

THE PRESIDENT'S EXPORT COUNCIL

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Room 350  
Washington, DC

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

APPEARANCES:

PRIVATE SECTOR

JAMES McNERNEY, Jr.  
Chairman  
The Boeing Company

URSULA BURNS  
Vice Chair  
Xerox Corporation

MARY VERMEER ANDRINGA  
Vermeer

SCOTT DAVIS  
UPS

RICHARD FRIEDMAN  
Carpenter & Company, Inc.

GENE HALE  
G&C Equipment Corporation

ROBERT IGER  
The Walt Disney Company

ANDREW N. LIVERIS  
The Dow Chemical Company

GARY LOVEMAN  
Caesars Entertainment

DENISE MORRISON  
Campbell Soup Company

RAUL PEDRAZA  
Magno International, L.P.

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KATHERINE ABRAHAM  
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REBECCA BLANK  
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HILDA L. SOLIS  
Secretary of Labor

AMBASSADOR RONALD KIRK  
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Executive Vice President  
Overseas Private Investment Corporation

UNITED STATES SENATE

THE HONORABLE SHERROD BROWN, D-OHIO

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,

1 which have already been written and already sent, but  
2 given the way Washington works we now have to approve  
3 them. So we'll do that and we'll get a little bit  
4 into the challenges that lie ahead.

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

10 Ursula, do you have any opening remarks?

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

18 Significant progress was made, not by any  
19 individual constituency, but because we worked  
20 together. We helped move along towards the goal that  
21 the President had laid out to us. We've increased  
22 exports across the board: manufacturing, services,  
23 agriculture. In fact, we're about halfway to the goal  
24 that the President laid out of doubling exports in five  
25 years, so it's pretty good work.

1           In particular, I'm pleased that the Senate  
2 today--I hope it's today, or the next couple of days.  
3 I hope it's the next couple of minutes--will vote to  
4 pass PNTR for Russia. That's something that we've been  
5 working on, something that we stressed the importance  
6 of at the beginning of this PEC. I think, by working  
7 together with people in this room, and people outside  
8 of this room as well, we will probably be able to get  
9 that passed today in the next couple of minutes.

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

13           (Laughter)

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

1 just working on this and having some fun.

2 CHAIRMAN McNERNEY: Great, Ursula. Thank you.  
3 Thank you very much. Your leadership and contribution  
4 has been fantastic.

5 Secretary Blank? Commerce?

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

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

19 I know a number of the companies here have  
20 used the Advocacy Center. Last year alone, the Center  
21 helped U.S. firms win about \$87 billion in contracts,  
22 85 percent of which was export content. That is a  
23 substantial increase over what they were doing in past  
24 years.

25 As you know, our exporters face increasingly

1 tough competition from major international public  
2 contracts and through this new task force we really  
3 want to bring the resources and the engagement of over  
4 a dozen Federal agencies. The idea of the task force  
5 is for us to coordinate advocacy across the Federal  
6 Government to help strengthen the playing field for  
7 U.S. companies. I think we've been doing a good job on  
8 that.

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

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

25           All of us in the administration place a high

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

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

19 Perhaps most importantly, you've helped  
20 formulate some very effective strategies that use a  
21 strategic and data-driven process to identify and  
22 analyze the markets and sectors where the U.S. has, or  
23 should have, a competitive advantage. So I  
24 specifically want to thank the Global Competitiveness  
25 Subcommittee for identifying where public/private

1 engagement can make a big impact with measurable  
2 results.

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

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

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

24           I've got to say hello to Gary Loveman, who I  
25 last saw when he was a graduate student at MIT. Hey,

1 Gary, it's good to see you.

2 (Laughter)

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

5 (Laughter)

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

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

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

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

1 to one-third today.

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

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

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

23 So at this moment, when many other countries  
24 are experiencing slower growth, we actually have to be  
25 redoubling our efforts to meet the NEI goals and to

1 create even more good export-driven jobs here at home.

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

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

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

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

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

1 Partnership.

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

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

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

23           On the trans-Atlantic front, the high-level  
24 working group is continuing its work to see whether  
25 there's a comprehensive free trade type agreement that

1 could be done between ourselves and the EU. All I'd  
2 say about that is, the reason we don't have a free  
3 trade agreement with the EU isn't because no one ever  
4 thought of one, it's because there are difficult issues  
5 that have always gotten in our way. This process we're  
6 going through now is to try and get those issues on the  
7 table and see if, collectively, we think the political  
8 will is there to resolve them.

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

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

23           Let me just mention one other thing, if I can.  
24 The President launched the Export Promotion Cabinet  
25 last year and asked us, in the absence of legislative

1 authority to actually consolidate trade agencies, to do  
2 everything we could to better coordinate our efforts.

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

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

20           On the domestic side, we now have a protocol  
21 between Commerce and Agriculture and the other agencies  
22 about how to treat customers that come in wanting to  
23 export, how to make sure we could have one-stop shops,  
24 both virtually and in our physical distribution systems  
25 and how to train people. If you're an FSC officer, how

1 to train them in the other parts of the government on  
2 what SBA can offer, what Ex-Im can offer as part of  
3 their effort.

