not able to be with us today, Ginni Rometty of IBM, and Ian Read of Pfizer. So we'll welcome them at a subsequent meeting.

We look forward to working with all the new members.

So let me stop for a second. And our Vice Chair, the estimable Ursula Burns, do you have any comments?
VICE CHAIR BURNS: I'm always actually rushed and I'm pleased to follow you, Jim. So thank you for that.

I want to add my welcome to all of the new members, to the Governor of Oklahoma, and to the Mayor. Thank you for being here. And to all the additional addees here.

This meeting comes at a really important time for us. As most of you know, we are well on our way to doubling exports, but we have some wind in our face and we have to actually keep our heads down and keep pushing, and that's what this organization is all about. TPP, WTO, ITA, and the WTO, all important items that we'll talk about today. So just head down, keep working.

This is a real group. We do real work.

CHAIRMAN McNERNEY: Thank you, Ursula. And you do a lot of it and I appreciate that, Ursula, very much.

Secretary Pritzker, we'd love to hear from you.

SECRETARY PRITZKER: Thank you, Jim. Thank you, Ursula. And a special welcome to the new CEO members of the PEC.

I also want to acknowledge Mary Andringa. I
had the pleasure of visiting her, as well as Vanessa, on my listening tour over the last couple of weeks. So it's great to see some familiar faces in the room who I've just seen most recently.

As you know, we've seen tremendous export growth under the NEI and exports have helped drive our recovery. The U.S. exported more in the first half of 2013 than the entire year of 2003. So we now have 30,000 more businesses exporting than in 2009 and we're on track to break an annual export record for the third consecutive year.

So this is a seismic shift in exporting, and that has helped to catalyze a jump of $600 billion of more exports from 2009 to 2012.

So let's put that in dimension or give you something to equate that to. $600 billion equates to the combined GDP of Israel, New Zealand, and Ireland. So given these facts, it's no surprise that supporting U.S. exports will remain a priority for the Department of Commerce and for me as Secretary.

But, clearly, we have more work to do. For starters we definitely need to continue to inform businesses about what tools are already available. I've heard over the last couple of months from too many CEOs on my listening tour that they were unaware about
our commercial service officers or their customized
gold key service or our advocacy center, which just had
a record year of $74 billion in U.S. export content.
So we need to continue to get the word out.

More broadly, though, I think it's time to
look at what has worked and what has not worked and how
we measure our progress given the global macro
environment. So I have asked my team to develop a
framework and to assess the NEI's impact so far. What
are the efforts that have been most impactful? What is
working? How can we do a better job? How do we focus
our limited resources?

My hope is that the PEC will advise us on this
assessment and help us both scope the assessment, as
well as look at the data and help us draw conclusions
from that.

So from there I think we can refocus our
energy on the areas that make the biggest difference
and have the greatest impact.

So before I conclude, I want to just pause for
a minute and acknowledge a very special thank you to
Francisco Sanchez, the Under Secretary for ITA, as
today is his last meeting.

(Applause)

SECRETARY PRITZKER: I think we're all aware
of Francisco's great -- he's been a great asset to this
country during his service at the Department of
Commerce, and I know I, for one, will miss him
terribly. He has been a great -- he has been of great
assistance to me over the last 10 weeks.

I will end with that and say thank you very
much. I look forward to working with all of you.

CHAIRMAN McNERNEY: Thank you very much. We
look forward to working with you, and, furthermore, we
look forward to making recommendations that can help
you in your mission, which is a very important one for
our country. So it's wonderful to have you.

We have Valerie Jarrett here, Senior Adviser
to President Obama. Do you have any comments?

MS. JARRETT: Just good morning, everyone.
Welcome. Delighted to be here. For the new members, I
think the message is that this actually works. It's
bipartisan. We have a public-private partnership. We
take all of your advice and counsel very seriously, and
we look forward to working not only with Penny
Pritzker, the new Secretary of Commerce, who has really
hit the ground running, but I also want to mention that
Anthony Foxx, our Secretary of Transportation, is new
here.

Put your hand up so everyone knows where you
are.

(Applause)

MS. JARRETT: Also, Tom Perez, our new Secretary of Labor. Tom, welcome.

(Applause)

MS. JARRETT: And even though you all know him, we want to welcome Mike Froman as U.S. Trade Ambassador. Mike?

(Applause)

MS. JARRETT: That's it.

CHAIRMAN McNERNEY: Secretary Vilsack, I understand that you have a little bit of a time challenge. So would you care to make some comments before you have to go?

SECRETARY VILSACK: Well, I appreciate the opportunity, and welcome to all the new members.

I'll just give a brief report on farm exports, which is a positive story and continues to be a positive story. We have experienced record farm income this year, in large part, because we have had record farm exports. This has been the five best years for farm exports in the history of the country.

One of the reasons why we have had record farm income is that 25 to 30 percent of all farm income is directly related to exports. So it's serious business
for us at USDA.

And I think we've had a great cooperative relationship with USTR in trying to promote the free trade agreements that have recently been passed. We've seen a significant uptick in activity in Colombia as a result of the free trade agreement. We will continue to work in Korea and Panama, as well.

I think we have also worked very hard to reopen markets. I know that the Governor of Oklahoma would be interested in beef, as I am. In Japan, Korea, and soon, I believe, Mexico and Brazil, you're going to see a reopening of the beef market, which is going to be good for American agriculture.

Our Foreign Ag Service does a great job of batting down barriers. Last year we basically batted down 300 different barriers that oftentimes are created to make it more difficult for American agricultural products to access markets. And we are, obviously, working very hard with USTR on trade promotion, as well as the trade agreements that are being negotiated and discussed both on the Trans-Pacific Partnership and the EU trade agreement, which are very high priorities for this Administration and for the President.

I will not underestimate the difficulties, from an agricultural perspective, in both of those
areas. Market access in TPP is a concern, and I think some of the resistance to technology, biotechnology in particular, in the EU presents unique challenges with reference to that trade agreement.

But we are looking forward to continuing to work hard. We will continue to promote American agriculture, which is the finest and greatest in the world.

(Applause)

CHAIRMAN McNERNEY: Thank you. A very encouraging report, actually. And I know -- I think, Mike, you are going to talk about some of this later, but your engagement there is critical. Thank you for that.

I just wanted to add my welcome to Secretary Perez and ask if he would like to make a remark or two.

SECRETARY PEREZ: Thank you, Jim. And thank you to all of the CEOs that I have been in contact with, Andrew and others.

It is day 60 on the job.

(Laughter)

SECRETARY PEREZ: And it has been a remarkable experience. What is interesting to me is I've had the privilege of spending time with many of you in this room -- and I'm still working through the list, so
there are others that I will be in contact with -- and what I continue to hear -- I was out in Denver yesterday releasing -- announcing the latest round of our TAACCCT grants. These are grants that relate to our partnership with community colleges to build that pipeline of tomorrow's workers.

The beauty of these grants is that they are very, very aligned with the needs of industry. And so the grants in Michigan, I spoke to Congressman Levin yesterday, he is very excited about that.

But what I keep hearing, Jim, I heard it from you, I hear it from others, is that the paradox is we have this unacceptably high unemployment rate, and, at the same time -- just yesterday, I was with a small medical device manufacturer at the Front Range Community College. He wants to double the size of his workforce, but he doesn't have the workers.

And so where we believe that we add the most value to the Department of Labor is in making sure that we have that skilled workforce for tomorrow.

I applaud Governor Fallin. I spoke yesterday at the National Association of State Workforce Professionals with Governor Hickenlooper in Denver, and your focus on skills as part of your chairmanship of NGA is exceedingly exciting to that group and I applaud
your efforts.

    So the President's announcement yesterday on
the latest round of TAACCCT is another indication of
our investment in skills in a demand-driven structure.
The days of train-and-pray are over.

    (Laughter)

SECRETARY PEREZ: Everything we are giving out
is related to jobs that are going to be out there. The
curricula that is being designed is being designed in
partnership with industry. So the certificates they
get when they walk into your door applying for a job is
a certificate that will be familiar to you, because you
helped create it, and that is the essence of demand-
driven sector strategies.

    I really enjoyed spending time with Secretary
Pritzker. We were in Anne Arundel Community College
last week. We're taking the road show across the
country so that we can address the skills gap, and I
think that's the biggest value-added that we can bring
to the table at the Department of Labor.

    I want to close simply by saying thank you to
so many folks in this room who have invested so much
time in hiring veterans. I was speaking with our
friends at Disney. They are putting a program together
in November to educate small businesses about how to
hire veterans. And the way in which folks have stepped up has been really remarkable and we've accomplished a lot.

We've got more to do. We have an office that is exclusively dedicated to that and they will continue to do that work in partnership with you.

Thank you.

CHAIRMAN McNERNEY: That sounds more like a 360-day report than a 60-day report.

(Laughter)

CHAIRMAN McNERNEY: That's impressive. We look forward to working with you.

Secretary Foxx, our new Transportation Secretary, would you like to make a few comments?

SECRETARY FOXX: Yes. Thank you, Mr. Chairman and Madam Vice Chair. I want to, first of all, acknowledge Governor Fallin, who hosted me in Oklahoma City recently, and, also, give a shout out to my fellow former Mayor Scott Smith from Mesa, Arizona, who was a colleague of mine before becoming Secretary of Transportation.

You know that we can't export without having the ability to move our goods overseas. And over the last several years, the DOT has been working very hard with the President's vision to try to advance our
ability to do that.

Forty-eight million tons of goods move across our country every single day and they move in a variety of ways, and we know that we can do better and create more capacity for export activity to happen.

But I just want to update you on a couple of things. The first is that under MAP-21, the most recent surface transportation bill, there is a requirement that we develop a national freight plan. And to do that, we have populated a National Freight Council that is composed of public and private sector leaders across the country to help us forge that.

