THE PRESIDENT'S EXPORT COUNCIL

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Room 350
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The meeting was convened, pursuant to notice, at 9:17 a.m., Mr. James McNerney, Jr., Chairman, presiding.

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THE HONORABLE DEBBIE STABENOW, D-MICHIGAN

U.S. CONFERENCE OF MAYORS

ALVIN BROWN
Mayor of Jacksonville, Florida
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I. WELCOME & OPENING REMARKS

CHAIRMAN McNERNEY: Good morning, everybody. I would like to formally welcome everybody to this meeting of the Export Council. A lot has happened since we met on June 6. It's good to see so many of you here as we gather our feet underneath us, talk a little bit about what we've accomplished and what challenges still lie in front of us, which will help us shape the agenda for the next year and the next term.

But I think today we really only have one action item, which is to approve our first term report. I know there are a lot of materials you've taken a look at, the stoplight chart, the infamous stoplight chart, the heavily vetted and discussed stoplight chart.

(Laughter)

CHAIRMAN McNERNEY: Which was, I think, fairly honestly approached, quite frankly, and I think we're going to hear some -- red is good when you really want to solve problems, and there's some red on the chart, and that's good. That just lays out what we have to do. The statutory thing we have to do is the implementation of our 24 letters of recommendation,
which have already been written and already sent, but
given the way Washington works we now have to approve
them. So we'll do that and we'll get a little bit
into the challenges that lie ahead.

But listen, I'd like to just -- we have some
distinguished regulars and some distinguished guests.
If there are any comments -- and I'm going to go down a
list of folks here, starting with the Vice Chairman of
the Export Council, Ursula Burns.

Ursula, do you have any opening remarks?

MS. BURNS: Just briefly, thank you, Jim for
shepherding us through our first term. It was, I
think, useful. We are holding this meeting at a
critical time for our economy, definitely. We have a
good opportunity to review the process, as Jim said,
that we've made so far this year and some of the work
that we have to do in the next four years.

Significant progress was made, not by any
individual constituency, but because we worked
together. We helped move along towards the goal that
the President had laid out to us. We've increased
exports across the board: manufacturing, services,
agriculture. In fact, we're about halfway to the goal
that the President laid out of doubling exports in five
years, so it's pretty good work.
In particular, I'm pleased that the Senate today--I hope it's today, or the next couple of days. I hope it's the next couple of minutes--will vote to pass PNTR for Russia. That's something that we've been working on, something that we stressed the importance of at the beginning of this PEC. I think, by working together with people in this room, and people outside of this room as well, we will probably be able to get that passed today in the next couple of minutes.

A couple of other few good examples. The trade agreements with Korea, Colombia, and my home of Panama were signed as well. Go Panama!

(Laughter)

MS. BURNS: There's still a lot to be done, though. I mean, that's just a little bit of the work that we have to do. We need to reform our tax regime, which is being worked in and out of this room. We need to complete and begin implementing the Trans-Pacific Partnership agreement and we need to continue to work with the U.S. Government agencies to update some current export promotion advocacy criteria that are increasingly out of touch with the way that business is done around the world, and it's particularly important to a company like Xerox, which is a services company. I look forward to, actually, another couple of years
just working on this and having some fun.

CHAIRMAN McNERNEY: Great, Ursula. Thank you.

Thank you very much. Your leadership and contribution has been fantastic.

Secretary Blank? Commerce?

SECRETARY BLANK: All right. Thank you very much, Jim and Ursula, and thanks for everything that you have done here on the PEC. And thanks to everyone here on this committee, including members of Congress. Congratulations to Senator Stabenow on your reelection.

I want to start the morning with what I consider to be an exciting piece of news. This morning the President issued an executive order. I've actually got the text of it, if anyone wants to read it, establishing the Interagency Task Force on Commercial Advocacy, led by the Commerce and by our Advocacy Center.

I know a number of the companies here have used the Advocacy Center. Last year alone, the Center helped U.S. firms win about $87 billion in contracts, 85 percent of which was export content. That is a substantial increase over what they were doing in past years.

As you know, our exporters face increasingly
tough competition from major international public contracts and through this new task force we really want to bring the resources and the engagement of over a dozen Federal agencies. The idea of the task force is for us to coordinate advocacy across the Federal Government to help strengthen the playing field for U.S. companies. I think we've been doing a good job on that.

With this executive order and some of the abilities it gives us to coordinate better, we're going to, I hope, do an excellent job providing stronger commercial diplomacy, better market intelligence, heightened visibility of new opportunities, and better access to all the tools and resources that agencies provide, including financing and technical assistance.

Of course, this is part of our broader, continued efforts under the President's National Export Initiative. As many of you know, exports have been leading the economic recovery, growing faster than many other sectors, though they have slowed down a little bit with the growth slow-down in Europe and Asia. We are still on track to break a record for U.S. exports this year, exceeding 2011's record-breaking $2.1 trillion. So, that will be good news.

All of us in the administration place a high
value on the input that we get from private sector leaders and PEC members who have given us such great recommendations over the last four years. Let me just reflect a moment on how far we have come. You have been champions of the NEI, helping us increase exports by over a third from 2009 to 2011. At our midway point we were right on target for that doubling of exports and supporting $1.2 million export-related jobs along the way.

You have strongly supported and are working on letting U.S. companies take advantage of the trade agreements in Korea, Colombia, and Panama. Thank you for all your work on the PNTR. Let's keep our fingers crossed for later today. You've really worked to help entrepreneurs and business owners understand how they can use exports as a strategy to grow their own jobs with the help of the Federal Government where we can be useful.

Perhaps most importantly, you've helped formulate some very effective strategies that use a strategic and data-driven process to identify and analyze the markets and sectors where the U.S. has, or should have, a competitive advantage. So I specifically want to thank the Global Competitiveness Subcommittee for identifying where public/private
engagement can make a big impact with measurable results.

On that note, I was in Africa last week promoting the trade and investment goals of the U.S. strategy towards sub-Saharan Africa, which the President issued in June. Sub-Saharan Africa is forecast to grow between 5 and 6 percent in the coming years, faster than other parts of the world, including the United States. Six of the 10 fastest-growing countries in the world are in sub-Saharan Africa, so this is a region of the world with enormous potential for export growth.

In Johannesburg, I launched the Doing Business in Africa campaign, which is aimed at involving more American investors and exporters in the African market. In Nairobi, I launched a commercial dialogue between the United States and the five nations that represent the East African community.

That commercial dialogue, among other things, is going to bring private sector leaders into policy dialogues about the key reforms that are needed to reduce trade barriers and enhance the business environment in that area.

I've got to say hello to Gary Loveman, who I last saw when he was a graduate student at MIT. Hey,
Gary, it's good to see you.

(Laughter)

MR. LOVEMAN: Please point out that it was quite a number of years ago.

(Laughter)

SECRETARY BLANK: You don't look a bit older.

U.S. businesses, I think, are very well-positioned to meet rising demand in Africa, as well as places like Turkey and Poland, which are also places that I visited relatively recently. We have competitive advantages across a number of industries, and particularly in the infrastructure and energy areas, which are areas where many of these governments are going to be investing very heavily in the decade ahead.

We also see strengths in manufacturing exports, such as cars and car parts, as well as service exports, such as travel and tourism. In fact, we now expect 66 million international travelers to have traveled to the U.S. in 2012, a 6 percent increase from last year and another all-time record.

Looking forward, we need to continue our work to expand the base of small- and medium-sized businesses who export. Their share of U.S. exports has grown from about one-fourth at the turn of the century...
to one-third today.

For instance, one goal of the Doing Business in Africa campaign is to encourage small businesses in the African diaspora communities in the United States to consider exporting back to Africa. We also need to train more of our business counselors in exporting, as the SBA is doing, and we need to expand export financing to more small exporters as the Ex-Im Bank is doing.

In addition, we want to build on the fact that about 150 U.S. metro areas exported more than $1 billion in merchandise last year and we've partnered with the Brookings Institution on the Metropolitan Export Initiative. I believe everyone here has a copy of the 10-Step Guide that we've created on how communities, metropolitan areas, can create actionable export plans to become centers of export growth.

Feel free to share that or ask for more copies. I'm particularly glad to see we have advocates for this approach from the NGA and the Conference of Mayors, thanks to Mayor Alvin Brown, who I know has been involved with this one.

So at this moment, when many other countries are experiencing slower growth, we actually have to be redoubling our efforts to meet the NEI goals and to
create even more good export-driven jobs here at home.

We have passed the half-way point on the NEI. We need to focus to make sure that the next two years are just as successful and we are very much looking forward to the advice and the recommendations and the work that we will do jointly with the PEC to make that happen. So thanks again to all of you for what you have done, and thanks in advance for what you are going to do.

As we say at the Department of Commerce, our goal is to build it here and sell it everywhere. With your help, we can make that happen.

CHAIRMAN McNERNEY: Thank you. Thank you very much. I think those comments provide a nice framework for the agenda we're going to be laying out over the next quarters, so we really appreciate that. I picked up a challenge or two in there that we're going to have to respond to.

Mike Froman is with us again today. Michael, do you have any comments you would like to make?

MR. FROMAN: Thanks, Jim. Just to build on what Secretary Blank has said, with regard to the trade agenda, we expect the PNTR vote to happen mid-day today. We are optimistic about that. Meantime, as we speak, in Auckland, New Zealand, the 15th round of negotiations are happening on the Trans-Pacific
Partnership.

When the President was in Phnom Penh a couple weeks ago he convened the seven Asian leaders of TPP who happened to be there and he had a very good meeting with them, a very good conversation, where he said this ought to be the beginning of the end game. It's time to start getting rid of some of the less important issues, figure out what each other's red lines are, cutting the deals, and getting this done next year.

There was a lot of enthusiasm for that, so we are putting a lot of effort behind that USTR, with the goal, of course, of achieving a high-standard, high-ambition agreement. He underscored that as well with the other leaders and there was widespread agreement that that remains the objective.

Canada and Mexico are attending the negotiations for the first time. While we were in Thailand, the Thai Prime Minister announced that they would potentially like to join TPP at some point, although it'll be some period of time before they're ready. Of course, Japan continues to have a debate in its country about whether it should join or not.

On the trans-Atlantic front, the high-level working group is continuing its work to see whether there's a comprehensive free trade type agreement that
could be done between ourselves and the EU. All I'd say about that is, the reason we don't have a free trade agreement with the EU isn't because no one ever thought of one, it's because there are difficult issues that have always gotten in our way. This process we're going through now is to try and get those issues on the table and see if, collectively, we think the political will is there to resolve them.