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

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

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

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

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

1 here on fiscal cliffing.

2 (Laughter)

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

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

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

23 But I do have to say, in fairness, we have  
24 lived through two years in a row where the U.S. economy  
25 was looking kind of stronger in January/February and

1 problems in the rest of the world helped break our  
2 hearts, either through higher gas prices because of  
3 Mideast turmoil, or more volatility and financial  
4 troubles in Europe that were difficult. I think the  
5 rest of the world probably would kind of say the  
6 situation is flipped a little and that if we're worried  
7 about their growth the best thing we could do is have a  
8 strong U.S. economy.

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

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

24 So we are in the nice situation where we have  
25 potential upside. In 2010, one of the nice things that

1 happened was that people did not expect that we had  
2 come to an agreement where we'd extend everyone's taxes  
3 and that we would use that as a leverage to extend low-  
4 income taxes, get the payroll tax cut, get the UI. It  
5 was really something.

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

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

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

22 We didn't cure the deficit in one agreement in  
23 '93, but then markets reacted a lot to their sense of  
24 whether they thought the parties were going to work  
25 together to solve it. So, I think we have a very

1 positive moment that we can try to solve. I also  
2 believe that there is upside on the housing side as  
3 well.

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

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

15           (Laughter)

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

22           I've never seen so little asks from the  
23 different parties of, we want Medicare this, or rates  
24 this, or anything that as much as just, can't you guys  
25 just get along in the backseat. So, it's tough. It is

1 hard. But we are really trying to get there. You  
2 heard Tim say we would be willing to go over the fiscal  
3 cliff.

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

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

16 (Laughter)

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

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

25 CHAIRMAN McNERNEY: Sure.

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

7           CHAIRMAN McNERNEY: Inventories. Inventories,  
8 Gene.

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

12          MR. DAVIS: It's a tough one.

13          CHAIRMAN McNERNEY: It is a tough one.

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

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

25          I just want to say that as we focus on what

1 needs to happen related to deficit reduction and the  
2 fiscal cliff, the only thing that has passed the Senate  
3 in the last year with deficit reduction that's  
4 bipartisan is our farm bill. So for every  
5 administration person in the room, as we go to this  
6 package, we are ready, willing, and able to put forward  
7 and be part of the --

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

11 (Laughter)

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

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

20 Also, with my Agriculture hat on, let me just  
21 say that -- we all know this, but we are number one in  
22 the world in terms of agricultural exports, so this is  
23 a very important part of our export and we do have a  
24 five-year farm bill pending that is bipartisan, with  
25 deficit reduction, that does have important trade

1 support efforts in it. So that's the important part of  
2 moving forward on trade as well.

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

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

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

24 (Applause)

25 SENATOR STABENOW: I want to thank Chairman --

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

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

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

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

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

24 SENATOR BROWN: Yes. Thank you, Chairman  
25 McNerney. Vice Chair Burns, thank you. My mother

1 always thought that I was right when I was in the  
2 backseat.

3 (Laughter)

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

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

17 (Laughter)

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

23 Anyway, but thanks for what this organization  
24 does. I come from a manufacturing state, as Senator  
25 Stabenow does. We are also an agriculture state, and

1 many other things. Our unemployment rate around the  
2 time of the auto rescue was over 10.5 percent. It most  
3 recently was 6.9 percent as of last month. Part of  
4 that is the work that you all do in exporting. We've  
5 seen -- part of it was auto rescue.

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

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

22 The damage -- particularly where small  
23 business and I appreciate the efforts of this, even  
24 though many of you are large companies, the interest of  
25 this council on small business exporting, and they need

1 the partnership of the Federal Government in Ex-Im Bank  
2 and all in doing this and how important that is.

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

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

21 CHAIRMAN McNERNEY: Well, thank you, Senator  
22 Brown. I particularly appreciate your comments on  
23 small business because I think, when you look at the  
24 stoplight chart, probably the most progress of anything  
25 that we've done, but also with even more to go. So,

1 you know, Gene, Mary, and Fred have really led the  
2 charge for this group. There's a lot more work to do,  
3 but a lot done. So, your recognition is very  
4 important. We appreciate that very much.

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

7 MAYOR BROWN: Yes. Yes.

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

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

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

24 But we also focused on working with Congress,  
25 encouraging them to invest in ports around the country

1 and making sure we modernize our ports so that we can  
2 improve the cost and efficiency of moving goods, which  
3 is very important.

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

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

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

20 I know in Jacksonville -- I want to thank this  
21 administration for supporting what we're doing through  
22 a public/private partnership with CSX, the Department  
23 of Transportation, Secretary Ray LaHood. We got a \$10  
24 million TAGGER grant. Our port is a \$19 billion  
25 economic engine in Jacksonville. It's responsible for

1 65,000 jobs. So, you're talking about growth. You  
2 really want to put people back to work? I'd say focus  
3 on the ports and help small business.