To be very candid with you, one of the challenges with the national freight plan is that it focuses exclusively on highways, by congressional mandate, when we know that we have rail access needs, we have port access needs. And so we're trying to work with our leaders in Congress to develop a multimodal piece of that vision.

The second point that I'd like to make is that we also have 111 Open Skies agreements, which is very vital to another way that we move goods around the world. And in this most recent round of TIGER, cumulatively, we have put about $1 billion of investment in our port access. We think that that is
going to be an increasingly important part of our strategy as a country in terms of exports.

Finally, the President is very focused on this. I was with him in Jacksonville, Florida recently; also, this week, was with Vice President Biden in Charleston, South Carolina and Savannah, Georgia. With the widening of the Panama Canal, there is an enormous opportunity for us in this country to capture global markets. We expect exports to double around the globe over the next 12 years, and we want to capture as much of that in the United States as possible. So we'll keep working at it.

One other thing is that as Congress continues to debate these issues on infrastructure, it is very important for our business community to raise their voices on these issues, because we need you as advocates on what is a nonpartisan issue.

Thank you.

CHAIRMAN McNERNEY: Thank you, Mr. Secretary.

Your comments on the multimodal access are very encouraging. We've had a couple of letters over the years that focused on that. So we very much appreciate your early focus on that. I think it can unlock a lot, as we've stated a couple of times.

Secretary Moniz, I think we had an opportunity
to meet earlier and greet you, and it is great to have you here. Do you have a comment or two?

SECRETARY MONIZ: I do.

MS. JARRETT: I apologize, Ernie. I didn't see you there. I didn't recognize you.

SECRETARY MONIZ: Oh, no. That's fine. Thank you, Jim.

Actually, apart from Tom, I'm feeling like a veteran of the Cabinet.

(Laughter)

SECRETARY MONIZ: I'm approaching four months, so I can understand why Valerie said that.

(Laughter)

SECRETARY MONIZ: Let me just comment. There are numerous issues at kind of the intersection of energy and exports. And as you all know, energy is a multi-trillion dollar business and there is going to be an enormous opportunity in terms of infrastructure and clean energy globally.

So we are working hard at both manufacturing enablers and at products in the context of the President's climate action plan and the President's commitment to a so-called "all the above" energy strategy.

So on the enablers, let's say, one is, of
course, to continue the shale gas revolution, with low
cost gas, enabling manufacturing in this country to
move out. That involves our looking at things like the
environmental footprint minimization and infrastructure
build-out, et cetera.

Secondly, there are programs such as our loan
programs in terms of deployment. As one example, as
part of the President's overall work on the auto
industry, we've had loans established Ford to Tesla,
and really increasing tooling. Tesla will start
exports next year, for example.

Another kind of enabler is work on a variety
of advanced manufacturing initiatives, again, another
priority of the President. Examples for us, developing
the technologies for carbon fiber, which will be an
important piece of technology, 3D printing, et cetera.

On the product side, well, we start with shale
gas, again. LNG exports will probably start next year.
Over the next few years, we'll begin seeing some
exports, and we are, I would say, judiciously looking
at those export licenses.

A lot of work in terms of energy efficiency,
products and services. I have found, going to various
countries, a tremendous interest in working with our
companies on industrial energy efficiency as a major
focus. That's from Brazil to Turkey.

Electricity supply infrastructure, for example, the President's Power Africa initiative, we're working with AID, with the Ex-Im Bank, looking at that going forward.

And as one other example, nuclear power, where there's a tremendous interest in our development of so-called small modular reactors. And I think with aggressive development of that, we are supporting the design certification. There is going to be a huge export market there. And we are streamlining the so-called Part A-10 agreements to allow our companies to work on this.

Lastly, I'll just say a lot of the issues that you're going to be dealing with, Jim, clearly affect us, as well. I'll just mention one -- local content. In terms of shale gas exploitation in other parts of the world, we're seeing this as a real barrier to their own development of these resources and to our companies taking part.

So that's just a kind of overview of some of the things we're dealing with.

CHAIRMAN McNERNEY: Thank you for a very comprehensive report. We have a letter today on localization, protectionism, in essence, which is what
you are getting at.

I think one of the hidden stories over the last three or four years is the progress that this country has made on energy, in large part, through some of the initiatives of your team. And so, hopefully, the momentum can be supported and we can keep it going.

Now, it is time for the Froman report. This is the most established report on the PEC over the last few years. The job changes, but the man stays the same.

(Laughter)

CHAIRMAN McNERNEY: Ambassador Froman?

AMBASSADOR FROMAN: Thank you, Jim. And it's good to see so many friends and supporters around here. And I say that because perhaps even uniquely within the U.S. Government, trade policy is the product of collaboration.

It is the product of collaboration with the business community, labor, NGOs and other stakeholders. It is the collaboration of all the agencies and we are working exceedingly closely with Commerce and USDA and State and Transportation and Labor and Energy and Treasury and others. They have tremendous input into what it is we do.

Of course, last, but certainly not least, it
is a collaboration with Congress. I will come back to that at the end when we talk about trade promotion authority.

We are actively involved, as you know, in a series of negotiations. We are entering the final stages of the Trans-Pacific Partnership negotiations. Our goal is to try and wrap that up by the end of this year. A lot of outstanding issues. Our goal in that negotiation is to raise the standards -- not only open new markets, but raise standards to level the playing field for American workers and American firms and to introduce into the bloodstream of the multilateral trading system new disciplines, higher standards that can have a more positive impact more broadly.

We have launched the Transatlantic Trade and Investment Partnership, also known as TTIP. We have had one round of negotiations. We have a second one coming up next month. There, too, we have two advanced industrialized economies, well regulated economies. Our goal is to figure out how to bring them more closely together and to -- particularly with the regulatory and standards issues, that we can enhance our competitiveness vis-à-vis the rest of the world, as well.

In the World Trade Organization, in Geneva,
we've got three negotiations going on right now; one about the expansion of information technology trade; another about expansion of trade and services; and then a very important one on trade facilitation, which we are hoping to bring to a close at the end of this year, as well; how to reduce barriers and unnecessary obstacles at the border that affect really every business in every country.

The last thing I will mention is last month I was in Ethiopia to launch a formal review of our African Growth and Opportunity Act, our AGOA program, which expires in 2015. We want to take this next several months to look at what has worked well, what hasn't worked well, how we can improve upon it as we seek renewal of that.

None of this can happen without trade promotion authority, and we are now engaged with our colleagues in Congress, Ways and Means Committee, Finance Committee, to talk about how to put together a bill that can have bipartisan support to give us the authority to conclude and get these negotiations and these agreements through Congress and that can also support workers and make sure that they have the skills available through a renewal of the Trade Adjustment Assistance Program going forward, as well.
We will be engaged very much with Congress and its leadership, and it is important that they also hear from all of us how the trade agenda is key to your future and building jobs here in America and enhancing exports.

So, Jim, I'll stop with that.

CHAIRMAN McNERNEY: Thank you very much, Mike.

The trade agenda has never been bigger -- never ever been bigger -- and we want to do everything we can to support you. So, please, call on us. I know when you get in the middle of these negotiations, that occasionally we get calls. We want those calls to help in any way we can.

Now, back to Governor Mary Fallin to talk about export workforce training and what is going on at the state level. I know the agenda is big. We have read a lot of your material. I personally know it by the interaction and partnership we have with Boeing down in your state.

But, again, congratulations on assuming the chairmanship of the NGA, and we look forward to anything you might have to say.
II. STATE AND LOCAL GOVERNMENT BRIEFING

GOVERNOR FALLIN: Thank you, Mr. Chairman. It is a great pleasure to be here. And, Vice Chairman Burns, it is great to see you. It's a pleasure to be here to represent the NGA and the governors across our United States. And so many of the issues already talked about today are things that governors are concerned about. So it's a pleasure to be here.

As a couple of you mentioned, and I just want to say this real briefly and I want to talk about exporting and why it is important to our states, but I launched my state and my Federal initiative for the Nation for the NGA, called America Works: Education and Training for Tomorrow's Jobs. It is basically about closing the skills gaps, as the Secretary of Labor was talking about, and trying to help America become more competitive not only within our Nation, but certainly internationally, and that's important to exporting.

So we're excited to work with all the various members of the Export Council to help with our workforce and our skills gap within the nation.

But I want to talk to you a little bit about our states and about exporting. State economies are increasingly global in terms of both markets and
competition. As Governor of Oklahoma, I know that in my state and with our businesses, we aren't just competing among the businesses within our states, the businesses between states, or even within the region. We certainly compete globally in this economy.

Governors are also leading the efforts to grow their state economies by promoting the export of goods and services and attracting international businesses to our states. In particular, small and medium-sized businesses in the United States totaled nearly 30 million and employed about half the total U.S. private sector payrolls.

According to the U.S. Small Business Administration, however, only about 300,000 of those businesses export. So behind major exporting companies are thousands of smaller companies classified as what we call indirect exporters that help produce the final goods and services for export.

These companies represent untapped opportunities for our states to help compete globally with trade and export opportunities. In my State of Oklahoma, we have about 3,000 exporting companies, of which about 85 percent are small to medium-sized enterprises, and this is certainly a number that we in Oklahoma hope to be able to grow.
As you are probably aware, many Oklahoma companies and many Oklahoma exporters are leaders in the energy sector.

Secretary Moniz, I appreciate your great comments about that. I know my Oklahoma companies would be thrilled to hear what you had to say about energy.

But these companies are also contributing to the ongoing energy revolution that Secretary Moniz talked about. Advanced drilling techniques, many that are being pioneered by Oklahoma companies, have moved our country from having energy scarcity to having energy abundance. And as a nation, we should be taking advantage of every opportunity to support energy exports and, also, reap the benefits of the vast new supplies of American energy that has been unlocked by technological advances.

Moving forward, governors will continue to be engaged at a national and international level to promote exports. Since 2011, the National Governors Association has opened up sub-national dialogue with Chinese provincial governors, and the NGA has led two trips to China and, also, organized a trip to Utah, which Chinese officials came to the Utah meeting.