Maybe because of what's going on in Europe and their need for growth and their lack of other tools, we think there might be the political support for dealing with some of the issues that have tripped us up before, including in the agricultural area, and we hope that that will be the case.

In Geneva, there's been some good progress. As we've turned the page on Doha, there's some good progress on services and trade facilitation and ITA expansion. Just yesterday, USTR signed three agreements with Morocco as part of our outreach to the Arab Spring countries to try to get them more integrated into the international economic system. So we're making progress on a lot of those fronts.

Let me just mention one other thing, if I can. The President launched the Export Promotion Cabinet last year and asked us, in the absence of legislative
authority to actually consolidate trade agencies, to do everything we could to better coordinate our efforts.

There has been a very robust interagency effort with a lot of the people around the table representing their agencies there, focusing on how to expand small- and medium-sized enterprise exporters and how to make sure our domestic and international footprint was organized in such a way as to maximize impact and provide services in as customer-friendly a way as possible to potential exporters.

I'll just give you a couple of examples. An interagency group has gotten together and look at our Foreign & Commercial Service platform, our FAS platform, the Economic Officers of the State Department, and have come up with new priority countries to focus on, new business models for sharing resources, and recognizing we're all under limited budget environments, how to make sure we're using all of our resources very well.

On the domestic side, we now have a protocol between Commerce and Agriculture and the other agencies about how to treat customers that come in wanting to export, how to make sure we could have one-stop shops, both virtually and in our physical distribution systems and how to train people. If you're an FSC officer, how
to train them in the other parts of the government on what SBA can offer, what Ex-Im can offer as part of their effort.

The last thing I'd mention -- two things. One, on export controls, we published three new rules in the last week and we expect, by February, to begin to be able to move over literally thousands of items from the munitions list to the Commerce control list. It's been a long process for the last three years to get to that point.

Finally, enforcement remains very much central in our overall efforts in trade enforcement. As we speak, we have just asked for a panel of the WTO against Argentina for its import licensing practices and will be working to make sure that, along with Mexico, the EU, and Japan, we bring a strong case against Argentina for those practices.

CHAIRMAN McNERNEY: Mike, thank you. Thank you very much.

We have Gene Sperling with us here today. Gene, would you care to make a few comments?

MR. SPERLING: Sure. I think you've already heard a pretty good summary on the export and trade situation. I just make the following, kind of connecting what some of you are spending your time on
here on fiscal cliffing.

(Laughter)

MR. SPERLING: With the switches to say we obviously, in terms of our export agenda, there's the policies that we take and then there's the degree of growth we have in our main trading partners. We, of course, work as well as we can, often very behind the scenes, to try to speed up the process of reform in Europe, obviously because we understand that connection.

In terms of China, it's harder to read. I rely more on you. Andrew was in the Wall Street Journal. Having been a bit dark earlier on China, we're seeing a little pick-up according to there. So, you know, we're always a little bit at the mercy of just what is the general demand there.

I think that in a situation where you cannot count on as robust growth as you'd like, I think that just emphasizes why, on the policy side, in terms of all the specific things that Mike, everybody here has talked about, become all the more important that you have to pick that up.

But I do have to say, in fairness, we have lived through two years in a row where the U.S. economy was looking kind of stronger in January/February and
problems in the rest of the world helped break our hearts, either through higher gas prices because of Mideast turmoil, or more volatility and financial troubles in Europe that were difficult. I think the rest of the world probably would kind of say the situation is flipped a little and that if we're worried about their growth the best thing we could do is have a strong U.S. economy.

I think the eyes are on us. I feel that sense of responsibility, that what happens with us, as depressing as it is to see Europe at times move too slowly, too cautiously in ways that then rebound to hurt us, we have to make sure at this point we don't do the same to the rest of the world.

I think one thing that so many of the CEOs here have said in the different meetings we've had, and I think it shares the view Katherine and others have, is that right now the market expectation, the global market expectation for us is like C+/B-, depending on your degree of grade inflation, meaning that I don't think the world has priced in us going over the cliff but they have been prized in also us decisively breaking fiscal dysfunction.

So we are in the nice situation where we have potential upside. In 2010, one of the nice things that
happened was that people did not expect that we had come to an agreement where we'd extend everyone's taxes and that we would use that as a leverage to extend low-income taxes, get the payroll tax cut, get the UI. It was really something.

After that budget agreement, across the world projections for U.S. growth went up 0.5 to 0.6. That's really something to have a policy moment where it changes the entire projection of U.S. growth by half, sometimes a full point.

Here, I think it's less that there's going to be that big kind of demand breakthrough, though we would like to get some demand in for 2013, as much as the fact that so many people have cash on the sidelines, are on hold, have been in lockdown for several months.

If we were to surprise the world by not only not going over the cliff but for them to actually see President Obama and Speaker Boehner with an agreement that I think what will decide it is less how huge it is and more the sense that we've broken our dysfunction.

We didn't cure the deficit in one agreement in '93, but then markets reacted a lot to their sense of whether they thought the parties were going to work together to solve it. So, I think we have a very
positive moment that we can try to solve. I also believe that there is upside on the housing side as well.

Oddly enough, I do believe strengthening our economy will obviously -- you could say that's going to just strengthen imports coming in, but I think we all know it doesn't work that way. When we're strong, everyone's a little stronger and I think that will help on the exports.

The analogy I often use to the way the world looks at us sometimes is that when you're a kid and you're fighting in the backseat with your brothers and sisters you really think that your parents care who's right or wrong.

(Laughter)

MR. SPERLING: If you could just get your case out a little better, they'd be with you. Then when you're a parent you realize that when you were a kid, they just wanted you to be quiet and get along. I think there is a certain degree that the rest of the world would just like to see us get along.

I've never seen so little asks from the different parties of, we want Medicare this, or rates this, or anything that as much as just, can't you guys just get along in the backseat. So, it's tough. It is
hard. But we are really trying to get there. You heard Tim say we would be willing to go over the fiscal cliff.

That's saying that we obviously can't take the worst deal, that we've got to obviously fight for a good deal, so you do have to be willing to let a terrible thing happen. But that's not the goal, that's not the aspiration. Everything we're doing is strategizing, and I think that is not going to just be good for imports, I think it's going to have a larger impact on 2013 globally, which will be big for exports as well.

CHAIRMAN McNERNEY: You and Larry Summers figure out how to make very fundamental points in very clear ways, in very different ways.

(Laughter)

CHAIRMAN McNERNEY: That was good. Since it's such a topical subject and since Gene is right in the middle of this right now and has been very constructive, any questions from anybody on that or is it all so much out there that I think we're up to speed?

MR. DAVIS: Jim, I might ask a question, just on global trade.

CHAIRMAN McNERNEY: Sure.
MR. DAVIS: I'm with UPS and have to explain what's going on in exports all the time. The last two quarters, global trade has lagged the global economy. I think that's probably the second time since 1982. I keep getting asked why and I don't have a really good answer on that. Can you help me?

CHAIRMAN McNERNEY: Inventories. Inventories, Gene.

MR. SPERLING: Maybe. Maybe. I'd rather give you a thoughtful answer later than a wrong answer off the cuff.

MR. DAVIS: It's a tough one.

CHAIRMAN McNERNEY: It is a tough one.

Senator Stabenow, do you have a comment or two for us?

SENATOR STABENOW: Well, good morning. It's great to be back with you. I, first, want to just thank all of you for your hard work. This is so important. Jim and Ursula, for your leadership in the last year. A couple of comments. I have to start, as chair of the Agriculture Committee, and just say that we figured out a way, Gene, how to get everybody in the backseat on agriculture to be quiet and to come together.

I just want to say that as we focus on what
needs to happen related to deficit reduction and the fiscal cliff, the only thing that has passed the Senate in the last year with deficit reduction that's bipartisan is our farm bill. So for every administration person in the room, as we go to this package, we are ready, willing, and able to put forward and be part of the --

MR. SPERLING: That is so amazing that you just volunteered to cut the deal with Erik Kantor and Boehner.

(Laughter)

MR. SPERLING: It's such an enormous public service on your part.

SENATOR STABENOW: I know. I know. I know. I'm volunteering. I'm volunteering. You let the four Agriculture leaders in the room, the deal is done. I mean, I'll just tell you right now. At least we have a piece of deficit reduction that we are more than willing to put in front of us.

Also, with my Agriculture hat on, let me just say that -- we all know this, but we are number one in the world in terms of agricultural exports, so this is a very important part of our export and we do have a five-year farm bill pending that is bipartisan, with deficit reduction, that does have important trade
support efforts in it. So that's the important part of
moving forward on trade as well.

We do go back today by noon. In fact, I
apologize for having to leave in just a bit because we
do have Russia PNTR that is coming up for debate very
shortly. We will have a vote at noon. We fully expect
that this will pass. We've been working closely with
the House to have a bill that would not need to go back
and forth. Essentially the bill that came from the
House is the bill that will pass the Senate.

I do want to thank those involved in trade
enforcement efforts, Ron Kirk and Mike, because we want
to make sure, when the doors are opened, they are open
for our businesses. It's a level playing field and
there's important trade enforcement provisions in this
PNTR.

So, I think that's important as part of it and
was a real priority for me as well. So we are going to
get that done. Earlier this year, with a lot of
challenges--it seems everything has a lot of
challenges--we did get Ex-Im Bank reauthorization.
Brad, we did get that, as you know, with a lot of
effort.

(Applause)

SENATOR STABENOW: I want to thank Chairman --
for bringing an office to Detroit. We're excited about that. I know Andrew Liveris is as well, and all of our Michigan businesses, that we will have a bank there. I want to thank both SBA and Export-Import Bank for focusing on small business in that context. So, thank you very, very much for doing that as well.

Finally, let me just say that, from my perspective--and I know you share this--but in coming from Michigan, where we make things and grow things, I don't think you have an economy unless you make things, grow things, and ship things.

So in that context next year as we go into tax reform, as we go into a larger policy, I look forward to working with all of you to make sure that we continue in America to make things here, as well as grow things here, and then ship them. That's how we're going to continue to grow the economy. So thank you all for your hard work.

CHAIRMAN McNERNEY: Thank you for your leadership, Senator. Thanks for coming today. I know it's a tough schedule.

Senator Brown, I think you were going to make a comment.

SENATOR BROWN: Yes. Thank you, Chairman McNerney. Vice Chair Burns, thank you. My mother
always thought that I was right when I was in the backseat.

(Laughter)

SENATOR BROWN: Some of you are old enough to remember this. I'm sorry I'm telling this story, but I couldn't resist. Trish and I were noticing that six people wrote down that and we're all going to take credit for this. We're not giving any footnotes to Sperling for coming up with it.