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

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

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

1 Do you have any comments, Karen?

2 ADMINISTRATOR MILLS: Yes. Thank you, Jim.  
3 Thanks to everybody in this group who has really worked  
4 so hard to make these export goals, particularly for  
5 small business, gain the momentum that it has. As  
6 Becky said earlier, it's about 30 percent and it's the  
7 fastest growing piece. We have realized a number of  
8 things. I really want to underline what Mike Froman  
9 talked about earlier. We have pulled together an export  
10 cabinet, and that export cabinet has developed,  
11 together, a plan. There are sort of two noteworthy  
12 things.

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

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

22 The step grants that Congress gave us in the  
23 Small Business Jobs Act proved to be very, very  
24 influential. This was \$60 million over two years that  
25 went to State International Trade Offices and allowed a

1 coordination on the ground between the Commerce forces,  
2 the SBA activity, the Ex-Im Bank activities. We are  
3 developing joint financing programs.

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

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

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

22 The fact is many, many countries -- we have  
23 about 150 delegations a year who come to the SBA and  
24 they want to copy our programs. They want to copy the  
25 government contracting, the financing, and also the

1 counseling programs, all around the world.

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

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

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

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

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

25 We have mentioned the stoplight chart a couple

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

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

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

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

21 CHAIRMAN McNERNEY: Yes.

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

25 CHAIRMAN McNERNEY: Sure.

1           SECRETARY BLANK:  -- to say, what should we be  
2 doing?

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

6           (Laughter)

7           SECRETARY BLANK:  That, too.  Turn them red.

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

10          Gene, would you start?  Andrew, have Gene go  
11 first, then move on to you if that's okay.

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1     **II. DISCUSSION OF IMPLEMENTATION OF COUNCIL**

2     **RECOMMENDATIONS**

3  
4             MR. HALE: Thank you, Mr. Chairman. Good  
5 morning to everyone. It has been a thought-provoking  
6 conversation so far this morning regarding small  
7 business. I think it's been very interesting,  
8 especially since I chair the SME committee.

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

13             I believe that there's still work to be done.  
14             It's important that we keep in mind that SMEs make up  
15 98 percent of the firms exporting goods, 33 percent of  
16 exporting value, and 64 percent of new private sector  
17 jobs. So, that's why it's important that we have this  
18 kind of conversation.

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

25             We have done six SME regional roundtables and

1 we have submitted 16 recommendations. I am pleased to  
2 say that the outstanding participation by Commerce,  
3 SBA, Ex-Im Bank, the Labor Department, have all put us  
4 in a position to make some real progress toward meeting  
5 the goals of the President.

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

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

24 So I think that that's why it's important that  
25 this become sort of an infrastructure kind of deal, not

1 a one-time shot for continued outreach, because one of  
2 the things that recommended earlier was to identify the  
3 top 10 minority cities in the country and go after  
4 those cities.

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

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

20 Mary, do you have any comments?

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

24 I just want to add one other thing which the  
25 committee continues to discuss, is intellectual

1 property. That continues to be one of those areas that  
2 is a bit of a barrier, or I think fits the fear factor  
3 that we talked about earlier, fear of losing IP or fear  
4 of the costs that are associated with filing,  
5 maintaining, et cetera.

6 So our committee has also had talk about,  
7 there's still room for additional support in this area.

8 I also -- it's been said several times already, but I  
9 really want to applaud the efforts of the  
10 administration in dealing with some of these working  
11 capital and finance barriers for small businesses to  
12 exports, so whether it's Ex-Im, SBA, USDA, just helping  
13 the private sector revamp and grow new programs is  
14 fantastic.

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

22 Just lastly, I really appreciate the fact  
23 that, being an Iowan, Des Moines is in the second tier  
24 of MEI cities. We're starting to work the plan and  
25 that will be ready in April, and I think for all of us,

1 as we have the ability to work with some of these  
2 programs maybe in more local areas, it's not only  
3 having a plan, but how do we execute it?

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

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

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

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

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

23 CHAIRMAN McNERNEY: Yes.

24 SECRETARY BLANK: So one of the things that  
25 I'm very pleased with, is I think we are working very

1 well with our EU partners in this front and we're much  
2 more effective in a multi-lateral negotiation than a  
3 bilateral negotiation. The Trans-Atlantic IPR Working  
4 Group, which USTR and Commerce chair, I think has been  
5 helpful.

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

13 CHAIRMAN McNERNEY: Okay. Good.

14 Karen, do you have a comment?

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

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

24 As you know, we have deep connections with  
25 those who supply the Federal Government, particularly

1 the Department of Defense. The one thing they say to  
2 us is, we want more commercial business. We need to be  
3 able to also export, find ways to take these products  
4 that we are using to serve the Federal Government and  
5 sell them to other companies and sell them overseas,  
6 often as part of your export activities.