NGA's most recent trip in April brought
governors from Iowa and Virginia and Wisconsin to Beijing for several high level meetings with the Chinese president.

At home earlier this year, the NGA sent a letter to Congress urging the reauthorization of the State Trade Export Promotion, the STEP grant program, and since 2011, this program has provided about $40 million annually to state trade efforts to help both our small and our medium-sized enterprises enter and, also, expand into new export markets.

Some states are experiencing strong levels of success, with some achieving rates of return of 90-to-1 or higher.

State efforts have contributed directly to the progress and meeting the National Export Initiative goal of doubling our exports by 2015. Oklahoma companies represent a very clear example of the kind of productive role that the STEP grants have had in the States. We have taken 1.1 million in STEP investments and we've been able to generate, out of that 1.1 million, a $67 million return. That's a rate of return of 5,000 percent for my Oklahoma companies.

So the reauthorization of the STEP grant program beyond 2014 will help ensure that we have continued growth within our Nation's global
competitiveness, help us maintain stability in the program's operations and the outlays, and, more importantly, in our States, it creates jobs.

So our hope is that the NGA will continue to be a catalyst, a convener, a broker, an advisor for the U.S. governors who want to engage in international trade and investment opportunities, because we believe there are great opportunities that exist for governors to be able to lead the efforts to grow our state economies through the exporting of goods and services.

And our leadership of governors will be, we believe, through those four primary roles. One is the advocate. Governors are suited to be able to lend their prestige, their vision, their leadership to advocate for competitiveness and expanded trade and investment both within our state and, also, by our key constituents that are in our states.

Secondly, the state ambassador. The governors are the CEOs of their states. So they're the best ones that can help promote and be the chief salesperson for not only our state, but certainly for our Nation.

And we're also the chief convener in our states. Governors have a deep roster of contacts, and we like to convene stakeholders together from both the private sector, the nonprofit public sector, academic
communities, to be able to set strategies to identify
needs, opportunities and challenges, to expand
international involvement.

And, third, we're the broker. Governors are
often the strongest brokers of resources to build
states' international competitiveness.

So governors' influence and the allocation of
state resources through the budgets and the processes
can help prioritize our international trade and
investment within our states' economic developments,
and it's very helpful for us.

Governors also helped shaped the state's
higher education system. We talked about the skills
gap, which is very important to incorporate when it
comes to trade and investment strategies.

So there are a lot of exciting actions that
are underway today in the states in regard to trade and
investment, and we just appreciate the opportunity for
the governors to have a seat at the table to share some
of our ideas, and, of course, we want to be a partner
and to help lead a collaborative effort to expand
exporting from all states and to help our Nation.

Thank you so much.

CHAIRMAN McNERNEY: That sounds tremendous.
And we're delighted that one of the first points of
engagement in your new role was this body, because
we've always had this vision that the trade agreements
and the flow that we now have and the opportunity we
now have can be connected at the local level with
policies and practices and all kinds of emphasis that
you can bring with the confidence that the government
here is opening up huge -- through their policy and
through their engagement and through the FTA
development -- you're going to have lots of opportunity
out there.

So you're connecting with, when it's all done,
30 percent more business opportunity than you were
before he began these efforts on just TPP and the
European think law.

So it's great to have you here. So thanks for
that report.

And Mayor Smith of Mesa, home of the Apache
helicopter.

(Laughter)

CHAIRMAN MCNERNEY: Congratulations on --
MAYOR SMITH: Incredible Apache helicopter.
(Laughter)

CHAIRMAN MCNERNEY: Congratulations on
becoming President of the U.S. Council of Mayors. We
would love to hear your comments.
MAYOR SMITH: Thank you, Mr. Chairman and Vice Chair Burns.

Secretary Pritzker, congratulations from the Nation Mayors on your appointment. Also, Secretaries Moniz, Perez, of course, Anthony Foxx, Ambassador Froman, and Secretary Vilsack.

We love all of you, but we do have a special place in our heart to former mayors. So Secretaries Vilsack and Foxx, you're A number one.

(Laughter)

MAYOR SMITH: We look forward to working with all of you, though.

As President of the Congress of Mayors, I also would like to thank the President for giving the Nation's mayors a seat at this table. It's very important.

I'd also like to thank Jacksonville Mayor Alvin Brown, who is chair of our conference's Metro Exports-Imports Task Force, for filling in this chair in the previous two meetings.

It's an honor for me to be here today.

My text here says exports are key to our Nation's cities' economic growth and I look around and I think people are going, "Yeah, like duh."

(Laughter)
MAYOR SMITH: It's great to preach to the choir. It's a heck of a lot better than preaching to the mob. I've done both.

(Laughter)

MAYOR SMITH: But it doesn't change the importance of our task, because sometimes preaching to the choir is more difficult, because we all agree on the overall objective. The question is how do we achieve that, how do we enact those things that work.

We know that economic forecasts that the real growth in U.S. GDP will come from exports. That's true in cities. Cities are drivers of America's economy. Almost 85 percent of the GDP happens in metro areas. We truly are a collection of metro economies.

So as mayors, we understand how important it is to help the Nation expand our overseas market. We know because we've talked to our businesses on a one-on-one basis. We take what the governors do and hopefully narrow it down to mayor-to-mayor, business-to-business relationships, and that combination is an extremely powerful force in building our economies.

I know Mayor Brown talked to you before about how we in the conference are working with the Task Force to Develop Metro Export Plans, especially to identify small and medium-sized companies who not only
might be interested in exporting, but who don't yet recognize the true opportunities that exist in exporting.

We'll continue to work with the National Export Initiative, Commerce, other organizations, including Brookings, with whom we work very closely, and many other federal agencies who are here. Suffice it to say we'll be working this year with all of you to take our export initiatives to a new level.

As mayors, we'd like to -- I'd like to concentrate on these small and medium businesses. Most of you who are large in here, you know no boundaries. International business is your way of doing business. That's how you do it. But less than 1 percent of the businesses in the United States are involved in any type of export activity. We're missing out on a huge opportunity.

I'd like to tell you one quick story about a business in Mesa. Now, this isn't a sexy business. It's an entrepreneur who discovered -- he didn't discover, but others discovered that when the temperature gets above 100 degrees, milk cows don't like to work. Well, I don't like to work when it gets above 100 degrees. But milk production decreases significantly when the temperature goes above 100
So this entrepreneur developed a very unique cooling system that allowed cows to bask in the cool air and, therefore, produce more milk in the hot Arizona summers.

The funny thing is that without even knowing, there is another part of the world, the Middle East, who has discovered and is encouraging milk production. And guess what? The temperatures there often get above 100 degrees.

So by accident, this entrepreneur in Mesa, Arizona became a supplier of milk cow cooling systems to Saudi Arabia and other Middle East companies. Now, almost over 70 percent of his business is done internationally.

Now, this is just one story of many that we could replicate if our small and medium-sized businesses understood and were not intimidated. As somebody who, 20-30 years ago, was in the water purification business, where trying to export equipment to Indonesia, the Philippines, India -- and, by the way, somebody made a lot of money in the water purification business in those countries. It wasn't me.

(Laughter)
MAYOR SMITH: I understand the barriers that one must go over, and they are substantial when you're talking about customs brokers. I learned the difference between what it took to fill a 20-foot cargo, not to mention a 40-foot. You've got to put a lot of plastic bottles in there to fill it and it's not very good.

When we're successful in expanding our business exports and in letting our businesses know what is important, what opportunities are out there, we will grow our economies.

To that end, one of my priorities as President of the Conference of Mayors is to get this message out, to get our mayors talking this, to get our economic development departments working with you to make this happen.

I'm especially interested in trade within the Americas. I always learned in business that it is a lot easier to build within your existing customer base than it is to find new customers and there is no doubt that in any city in this country, when you look at the top one, two or three trading partners, Canada, Mexico and Latin America come up, and Mexico and other Latin American countries are especially important.

A couple, three weeks ago, I was down in
Mexico City in a meeting -- and I know, Secretary Pritzker, you're heading there maybe today, because they told me about that -- and it was amazing the changes in Mexico and the opportunity.

We look at things like immigration. In Arizona, I know a few things about immigration, the challenges. Yet, what we don't talk about is how export builds both economies and helps us to solve other problems.

I had an interesting experience in Mexico City that helped explain the changing world we live in. I was there and met with a Mesa company, who actually is a large provider of components to the cable industry worldwide. All of their manufacturing currently takes place in China.

Now, that's not an unusual story. But we were down in Mexico meeting with a Mexican company to form a joint venture to bring manufacturing from China back to the Americas.

But here is where the story changes. The manufacturing was not to take place in Mexico, which is what you would think would normally happen. No. The manufacturing was going to come from China back to the U.S. so we could export to Mexico and Latin American countries, because the opportunities were greater to
stamp the great "Made in America" label and to export
to Mexico and Latin America than they were to actually
manufacture in Mexico.

There is no doubt that with our changing world
economy, these opportunities will expand even more. In
the Phoenix-Mesa metro area, as we've said -- and, Mr.
Chairman, we are so proud to have Boeing as one of our
largest employers. That was my gratuitous suck-up to
the Chair, by the way.

(Laughter)

MAYOR SMITH: Subtle. But the Phoenix-Mesa
metro area is a great example of lost opportunity.
Although we are the 12th largest economy, metro
economy, we lag, even though we border Mexico and you
would think it would be second nature, we lag in
export.

As a matter of fact, as far as export
business, the Phoenix-Mesa is about at the same size as
Washington, DC, and I'm still trying to figure out what
Washington, DC exports.

(Laughter)

MAYOR SMITH: We know that there is
opportunity missed.

One of the things mayors are focusing on, and
Secretary Foxx pointed it out, is our infrastructure;
certainly, seaports, airports, rail, other things. But one thing we shouldn't forget, and I know, once again, in Arizona, is our land ports.