But I remember--and some of you are old enough to remember this--when seatbelts came in, my parents -- we were going from Ohio where I grew up and still live to New Jersey to Ocean City, or someplace, where we'd go every year. They got a seatbelt fitted in the backseat but it was one seatbelt across the whole backseat.

(Laughter)

SENATOR BROWN: And there were three brothers. I was the youngest, and my mother always thought I was right. It was not a very easy trip to New Jersey before the interstates were completed in our part of the country.

Anyway, but thanks for what this organization does. I come from a manufacturing state, as Senator Stabenow does. We are also an agriculture state, and
many other things. Our unemployment rate around the
time of the auto rescue was over 10.5 percent. It most
recently was 6.9 percent as of last month. Part of
that is the work that you all do in exporting. We've
seen -- part of it was auto rescue.

Part of it, Ambassador Kirk, is trade
enforcement. We've seen some direct outcomes with ITC
and Commerce Department, Secretary Blank, on steel.
There's a new steel mill in Youngstown. There are
aluminum trade enforcement, tire trade enforcement that
directly translate into jobs. That really speaks to
what Senator Stabenow said about the Russia PNTR.

I'm supporting it today--I spoke on it on the
floor yesterday--in part, because we are doing
enforcement more proactively in Russia PNTR. Michael
has been very much a part of this than we did with
China. We know what happened with China in the rule of
law, the difficulty whether you're shipping or whether
you're a manufacturer or whether you're competing with
Chinese exports, how difficult it's been to enforce
trade laws sort of retroactively with China.

The damage -- particularly where small
business and I appreciate the efforts of this, even
though many of you are large companies, the interest of
this council on small business exporting, and they need
the partnership of the Federal Government in Ex-Im Bank
and all in doing this and how important that is.

But, you know, in so many small businesses, so
much damage is done to them by unfair trade practices
when other countries--primarily China, but other
countries--don't follow the rule of law. By the time
we can respond on their behalf in partnership, whether
it's ITC or Department of Commerce, the damage has
already been too much inflicted on those companies and
those workers. So Russia PNTR, we are writing it in a
way that gives us the ability, with Russian speakers in
Russia, to monitor this as trade goes forward. So,
that is going to make all the difference in the world.

Senator Stabenow and I have worked on
legislation on this. Much of this is now part of PNTR
and we got some assistance, a good letter, from the
U.S. Trade Representative, from Ambassador Kirk, that
will help us move forward on that. So, thanks for
that. We'll continue to work together, and call on any
of us, certainly, in the House or Senate.

CHAIRMAN McNERNEY: Well, thank you, Senator
Brown. I particularly appreciate your comments on
small business because I think, when you look at the
stoplight chart, probably the most progress of anything
that we've done, but also with even more to go. So,
you know, Gene, Mary, and Fred have really led the
charge for this group. There's a lot more work to do,
but a lot done. So, your recognition is very
important. We appreciate that very much.

Mayor Brown, who I suspect is from
Jacksonville, the good City of Jacksonville.

MAYOR BROWN: Yes. Yes.

CHAIRMAN McNERNEY: Please offer some
comments. We'd enjoy hearing them.

MAYOR BROWN: Thank you. I want to thank you
for this opportunity, and thank you and the Council for
their leadership. The Council is greatly appreciated
by the U.S. Conference of Mayors and we are grateful to
President Obama. As you know, Mayor Nota made this
one of his top priorities. He would love to be here,
but he is literally coming back from a trade mission
from China.

He would have been happy to be here as chair
of the U.S. Conference of Mayors Exports-Imports Task
Force. We've been focusing on some of the things you
talked about, really being strategic and helping small
business get access and really expand their business in
the marketplace to be able to compete.

But we also focused on working with Congress,
encouraging them to invest in ports around the country.
and making sure we modernize our ports so that we can improve the cost and efficiency of moving goods, which is very important.

But the other thing I want to mention is the fear factor of small businesses. I think Fred and others know this, that they have a fear factor in terms of exporting. They don't have the resources, they don't have the expertise, and they don't have the deep pocket.

So that's one thing we're focusing on as a conference, but we're pleased with all of the help we're receiving from the Federal Government and the tools that you're providing for small business, which is very, very important.

The other point is, mayors are increasingly becoming involved in education. We know that we have to do a better job focusing on math, science, and technology to be able to compete in the marketplace and have a skilled workforce.

I know in Jacksonville -- I want to thank this administration for supporting what we're doing through a public/private partnership with CSX, the Department of Transportation, Secretary Ray LaHood. We got a $10 million TAGGER grant. Our port is a $19 billion economic engine in Jacksonville. It's responsible for
65,000 jobs. So, you're talking about growth. You really want to put people back to work? I'd say focus on the ports and help small business.

My last point is this: I think there's no way we can solve any of these problems if we don't work together. Public/private sector partnership, that's what we believe in as mayors. We know that the private sector is the engine of any community and we're focused on it like a laser.

Our conference this year is going to be from January 17 to 19 here in DC, and the mayors will be talking about these issues. But I want to thank the administration, I want to thank Karen, Fred, and others who have been really focused on this like a laser to really support small business, because they are the backbone of our economy.

CHAIRMAN McNERNEY: We really appreciate that report. One of the themes of the last year has been to reach out to mayors and governors and connect them to our efforts. You are a living, breathing example of that and so is your city, so I appreciate your comments and appreciate the transition to Administrator Mills, who probably has had as much to do with small business making it in all kinds of ways, including exports, as anybody.
Do you have any comments, Karen?

ADMINISTRATOR MILLS: Yes. Thank you, Jim.

Thanks to everybody in this group who has really worked so hard to make these export goals, particularly for small business, gain the momentum that it has. As Becky said earlier, it's about 30 percent and it's the fastest growing piece. We have realized a number of things. I really want to underline what Mike Froman talked about earlier. We have pulled together an export cabinet, and that export cabinet has developed, together, a plan. There are sort of two noteworthy things.

One thing the President has said and done from the beginning is say this is not about silos, everybody has to be coordinated, everybody has to work together.

In the absence of actual reorganization, let's just act as if we are completely coordinated. This export plan that we pulled together really underlined the fact that this is a ground game. On the small- and medium-sized business aspects, everybody has to be working with small businesses one-on-one in a coordinated way.

The step grants that Congress gave us in the Small Business Jobs Act proved to be very, very influential. This was $60 million over two years that went to State International Trade Offices and allowed a
coordination on the ground between the Commerce forces, 
the SBA activity, the Ex-Im Bank activities. We are 
developing joint financing programs. 

We are dealing with the fear factor because 
many of these small businesses, they don't know where 
to go, they don't know how to do it, and they are 
afraid they won't get paid. So we have now quite a 
robust, on-the-ground set of activities and we are 
starting to see in the numbers the results of what we 
call this coordinated ecosystem. 

We'll come back to it later, the details of 
it, but we did put together a little dashboard addendum 
to the stoplight chart which details what is happening 
on the ground to actually influence results, like many, 
many more trade missions, Gold Key missions, real 
companies going abroad, seeing business opportunities. 

The second piece I want to make sure everyone 
knows about is an announcement that we made. About 
three weeks ago, Tom Nides and Secretary Clinton in the 
State Department and the SBA have partnered to work 
very hard on what we call economic statecraft. 

The fact is many, many countries -- we have 
about 150 delegations a year who come to the SBA and 
they want to copy our programs. They want to copy the 
government contracting, the financing, and also the
counseling programs, all around the world.

Now, that indicates that we have a big role to play in helping people develop these entrepreneurial networks, these small business, robust activities because we know they lead to a good middle class, a strong middle class, and stronger activities in these countries.

So we have partnered with the State Department to make sure that the economic folks, the diplomats in each of the countries, know all the tools that we use effectively here.

One of the things that Tom Nides has said is this is very, very likely to create more export opportunities because, as you get more small businesses in those countries connected to our methods and to our small businesses, you will end up having more of these export activities.

So we are very, very pleased about working on economic statecraft with the State Department and we think it will have many residual benefits, including in this diaspora activity that we're also focused on.

CHAIRMAN McNERNEY: Thank you very much, Karen. Appreciate the effort and energy. It's making a different.

We have mentioned the stoplight chart a couple
of times here. Just to remind you what it is, this is, like all stoplight charts in all organizations, heavily discussed. Matrix elements in my company would debate forever before a stoplight chart would be issued. In this case it's a team effort between the administration and the staff for this group, and actually this evaluation went a little more seamlessly than normal.

But that is how it was produced. Ursula and I discussed this after we reviewed and thought it might be good to have the committee chairs, and the subcommittee chairs in some cases, for the five major groupings of the stoplight chart to make a few comments, both about progress and challenges ahead.

But Secretary Blank, do you have any comments before we jump into it or should we just jump into it?

SECRETARY BLANK: So, I just wanted to thank the ex-officio members of the Council and their staffs for all the work that they've put into this, and the executive secretary for coordinating that effort. It does always take time.

CHAIRMAN McNERNEY: Yes.

SECRETARY BLANK: But as you noted, it's really the red areas here that I hope we focus on in the next several years --

CHAIRMAN McNERNEY: Sure.
SECRETARY BLANK: -- to say, what should we be doing?

CHAIRMAN McNERNEY: Yes. Or move the goalposts on the green ones so that we've got more to do.

(Laughter)

SECRETARY BLANK: That, too. Turn them red.

CHAIRMAN McNERNEY: Anyway, yes. I've heard that one before.

Gene, would you start? Andrew, have Gene go first, then move on to you if that's okay.
II. DISCUSSION OF IMPLEMENTATION OF COUNCIL RECOMMENDATIONS

MR. HALE: Thank you, Mr. Chairman. Good morning to everyone. It has been a thought-provoking conversation so far this morning regarding small business. I think it's been very interesting, especially since I chair the SME committee.

With regards to the stoplight, I think that we made substantial progress and we're almost green all the way. We have to have a little yellow, but we'll take care of that the next time around.

I believe that there's still work to be done. It's important that we keep in mind that SMEs make up 98 percent of the firms exporting goods, 33 percent of exporting value, and 64 percent of new private sector jobs. So, that's why it's important that we have this kind of conversation.

We have learned that fewer than 500,000 SME firms are exporting currently. However, that number barely grew in the prior decade. That's why President Obama and the PEC goal to double exports with particular focus and care being given to SMEs vital to our economic future.

We have done six SME regional roundtables and
we have submitted 16 recommendations. I am pleased to say that the outstanding participation by Commerce, SBA, Ex-Im Bank, the Labor Department, have all put us in a position to make some real progress toward meeting the goals of the President.