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

13 CHAIRMAN McNERNEY: Thank you very much.

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

16 MR. HOCHBERG: I'll be fast.

17 CHAIRMAN McNERNEY: Yes.

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

23 One of the things that was key was to speed up  
24 response time. We actually came up with something  
25 called Express Insurance. We actually were able to

1 give exporters a quote for credit insurance,  
2 receivables insurance, within five days. It was  
3 actually cited by Harvard University this fall as their  
4 Innovation Award.

5 One of the things we did focus on is cutting  
6 our response time. We now have -- we get 90 percent of  
7 all transactions out in 30 days. It was about half  
8 what it was when we started four years ago, and we get  
9 98 percent out within 100 days.

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

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

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

19 CHAIRMAN McNERNEY: Sure, of course. Jump in.

20 MR. TURLEY: Yes. Just listening to this,  
21 it's remarkable how all this stuff links together. One  
22 of the things that Ernst & Young has done for the last  
23 26, 27 years is celebrate the accomplishments of  
24 entrepreneurs. We do this all around the world. Andrew  
25 came out and visited with some of our people.

1           But about two, three weeks ago, we honored the  
2 United States's Entrepreneur of the Year. Secretary  
3 Blank, Under Secretary Sanchez was there for a while.  
4 The winner this year was a man named Hamdi Ulukaya from  
5 Chobani yogurt, upstate New York. He stands up and, in  
6 accepting the award, says a few things.

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

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

19           Andrew, Global Competitiveness Subcommittee.  
20 You're on.

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

1 second.

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

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

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

21 Of course, adding countries can slow things  
22 down, so we have to be appropriately cautious. But  
23 there's a real positive development in a multi-lat like  
24 this, the United States hasn't had one for a while.  
25 The three that Ursula talked about were unilaterals.

1 So to get a multilateral of this type where the U.S. is  
2 showing leadership is an incredible accomplishment.  
3 With Pacific Rim countries in particular, we all know  
4 about the focus from the White House and all of the  
5 business on the Pacific Rim.

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

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

20 It's going to have some big issues, not the  
21 least of them in agriculture, but we of course will be  
22 working on that as the year unfolds, So I think those  
23 two are very big positives in terms of, it's a priority  
24 for us going forward. The achievements, in the green,  
25 clearly are there to be read.

1           The last thing I'll say, and then I'll turn it  
2 over maybe to Bob Iger and other members of the  
3 committee, is of course our backseat car analogy works  
4 here, Mr. Sperling. Tax reform and the notion --

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

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

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

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

25           I'll turn it over to other members of the

1 committee to --

2 CHAIRMAN McNERNEY: I think Bob was going to  
3 go next, so, thanks, Andrew.

4 MR. IGER: Sure. Thank you, Andrew and Jim.  
5 I'll be brief on this. The subject is intellectual  
6 property protection. In a way, Acting Secretary Blank  
7 said it all when she said "build it here and sell it  
8 everywhere". "Sell it everywhere" is the operative  
9 term, not allow it to be stolen everywhere, or not  
10 allow someone else to steal it and then to sell it  
11 everywhere, because those folks typically don't create  
12 jobs and don't pay taxes in this country.

13 I know a lot has been said on this. We  
14 obviously have a very robust economy, thanks in part to  
15 intellectual property protection. Senator Stabenow  
16 mentioned "build it, grow it, then sell it everywhere".

17 We build and grow a lot of intellectual property in  
18 the United States that obviously supports the economy  
19 in so many different ways, particularly in terms of  
20 creating jobs.

21 There has been a growing din--maybe din might  
22 be an understatement these days--about rolling back  
23 intellectual property protection provisions in a number  
24 of different directions under the guise of stimulating  
25 innovation. I can't argue vehemently enough against

1 that premise because I believe that intellectual  
2 property protection has actually supported the creation  
3 of goods and services in the United States that are  
4 exportable and it is creating an environment that has  
5 enabled manufacturers and creators alike to create  
6 under circumstances that justify investment and  
7 obviously pay back genius or creativity in very, very  
8 robust ways.

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

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

23 Jim, did you have an additional comment on  
24 this one? I think Ambassador Kirk wanted to say  
25 something.

1 MR. TURLEY: No, I think it's all been said.  
2 This PNTR thing, the vote at high noon, is huge. I  
3 think this is a great reflection of the importance of  
4 this body and it's a great reflection of the leadership  
5 of the President and the administration, getting this  
6 done. So fingers crossed for the next couple of hours.

7 CHAIRMAN McNERNEY: Okay.

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

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

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

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

21 Ambassador Kirk, did you have a comment here?

22 AMBASSADOR KIRK: I'll try to respond to a  
23 number of these, but in the spirit of Gene's taking us  
24 all back into those backseats, the only visual I get is  
25 my father's arm coming over the back of the seat.

1 (Laughter)

2 AMBASSADOR KIRK: He was reasonably  
3 indiscriminate in terms of who he struck first, but  
4 that was one advantage of me being the youngest, like  
5 Senator Brown. I was better at ducking under the seat.  
6 All I remember were the words, "Somebody slap that  
7 fool".