It is very difficult to expand trade when trucks are waiting, six, eight, nine hours at a border that is under-built and infrastructure on both sides of the border which are not adequate to transport goods and services.

Finally, I'd just like to leave you with one thought. Our cities and metro areas are projected to grow by over 80 percent in the next 30 years. People are moving to cities. The U.S. is one of the most urbanized countries in the world, and we'll become more and more urbanized. That's a lot of people who require schools, hospitals, transit facilities, water, wastewater, other facilities, all form of critical services and infrastructure.

But most importantly, they need jobs, they need good jobs, they need jobs in areas where the United States has proven over time we are leaders. They need to take advantage of truly a global economy, something which I'm still not sure we fully get in the United States.

One of the things I learned as I traveled is that other countries trade across border as a matter of
fact. We think trading across state lines is about as foreign as it gets, and we've got to change that. We, as mayors, are committed to change that.

So, Mr. Chairman, thank you very much for allowing us to participate. We hope to be active participants in this effort. I think much by the nature, mayors will be active participants, whether you want us here or not. We're going to be involved, and I look forward to our discussion today.

Thank you very much.

CHAIRMAN McNERNEY: That's terrific. We love the energy, and I had this feeling you were going to keep us real. Appreciate it very much.

I think Senator Klobuchar is here with us from the great State of Minnesota. Do you have a comment?
CONGRESSIONAL REMARKS

SENATOR KLOBUCHAR: Thank you. Thank you for not mentioning the Vikings again, as you did at the beginning.

(Laughter)

SENATOR KLOBUCHAR: This is my time to give the upbeat report from Congress. Actually, I hope it will be more upbeat with the help of the businesspeople around the table. As you know, the House is giving us a somewhat crazy bill that could shut the government down. I think we have the votes to change it. And I also think that there are some Republicans -- I think it was Senator McCain that called it "the height of foolishness," the bill that is coming over, that are going to hopefully work with us to get a better situation.

Then, of course, that goes right into the debt ceiling vote, which you are well aware of the effect there, and I'm hoping that cooler heads will prevail so we can work on a lot of the stuff we've been talking about this morning.

The immigration bill I think still is hanging in there. I'm not sure on the timing of it, but in August, we did a lot of work with some of the
Republican House members, and the coalition of people working on this bill did, including the business members.

Senator Hatch and I had the I-Squared bill, innovation-immigration, which focused on more green cards and more H1B visas, which partially filled some of the job openings that we've been talking about and I think is a necessary part of the solution, in addition to training our own workers. And now most of that is in the bill.

The last bill I would just mention that I still think has a chance of surviving, with Secretary Vilsack's leadership, is the farm bill. I'm on the Conference Committee and -- well, they're doing some pretty draconian things in the House right now. I still think it means that it will go to Conference Committee and we will have a chance of getting something done on that bill, which is important for the future of agriculture and, also, actually brings the debt down over the last bill.

In terms of exports, we have some -- like everyone else, my state has been very happy with what has been going down. Our unemployment rate is down to 5.2 percent. A lot of it has to do with exports and with export giants in our states, like Cargill,
Medtronic, companies like General Mills, and, of course, Radisson Hotels. I just did that to bug Arne.

(Laughter)

SENATOR KLOBUCHAR: Actually, Arne and I have worked together on this visa issue, as the Administration has, and that's one of our success stories in that we've seen a 6 percent increase in tourism over the last year and a lot of it has to do with speeding up that visa process; the work that Tom Nides did before he left, with the State Department; the work that Senator Blunt and I did in pushing that issue.

I just think there is much more to do there when you look at the money that can come in not only for tourism businesses, but also for every business that wants to bring people in on trade visits and to conferences and other things. So I think that continues -- has to be a big push. Obviously, there are things in the immigration bill that would greatly help with that, as well.

The one issue I wanted to address today that I was hearing -- I spent a lot of time with our medium-sized businesses over the last few months when it comes to exports. They are ready to go. They're already doing a lot of exports.
But one of the issues that I know people around here are aware of and, actually, one of the letters that we're voting on today is relevant to is this issue of the export controls and the list that we have. And I know work is being done to consolidate the various lists of control exports. But I've heard it time and time again about the unfairness that they're experiencing vis-à-vis their competitors in other countries, that they literally are getting screwed out of contracts because of the fact that it is taking too long.

The first part about it is just the process. It's very hard for especially these mid-sized companies to track what is going on. And I'm very excited to have Penny in her job to be working on those issues.

A lot of these companies, by the way, don't even want to let me say their names, because they're afraid they're going to be hurt by the bureaucrats that are working on their applications. And so there's got to be some way to allow people to talk about these problems where they don't get punished.

The centralizing the forms among all of the agencies of government so that it's much simpler to get through this. As we know, we have an arcane system of multiple agencies regulating and enforcing the export
of controlled goods, a system that often treats a bolt fastening a seat to a fighter jet the same as it treats the whole fighter jet.

So I know the Administration has made progress on simplifying it. I just think it's a really great area, especially with some of the defense business that is on the decline, a great area for us to gain exports.

The letter that we are going to be looking at today from Mr. Pedraza encouraging the Administration to complete the transfer of non-military items from the U.S. munitions list to the commerce control list is important, but I really think it's just the tip of the iceberg and that there's a lot of work that can be done.

Last, speeding up the process. One company -- again, can't say their name -- in St. Paul, license approval applications taking up to 52 weeks. And I think we can do better than a one-year turnaround when they are trying to compete in this increasingly competitive market as other companies in other countries are gaining on them.

And that would be my last note, is that I had never heard so many companies talking about a company in Switzerland, that their government treats it a little differently, so that they can then compete for

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some contract with an ally, but then a different one with a non-ally, and it is really becoming a problem and it's a combination of State Department rules, as well as rules here.

I don't have all the solutions, but I think we need to take it on a big way and I think it's something where we could really make a mark in terms of beyond the big issues of the trade agreements and other things.

Thank you.

CHAIRMAN McNERNEY: Thank you very much, Senator, particularly for highlighting the export control efforts. Commerce has taken on a herculean task there, and you have made it very real to us and your support is going to be critical. Thank you very much.

Senator Begich, do you have a comment?

Welcome back.

SENATOR BEGICH: Thank you very much. I'll be very brief. But, first, I want to thank you for the opportunity to be here and be part of an effort on exports.

Alaska is a net exporter. We like to brag about it. But we export more than we import, which is good.
Francisco, I'm sorry you're leaving. I know you came up to Alaska. We appreciate that, the work that you did to help our exporters understand what is available.

I know you came in June, so that was a good time to come.

(Laughter)

SENATOR BEGICH: But those that come in the winter get extra credit points. But we really do thank you, because it really does make a difference. That outreach from my state intrigued many of our exporters to consider other opportunities.

We export everything that you can imagine, but we love our fish and we love to export it everywhere.

Another piece of the equation, we just had the Ambassador for China in Alaska for several days. China is now our number one trading partner, $1.2 billion of trade. They've gone tenfold in about six-and-a-half years in trade. They have passed Japan for us, as it used to be our number one trading partner.

I want to add a couple things that I just heard. One, I want to emphasize what Senator Klobuchar talked about. For Alaska, tourism is big business for this country. It's big business. It's not exporting, it's importing cash, which we like. Foreign visitors
in Alaska account for 15 percent of our business. They spend more time, they spend more money.

So the Travel Promotion Act, the work on visas has been a huge benefit and will continue, I think, to be a huge opportunity for us.

Plus, I'd like to be included in the former mayor club as a former mayor. You're going to get a few of those now, which is good. One of the best things we love about our tourism business, especially foreign travelers, was we spent time not only having them visit our city, but talk about business opportunities. So it really creates a dual opportunity there.

Another piece I'd like to just add. Secretary Foxx, you mentioned the transportation issues. Alaska is the fourth largest cargo hub in the world -- a lot of people don't realize that -- in Anchorage. UPS, FedEx and others do a lot of business through our airport. Seven hundred wide-body jets move out of there every single week moving product around the globe, because it's all about location, location, location.

But the bigger challenge is -- and Secretary Foxx mentioned -- I hope in the longer term, we can figure out the solution. We're doing some stuff
through a subcommittee that I chair on Oceans and Commerce on port redevelopment. We have to figure out -- if we're going to export more goods, we have to have ports that can actually handle moving the products out.

It's great to have air. It's great to have other types of transportation within. But if we're going to move stuff out, we have to have a much better port strategy in this country, which I think lacks a great deal.

On top of that, the biggest and most exciting part for Alaska, I think for this country and, honestly, for this world, is what is happening in the Arctic. The Arctic is a huge future for us not only from Alaska's perspective, but I think this country, when you think about the oil and gas explorations. Governor, you talked about it and we're very excited.

I know the folks from North Dakota like to tell us that they have surpassed us in Alaska in oil and gas. We like to tell them it will take no time and one well, we'll pass them radically, because as we look at the Arctic, 26 billion barrels of oil, tons of cubic feet of gas, enormous opportunity.

And when it comes to exports, Secretary, as you know, we have been exporting for 40 years. So we know it, we know the business, and it's a good business
for this country to be in when it comes to gas and
other energy products.

But along with that, other countries see
opportunity for transportation routes. And it is smart
for us as a country to figure out how we get to service
those boats and ships that are moving fast through the
Arctic and the Bering Sea.

In the last couple of years, they have doubled
the capacity of ships moving through that area. Russia
is not waiting around. They are figuring out their
port network to service these ships that are moving
through there.

It is in our best interest, as this country,
to get that business, not let it go over to the other
side of the water.

A lot of people talk about the southern
border, to my friend, the Mayor from Arizona. But up
in the north, we have a 50-mile area between us and
Russia with a lot of ships moving through there now,
and big ships. And it is in our interest -- and China
has figured this out. They are not waiting. It will
cut 40 percent of their time and fuel cost by moving
through that region. I would like to make sure that
the U.S. is the country that services those ships.