We recognize that Administrator Mills and Chairman Hochberg have instituted real benchmarking. They've launched new and effective loan products. The SBA recently announced that they have a new program called the Supplier Connection. It is the new public/private partnership between SBA and 17 of the world's largest corporations, set up to take advantage and include small businesses in their supply chain, which is very commendable. That's very commendable.

However, I think that what's most important, the outreach that's been done so far has been very commendable, but we need to find a way to make sure that we institutionalize the outreach, that we do not reach a goal of 2,000 or 4,000, which is a very good number looking at the historical data, but if we do not have an institutionalized process for continuation of outreach, then somewhere the next party or agency will fall off their radar.

So I think that that's why it's important that this become sort of an infrastructure kind of deal, not
a one-time shot for continued outreach, because one of
the things that recommended earlier was to identify the
top 10 minority cities in the country and go after
those cities.

I do believe that we have a lot of work to do
in that area and I think that there should be some
outreach focus in that area as well. But again, my
focus is to make sure that we can get this sort of
institutionalized.

We have another roundtable scheduled sometime
in February or March, I believe. Gary Loveman, I
think, is going to host us out in Las Vegas. What we
decided -- a lot of people say, why do you go to Las
Vegas, right? But we did some research. We did some
research and we looked at several untapped sectors,
such as rare minerals, mining, clean technology, and
entertainment that thrive in this region and need
attention to garner growth. So, that's one of the
reasons why we want to take a look at that.

Mary, do you have any comments?

MS. ANDRINGA: Thanks, Gene. I agree with
you, it's been great discussion and input so far this
morning.

I just want to add one other thing which the
committee continues to discuss, is intellectual
property. That continues to be one of those areas that is a bit of a barrier, or I think fits the fear factor that we talked about earlier, fear of losing IP or fear of the costs that are associated with filing, maintaining, et cetera.

So our committee has also had talk about, there's still room for additional support in this area. I also -- it's been said several times already, but I really want to applaud the efforts of the administration in dealing with some of these working capital and finance barriers for small businesses to exports, so whether it's Ex-Im, SBA, USDA, just helping the private sector revamp and grow new programs is fantastic.

Just finishing my two years as chair of the National Association of Manufacturers, it's been great to work with Chairman Hochberg on some programs to try to get Ex-Im connected more with some of the small manufacturers, and again, helping to get them from only exporting maybe to one country to moving on to other countries as well.

Just lastly, I really appreciate the fact that, being an Iowan, Des Moines is in the second tier of MEI cities. We're starting to work the plan and that will be ready in April, and I think for all of us,
as we have the ability to work with some of these programs maybe in more local areas, it's not only having a plan, but how do we execute it?

We can have more growth with small businesses in those metro areas but we've got to make sure it's not just a plan, it really gets disseminated and worked. If there are barriers, those of us who are involved in the Export Council, let's help break down those barriers.

So I also just want to say that we've got a fantastic staff group supporting this committee and I certainly want to recognize all of their efforts.

CHAIRMAN McNERNEY: Thank you, Mary. I mean, I think you and Gene have provided great leadership here and we're looking forward to the next stoplight chart that we'll go after.

Listen, we've had some great leadership on the government side, too. I mean, Ambassador Mills, Dr. Blank, and Fred, Chairman Hochberg. Do any of you want to make a comment, maybe starting with you?

SECRETARY BLANK: I would just say something quickly on the IPR front.

CHAIRMAN McNERNEY: Yes.

SECRETARY BLANK: So one of the things that I'm very pleased with, is I think we are working very
well with our EU partners in this front and we're much
more effective in a multi-lateral negotiation than a
bilateral negotiation. The Trans-Atlantic IPR Working
Group, which USTR and Commerce chair, I think has been
helpful.

Secondly, I think we have made some real
progress, particularly with regard to China. It's
slow. There is a lot more to be done. Ambassador Kirk
and I, in fact, are going to be engaging in
conversations in another week and a half in our JCCT
process, which is the main trade conversations, and IPR
is at the top of that agenda.

CHAIRMAN McNERNEY: Okay. Good.

Karen, do you have a comment?

ADMINISTRATOR MILLS: Yes, thank you. I want
to underline Gene's point on the supply chain. I've
spoken to a number of you about working further with
our supplier connection partnership.

It turns out that, of the 250,000 or so small
businesses that export today, many of them also are in
the supply chains of lots of your companies and many of
them are also in the supply chain of the Federal
Government.

As you know, we have deep connections with
those who supply the Federal Government, particularly
the Department of Defense. The one thing they say to us is, we want more commercial business. We need to be able to also export, find ways to take these products that we are using to serve the Federal Government and sell them to other companies and sell them overseas, often as part of your export activities.

So we are going to try to take this core group that we think overlaps significantly and reach them better through technology, through portals, identify opportunities for them and then we can come behind and offer them financing and other supports so they can grow and be better parts of your supply chain.

CHAIRMAN McNERNEY: Thank you very much.

Fred, any additional comments before we move on to the next one?

MR. HOCHBERG: I'll be fast.

CHAIRMAN McNERNEY: Yes.

MR. HOCHBERG: Access to capital is critical, and as a result we ran what's called Global Access Forums to help small businesses. We actually ran 42 of them in the last two years. We launched it at the Chamber.

One of the things that was key was to speed up response time. We actually came up with something called Express Insurance. We actually were able to
give exporters a quote for credit insurance, receivables insurance, within five days. It was actually cited by Harvard University this fall as their Innovation Award.

One of the things we did focus on is cutting our response time. We now have -- we get 90 percent of all transactions out in 30 days. It was about half what it was when we started four years ago, and we get 98 percent out within 100 days.

Sometimes transactions like the $5 billion for Siddhara, or a couple of airplanes, take a little longer so that's in the 2 percent. But basically, about 50 transactions a year are the only ones that take more than 100 days for us to actually process and get a decision on, so mostly it's been about speed.

CHAIRMAN McNERNEY: Okay. Fred, thank you very much.

MR. TURLEY: Jim, might I ask a question?

CHAIRMAN McNERNEY: Sure, of course. Jump in.

MR. TURLEY: Yes. Just listening to this, it's remarkable how all this stuff links together. One of the things that Ernst & Young has done for the last 26, 27 years is celebrate the accomplishments of entrepreneurs. We do this all around the world. Andrew came out and visited with some of our people.
But about two, three weeks ago, we honored the United States's Entrepreneur of the Year. Secretary Blank, Under Secretary Sanchez was there for a while. The winner this year was a man named Hamdi Ulukaya from Chobani yogurt, upstate New York. He stands up and, in accepting the award, says a few things.

First, he says I'm a Turkish immigrant and he talks about how important this is. He tells the story that he summarized as "only in America" because he said that there was a plant of yogurt in upstate New York going out of business that he bought--guess what--with an SBA loan that now has built itself into this remarkable business. This is how all of these different things link together and, in his words, "only in this country". So it's a spectacular story we need to see more and more of.

CHAIRMAN McNERNEY: Hey, terrific. That's inspirational. Thanks for sharing it with us.

Andrew, Global Competitiveness Subcommittee. You're on.

MR. LIVERIS: Thank you, Jim. I will also refer to the stoplight chart and the greens, yellows, and reds. I won't cover all of them; some of the team will have things to say specifically. I'll turn to Bob Iger here on intellectual property rights here in a
second.

Obviously a lot has been said in terms of the green. Just to highlight, two Senators just left to go vote on the most important green/yellow on this, so clearly the mutual accomplishments of everyone on the team and this committee, the staffs, obviously PNTR is, like, huge and a really big, big achievement.

So, we are awaiting the result which we expect to be very positive for all American business here in a bit, so that's huge and positive, and maybe Ambassador Kirk will have a few things to say here in a minute. But just while I've got the floor I'll go through the rest of the updates.

It's very clear that 21st century trade -- Mike Froman came to the BIT yesterday and he's gotten the business community very involved. As you know, Jim, Ursula, and others who are on that body, we are lending a lot of support--this team, this subcommittee, our Council--to TPP as really the priority for next year.

Of course, adding countries can slow things down, so we have to be appropriately cautious. But there's a real positive development in a multi-lat like this, the United States hasn't had one for a while. The three that Ursula talked about were unilaterals.
So to get a multilateral of this type where the U.S. is showing leadership is an incredible accomplishment. With Pacific Rim countries in particular, we all know about the focus from the White House and all of the business on the Pacific Rim.

So we're very hopeful that that'll be the accomplishment that this subcommittee and all of us will work hard with our recommendation letters and all of our other forums to make happen. Of course, I don't want to leave the other ocean alone. It's already been mentioned, from Mike Froman and others, that we also—and you'll see it as a kind of mixed color bag here, Trans-Atlantic partnership, yellow/red, it's no longer necessary to go back in the history.

We just have to have a Trans-Atlantic U.S./EU combined approach to standards and all the things that matter to us as a free trading nation. I think it's very important that we finally move that forward. That will be a little more difficult.

It's going to have some big issues, not the least of them in agriculture, but we of course will be working on that as the year unfolds, So I think those two are very big positives in terms of, it's a priority for us going forward. The achievements, in the green, clearly are there to be read.
The last thing I'll say, and then I'll turn it over maybe to Bob Iger and other members of the committee, is of course our backseat car analogy works here, Mr. Sperling. Tax reform and the notion --

MR. SPERLING: You guys are speaking. Of course, there will be copyright protection.

MR. LIVERIS: Now I also have the visual of the one seatbelt, too, so I'm actually trying to work with this analogy but I don't think I'm going to get very far with it. I really just think that we've got to be very careful.

It's been said in many forums, but in this subcommittee tax reform, to have American corporations of all sizes be globally competitive, cannot be lost in the wash of the current transactional discussions because obviously they're key and critical in all the things that everyone is doing to make that not happen.

But certainly tax reform to keep us competitive, simplifying the Tax Code, a view towards global competitiveness on the tax rates and a view towards some degree of territoriality. That's a tough word for an Australian to say. We need to really bring that into the conversation in our committee next year, so that becomes a priority and that's why that is red.

I'll turn it over to other members of the
I'll be brief on this. The subject is intellectual property protection. In a way, Acting Secretary Blank said it all when she said "build it here and sell it everywhere". "Sell it everywhere" is the operative term, not allow it to be stolen everywhere, or not allow someone else to steal it and then to sell it everywhere, because those folks typically don't create jobs and don't pay taxes in this country.

I know a lot has been said on this. We obviously have a very robust economy, thanks in part to intellectual property protection. Senator Stabenow mentioned "build it, grow it, then sell it everywhere". We build and grow a lot of intellectual property in the United States that obviously supports the economy in so many different ways, particularly in terms of creating jobs.