8 (Laughter)

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

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

21 But the one thing I love about our team at  
22 USTR, we have been just as honest in where we've fallen  
23 short. What I would say to Bob and the private sector  
24 members, we are getting our heads handed to us in this  
25 debate about the value of intellectual property rights

1 protection in today's economy, and for everything else  
2 you all have highlighted, whether it's Europe, the  
3 Trans-Pacific Partnership of what we're doing.

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

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

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

1 staff at USTR.

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

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

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

23 But as so many of you, and Scott and I were  
24 talking, this is more of a debate within the union.  
25 Since Gene brought us our colloquial -- and Mike Froman

1 said it best. Our message to Europe has been, we want  
2 to do this but we want this to be a bridge to somewhere  
3 and we think we should get there on one tank of gas.

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

13 On the Trans-Pacific Partnership, let me only  
14 add, the President has shown wonderful leadership on  
15 this when he was in Cambodia for the East Asian Summit.

16 He met with the six Asian partners, but hammered them  
17 on two principles, that as much as we have all  
18 collectively trumpeted this as the next-generation  
19 trade agreement and as much support as it is among our  
20 constituencies in the U.S., it would be hard for us to  
21 come back with something less ambitious, frankly, Bob,  
22 as you said than what we've done in Korea.

23 So one, he nudged them that we really need to  
24 begin to deal with some of the more difficult issues,  
25 but also committed that this is something we ought to

1 try to get done next year. I think you all know, this  
2 is our 15th round, but it is the first in which we have  
3 welcomed Mexico and Canada.

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

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

18 Then finally, I would say to all of you, I  
19 think the reason we've been able to have the success  
20 we've done is the fact that we have elevated and  
21 credentialed to the American public that, first of all,  
22 we're going to enforce these agreements and fight for  
23 American jobs, and as we go forward we have to make  
24 sure we keep that attention on the enforcement. The  
25 leadership the President showed in establishing our

1 interagency task force enables us to have the most  
2 coordinated enforcement effort than we've ever had  
3 before.

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

7 AMBASSADOR KIRK: Oh, absolutely.

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

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

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

23 But, I mean, we can manage that but having  
24 your help on issues like Bob and others raised, since  
25 you all are involved in these other markets, especially

1 to help these other economies understand that for us  
2 high-standard intellectual property rights is just not  
3 negotiable and, as bad as we want it, we are not going  
4 to do an agreement that gives away our economic future.  
5 So, we could use your help on that.

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

9 (Laughter)

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

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

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

20 MR. FRIEDMAN: Very briefly. I think there's  
21 been an enormous amount of progress on the travel  
22 front, thanks to -- I think when Larry Summers, at our  
23 first meeting, said there's no faster way to grow  
24 exports than tourism. Secretary Clinton and Secretary  
25 Nides have done a great job on that.

1 I think there are two things that this group  
2 should be aware of. One, is that there is a bill in  
3 Congress, supported by the administration, that we have  
4 to push to expand the visa waiver program. That is the  
5 fastest way for us to increase tourism. That bill  
6 ought to pass and we ought to push for that.

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

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

18 CHAIRMAN McNERNEY: Good.

19 Secretary? Tom, did you want to say  
20 something?

21 DEPUTY SECRETARY NIDES: Thank you very much.

22 I have no backseat comments, so I will only say that  
23 we were driving the bus in the front seat on this. I  
24 think we're really working with all of our interagency  
25 colleagues. But I think it shows you, when the

1 government really works, it really does work. I mean,  
2 remember a year ago, Brazil, India, and China had  
3 upwards of 180 days wait period to get a visa.

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

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

21 So I can't tell you how much -- I think we've  
22 made substantial improvements. We are also  
23 dramatically increasing capacity around the world. It  
24 was all summed up last week. The National Travel  
25 Association gave the State Department an award which,

1 if you had told me that two years ago I would have  
2 thought that would have been a bit of a push, but they  
3 went down to Texas and gave the Department an award for  
4 the dramatic work that's been done. So, clearly it's a  
5 success story and we'll keep up the focus this year as  
6 well.

7 Thank you.

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

15 Mike, would you care --

16 MR. AGUILAR: Jim, could I --

17 CHAIRMAN McNERNEY: Sorry. Sure.

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

20 CHAIRMAN McNERNEY: Yes.

21 MR. AGUILAR: I'm with Customs & Border  
22 Protection. We are seeing an increase in the travel  
23 and tourism end of the country, in some cases as much  
24 as 14 to 16 percent growth at JFK, Los Angeles, and Las  
25 Vegas, for example. But one of the very positive

1 things is the growth in our trusted, vetted partnership  
2 programs.

3 CHAIRMAN McNERNEY: Yes. Yes.

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

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

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

18 In fact, as a result of the actual progress  
19 report, there was a survey run of the Model Ports's  
20 critically important 20 airports that take in and  
21 account for 73 percent of the national travel. Ninety  
22 percent of those travelers actually that were surveyed  
23 are saying that the hospitality on the part of our  
24 officers, the right questions, and the efficiency  
25 continue to be high in that area.