On top of that, I'll end on this note, as we
figure out the port issues, the other big piece that is
a huge gap -- and we're not talking about it to our
Oceans Committee -- is the rebuilding and
recapitalization of our shipping fleets, fishing
fleets, and freight movers. It is a huge need in this
country.

What's so great about these facilities is
they're American built, American labor, and they pay
well. And so we have to figure out a strategy. We
don't have a really good comprehensive Federal
Government strategy on this in the sense of loan
guarantees and other programs that could really put a
renaissance in this area of shipbuilding in this
country.

Anytime you talk to the fishing industry and
you may think it's a small ship, but when they are
building 60 to $100 million processing ships, we'd like
them to build them right here in the U.S. with American
labor.

When you talk about the freighters that are
now converting some to LNG fuel source for their
facilities, that's all American jobs, American
capacity, but it's also moving our goods around the
globe.

So those are several issues that I'm very
interested in. So I'm glad to be here. To be very
frank with you, I'm glad to see a mayor in the role of
Transportation Secretary, for a lot of reasons.

(Laughter)

CHAIRMAN McNERNEY: Thank you very much,
Senator. Appreciate the comments very much and your
engagement.

We have Congressman Reichert. I thought I saw
-- here he is. His constituents build those wide-body
planes that stop through Anchorage all the time.

(Laughter)

CONGRESSMAN REICHERT: The birthplace of
Boeing. Right? Thank you for allowing me to speak a
few minutes today.

First, I want to thank Jim and Ursula for your
leadership. I'm actually one of the original members
of the committee, of the Council. I've missed a few
meetings, but I'm glad to be back again.

I really want to focus on the partnership, I
think, that has developed within this group and the
friendships that have been made, and mention just a few
people that are not here with us today, but the great
friendship that we built with Ambassador Kirk and
Secretary Locke, who I have known for over 30 years
when I was a homicide detective.
So I'm going to start a new club called the former sheriffs club.

(Laughter)

CONGRESSMAN REICHERT: And I think I'm the only member, but maybe it will grow. But Gary Locke and I have been friends for a long, long time and I look forward to working with Secretary Pritzker.

The Ambassador, Ambassador Kirk and Wendy Cutler really were a great team. And I know Wendy is still with us in a different position and I look forward to working with you, Ambassador, and Barbara and building that same partnership. I've got great staff.

I just think that there is an opportunity here. We could talk about all of the differences that Congress has between the Senate and the House and, actually, between my own party within our conference, and get a little depressed. But I think coming to a meeting like this encourages me and really makes me feel like we can get something done.

As Ursula said, this is a group that really is a group that really does some work. So those of you who may not know about me, I look like I've been in Congress for 40 years, but I've only been here eight-and-a-half.
(Laughter)

CONGRESSMAN REICHERT: I was in the Air Force, got off active duty, went into the sheriff's office, spent 33 years there from patrol cop to homicide cop to the sheriff. I ended up here because Jennifer Dunn, my predecessor, decided to retire. So politics was not in the playbook.

I bring, I think, sort of a Joe Friday "just the facts, ma'am" sort of approach to Congress. Common sense and logic is really what cops are all about, and that's what I think this committee is about.

In Washington State, Ways and Means is the committee that most of the members of our delegation strive to be on. I was fortunate enough to join that committee five years ago, four-and-a-half years ago. I am on, obviously, the Trade Subcommittee and I'd like to think I'm one of the leaders there. I started the KORUS Trade Working Group back when we were working on KORUS.

I also chair the Human Resources Subcommittee on the Ways and Means Committee. Currently, we're involved in tax reform discussions. And here's another bright light, I think, that we can all at least look to. When you have Chairman Baucus and Chairman Camp working together, the Senate and the House working
together, talking about tax reform, I think it gives us all a lot of hope.

    We know tax reform plays in heavily to creating jobs and actually helps in our effort in doubling exports. So I'm engaged in that effort very, very thoroughly.

    So a little bit about Washington State. We are the most trade-dependent state in the country. Forty percent of our jobs depend upon trade. What comes into the State of Washington, actually, we only keep 30 percent of what arrives in our ports. Seventy percent goes across the country to the rest of the Nation. So we call ourselves the Port of Chicago sometimes.

    The importance of trade now for me and my district, from Microsoft on the west side of the mountains to now apple growers, pear growers, and cherry growers, you can see the variety of products in Washington State and how important it is for us to be a part of the TPP negotiations and how key that is to Washington State's economic growth.

    So now we have started and I am the co-chair of and the -- let me make this announcement. We're going to roll this out next week, but we started a Friends of TPP. That will come out next week, another
bipartisan effort, so another bright light to look at. Ron Kind, myself, Charles Boustany, and Mr. Meeks will be the four co-chairs. So that's just a secret that I share with you today in this room.

So we'll roll that out next week, but we're excited about that. But I agree with what the Ambassador said, and I'll wrap my comments up.

We can talk about TPP, we can talk about TTIP and TISA, but really the important thing here is the trade promotion authority. We have got to get this done. And I just want to offer my full assistance to you, Mr. Ambassador, and everyone in this room who will be promoting TPA in any way that I can help. Please call upon me. I'll be happy to help in any way that I can.

Sometimes the sheriff has some interesting ways of convincing people.

(Laughter)

CONGRESSMAN REICHERT: That was a joke, everybody. Anyway, thank you all so much for the opportunity to share a few thoughts and for being a part of this effort. I appreciate it. Thank you.

CHAIRMAN McNERNEY: Thanks very much, Congressman Reichert. But the title was cool, "Sheriff of King County."
(Laughter)

CHAIRMAN McNERNEY: That's what he was.

We are very fortunate to have Jason Furman with us today, the new Chair of the Council of Economic Advisers. Give us a little economic report, if you would, please.
III. ECONOMIC BRIEFING

CHAIRMAN FURMAN: Sure. Thanks so much, Chairman, Ursula. And I've watched the work of this Council for years and I'm glad to be here participating today.

I want to talk briefly about exports and where they stand in the economy today and then talk about three big trends that have an impact not just on our domestic economy, but, also, very much on our exports.

U.S. exports set another record in 2012, reaching $2.2 trillion. They rose to 13.9 percent of GDP, which ties the record set in 2011, and you have seen further increases into 2013 with further inflation adjusted records.

If you look over the course of the whole economic recovery, you have seen exports up 30 percent. That compares to the 26 percent rate set in the previous recovery. But that growth hasn't been even. If you look at the first three years of the economic recovery, exports were up -- real exports were up at an 8 percent annual rate, which was faster than just about any other major component of GDP over that three-year period.

But over the last 12 months, that growth rate
of exports has slowed to 2 percent, and that slowdown is an important reminder that our fortunes, in part, depend on the economic strength of the rest of the world. And we saw a significant global economic slowdown in 2012.

You are seeing that start to mend, with real GDP growth in the rest of the world at about a 2 percent annual rate in the second quarter. That's faster than the first quarter, faster than last year, although still slower than what it was historically. And you see the pattern in terms of where our exports are going. Exports to Europe, for example, have rebounded to their pre-Eurozone crisis highs as the Eurozone has recovered -- started to recover after six quarters of negative growth. But exports to China are flattening, although some of the most recent data from China is a little bit more encouraging.

I wanted to shift gears because I think there are a lot of things we can do to promote exports. Some of them might be small or medium things that the agencies, the governors, mayors, companies around this table can do, but a couple of them are three very large forces that we often talk about in the domestic economy that actually have disproportionate impacts on exports, as well.
The first of those is the dramatic slowdown in health costs. It's not probably the main topic on the agenda of most meetings of the PEC. We've gotten great data on that, most recently yesterday, that inflation-adjusted health spending has grown at a 2 percent annual rate since 2010, the lowest rate recorded in 50 years. You've seen employer premiums growing at 2.3 percent, which is one-third the rate observed in the early 2000s.

The reason that matters is because while economists think all these savings in the long run are passed onto families, in the short and medium run, they reduce compensation costs, in part, for employers, and that means more job growth. And that matters disproportionately in export-oriented industries.

Health costs are 10 percent of compensation in manufacturing as compared to 7 percent in services and within services, health costs are higher in our service exporters than they are in, for example, the retail sector, which is non-exporting.

The second trend is the dramatic increase in oil and gas production, due, in large part, to techniques to extract oil and gas from shale. Crude oil production has grown each year the President has been in office, to its highest level in 17 years, in
2012. And over the last four years, domestic oil
supply growth has accounted for over one-third of
global oil production growth.

The United States is now nearing the point
where our domestic production of oil will exceed our
imports on a sustained basis. Again, matters a lot for
trade. The real inflation-adjusted trade deficit in
petroleum products fell to a record monthly low in
June. Through the first seven months of 2013, the
petroleum deficit is on pace to set a new annual low,
after adjusting for price changes, down to 24 percent
of our overall trade deficit from the 40 percent that
it was as recently as 2009.

The third major development, again, which is
normally thought of through a domestic prism, but has a
significant impact on our exports, is our fiscal
situation. We've seen a very rapid reduction in our
deficit, down 6 percentage points in the last four
years. That's the fastest pace we've ever had in this
country, with the exception of the demobilization from
World War II. Remarkably, half of that reduction was
just in the last year alone and the fact that the
American economy has continued to grow in that last
year is a testament to the fact that the private
sector, including exports, continues to lead the
recovery.

There is a basic fact that every economist understands and no economist, except perhaps Lael, has ever figured out how to explain --

(Laughter)

CHAIRMAN FURMAN: -- which is that when you bring your deficit down, you increase your net national savings. That reduces the amount you need to borrow from abroad, and the flipside of that is improved net exports.

In terms of the outlook for the economy, if we can handle some of the fiscal issues that Senator Klobuchar spoke to earlier, we'll be well positioned to do no harm to the economy over the next year. But our aspiration should be more than just to do no harm. The President has talked about a grand bargain for jobs that would provide additional impetus for job creation in the short and long run through measures like business tax reform and adjustments in infrastructure, which a lot around the table have talked about, manufacturing and training. And furthermore, that could be done in conjunction with additional deficit reduction over the medium and long run.