There has been a growing din--maybe din might be an understatement these days--about rolling back intellectual property protection provisions in a number of different directions under the guise of stimulating innovation. I can't argue vehemently enough against
that premise because I believe that intellectual property protection has actually supported the creation of goods and services in the United States that are exportable and it is creating an environment that has enabled manufacturers and creators alike to create under circumstances that justify investment and obviously pay back genius or creativity in very, very robust ways.

Michael Froman, who left the room, mentioned TPP. I know that's been mentioned a few times. I would only urge in conclusion that anything we do as a government, including trade agreements like TPP, must include robust intellectual property protection provisions. There have been some efforts to roll back others that have been agreed to, Korea being probably the most recent one. That would be a huge mistake for this country, a huge mistake for our economy.

CHAIRMAN McNERNEY: We will heed that warning and that comment. It's really important to American business, as well as the multilateral relationships we have around the world. So, thanks for your leadership on that, Bob.

Jim, did you have an additional comment on this one? I think Ambassador Kirk wanted to say something.
MR. TURLEY: No, I think it's all been said. This PNTR thing, the vote at high noon, is huge. I think this is a great reflection of the importance of this body and it's a great reflection of the leadership of the President and the administration, getting this done. So fingers crossed for the next couple of hours.

CHAIRMAN McNERNEY: Okay.

MR. DAVIS: Jim, let me add to Andrew's point and to Mike's earlier, that I've spent a lot of time in Brussels the last couple of months trying to do an acquisition and have spent a lot of time with parliament in MEP. There is a tremendous amount of enthusiasm for the U.S.-EU trade agreement, much more heated over there than it is over here. Maybe it's because they need the exports.

CHAIRMAN McNERNEY: The desire for growth can do wonderful things.

MR. HOCHBERG: And they're excited about it.

CHAIRMAN McNERNEY: Okay. Thanks very much. That's a good point.

Ambassador Kirk, did you have a comment here?

AMBASSADOR KIRK: I'll try to respond to a number of these, but in the spirit of Gene's taking us all back into those backseats, the only visual I get is my father's arm coming over the back of the seat.
AMBAASSADOR KIRK: He was reasonably indiscriminate in terms of who he struck first, but that was one advantage of me being the youngest, like Senator Brown. I was better at ducking under the seat. All I remember were the words, "Somebody slap that fool".

AMBAASSADOR KIRK: It just sort of always ended up coming in my direction. So, Gene, I don't know if you knew you were going to be creating all that.

You have all raised a number of issues. One, we are very much preaching to the choir. We are all believers that we would get it, so I will just pick up on a couple of points. One, I'll start with Bob Iger's. I'm proud -- I mean, I'm just sitting here beaming at the number of things we're celebrating: passing the trade agreements, bringing them into effect, literally sitting here in anticipation of Russia moving.

But the one thing I love about our team at USTR, we have been just as honest in where we've fallen short. What I would say to Bob and the private sector members, we are getting our heads handed to us in this debate about the value of intellectual property rights.
protection in today's economy, and for everything else you all have highlighted, whether it's Europe, the Trans-Pacific Partnership of what we're doing.

If we don't find an effective way to explain to the American public that that is the future of our economy and that when we give up on protecting our work product and our innovation, we don't have an economy and I think we're going to lose.

But I can tell you, at least, we need your help and we need your thoughts on how we make a more intelligent defense of that, because otherwise you know that we're trying to have the highest disciplines in the Trans-Pacific Partnership. I think you know what we're trying to do in Geneva. Not to repeat what Mike said on ITA and others, but we are very much losing the broader public engagement and would welcome your thoughts on how we do this.

I would say one thing. I appreciate Mayor Brown. He was a great supporter of mayors, ironically when I was a mayor, and now he's in office. The issue about infrastructure cannot be overstated. We are very proud, Madam Vice Chair, that not only did we pass three agreements, but we brought three trade agreements into force faster than any administration. That takes a lot of work. That's a huge kudo to a very small
staff at USTR.

But more important maybe than the trade agreement with Panama is that in 24 months Panama is going to expand that canal and it will more than double capacity. There are maybe two ports in America that have their own ability to put in place the infrastructure to do that.

Secretary Vilsak will speak to it later, but even forgetting that we are at a critical point. We can't move goods down the Mississippi River. We're doing better in exporting agriculture than ever. If we can't just get goods from the heartland down to Mississippi to those ports -- but there is a critical, critical need for us to invest in our infrastructure, so I would hope at some point, just as Andrew makes the case, we don't allow tax reform to get lost in it.

The other element of this: infrastructure is jobs for us. These are all projects and areas that we need investment. I don't want to dominate the time. I think you all know, all the issues you've raised are important. Andrew, we would love a high standard agreement with the European Union.

But as so many of you, and Scott and I were talking, this is more of a debate within the union. Since Gene brought us our colloquial -- and Mike Froman
said it best. Our message to Europe has been, we want to do this but we want this to be a bridge to somewhere and we think we should get there on one tank of gas.

An agreement with the European Union and the United States doesn't invoke any of the low-wage, developing countries. These are two advanced economies. If we do this, we want to get it right. But we have also challenged Europe that, all these legacy issues, we need to resolve once and for all. Let's be very honest and very sober about that so that we don't end up, a year from now, where we've been before that has frustrated that.

On the Trans-Pacific Partnership, let me only add, the President has shown wonderful leadership on this when he was in Cambodia for the East Asian Summit. He met with the six Asian partners, but hammered them on two principles, that as much as we have all collectively trumpeted this as the next-generation trade agreement and as much support as it is among our constituencies in the U.S., it would be hard for us to come back with something less ambitious, frankly, Bob, as you said than what we've done in Korea.

So one, he nudged them that we really need to begin to deal with some of the more difficult issues, but also committed that this is something we ought to
try to get done next year. I think you all know, this is our 15th round, but it is the first in which we have welcomed Mexico and Canada.

The excitement around the Trans-Pacific Partnership really is building. Not only do we have Thailand, but you've got Costa Rica, the most public. But for the first time ever, we've had members of the European Union that have quietly come to us and inquired when we might think about opening up the TPP for others.

But we think between TPP, the Trans-Atlantic Union, that's a great opportunity, but we're equally interested at the right time in finding the right levers to pull to have trade inserted into the stability we seek in the Middle East region. If we do all three of those over the next 24 months, that's a pretty hefty lift.

Then finally, I would say to all of you, I think the reason we've been able to have the success we've done is the fact that we have elevated and credentialed to the American public that, first of all, we're going to enforce these agreements and fight for American jobs, and as we go forward we have to make sure we keep that attention on the enforcement. The leadership the President showed in establishing our
interagency task force enables us to have the most
coordinated enforcement effort than we've ever had
before.

CHAIRMAN McNERNEY: Ron, those two agreements
over 24 months, that engages about, if I'm just doing
the math, roughly two-thirds of the world.

AMBASSADOR KIRK: Oh, absolutely.

CHAIRMAN McNERNEY: I mean, it's huge. It
would be unprecedented and breathtaking. The other
comment I'd make is, you make the PTT sound easier than
it is. This is incredible work that you guys are
doing. I mean, you're talking about one of the biggest
multilaterals ever done. You're hanging onto standards.

IPR may be amongst the most important. So I just want
to acknowledge the hard work. Just having hung around
this for a while, I know how hard this is going to be.

AMBASSADOR KIRK: I appreciate that. This is
not a plea -- I mean, we have 250 people and not all of
them are professional negotiators. I mean, that's
effectively negotiating 11 bilateral trade agreements
at one time. These are the same people that are
working on the European Union and everything else.

But, I mean, we can manage that but having
your help on issues like Bob and others raised, since
you all are involved in these other markets, especially
to help these other economies understand that for us high-standard intellectual property rights is just not negotiable and, as bad as we want it, we are not going to do an agreement that gives away our economic future. So, we could use your help on that.

CHAIRMAN McNERNEY: It's good to know you're in the front seat reaching back, sort of keeping everybody in line there.

(Laughter)

AMBASSADOR KIRK: I have girls, so they punish themselves.

CHAIRMAN McNERNEY: But they do love their daddy after a while. Father of four. I've got four girls.

Listen, one of your comments led nicely into Dick's section on Manufacturing & Services & Agricultural Subcommittee. Did you want to make a comment on the stoplight chart, and maybe Secretary Nides can jump in.

MR. FRIEDMAN: Very briefly. I think there's been an enormous amount of progress on the travel front, thanks to -- I think when Larry Summers, at our first meeting, said there's no faster way to grow exports than tourism. Secretary Clinton and Secretary Nides have done a great job on that.
I think there are two things that this group should be aware of. One, is that there is a bill in Congress, supported by the administration, that we have to push to expand the visa waiver program. That is the fastest way for us to increase tourism. That bill ought to pass and we ought to push for that.

Secondly, and finally, the fact that we have many more tourists coming has created some issues at entry points, so we need to get the funding and get the program going so that people, once they get here, don't have to stand in line for another hour or two or three while they wait for their taxi outside.

That is an issue at the major airports because I don't think the admissions crew, if you will, has kept up with the visas. But we have made great progress and the administration should be congratulated on this. Thank you very much.

CHAIRMAN McNERNEY: Good.

Secretary? Tom, did you want to say something?

DEPUTY SECRETARY NIDES: Thank you very much. I have no backseat comments, so I will only say that we were driving the bus in the front seat on this. I think we're really working with all of our interagency colleagues. But I think it shows you, when the
government really works, it really does work. I mean, remember a year ago, Brazil, India, and China had upwards of 180 days wait period to get a visa.

I look at Bob Iger here because he's one of the beneficiaries of this. But quite frankly, there's nothing that drives job growth than tourism. We've proven by that. We've taken 180 days down to 3 days in Brazil, and that's also true basically in China and India as well.

It is not just the fact that we've made it quicker, but we've doubled the capacity. So it's just one of those scenarios where, when you really get a lot of focus, a lot of attention, and numbers do matter, as we know, and I think that has proven to be accurate. I really give the credit to everyone around this table, but certainly the consular officers who are actually at the front lines because all of this is in light of, we can't compromise security. If we have one security problem, then all the work we are doing on this visa issue goes down the drain.

So I can't tell you how much -- I think we've made substantial improvements. We are also dramatically increasing capacity around the world. It was all summed up last week. The National Travel Association gave the State Department an award which,
if you had told me that two years ago I would have thought that would have been a bit of a push, but they went down to Texas and gave the Department an award for the dramatic work that's been done. So, clearly it's a success story and we'll keep up the focus this year as well.

Thank you.

CHAIRMAN McNERNEY: Yes. But I think I would comment on behalf of a lot of global enterprises, there, but everywhere else, you have energized the Commercial Corps out there. We're getting a lot of help and a lot of leadership in a lot of very local areas in concert with Commerce, and so we really appreciate your leadership there, we really do.