1           So again, I just wanted to share that with  
2 you. We welcome the growth, but Mr. Friedman is  
3 correct, our resources are going to continue to be  
4 strained.

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

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

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

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

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

25          I know you all, frankly, have seen quite a bit

1 of the President lately, whether it's been at the  
2 Business Roundtable or in individual meetings or group  
3 meetings here at the White House. Get ready for more  
4 of that.

5 That is something that we intend to continue.

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

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

18 Thanks, Jim.

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

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

25 MS. BURNS: I'll do this very, very quickly.

1 I am only doing it -- I'm doing it for two reasons.  
2 One, is I have something good to say about the  
3 Ambassador, Ambassador Kirk.

4 AMBASSADOR KIRK: It's nice?

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

7 (Laughter)

8 MS. BURNS: We signed the original ITA in  
9 1997, the Information Technology Agreement. We signed  
10 it in 1997 and a lot has happened between 1997 and now  
11 from a technology standpoint, so it's really important  
12 that we update this and that we include more  
13 technologies under the umbrella of the ITA.

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

20 That progress, though, needs to continue. It  
21 needs to continue to focus on this. We need to make  
22 sure that we continue to move countries underneath  
23 these agreements such that we don't have any leakage,  
24 and it certainly can open up trade. It's important  
25 that at the next step that we bring the agreement to

1 other major markets, as I said; Brazil, Mexico clearly  
2 have to be swept in as well.

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

10           CHAIRMAN McNERNEY: Good.

11           Any additional comments?

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

20           I think all of you know, some of them are  
21 skeptical that moving forward on this means that we  
22 would not move as robustly on the overall Doha agenda.

23           But we are doing our best to bring in new economies.  
24 Not a big deal, but Turkey agreeing to sign on, an  
25 economy list Costa Rica that has become the biggest

1 advocate for least-developed economies to embrace the  
2 ITA is a real asset for us. But we are attacking the  
3 two core issues you said of both bringing in more  
4 countries, but more critically, product expansion. So  
5 we'll stay on top of this. It's one of our top goals.

6 CHAIRMAN McNERNEY: Thank you very much.

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

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

17 Trade surplus, similarly, has gone up  
18 significantly. China is a very important receiver of  
19 much of those, increasing 110 percent over those same  
20 years. There is a current issue around agriculture and  
21 transportation that I'd like to bring up that I have a  
22 couple of times in the past week. We have a real  
23 emergency on the Mississippi River. Many of you know  
24 that the levels are at very low, almost record  
25 unnavigable levels.

1           In some places, there is one-way traffic or no  
2 traffic at all. It is very important that farmers,  
3 manufacturers, exporters, jobs are all -- it's all  
4 dependent on the navigability of the Mississippi. I  
5 know, Ambassador Kirk, you mentioned how much that's  
6 important in normal times.

7           Right now it is definitely an emergency time.  
8       So we have asked that the administration take the  
9 steps needed, including a declaration of emergency, to  
10 address this situation. There's about \$7 billion worth  
11 of goods that are stuck in the mud, or will be stuck in  
12 the mud in December and January together.

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

20           Thank you.

21           CHAIRMAN McNERNEY: Thanks very much, Pat.

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

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

1 fuel.

2 (Laughter)

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

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

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

24 We have been focused on small business. As  
25 you all have discussed, just to give you a sense of

1 this, just in the last year over 2,200 small businesses  
2 were first-time sellers of agriculture products. We  
3 brought nearly 2,500 buyers to the country last year,  
4 participated in 300 trade missions, and supported 29  
5 trade shows that involved 17,500 business contacts,  
6 9,200 products.

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

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

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

22 Secondly, the lack of a farm bill. That is a  
23 problem because the export assistance programs that we  
24 use at USDA expired on October 1st. We are cobbling  
25 things together to keep things in place, but by January

1 1, if we do not have a farm bill, our ability to  
2 continue to promote exports will be severely  
3 compromised.

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

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

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

23           As there is discussion about free trade  
24 agreement, our hope would be that the European Union  
25 takes a much more modern view towards science and

1 technology as it relates to agriculture. If not,  
2 you're going to have a very difficult time getting the  
3 support in Congress to get this thing passed.

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

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

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

14 CHAIRMAN McNERNEY: Yes.

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

21 Just a minute I will spend on the latest  
22 recommendation we made, and Mayor Brown articulated the  
23 purpose here just a little bit ago. That's really the  
24 closer cooperation for the state, Federal, and local  
25 governments to help promote export promotion efforts.

1 I think this collaboration will clearly help  
2 eliminate redundancies and tailor the Federal programs  
3 to meet local business needs. The real focus here,  
4 again, as we talked about a lot today, is small- and  
5 medium-sized enterprises.

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

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

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

22 I think what we've seen so far is that 4 out  
23 of the 10 customers that have come for counseling  
24 services have actually added another country, so I  
25 think that's great progress and really a hint of what

1 can happen in the future. So, we're excited about  
2 this, Mr. Chairman.