So just in conclusion, American businesses have added jobs for 42 straight months. Our economy
has grown for four straight years. Exports have played a key role in that. But with an unemployment rate at 7.3 percent, obviously, substantially more work needs to be done and it needs to be done on the big things like health, energy and our fiscal situation, and then the small things, like impediments to a small business, exporting or what we do with each and every one of the trade negotiations we are undertaking.

CHAIRMAN McNERNEY: Well, thank you very much for the report, Chairman Furman. I think there are fewer and fewer constraints for the kind of growth that we're pushing for here, and, in fact, we're glad to see that we're playing a little bit of a role in helping the situation. The energy report was particularly encouraging. So thank you very much for the report.

I think Gene Sperling -- would you care to make some comments?

MR. SPERLING: Sure.

CHAIRMAN McNERNEY: Another regular.

(Laughter)
IV. AGENCY UPDATES

MR. SPERLING: So I have been privileged to be a regular for the last three years. And I apologize if some people were at the business roundtable yesterday, because a couple points I'll repeat, but I'll repeat quickly.

First of all, this may be my last one, because I'm leaving on January 1st. But I just want to make a couple of points I made yesterday.

I think you all know my replacement, Jeff Zients. We worked with him for four years. He is as excellent and impressive and just as kind of a person as you will ever meet, and so he is just extraordinary.

And I said yesterday that I've never in 13 years seen somebody come into the job of Secretary of Commerce with the "take charge" action that Penny Pritzker had. Right now, people are looking for jobs, I'm saying you want to be at Commerce, because this is a "take charge, get things done" place.

And then Mike Froman, I wonder if there has ever has been somebody who comes in with both the expertise -- four years -- and then the personal relationship with the President that he has. So I think in terms of your export leadership, I think you
have just a remarkable team.

I'd also say the person replacing Mike, Caroline Atkinson, as well as Lael Brainard, they have just been the superstars, maybe a little behind the scenes to the public, but not to you all. So this is an extremely strong export team you have, as well as the other Cabinet secretaries, but I really just wanted to point that out.

I'll just say very quickly a few domestic things that are absolutely related the exports. Number one, the President really believes part of exporting is making the case that there is a better economic case to locate in the United States now then there has been in 25-30 years. And so as we are doing export, we also have an Administration Presidentially-led effort on there, and that's going to include the Select USA, the first conference, we're working on reforms. Penny, that is one of the things she is leading, she's hosting October 31st.

We also are stressing on manufacturing, particularly advanced manufacturing. We will announce in a period of time that we'll be keeping our advanced manufacturing partnership going. Andrew Liveris has played a real leadership role and will continue to do so there. But we also have the National Manufacturing
Innovation Institutes, which is an administration-wide effort with the Secretary of Energy, Secretary of Defense, NSF, others coming in, but we have a partnership in the White House and Secretary of Commerce in coordinating that, and we already have a quarter of a billion dollars for partnerships with existing funds.

It's one of the ways the President is making us make progress, whether we have new legislation or not.

Secondly, another thing that Secretary Perez and Secretary Pritzker and the National Economic Council and team are working on is to really develop a core set of private sector, demand-driven training principles. We'd like your help with that. We all hear from you that locating here, exporting here means meeting those jobs, and both Secretaries Perez and Pritzker are committed to working with the White House, Cecilia Munoz and I on this, and I think having something we all bought in on would be a very strong way of reforming our agenda.

My last thing I'll just say -- and it goes to the Mayor's point and what a lot of you have said is -- we an opportunity on corporate tax reform. This President put forward what he called a grand bargain on
jobs, a chance always looking for a way that even with
the difficulties and occasional dysfunctions in
Washington, to bring us together.

What he suggested was that we could do
corporate tax reform together with infrastructure.
This is exactly what many of you have talked about as
being so good for the economy, so good for exports.
Tax reform has one-time savings that could go to
infrastructure and then still the long-term savings you
would use in a revenue-neutral way to lower the
corporate tax rate, but you would do that with using
the one-time savings to address many of the things the
Mayor just talked about.

I think this is the type of thing that has
real possibilities, would be good for economy, good for
growth, could bring people together, and, obviously, a
win for our exports.

So thank you very much.

CHAIRMAN McNERNEY: Gene, thank you very much.
You were lauding a number of other people, but on the
occasion of your departure, I think I speak for
everybody in this room, your service to this country
and this government and other governments along the way
has just been exemplary and your leadership will really
be missed. So thanks for everything.
MR. SPERLING: Well, thank you.

(Applause)

CHAIRMAN McNERNEY: Caroline? Caroline Atkinson, Assistant President for International Economic Affairs, and Deputy National Security Adviser -- you have the longest title in the room. So you have big shoes to fill, but it is great to have you here. We'd be glad to hear your comments.

MS. ATKINSON: Thanks very much. I thought I'd just speak briefly about the global framework for -- as Jason mentioned, what happens elsewhere matters a lot for our exports. We can do a lot things, as Gene outlined, to make our industries better and better able to take advantage of opportunities, but we also need the rest of the world to provide those opportunities.

And we've just come back from the G20 meetings in Russia, where the countries that account for 80 percent of global GDP all meet, the major economies.

I know that the past five years, they first met five years ago at the height of the crisis at a leader level, and over the past five years, they have actually achieved a lot.

First of all -- and most of these gains, I think, have been led by the U.S. And I'm not boasting about myself, I'm boasting about my predecessor, Mike
Froman, and Gene Sperling, and, obviously, most importantly, the President himself.

With U.S. leadership, countries rally to put in place economic policies that would stem the financial crisis, strengthen their banking system, build up, provide some temporary support to their economies. And importantly for this audience, there is a joint commitment to resist the protectionism that had been such a multiplier of the negative economics of the Great Depression, which was what leaders were committed to try to avoid.

Over the past five years, this has worked. Jason pointed to some very good numbers that we have had of exports and global growth, but he also pointed to the fact that in 2012, there was a bit of a setback, and that was mainly coming from the slowdown that was experienced in Europe.

We have now moved to a better place. I think Europe is beginning to come out of recession, but you can see in the G20 that the old debates about should we go for austerity, should we go for growth, have ended. All of the leaders have united around the view that growth and jobs are the most important. This is a message that the President has made very strongly. He got very involved discussing the European crisis with
European leaders. It's a message that Lael and others in the Administration have made over and over again about the importance for all of us around the world, but especially for us, obviously, worrying about the U.S., that you need to have a strong growing economy as the backdrop for declining deficits and a sustainable path for fiscal policy. And the real focus, what leaders need to and want to focus on, is growth and jobs.

We have also made a strong push not just to avoid protectionism, but to make progress in opening up the world's markets. We have managed to shift to a more positive tone in the multilateral trade negotiations, and we're hopeful that there will be and we have strong statements of political will to make the next round of negotiations in December in Bali a success.

But part of that has also come from, again, the U.S. effort championed by Ambassador Froman to start working in a really serious way on high standard and vicious trade agreements with the rapidly growing Asian partners and then, also, with one of our biggest trading partners or economic partners with the European Union.

And we've already noticed in countries that
have previously been unwilling to move to open up and have productive discussions with us about their barriers to our exports to their countries that they are taking note of these big initiatives and are interested in perhaps joining or figuring out how to become a part of this bigger agenda. I think that is a huge win going forward.

And the last point I'd make is just picking up on Gene's point about infrastructure investment. That is hugely important here, but it's also hugely important around the world. And in the G20, the President laid out, looking ahead to next year when Australia will be chairing, that we can build on some of the private-public partnerships like Empower Africa and we can build on our expertise and build on the knowledge that countries need to spark investments, but the private sector needs to finance and carry them out.

And this is a global message and it's a message where U.S. firms stand a huge amount to gain as these markets and developments occur.

Thank you very much.

CHAIRMAN McNERNEY: Thank you and welcome to the PEC, and I appreciate your remarks.

I have just done a time check here and as Marilyn and I say in the aerospace world, we're running
out of air speed and altitude here.

(Laughter)

CHAIRMAN McNERNEY: That's not good, that's not good. I think we have Jeanne Hulit of the Small Business Administration; Lael Brainard, Under Secretary of Treasury, already mentioned; Fred Hochberg of Ex-Im; and, Elizabeth Littlefield of OPIC; and, Brian Deese of OMB.

We are not going to have time for your comments this morning, unfortunately. We will make you first up at the next meeting.

The President's arrival is imminent and we have got to figure out a way to approve these eight letters.
V. DISCUSSION OF LETTERS OF RECOMMENDATION

CHAIRMAN McNERNEY: Now, those of you presenting the eight letters, I think -- we trust you.

(Laughter)

CHAIRMAN McNERNEY: All of us have read the letters. They have been referred to by many of the people around the table and sponsored by many, actually, Congressmen, Senators and Cabinet officials. So these letters, even though the source is objective and public-private partnership, I think we've all had a chance to look at them, and what I would suggest is save any impassioned disagreement.

I will assume broad support and just ask for, I guess, without objection, approval of the eight letters that will be sent to the President. So we can then maximize the time when the President arrives to hear his remarks, as well as some back and forth. And I know Valerie has mentioned he'd like to meet most of you, particularly the new folks.

So that's the time I would like to maximize rather than the administratively intensive approval of some of the letters that we're not going to change probably in any case.

So without objection -- and I apologize to the
presen
ters. Bob, you came here from Los Angeles.

Well, Andrew is always here.

(Laughter)

CHAIRMAN McNERNEY: Ursula was prepared and we had a number of others, Mary. And so I apologize. But why don't we, in the interest of the broad omission of the PEC and having the President with us today.

So without objection, so moved.

SPEAKER: Second.

CHAIRMAN McNERNEY: All in favor?

(A Chorus of Ayes.)

CHAIRMAN McNERNEY: Thank you very much.