Mike, would you care --

MR. AGUILAR: Jim, could I --

CHAIRMAN McNERNEY: Sorry. Sure.

MR. AGUILAR: Just very quickly comment on some of the stuff that was just discussed?

CHAIRMAN McNERNEY: Yes.

MR. AGUILAR: I'm with Customs & Border Protection. We are seeing an increase in the travel and tourism end of the country, in some cases as much as 14 to 16 percent growth at JFK, Los Angeles, and Las Vegas, for example. But one of the very positive
things is the growth in our trusted, vetted partnership programs.

CHAIRMAN McNERNEY: Yes. Yes.

MR. AGUILAR: Global Entry is an example, Nexus, Sentry. A tremendous amount of growth. We've got over 1.3 million people enrolled now and it's continuing to grow.

We would ask for help from this Council in continuing to push those types of programs. As an example, right now American Express, United Airlines, and Lowe's Hotels reimburse their top players for Global Entry enrollment.

In addition to that, one of the things that I'd like to point out is that, as we continue to see this growth in passenger flow, we are very focused to ensure that we are maximizing the resources that we do have.

In fact, as a result of the actual progress report, there was a survey run of the Model Port's critically important 20 airports that take in and account for 73 percent of the national travel. Ninety percent of those travelers actually that were surveyed are saying that the hospitality on the part of our officers, the right questions, and the efficiency continue to be high in that area.
So again, I just wanted to share that with you. We welcome the growth, but Mr. Friedman is correct, our resources are going to continue to be strained.

CHAIRMAN McNERNEY: Okay. Thank you very much for that report. We'll stay focused on supporting that. Appreciate it.

Mike, did you want to make a comment from the White House?

MR. STRAUTMANIS: I do. Thanks, Jim. I'm here representing Valerie Jarrett. I don't have the brains, the toughness, or the looks to do that well, so I'll just make a quick comment and let you get back to your meeting.

Our business engagement that we've done over the last four years has, I think through this particular body, this Council, has been extraordinarily effective, I think, as a model for what we can accomplish together.

You heard the President say at the Business Roundtable meeting yesterday how important it is to have U.S. business succeed in markets around the globe, how much exporting makes sense. We are going to stay on that work. We're going to continue to do it.

I know you all, frankly, have seen quite a bit
of the President lately, whether it's been at the
Business Roundtable or in individual meetings or group
meetings here at the White House. Get ready for more
of that.

That is something that we intend to continue.

I think it has been productive and the accomplishments
of the Council in exporting, the tourism work that we
just talked about and much more, I think it's going to
make a difference in this discussion around the fiscal
cliff. Valerie and I, and the President, are committed
to continuing this work and to do it in this fashion
with this amount of effectiveness moving forward.

So I just came by to say on her behalf, on all
of our behalfs, thank you. Get ready. Frequent flyer
miles to DC, I'm sure, will pay off in some way. I
think we're going to have a broad set of
accomplishments moving forward, so to be continued.

Thanks, Jim.

CHAIRMAN McNERNEY: Thanks, Mike. Thanks for
coming by. Obviously the White House's support and
encouragement here is a big deal, so thanks for coming
by. Appreciate that.

Ursula, I think you were going to offer some
comments on the Information Technology Agreement.

MS. BURNS: I'll do this very, very quickly.
I am only doing it -- I'm doing it for two reasons.

One, is I have something good to say about the

Ambassador, Ambassador Kirk.

AMBASSADOR KIRK: It's nice?

MS. BURNS: It's nice. It's nice to have it happen. But anyway, we didn't have a car.

(Laughter)

MS. BURNS: We signed the original ITA in 1997, the Information Technology Agreement. We signed it in 1997 and a lot has happened between 1997 and now from a technology standpoint, so it's really important that we update this and that we include more technologies under the umbrella of the ITA.

I'd like to commend the USTR--the administration in general but the USTR in particular--for actually pushing this agenda forward for us. It's very, very important for America. It ties into intellectual property protection, but it also ties directly into trade, obviously.

That progress, though, needs to continue. It needs to continue to focus on this. We need to make sure that we continue to move countries underneath these agreements such that we don't have any leakage, and it certainly can open up trade. It's important that at the next step that we bring the agreement to
other major markets, as I said; Brazil, Mexico clearly have to be swept in as well.

There's a lot of work to do here. We have to update it. We had a major step in 1997. I was a child then. We have to continue to move to bring technologies under this agreement. So, a lot of work to do. This is a place that we probably have made ourselves green, but we have to change the goalpost, right, so we'll be red again.

CHAIRMAN McNERNEY: Good.

Any additional comments?

AMBASSADOR KIRK: I appreciate the Vice Chairwoman's kind words about our team. I just want you to know, Ursula, we have a team actually in Geneva this week as we speak. This is one area where it's a coalition of the willing, but we do take the comments we get from all of our business leaders to heart and we are working. We have reached out in particular to the developing economies to get them in.

I think all of you know, some of them are skeptical that moving forward on this means that we would not move as robustly on the overall Doha agenda. But we are doing our best to bring in new economies. Not a big deal, but Turkey agreeing to sign on, an economy list Costa Rica that has become the biggest
advocate for least-developed economies to embrace the
ITA is a real asset for us. But we are attacking the
two core issues you said of both bringing in more
countries, but more critically, product expansion. So
we'll stay on top of this. It's one of our top goals.

CHAIRMAN McNERNEY: Thank you very much.

Pat? Pat Woertz, did you want to comment on
the Transportation Infrastructure Committee?

MS. WOERTZ: Absolutely. Let me first talk
about agriculture. Secretary Vilsak is here. I'd
definitely like to applaud your leadership of the
Department of Agriculture and your ongoing efforts to
assure that agriculture plays an important role in not
only economic growth, but exports. Exports in
agriculture have grown from $96 billion in 2009 to $136
billion in 2012.

Trade surplus, similarly, has gone up
significantly. China is a very important receiver of
much of those, increasing 110 percent over those same
years. There is a current issue around agriculture and
transportation that I'd like to bring up that I have a
couple of times in the past week. We have a real
emergency on the Mississippi River. Many of you know
that the levels are at very low, almost record
unnavigable levels.
In some places, there is one-way traffic or no traffic at all. It is very important that farmers, manufacturers, exporters, jobs are all -- it's all dependent on the navigability of the Mississippi. I know, Ambassador Kirk, you mentioned how much that's important in normal times.

Right now it is definitely an emergency time.

So we have asked that the administration take the steps needed, including a declaration of emergency, to address this situation. There's about $7 billion worth of goods that are stuck in the mud, or will be stuck in the mud in December and January together.

Kind of, if you think about, if you had $7 billion stuck in the mud you'd kind of pour some water on it and get it going. This is a situation where the kids in the backseat agree. Parents, please pull over, we've got to make a stop. So, I would look for everyone's help and support to try to get that to happen.

Thank you.

CHAIRMAN McNERNEY: Thanks very much, Pat.

Mr. Secretary, would you like to make a comment?

SECRETARY VILSAK: Sure. I hope the car that you all have been talking about is running on renewable
fuel.

(Laughter)

SECRETARY VILSAK: As Pat indicated, this has been the best four years of agricultural exports in the history of the country. We expect and anticipate an increase in exports next year, notwithstanding the draught, to $143 billion. We have had record trade surpluses. It helps to support nearly 1 million jobs.

We are looking forward to full implementation and taking full advantage of the free trade agreements that Ron and his team have negotiated. We are very excited about Russia's involvement with the WTO because we can now get them in a forum where they have to play by rules, which will be helpful. We're excited about the prospects of TPP but we are a bit concerned about its impact on dairy. As negotiations move forward, our hope is that agriculture is not lost in those conversations.

I will tell you that while we welcome Mexico to the TPP discussions, some of the decisions that they have been making recently with reference to potatoes and beef cause a bit of concern about their willingness to comply by standards.

We have been focused on small business. As you all have discussed, just to give you a sense of
this, just in the last year over 2,200 small businesses were first-time sellers of agriculture products. We brought nearly 2,500 buyers to the country last year, participated in 300 trade missions, and supported 29 trade shows that involved 17,500 business contacts, 9,200 products.

Several challenges. Number one, the draught, both in terms of our capacity to produce, and as Pat indicated, the concerns that we have on Mississippi. I can tell you that this has reached the highest levels.

During a Cabinet meeting, I think my colleagues can attest, the President did ask about this and the White House is focused on trying to provide a solution to this problem on the Mississippi.

But there is a longstanding concern. Draught is not just a single year. In many parts of the country it's a multi-year issue and I think we have to get serious in this country about climate change and we have to get serious about investing in agricultural research so we can continue to adapt and mitigate the consequences of climate change.

Secondly, the lack of a farm bill. That is a problem because the export assistance programs that we use at USDA expired on October 1st. We are cobbling things together to keep things in place, but by January
1, if we do not have a farm bill, our ability to continue to promote exports will be severely compromised.

There is an issue with cotton in Brazil which impacts and affects intellectual property and all of the products around this table. If Brazil does not get satisfaction on the cotton issue, they have the capacity to inflict retaliatory measures and they have indicated those retaliatory measures will not be simply limited to agricultural production and products, they will be expanded to include intellectual property as well as manufactured goods.

So, this is an issue that's got to get resolved. That also requires the passage of a farm bill. So, everyone around this table has a stake in the passage of that piece of legislation. You may not think you did, but you do.

Then while we're excited about the discussions with the European Union and the free trade agreement, a cautionary note: this is a part of the world that has not accepted biotechnology, has made it very difficult for our products to be treated fairly.

As there is discussion about free trade agreement, our hope would be that the European Union takes a much more modern view towards science and
technology as it relates to agriculture. If not, you're going to have a very difficult time getting the support in Congress to get this thing passed.

CHAIRMAN McNERNEY: Okay. Thank you, Mr. Secretary. Appreciate the comments and the perspective. Important.

Trade and Promotion. Scott, did you want to give us a quick update?

MR. DAVIS: Sure, Mr. Chairman. I think generally we're making a lot of progress on the various initiatives. I think we've talked a lot about export/import financing. We've got a great report card here Fred handed out this morning.

CHAIRMAN McNERNEY: Yes.

MR. DAVIS: Good progress. I think the one area that we're a little slow on is trade facilitation, single window. Not unexpected, there's 40 different agencies with their own import-export processes and it's going to take time, I think, for Treasury to get this thing put together so I think we're not surprised.