3 CHAIRMAN McNERNEY: Okay. Thanks, Scott.

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

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

12 The PEC advocated for a large increase in our  
13 lending authority. President Obama asked for \$140  
14 billion. As Senator Stabenow said, it was voted on in  
15 the House and the Senate in May, signed by the  
16 President on May 30, the day before. We are now at  
17 \$106 billion, on the way to \$110 billion. We just  
18 closed our year. We had our fourth record set in a  
19 year. About \$35.8 billion worth of financing, \$50  
20 billion worth of exports.

21 Interestingly, we actually financed more  
22 exports overseas this year. This is actually a good  
23 trend. It actually did generate fewer jobs. The  
24 reason that's a good trend is two things. One,  
25 companies like Boeing are using less labor per billion

1 dollars' worth of exports, so we're actually getting  
2 more efficient and are therefore better competitors,  
3 and we are also doing a lot more service exports. Last  
4 year we did about -- of the \$35-plus billion, about  
5 \$10.5 billion were service exports. Service exports  
6 have longer follow-on sales, but frequently are higher  
7 job paying, less job rich at the moment.

8 Then, briefly, on the SME front we had a  
9 record year for women and minority businesses, up 17  
10 percent, the largest increase ever. Just in the scale  
11 of this, the smallest transaction we did last year was  
12 \$10,000, so we're able to do transactions from \$10,000  
13 all the way up.

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

17 (Laughter)

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

20 CHAIRMAN McNERNEY: That's never bothered me.

21 MR. HOCHBERG: Never bothered me, either.  
22 There's both good news and bad news, though. This  
23 year, actually we did more financing of infrastructure  
24 than aircraft.

25 CHAIRMAN McNERNEY: Good.

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

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

10           (Laughter)

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

21           Just to close, our reauthorization called for  
22 review of our content policy. That review will be  
23 submitted to Congress in late May. We also revised our  
24 economic impact procedures and that is actually sitting  
25 with Congress now.

1 CHAIRMAN McNERNEY: Thank you.

2 Dr. Blank, a quick comment?

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

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

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

25 CHAIRMAN McNERNEY: Okay. Thank you. Thanks

1 for your comment and your leadership on that one.

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

5 DIRECTOR ZAK: Thank you very much, Jim.

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

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

21 The thing about that is the fact that we have  
22 been reaching out to these local trade organizations to  
23 see how we can partner with them, but one of the  
24 important aspects of it--as a matter of fact, we have  
25 19 that have joined our partnership since May--and the

1 most important part of the brochure is what it is that  
2 we can do. So it's not just having them on our  
3 website, it's not just saying that we're partners, but  
4 really doing things together.

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

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

20 CHAIRMAN McNERNEY: Thank you.

21 Under Secretary Sandalow, did you have a quick  
22 comment?

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

25 Let me just start by echoing Secretary

1 Vilsak's comment about renewable fuels and add to it  
2 electric fuels for the cars that we're driving around.

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

8 (Laughter)

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

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

24 CHAIRMAN McNERNEY: Thank you very much for  
25 your comments.

1           Turning to Workforce Readiness, I think, Mary,  
2 you're back up, then perhaps Secretary Solis can weigh  
3 in.

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

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

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

1 yet.

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

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

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

22 So I believe our workforce initiative is  
23 really going to be focused on not new programs, but  
24 let's focus on some great programs. In the reading  
25 material, there are some great best examples that are

1 happening in states, in communities, and with companies  
2 on the workforce issues, and also on veterans' issues.

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

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

13 I think Mayor Brown wanted to make a comment.

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

20 So I created a Week of Valor. With that Week  
21 of Valor, we had to partner with the Chamber, we did a  
22 summit for veterans and Wounded Warriors. I brought  
23 all of the CEOs together to talk about it, what are our  
24 challenges and opportunities, brought all the health  
25 providers to talk about it, the CEOs, Mayo, which is

1 located in Jacksonville, and others, and then did a job  
2 fair for veterans.

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

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

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

23 I think it's a great opportunity for us. It's  
24 not just the right thing to do. They have the skills,  
25 they have the experience, they are well educated, and

1 in my administration and my top positions I have  
2 veterans. My Education Commissioner is a veteran, West  
3 Point, Stanford, MIT graduate. My Director of State  
4 Affairs is a veteran, Federal Affairs is a veteran. So  
5 they bring a tremendous sense of experience and  
6 opportunity to impact the bottom line, so I think it's  
7 a very, very important issue and the U.S. Conference of  
8 Mayors have taken this on.

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

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

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

24 MS. WOERTZ: Just real quickly, maybe to add  
25 to veterans, STEM, the whole discussion of workforce

1 readiness, is high school retention rates. So to even  
2 go back to before they can get into STEM programs, et  
3 cetera, still its a very challenged area.