(Appause)

CHAIRMAN McNERNEY: It may be a little chaotic at the end. This will come out, but just if you want to make a note, June 19th and September 18th are the two dates we're trying to set in stone for next year.

I know Ursula, in her role as Vice Chair, with Secretary Pritzker, is looking at a mission. I think Brazil is the working plan. I think there is broad support in this group for a Brazil outreach.

But I think we need the Secretary's input before we finally decide on that. But that is something where Ursula, I think, would encourage participation from anybody around the room. Date not
set yet. We're working it. We need Penny's approval.

So we'll work that with her.

Penny, do you have any comments before the President comes? We have a few minutes. And then maybe Lael Brainard, she could offer a comment, if she'd like.

SECRETARY PRITZKER: Since I had a chance to make comments, I'll just, again, say thank you to all of you and for the work you've done and the work you will do over the next year.

We will look at trying to -- I know folks' schedules are very challenging. And so if we're going to try and do a trip, we will try to get something on the calendar ASAP so that we can do the -- not just do the planning, but know who will be able to attend. And maybe it would be an opportunity for those who haven't spoken to have a chance to speak, if that makes sense.

CHAIRMAN McNERNEY: All right. Yes. Fair enough. Realize how this is going to go. This all stops the minute a certain individual walks through the door.

(Laughter)

CHAIRMAN McNERNEY: He usually comes right through here.

So, Lael, Under Secretary of the Treasury, a
comment we'd love to hear.

SECRETARY BRAINARD: I really appreciate my particular spot in the speakers' lineup here.

(Laughter)

MR. SPERLING: Lael, during all of the budget discussions, I had this and you learn to stop mid-

(Laughter)

SECRETARY BRAINARD: So let me just do a quick scan of the global economy since this group last met, and, as you know, there have been quite a few shifts. There are still, I think, if anything, better prospects than ever for U.S. exporters, U.S. workers to be taking advantage of growth abroad.

But there have been some big changes in terms of industrial expectations, and, of course, the biggest one is that the U.S. is now garnering tremendous attention all around the world as a very attractive destination for investment and for exports. And that has been a very noticeable shift and I think that has, if anything, only intensified over the last few months.

Your efforts are clearly showing a lot of positive momentum. I thing the greatest risk that we face right now, which was referred to earlier, is the risk of self-inflicted wounds and it is so critically

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important that the U.S. shows that it really is able to
continue to navigate forward.

The tail risk has receded, I think, very
substantially in Europe, but we are looking at
prospects of slow growth, protracted stagnation,
potentially, and I think that is the message that they
need to hear from us consistently. They have got to
put a much greater focus on demand growth. And the
TTIP, I think, becomes all the more important in that
kind of an environment.

Japan also has taken some bold steps to
restart growth that weren't anticipated even six or
nine months ago. We're starting to see some really
positive signs there, but, of course, for us, what is
important is that we see those taking place through
domestic demand and not through a weaker currency on
the export channel.

So we're going to look carefully at that.

And, of course, the kinds of reforms that are still to
come in Japan are the same kinds of reforms that Mike
and others are pushing through the TPP.

At the same time, we have seen a reassessment
of emerging markets, to some degree, after a long
period where that was the sort of source of greatest
interest in the global economy, and that is led by
China. China is going to have to, over the next period of time, fundamentally reorient its economy to its consumer and away from very resource intensive exports. That is good for our companies.

There is renewed, I think, recognition that they need to up their game in terms of intellectual property and the openness of the investment environment in order to sustain their growth and move to higher value growth, and that, I think, is responsive to some of the concerns that we face there. We saw that in the President's discussions just in St. Petersburg, as Caroline noted.

But what is so important as that shift takes place, I think it puts the U.S. back at the center, is to consolidate that through the TPP, which really puts the U.S. back at the center of gravity in the Asia-Pacific region and makes us the standard-setter. And so that's why that initiative really is critically important to us.

There have been some negative spillovers in the region. Obviously, Indonesia and then, more broadly, Brazil, Latin America, places that have depended a lot on exports to China of commodities now have to go back and look seriously at their domestic reform agendas. And, of course, these are very
exciting markets for Americans, but I think the message right now is that they need to do more in terms of attracting U.S. investment, do more on their policy reforms to make sure that we realize those opportunities.

The last thing I would simply say is don't forget about Africa. We have 13 countries in Africa growing at greater than 7 percent of GDP over the last few years. As Mike was mentioning earlier, AGOA and Empower Africa, we're trying to create platforms that make it easier for U.S. companies to participate in what could be very exciting growth in the years ahead.

I think it's important for us, but also important for them that we stay engaged.

Thanks.

CHAIRMAN McNERNEY: Thank you very much.

Under the heading of -- first of all, the meeting will be adjourned when the President leaves. So we've covered that.

(Laughter)

CHAIRMAN McNERNEY: The opportunity for me to make a protocol mistake is huge. So what I am going to do is just go down this list.

So, Jeanne, would you like to make a comment?

Actually, Jeanne Hulit is who I wanted to make a
comment, over here. Sorry, Gene.

MR. SPERLING: Who is he looking at?

CHAIRMAN McNERNEY: I know, I was -- that is called a head fake.

(Laughter)
VI. SMALL BUSINESS UPDATE

MS. HULIT: It's a double-Gene team. Thank you, Mr. Chairman. I am especially honored to address you today as the SBA's acting Administrator, particularly because I began my career in trade policy 30 years ago in Washington, DC and subsequently spent much of my career supporting small business exporters in my home State of Maine.

So I am well aware that small businesses account for 98 percent of U.S. exports, but only represent 34 percent of export revenues. As the Governor accurately pointed out, there is more that we can do.

Under the leadership of Karen Mills, the SBA set and exceeded many of its goals for increasing exports by small and medium-sized firms, including our STEP grant program, and we are continuing to do great things to implement the recommendations of the Export Promotion Cabinet.

This year we launched the pilot of the Global Business Solutions, a new approach to bundling Federal Government trade finance products and services from SBA, Ex-Im Bank, Commerce, USDA and others, in order to make them more accessible to our lenders and our
exporters.

Additionally, we began in the fall of 2011 our Small Business Development Center Network training of our counselors to become international trade competent and to be stronger resources to exporters in their communities across the country. To date, we've trained more than 320 counselors, collectively supporting 1.5 billion in export sales in 2012 and we are on target to exceed 2 billion this year.

And in partnership with the Department of Commerce, the SBA's 68 district offices are working with state and local trade resources to create export outreach teams to collectively serve the regional trade eco systems. And importantly, this fall, we teamed with USTR and the International Trade Commission to give small business exporters a voice in the Transatlantic Trade and Investment Partnership negotiations.

This month, the ITC will hold over 20 export roundtables nationwide to give small business owners an opportunity to connect with officials on the difficulties that they face exporting to Europe. This feedback will inform a report to the USTR in January and in time for next round of negotiations.

This effort represents an unprecedented level
of exposure for small business exporters in a major free trade agreement negotiation. We will continue to advocate for small businesses, and I do want to point out that I was in El Paso, Texas yesterday and had the opportunity to hear from small businesses about the economic imperative of immigration reform, again, talking about the flow of goods and services across the border to Mexico and retaining and attracting talented students in their university system. So that's also part of our expert opportunity.

So thank you very much.

CHAIRMAN McNERNEY: Jeanne, thank you very much and welcome to the group. Appreciate that.

Now, Gene Hale, you had offered to make a comment in support. And so since you are leading our small business outreach initiative, a comment.

MR. HALE: Thank you Mr. Chairman, appreciate that. I just want to take a moment to say that as a result of all the roundtables that we've done over the last year in different parts of the country and some of the recommendations that we brought back, we are just so pleased in our committee that the SBA, under the leadership at that point in time by Mario Gamez, really getting those programs in place has increased the educational process for small businesses trying to
figure out how to navigate this system.

So I just wanted to give that shout out to you guys, as well.

Also, the Department of Commerce, with the form of imitation of the export.gov, has really been wonderful. I mean, Francisco, you guys have been on the case. So thank you very much.

Our next step is to talk about harmonization of the agencies, because there seemed to be a disconnect in terms of the definition of a small business. So I'm meeting with some people from Valerie's office to have a meeting and to talk about how to get the agencies synchronized and make it a little bit more easier for small businesses to navigate that system, as well.

Thank you.

CHAIRMAN McNERNEY: Gene, thank you very much. The President, I am told, is on his way. So I am going to keep going down the list.

So the next person who has volunteered to be interrupted in mid-sentence is Fred Hochberg. Fred?

(Laughter)

MR. HOCHBERG: Thank you. Our real focus at Ex-Im, as at many agencies, is really about jobs. Year to date, we have supported, based on Bureau of Labor
Statistics, about 200,000 jobs. Since the start of the NEI, Ex-Im supported exports of -- supported about 1.2 million jobs in that time period.

The good news is our economy is also getting more efficient. That is good news. It makes us more competitive, the challenge, that is. In some ways, each extra billion dollars of exports is not -- is actually generating a smaller number of jobs.

Long-term, that is very good. Places like aerospace, automobiles and so forth are getting much more efficient and, therefore, can sell better on the global market.

Our volume will be down a little bit this year. The positive part of that news is that commercial financing is becoming more available to exporters large and small. Aircraft, for example, we're finding commercial banks are willing once again to make loans to support the sale of commercial aircraft, which is a good sign.

We are not looking to just increase our authorizations every year. We're looking to make sure that exports have the financing to get out the door. So those are all very good signs.

And on the national export initiative, about half the states either have already doubled exports or
are on track to double exports. We've still got another half to go. We still have time to go. But this is -- there are a number of very bright spots in the NEI.

A couple of just key transactions, just to be emblematic. The oil company in Mexico, PEMEX, is a big buyer of the United States. We just did a $1.5 billion loan. Exports from Governor Fallin's state have been very key, as well as Louisiana and Texas.