Just a minute I will spend on the latest recommendation we made, and Mayor Brown articulated the purpose here just a little bit ago. That's really the closer cooperation for the state, Federal, and local governments to help promote export promotion efforts.
I think this collaboration will clearly help eliminate redundancies and tailor the Federal programs to meet local business needs. The real focus here, again, as we talked about a lot today, is small- and medium-sized enterprises.

I think it's important that multinationals like UPS continue to grow export volume and grow destinations, but to make our exports grow at the explosive rate we need it's got to come from small- and medium-sized enterprises.

I'm kind of excited about this initiative because we at UPS have been working with the Commercial Service group for five years now and helping to get our customers to understand the services that they offer, and frankly made a lot of progress.

I think in 2010 we've established the Beyond One program. This is pretty critical, because again, remember, only 1 percent of small business exports, and of that, 70 percent export to just one country. So I think the idea of working with them and telling them about another country has been really helpful.

I think what we've seen so far is that 4 out of the 10 customers that have come for counseling services have actually added another country, so I think that's great progress and really a hint of what
can happen in the future. So, we're excited about this, Mr. Chairman.

CHAIRMAN McNERNEY: Okay. Thanks, Scott.

Fred or Dr. Blank, do either one of you care to make a comment, or both of you? Fred, go ahead.

MR. HOCHBERG: I will be brief. By the way, in the spirit of Gene and analogies, the one I have used is on the fiscal cliff. We do a little bit of diet, a little bit of exercise, you get there a lot faster. If you try to do it all by diet, all by exercise, it's a lot slower slog.

The PEC advocated for a large increase in our lending authority. President Obama asked for $140 billion. As Senator Stabenow said, it was voted on in the House and the Senate in May, signed by the President on May 30, the day before. We are now at $106 billion, on the way to $110 billion. We just closed our year. We had our fourth record set in a year. About $35.8 billion worth of financing, $50 billion worth of exports.

Interestingly, we actually financed more exports overseas this year. This is actually a good trend. It actually did generate fewer jobs. The reason that's a good trend is two things. One, companies like Boeing are using less labor per billion
dollars' worth of exports, so we're actually getting more efficient and are therefore better competitors, and we are also doing a lot more service exports. Last year we did about -- of the $35-plus billion, about $10.5 billion were service exports. Service exports have longer follow-on sales, but frequently are higher job paying, less job rich at the moment.

Then, briefly, on the SME front we had a record year for women and minority businesses, up 17 percent, the largest increase ever. Just in the scale of this, the smallest transaction we did last year was $10,000, so we're able to do transactions from $10,000 all the way up.

A couple of quick trends. Jim, we've been known--some people think unaffectionately--as the Bank of Boeing.

(Laughter)

MR. HOCHBERG: I wear that proudly. You are our largest exporter and I feel that very well.

CHAIRMAN McNERNEY: That's never bothered me.

MR. HOCHBERG: Never bothered me, either.

There's both good news and bad news, though. This year, actually we did more financing of infrastructure than aircraft.

CHAIRMAN McNERNEY: Good.
MR. HOCHBERG: In part because of the Siddhara project in Saudi Arabia, which is the largest single transaction the bank has ever financed. It was $5 billion to open the largest, what $20 billion petrochemical plant, which will generate or sustain about 18,000 jobs here in the United States. So, these are very job-rich.

MS. BURNS: So now it's the Bank of Boeing and Bank of Dow.

(Laughter)

MR. HOCHBERG: I tried to be the Bank of Xerox. One of the things we do face, though, is there are still a lot of competitors who do not abide by international framework regulations, the OECD. President Obama and then-Vice President Sheen met. They have at least set a firm deadline of 2014 that we'll have a new sort of trade finance regime that will level the playing field between the United States and China, and then hopefully can bring Brazil and India into the fold as well.

Just to close, our reauthorization called for review of our content policy. That review will be submitted to Congress in late May. We also revised our economic impact procedures and that is actually sitting with Congress now.
CHAIRMAN McNERNEY: Thank you.

Dr. Blank, a quick comment?

SECRETARY BLANK: Yes. I just want to say the Beyond One campaign has been a great campaign, and I want to thank Scott for his partnership on that, and all of his other colleagues. It's really been exciting.

One of the other state and local partnerships, I just want to emphasize for all of you, is this Metropolitan Export Initiative, which we have launched in four target cities who are now expanding to eight other cities. But a lot of state and local economic development groups just haven't thought about exporting very much as part of what they have to put the infrastructure together for in their local area.

If you were in locations where you think that is true, I hope you'll work with us as partners to try to bring this initiative into some of the localities where you might be to think regionally about, what is the infrastructure that needs to be in place, not just for your company but for all the other companies there that makes export out of that area easy. So, that's one that I think has enormous potential and we've really just begun.

CHAIRMAN McNERNEY: Okay. Thank you. Thanks
for your comment and your leadership on that one.

Director Lee Zak, I believe you have a comment on state and local cooperation in the Federal Government?

DIRECTOR ZAK: Thank you very much, Jim.

Following up on Scott's comment about the importance of working, and Secretary Blank's comment, with state and local governments, USTDA is known for its strategic alliances, both with the public sector and the private sector. I do want to echo Mike Froman's comments about the fact that the agencies really have been working very effectively together.

As a matter of fact, I was just in Vietnam with the Department of Commerce, and China with Department of Transportation, Fred was with us in Miami yesterday, so we clearly have been working together. But our state and local governments are extremely important, and as a result USTDA has developed the Making Global Local Strategic Partnership, and there's a brochure in your packets.

The thing about that is the fact that we have been reaching out to these local trade organizations to see how we can partner with them, but one of the important aspects of it—as a matter of fact, we have 19 that have joined our partnership since May—and the
most important part of the brochure is what it is that we can do. So it's not just having them on our website, it's not just saying that we're partners, but really doing things together.

So since that time we've held webinars, we've participated as speakers at their events, they've participated as speakers at our events. Following on some of the recommendations from this group, we have talked about following with them on trade missions sponsored by governors or mayors where we can then tell them about what we all can do as trade agencies and those trade missions. So it's been very active.

As a matter of fact, when I was just in China, one of our Making Global Local partners was there as well and we were able to introduce them then to our contacts in China. So I wholeheartedly support working with local and state governments in these trade associations, and it's already been very effective.

Thank you.

CHAIRMAN McNERNEY: Thank you.

Under Secretary Sandalow, did you have a quick comment?

UNDER SECRETARY SANDALOW: I do. Thank you very much.

Let me just start by echoing Secretary

LISA DENNIS COURT REPORTING
410-729-0401
Vilsak's comment about renewable fuels and add to it
electric fuels for the cars that we're driving around.

We noted that Consumer Reports rated the Chevy Volt,
which is a great American product, the most-loved car
by its drivers last month. Maybe electric cars offer
the opportunity, Ambassador Kirk, not just to slap the
kids, but to zap the kids when they get into trouble.

(Laughter)

UNDER SECRETARY SANDALOW: But seriously, two
quick points. First, at the Department of Energy our
traditional work on exports relates to nuclear
technologies. These tend to be very large tenders,
very rich U.S. job potential when we get them. We work
a lot in supporting U.S. commercial advocacy in this
area in the Czech Republic, Poland, Vietnam, Finland,
and China, among other places. We're going to continue
investing in that.

Then we've expanded our work into the clean
energy area, building partnerships with the trade
promotion agencies. We're going to build on that
because we think this is a very rich area, particularly
smart grid technologies. A lot of others have real
potential in the years ahead. Thank you.

CHAIRMAN McNERNEY: Thank you very much for
your comments.
Turning to Workforce Readiness, I think, Mary, you're back up, then perhaps Secretary Solis can weigh in.

MS. ANDRINGA: Thank you very much. I'll try to be brief. I'm filling in for Bill Hait. I know he would also say that he just really appreciates the great working together towards the common goal that we've had on the workforce initiative.

It's really divided into two parts, as you can see on your chart: veterans training and also the workforce readiness issue. Even though we are green/yellow on veterans' training and have certainly made a lot of progress, there's still more to do because veterans still have a higher unemployment rate than the national average. So, we still have work to do.

I think effective implementation of programs and communities and companies is important. We all around the table, I'm sure, have our own active strategies. I know our company, we've had the same number of applicants last year who were veterans, and this year we've hired two and a half times more, but it's still slightly less than the general amount that we hire from applications. So we're trying to figure out why that is and why there's a skills gap problem as...
yet.

On the workforce readiness side, a lot of great work on basic employment competencies in various areas around the states, as well as also much more focus on STEM. But yet we have a lot of opportunities.

It's really frightening what the statistics are on high school completion. We need not only more high school students getting their degree, but making sure that they've got the skills that they need for the workforce today.

It is great to have really everyone talking about STEM. I talk about STEM quite a lot. I'll just say the same thing here: it's all of our responsibility. I don't care if we're a parent, we're a grandparent, we're an employer, we're government, we're education, all levels of education, all of us have to really focus on STEM. I really believe it's getting all the stakeholders together that can make a big difference in getting the right skills for our future, which is going to make a big difference on our exports.

So I believe our workforce initiative is really going to be focused on not new programs, but let's focus on some great programs. In the reading material, there are some great best examples that are
happening in states, in communities, and with companies on the workforce issues, and also on veterans' issues. 

We just want to make sure we get implementation and actions, continued execution of some good plans and sharing of best practices. So research has shown the most successful workforce training programs are when we have a combination of all the key stakeholders: industry, labor, government, and education, and that's how we want to be keeping our focus. 

CHAIRMAN McNERNEY: Thanks, Mary. A lot of progress. 

I think Mayor Brown wanted to make a comment. 

MAYOR BROWN: Yes. Just on the veterans, I think the U.S. Conference of Mayors has made this a top priority. In my city, for example, I created a Department for Veterans Affairs. I appointed a two-star admiral, Vick Gillery, and have really taken a holistic, comprehensive approach to support veterans. 

So I created a Week of Valor. With that Week of Valor, we had to partner with the Chamber, we did a summit for veterans and Wounded Warriors. I brought all of the CEOs together to talk about it, what are our challenges and opportunities, brought all the health providers to talk about it, the CEOs, Mayo, which is
located in Jacksonville, and others, and then did a job
fair for veterans.

I created a job fair for veterans. Literally, in my city I am working with the companies to put
veterans back to work, so we had a job fair. Secretary Ray Mabis came down for that. I've worked on this for
about a year and a half. The goal is for other cities
to duplicate this.

On Monday or Tuesday, I'm going to announce we
have 100 companies signed up. This job fair is not a
typical job fair. These companies have jobs. These
are talented men and women and I believe once you've
served your country with distinction, you should be
able to transition out and be able to get a job and
take care of your family. I don't think we should have
any homeless veterans in this country.