4 There are a lot of good programs, U-Turn in  
5 Philadelphia, the Jobs for American Graduates, having  
6 significant differences. Where JAG has been active in  
7 32 states, 900,000 students have been served. A 90  
8 percent graduation rate if they've been involved in the  
9 program, where before it's a 75 percent drop-out rate.  
10 So, really important, even in inner city schools.

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

13 MS. WOERTZ: Thank you.

14 CHAIRMAN McNERNEY: Madam Secretary?

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

22 Our component is very fixed. It's on labor  
23 agreements and protections for workers, not just here  
24 but also abroad. I think that's a very important  
25 element because we've never seen so many positive

1 changes occur as a result of that. One example is the  
2 Colombia action plan that was put together. We had a  
3 lot of input. Thanks for all of your support there, as  
4 well as that that we were able to garnish. I think  
5 that's going to be a good example for us to move  
6 forward with our other trade agreements, and look  
7 forward to working with you on that.

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

20 But let me now turn to the veterans' training  
21 program. We have really revamped, in my opinion, and  
22 reformed our programs. Now we are seeing many of our  
23 services really tactfully looking at how we can get  
24 people ready, those returning veterans, and giving them  
25 a set of important equipment, tool kits so to speak, so

1 that they can come in after six months of being  
2 identified in our Workforce Center. There are about  
3 3,000 of these centers that they can use as Gold Card  
4 standard.

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

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

23 We have many programs hat we've opened up to  
24 allow for many of these individuals to take part in  
25 some of our job training programs on-site, particularly

1 the Job Corps program where they can actually go  
2 through two years of training after they are released  
3 from their military assignment and can get trade  
4 skilled up in whatever it might, IT, STEM, and we are  
5 promoting that across the board.

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

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

20 Then lastly, the Workforce Readiness program.

21 I just want to say that there is a program that I've  
22 talked about before, it's called the TAA Community  
23 College Training Program. What it does, is help  
24 partner the community colleges with businesses.  
25 Businesses are dictating what the curriculum is so that

1 whatever training, credentials, and services that are  
2 provided are reflective of what the marketplace wants.

3 That's really the hook here. There are many community  
4 colleges that are starving. They don't have money, so  
5 they look to us as an incentive.

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

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

1 has been, and we continue to work with all of you and  
2 our partners.

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

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

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

17 (Laughter)

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

1 recommendation, Mr. Chairman.

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

9 (Laughter)

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

19 The other priority has been the transition of  
20 parts and components from the U.S. Munitions List to  
21 the Commerce Control List and we continue to urge the  
22 administration to work with Congress towards completing  
23 this task. We've seen some real good progress there.  
24 That's good. Education and our outreach are also  
25 critical and we're seeing some good progress there.

1 I was just talking to Dave Aguilar from  
2 Customs and told him that we really would recommend  
3 that we come up with a trusted exporter program, kind  
4 of modeled on their program for the CTPAT program,  
5 which has really simplified the process on the import  
6 side. So if we could come up with a similar one on the  
7 export side, I think that that would be a great, giant  
8 step forward.

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

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

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

23 SECRETARY BLANK: My only comment is that we  
24 have gotten as far as we possibly could have in the  
25 first four years. We are another year away, I think,

1 from really having this process complete. Keep the  
2 pressure on us, we will keep the pressure on everyone  
3 else. This is the most important, least-known thing  
4 the Department of Commerce is doing, in my opinion.

5 CHAIRMAN McNERNEY: Okay. Good. It's known  
6 to some of us, believe me. Andrew and I, it's known  
7 to.

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1     **III.   DELIBERATION OF TERM REPORT**

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3           CHAIRMAN McNERNEY: Listen, the one statutory

4 thing we have to do, which is approve the stuff we've

5 already sent. So I'm assuming without objection we

6 will approve the -- what are we calling this? The

7 first term report? The first term report, which is a

8 compilation of what we've done.

9           Without objection, I will assume adoption.

10          (No response.)

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1 **IV. NEXT STEPS**

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3 CHAIRMAN McNERNEY: Listen, before we adjourn,

4 I just want to thank everybody for a great first term

5 for this group. I think we've come a long way, both in

6 terms of focus on the issues and sort of an operating

7 rhythm together. The stoplight chart, being able to do

8 one and get through it and have it be the guide for the

9 work plan we're going to put together here in the first

10 quarter is an important part of that accomplishment, so

11 I just want to thank everybody on the public and

12 private sector side of the equation here, and for your

13 team's leadership in particular. It's made a big

14 difference.

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1 **V. ADJOURNMENT**

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

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

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

14 MS. BURNS: More hammering.

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

17 Any final comments?

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

25 CHAIRMAN McNERNEY: Well, thank you for your

1 leadership and commitment. Our next meeting is  
2 Wednesday, March 12. So a little bit of work on the  
3 committee level between now and then, but see you all  
4 then.

5 (Whereupon, at 11:05 a.m. the meeting was  
6 adjourned.)

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C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the President's Export Council, held on December 6, 2012, were transcribed as herein appears, and this is the original transcript thereof.

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LISA L. DENNIS

Court Reporter