Lockheed, we've financed the first commercial satellite of Lockheed to Australia, and this year we have financed 60 percent of all commercial satellites that are exported with financing through Ex-Im Bank. So that has been a key growth area in satellites, and Boeing is also one of those. There are four major satellite companies.

In the aircraft space, I'm not going to talk about Boeing. I'm going to talk about Thrush. They make crop dusters, and we've just financed crop dusters to China. It's a small company in Georgia. Their other competitor is Chemical Air Tractor.

We sold some farm equipment to the same farm in China, and the farm is the size of the State of Connecticut. So we've sold them 20. We do believe we can probably finance a lot more since it is the size of Connecticut.
Lastly, I am feeling a little left out because we don't have a letter about Ex-Im Bank. However, our authorization will expire in one year. September 30, 2014 is, regrettably, the expiration of our charter. We will be working very -- we have already started work on our charter reauthorization.

This is something no other country -- no other country -- does. Every other country puts more money into their export support. No other countries are having a debate whether they should have an export credit agency.

So we will be looking to work with people in this room and around the table, both in the government and private sector, to get support for our reauthorization for next year.

Thank you.

CHAIRMAN McNERNEY: Thanks, Fred. We have supported you in the past and we will support you in the future. You didn't tell me about those other people you financed.

(Laughter)

CHAIRMAN McNERNEY: Elizabeth Littlefield, OPIC. Where is she? There she is. There she is.

Give it a shot.
MS. LITTLEFIELD: I will speak quickly. And since Director Zak is probably not going to get a chance to speak to you, I would just say that the good news is that collaboration is up really very strongly among the trade and investment agencies of the U.S. Government. We are actively referring business to one another, and that's it.

(Whereupon, the President of the United States entered the room.)

(Applause)
VII. PRESIDENTIAL REMARKS

PRESIDENT OBAMA: Everybody, please, have a seat. Have a seat.

It is good to see all of you. I know that we've got a few new members, in fact, some folks that were just appointed and immediately got to work. And so we're thrilled to see all of you. And then there are the grizzled veterans of the Export Council.

(Laughter)

PRESIDENT OBAMA: Although you don't look grizzled. You guys look great.

Obviously, I want to thank Jim and Ursula at the outset for their outstanding leadership in this entire process.

This week marks the fifth anniversary of the collapse of Lehman Brothers and an incredible financial crisis that devastated not just the financial sector, but the entire economy, and people lost jobs, homes, and savings. And for the last five years, we have worked our way back because of the incredible grit and resilience of the American people, because of the outstanding dynamism of our business sectors, because of, I think, some timely work on the part of this Administration and other agencies to make sure that we
were responsive to the immediate needs of the American people, but, also, looking at how we can start initiating some structural changes that are going to make a difference over the long term and rebuild our economy.

We are not where we need to be yet, but with 7.5 million new jobs created in the private sector, with the housing market beginning to recover, with our energy transformation continuing in a way that I think many people would not have anticipated 20 years ago, where we're now at a point where domestic production is actually starting to exceed imports, across all these fronts, there are some very positive pieces of news.

But I tell you, one of the biggest bright spots in our economy has been exports, the fact that Made in America means something and has provided a boost to our domestic economy and has reminded the world just how competitive we are.

This has been a top priority from the start. Part of the reason we set up this Export Council was to make sure that we were in a position to meet our goal of doubling exports during the course of a fairly short period of time, and we now sell more goods overseas than ever before.

Jason, correct me if I'm wrong, but I think
our current account deficit and trade deficits have
narrowed as significantly as we've seen in a very long
time. Now, part of that is because we are importing
less foreign oil and increasing domestic production,
but a lot of it is because we are selling a lot of
great products all around the world.

And this Council has done a great job in
helping to guide our policies. We've got large
businesses, we've got small businesses, we've got
medium-sized businesses. We've got services, as well
as manufacturers. And your input has been enormously
important in this entire process.

Part of what we have seen is a continued
transformation in American business to become more
competitive and more productive. And I would be remiss
to say, since it's in the news quite a bit, to note
that one of the reasons our businesses are more
competitive is because health care costs have actually
stabilized relative to what we had been seeing in
previous years.

Just an interesting statistic here for folks
who may be interested. Thanks, in part, to the
Affordable Care Act, also known as Obamacare, the cost
of health care is now growing at the slowest rate in 50
years.
Employer-based health care costs are growing at about one-third of the rate of a decade ago. And just yesterday, CMS estimated that health care spending grew at its second slowest rate ever in 2012, will grow at its third slowest rate ever in 2013. It grew at its slowest rate in 2011.

So the three years since Obamacare passed, we have seen the slowest growth in health care costs on record. I think this is critically important to recognize because one of the huge competitive disadvantages that our businesses have had is that we -- American businesses oftentimes are shouldering health care costs that their competitors are not, because they have had a more efficient, more effective system.

And so for us -- and when we passed the Affordable Care Act, by the way, there were all kinds of arguments about how all the cost savings weren't very meaningful and weren't going to do a lot and we weren't really bending the cost curve.

Well, it turns out, actually, a lot of what we have done is starting to bear real fruit, and it has an impact on the bottom lines of American businesses, as well as the American people.

So if the current trends hold, and all
estimates are that, in fact, they will, this is not just a byproduct or hangover from the recession, we're going to see a continuing slowing of increases in health care costs that is going to boost our exports.

Now, we can still do more when it comes to exports. And thanks, in part, to new trade deals that I have signed, as well as, obviously, really great products and services that you have all designed, America now exports more to the rest of the world than ever before. We are on track to export even more this year.

Last year, $1 billion in exports supported nearly 50,000 jobs -- or 5,000 jobs in the United States. So for every $1 billion that we sell, that's 5,000 new jobs right here in the United States. And so we are really focused on how do we keep that momentum going.

Our new Trade Rep, our new Ambassador, Michael Froman, who many of you have had a chance to work with when he was in the White House, is in the process of trying to complete negotiations around a Transpacific Partnership. You are talking about the largest, most dynamic, fastest-growing market in the world. And because of some incredibly hard work by Michael and the previous Trade Representative, Ron Kirk, we are very
far along in trying to get that deal done.

Raising standards, opening up markets that previously had been closed, getting the kinds of protections, like IPR protections, that are so important to American businesses, since we typically are the best innovators, making sure that services are allowed to compete in many of these markets, because we do services better than anybody else and those are markets that oftentimes are the most parochial, most encumbered by regulation, and have most frequently been closed.

So we are going to be pushing ahead not only on the Transpacific Partnership, but we also have now our Transatlantic effort, where we can see if we can enhance what is already robust trade with Europe. It amounts to the largest trading relationship in the world, by far, and we think we can do even better. And so we're going to be moving on that front, as well.

We are going to need trade promotion authority through Congress. This is an area where, so far at least, Mitch McConnell says he is for it and that is good. And so we may be able to get some good bipartisan support to get that done.

But let me just make a couple of closing comments about how important this Export Council has
been. One thing that I think a lot of people aren't aware of, at least until they get involved in policymaking around exports, is tourism is an export.

When foreign visitors come here and spend money, that is tallied as a U.S. export. And thanks to people like Bob Iger at Walt Disney and others, we have made enormous progress over the last several years in boosting tourism in the United States, making it easier for foreign visitors to get visas, making it easier for them to come here and enjoy the incredible attractions that we have here in the United States, that is making a big difference.

A lot of the ideas about how we could do that were generated from initially these efforts. So I use that as an example just to say that this is not just a bunch of show horses here. These are some work horses, and I believe it is fair to say, and I think Jim and Ursula will confirm, that if any of you have good ideas about how we can further promote exports, put them on the table. You will find an Administration that is ready and willing to put their shoulder behind the wheel to actually get it done.

And I know that our new Secretary of Commerce, Penny Pritzker, who is coming directly from the business world, understands how important it is for us
to be able to execute and not just generate a bunch of
white papers that get filed off in some dusty file
somewhere.

We want to make sure that we're moving on all
fronts very aggressively.

So with that, I just want to say how much I
appreciate all your participation. I want to make a
special note to some of the small businesses that have
been represented here, because what we have seen is
that when small and medium-sized businesses can cut
through the red tape and understand how to export,
actually, they can compete pretty well, and that's an
area where we can make significant progress.

Obviously, big companies, like Xerox or
Boeing, we want to keep on growing them, because small
businesses are up and down the supply chain and when we
sell a bunch of airplanes, a lot of small businesses
and medium-sized businesses are benefitting from that,
as well.

But I am very enthusiastic about this. I
think Jim at least will confirm that I am happy to go
out and make sales. I am expecting a gold watch from
Boeing at the end of my Presidency.

(Laughter)

PRESIDENT OBAMA: Because I know that I'm on
the list of top salesmen at Boeing, and that applies to all of you.

I also notice that we've got some wonderful elected officials here, folks like Governor Fallin. Part of what we want to do is also coordinate state and federal and local efforts, because right now our competitors, the Germanys, a lot of the European countries, they have a very tight, very aggressive, very well coordinated effort to make sales around the world.

Sometimes because we're so big -- and, frankly, we have been such a dominant economy for a long time, that our sales pitches and efforts have been a little more scattered and a little more diffuse.

So one of the functions that this Export Council can serve is as a clearinghouse and a coordinating mechanism to make sure that if Oklahoma is trying to pitch something or help one of their businesses, that they are in touch with federal counterparts and they can do a much more effective job.

All right. So what I think we're going to do now is we're going to clear out the press. I'm going to have a chance to come around and say hello to everybody and say thank you, and then the conversation will continue.
Thank you very much.

(Applause)
VIII. ADJOURNMENT

(Whereupon, at 11:28 a.m., the meeting was adjourned.)
CERTIFICATE

This is to certify that the foregoing proceedings of a meeting of the President's Export Council, held on Thursday, September 19, 2013, were transcribed as herein appears, and this is the original transcript thereof.

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LISA L. DENNIS,
Court Reporter