The goal is, with the U.S. Conference of
Mayors, to make sure we work very closely with the
private sector, and I'm doing that. But there are some
best practices that I'm going to make sure you all are
aware of, but we're doing it. I mean, literally,
literally doing it.

I think it's a great opportunity for us. It's
not just the right thing to do. They have the skills,
they have the experience, they are well educated, and
in my administration and my top positions I have
veterans. My Education Commissioner is a veteran, West
Point, Stanford, MIT graduate. My Director of State
Affairs is a veteran, Federal Affairs is a veteran. So
they bring a tremendous sense of experience and
opportunity to impact the bottom line, so I think it's
a very, very important issue and the U.S. Conference of
Mayors have taken this on.

I think you're going to have a lot of them
transitioning out of the service. It's a great way to
build a great skilled workforce. I'm selfish, because
in Jacksonville it's a $14.2 billion economic impact
and I want that talent to stay in Jacksonville. So, it
allows us to be competitive in the marketplace. But
that is one area that the U.S. Conference of Mayors are
working on.

CHAIRMAN McNERNEY: Thank you very much. I
mean, that's just the reason why we wanted to reach out
to your association. You've got a best practice like
that that we can get behind. So, thank you for sharing
that with us.

Pat, on the way to the Secretary did you want
to make a comment, or did you want to go right --

MS. WOERTZ: Just real quickly, maybe to add
to veterans, STEM, the whole discussion of workforce
readiness, is high school retention rates. So to even
go back to before they can get into STEM programs, et
cetera, still its a very challenged area.

There are a lot of good programs, U-Turn in
Philadelphia, the Jobs for American Graduates, having
significant differences. Where JAG has been active in
32 states, 900,000 students have been served. A 90
percent graduation rate if they've been involved in the
program, where before it's a 75 percent drop-out rate.

So, really important, even in inner city schools.

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

MS. WOERTZ: Thank you.

CHAIRMAN McNERNEY: Madam Secretary?

SECRETARY SOLIS: Thank you very much. It's a
pleasure to be here and to see our partners here. I
just want to deviate just a little bit from my
presentation because I think it's really important also
to underscore that we've been working with USTR and the
State Department and our other Cabinet members here on
the trade agreements as well.

Our component is very fixed. It's on labor
agreements and protections for workers, not just here
but also abroad. I think that's a very important
element because we've never seen so many positive
changes occur as a result of that. One example is the Colombia action plan that was put together. We had a lot of input. Thanks for all of your support there, as well as that that we were able to garnish. I think that's going to be a good example for us to move forward with our other trade agreements, and look forward to working with you on that.

Please take us up on any inquiries you might have from the Labor Department's perspective on that. It's very important we try to do tripartheid agreements, also with governments, with our department and the ILO to see how we can protect some of our corporations that come into different countries to help level the playing field, protect the consumer products that are being developed that are going to be sent all over the world so there's a higher standard that everyone can agree on. I think that's something that sometimes may get lost on folks, or folks may not even be aware of.

But let me now turn to the veterans' training program. We have really revamped, in my opinion, and reformed our programs. Now we are seeing many of our services really tactfully looking at how we can get people ready, those returning veterans, and giving them a set of important equipment, tool kits so to speak, so
that they can come in after six months of being identified in our Workforce Center. There are about 3,000 of these centers that they can use as Gold Card standard.

For six months, they will get intensive counseling and case management in all the services that are connected to our American Job Centers, as they have been renamed. But I also want to point out how important it is that many of these young men and women that are coming back may not have had what you would say a typical work experience prior to their joining the military, so it's very important for us to help them identify their credentialing, the particular codes that would fit the type of positions that you all as employers would like to see.

We are working with that right now in our ETA, our Employment Training Program, our administrator, to do that but we need a lot of help from our community college systems, and for other individuals to help understand better how we can help expedite that. That's a big challenge for us right now, but we remain very committed.

We have many programs that we've opened up to allow for many of these individuals to take part in some of our job training programs on-site, particularly
the Job Corps program where they can actually go through two years of training after they are released from their military assignment and can get trade skilled up in whatever it might, IT, STEM, and we are promoting that across the board.

I do want to point out some of our major corporations that have been very helpful. UPS, on different occasions, we've visited your branches throughout the country. You are hiring up, in particular, our returning veterans and making a point to give them that first step in employment.

Home Depot, Lowe's, Coca-Cola have set tremendous ground in opening up opportunities to hire people. I would encourage more companies around the table to consider that and to talk to our fellow partners that are doing that right now. It is going to be a challenge for us to get these folks back to work and into the communities that they desire to go back to.

Then lastly, the Workforce Readiness program. I just want to say that there is a program that I've talked about before, it's called the TAA Community College Training Program. What it does, is help partner the community colleges with businesses. Businesses are dictating what the curriculum is so that
whatever training, credentials, and services that are provided are reflective of what the marketplace wants. That's really the hook here. There are many community colleges that are starving. They don't have money, so they look to us as an incentive.

We have a billion dollars that we are going to be giving out. We've already given out $1 billion already. I've seen some tremendous changes occur on the ground with manufacturers and other industries that are partnering with us, like UPS, like Symonds, and others that are taking hold of the training programs with our workforce efforts and actually helping to create a broader spectrum of services for the region.

So I can talk about Tennessee, Kentucky, North Carolina, places where we have really seen some major changes occurring. This is just the tip of the iceberg. We really need to continue in this effort. If we're going to really be competitive in creating products that we can actually sell abroad, and people do want our products, that we have to have an adequately trained workforce that is broad and that also contains all segments of our community, especially those young people that don't have the luxury of maybe going to a four-year university but need to get a one- or two-year credential. So that is what our mission
has been, and we continue to work with all of you and our partners.

CHAIRMAN McNERNEY: Those are all big deals. I mean, the veterans' initiatives, there's a lot of them. We need to deepen them and expose them. I mean, the best practice that we just heard about down in Jacksonville and your training program -- Boeing has had some very, very extensive experience with it. It's a very, very good program and we need to just keep driving it. We promise to do that, so thanks again for your leadership there.

Last but not least, on the stoplight, Raul, I am coming to you here. The PECSEA Chairman, Raul Pedraza. Could you give us an update on export control?

MR. PEDRAZA: Absolutely. First and foremost, I am happy not to have been born when cars could zap. (Laughter)

MR. PEDRAZA: I'd like to thank the people who mentioned "make it, grow it, and ship it" for having mentioned shipping it, since that's the business I'm in. Also, as a minority member and small business definitely by the standards around this table, I'd like to thank everybody who's working on behalf of the small and medium business community because we need the help and it's very effective. We did three letters of
recommendation, Mr. Chairman.

We support, obviously, the administration's efforts on making life easier for exporters while still maintaining our levels of security. That's been our focus. We recognize that regulatory clarity and interagency collaboration is not always the easiest thing. I had a quote from Lincoln about how difficult things could be, but I'm going to pass on that.

(Laughter)

MR. PEDRAZA: Anyway, we've made some big improvements. We're developing a single IT system and a single license application. This remains a high focus on our list. There's been progress here where we have the Department of Commerce, Defense, and State that are already migrating to the single IT platform which was developed by the Department of Defense, so exporters will have one place to go as opposed to three. That's been a big step forward.

The other priority has been the transition of parts and components from the U.S. Munitions List to the Commerce Control List and we continue to urge the administration to work with Congress towards completing this task. We've seen some real good progress there. That's good. Education and our outreach are also critical and we're seeing some good progress there.
I was just talking to Dave Aguilar from Customs and told him that we really would recommend that we come up with a trusted exporter program, kind of modeled on their program for the CTPAT program, which has really simplified the process on the import side. So if we could come up with a similar one on the export side, I think that that would be a great, giant step forward.

I really would like to thank the commitments of Secretaries Locke, Bryson, and Acting Secretary Blank, and my main man Under Secretary Hirschhorn, who we've worked very closely with. If you have anything you'd like to add, but I can tell you what, I pushed people hard, he pushes me harder.

CHAIRMAN McNERNEY: Listen, this is important work. Because it's interagency, because it's a change in the way we've done a lot of things, all in the name of something holy, this is a hard thing. So, your leadership is a big deal, and so is that of Commerce. So, I appreciate the recognition. Thank you very much.

We are now to the point where we had -- did you want to make a comment there?

SECRETARY BLANK: My only comment is that we have gotten as far as we possibly could have in the first four years. We are another year away, I think,
from really having this process complete. Keep the pressure on us, we will keep the pressure on everyone else. This is the most important, least-known thing the Department of Commerce is doing, in my opinion.

CHAIRMAN McNERNEY: Okay. Good. It's known to some of us, believe me. Andrew and I, it's known to.
III. DELIBERATION OF TERM REPORT

CHAIRMAN McNERNEY: Listen, the one statutory thing we have to do, which is approve the stuff we've already sent. So I'm assuming without objection we will approve the -- what are we calling this? The first term report? The first term report, which is a compilation of what we've done.

Without objection, I will assume adoption.

(No response.)
IV. NEXT STEPS

CHAIRMAN McNERNEY: Listen, before we adjourn, I just want to thank everybody for a great first term for this group. I think we've come a long way, both in terms of focus on the issues and sort of an operating rhythm together. The stoplight chart, being able to do one and get through it and have it be the guide for the work plan we're going to put together here in the first quarter is an important part of that accomplishment, so I just want to thank everybody on the public and private sector side of the equation here, and for your team's leadership in particular. It's made a big difference.
V. ADJOURNMENT

CHAIRMAN McNERNEY: So Ursula, do you have a comment before we adjourn?

MS. BURNS: Just one. We had a trip scheduled. As all of you know, I hammered you to sign up, you did sign up, and then we canceled the trip. We will have one in 2013, so stay tuned. I would expect that when we get the date scheduled and the place scheduled, that you guys will join to make it successful. Thank you.

CHAIRMAN McNERNEY: So maybe more hammering, is that --

MS. BURNS: More hammering.

CHAIRMAN McNERNEY: No. It was a shame it was canceled, but it was a good reason.

Any final comments?

SECRETARY BLANK: So, just to thank you again for everything that you've done that's been so useful in this first term. As we're moving towards the second term, I am really looking forward, I and my whole team and all of my colleagues here, I know, to working with you to develop the very robust agenda for where we move forward and what we need to get done. So, thank you.

CHAIRMAN McNERNEY: Well, thank you for your
leadership and commitment. Our next meeting is Wednesday, March 12. So a little bit of work on the committee level between now and then, but see you all then.

(Whereupon, at 11:05 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 December 6, 2012, were transcribed as herein appears, and this is the original transcript thereof.

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LISA L. DENNIS

Court Reporter