THE PRESIDENT'S EXPORT COUNCIL

Eisenhower Executive Office Building
Room 350
Washington, DC

Thursday,
December 11, 2014

The meeting was convened, pursuant to notice, at 9:40 a.m., Mr. James McNerney, Jr., Chairman, presiding.

APPEARANCES:

PRIVATE SECTOR APPOINTEES

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The Boeing Company

URSULA BURNS
Vice Chair
Xerox Corporation

DAVID ABNEY
CEO
UPS

MARY ANDRINGA
President and CEO
Vermeer

JOE ECHEVARRIA
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Deloitte
ANDRE GLUSKI  
President and CEO  
AES Corporation  

GENE HALE  
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G&C Equipment Corporation  

MARILLYN HEWSON  
Chairman, President and CEO  
Lockheed Martin Corporation  

VANESSA KEITGES  
President and CEO  
Columbia Green Technologies  

GARY LOVEMAN  
Chairman, President and CEO  
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DENISE MORRISON  
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RAUL PEDRAZA  
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ARNE SORENSON  
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Marriott International, Inc.  

PATRICIA KOERTZ  
Chairman and CEO  
Archer Daniels Midland Company  

ROBERT WOLF  
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THE HONORABLE KIRSTEN GILLIBRAND, D-New York  
THE HONORABLE DAVE REICHERT, R-Washington
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FRANK COWNIE
Mayor of Des Moines

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MAURICE OBSTFELD
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PENNY PRITZKER
Secretary of Commerce

ANTHONY FOXX
Secretary of Transportation

SHAUN DONOVAN
Director
Office of Management and Budget

AMBASSADOR MIKE FROMAN
United States Trade Representative

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Administrator
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SARAH BLOOM RASKIN
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President and Chairman
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ELIZABETH LITTLEFIELD
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PROCEEDINGS

WELCOME & OPENING REMARKS

CHAIRMAN McNERNEY: Let's try to get going. Welcome back, everybody. Take off the green badges, all of you visitors, including myself. This will be televised later and I've been informed you look better without a green badge than with one.

Listen, one bit of housekeeping. I have learned in these meetings where the President visits us, occasionally we get bumped up against the finish time. So I'm going to mention at the outset that our next meeting is June 10, 2015. So just note that in case we don't have time for me to remind all of you later.

Let me welcome two new members of the Council here for their very first meeting. David Abney, CEO of UPS. David, where are you? I saw you earlier. There he is right here. David, welcome.

(Applause)

CHAIRMAN McNERNEY: And Joe Echevarria, the former CEO of Deloitte. Where is Joe? I saw him earlier. There we go. Joe, welcome.

(Applause)

CHAIRMAN McNERNEY: Thank you both for your
service. It's great to have you here.

I also would like to welcome Senator Klobuchar. Where is she? There she is. Welcome back.

(Applause)

CHAIRMAN McNERNEY: And Senator Gillibrand. Has she made it yet? Knowing her, she's not going to miss the meeting.

Congressman Reichert. Where is the Congressman from Washington?

Mayor Frank Cownie of Des Moines. Is the Mayor here? Great to have you with us.

(Applause)

CHAIRMAN McNERNEY: He represents not only himself and Des Moines, but U.S. Conference of Mayors. So thank you for representing a very important constituency for some of the things we get done, particularly the trade agenda, when we get onto that later today. We look forward to your participation today.

Since we last met in June, just a very quick tee-up, this group has continued to work in a lot of different arenas. In October, led by our Vice Chairman, Ursula Burns of Xerox, who all of you know, eight members of the Council, I think most of whom are here today, and joined by Secretary Pritzker, went to
Warsaw, traveled on a fact-finding trip to not only there, but Turkey. The delegation met with government and private sector stakeholders looking for new ways to deepen ties with these two very strategic partners and allies.

The members who participated have prepared a significant report and we look forward to hearing from them on that.

Council members also undertook -- and this is the second item of business other than just hearing from our leadership -- undertook an important midterm review and prioritization of recommendations that we have compiled in a report for discussion today, basically looking back over the last two years; what does that mean for priorities over the next two; where can we add maximum value for the President and his Cabinet.

I think this exercise has been very fruitful. I think you will agree with me, I hope you will, at the end of the meeting today. And I look forward to this morning's discussion with our Executive Branch partners on how we can best execute against this modified blueprint, which is all about redoubling our efforts as a Council to help strengthen our economy.

Before digging into those reports, we'll hear
from Secretary Pritzker on the progress of the NEI,
National Export Initiative, and the upcoming meeting of
the U.S.-China Joint Committee on Commerce and Trade,
JCCT, that Secretary Pritzker is taking a very personal
and strong initiative with.

By the way, that first JCCT meeting will be
held for the first time outside of Washington in
Chicago, of all places, a city quite familiar to
Secretary Pritzker and some others in the room,
including myself.

At the end of the session, we will have an
opportunity to hear from Ambassador Froman, who I know
is here -- there he is -- Mike -- and then the
President on the trade agenda. So we'll sort of pull
that all together in the backend of the meeting when
the President comes.

So we've got a very full agenda today with a
lot of issues, substantive issues to discuss.

I would like to recognize our Vice Chairman,
our world traveler, Ursula Burns, for a few opening
remarks.

VICE CHAIR BURNS: Very short. Just to say we
have a lot to cover today, particularly with feedback
on the trip that we took, and I will defer any other
comments to that portion of the discussion and my
colleagues.

CHAIRMAN McNERNEY: Great. Great, Ursula.

Thank you very much.

And Valerie Jarrett, Senior Adviser to the President, is with us. Valerie, do you have any comments?

MS. JARRETT: I do. Thank you, Jim. Good morning, everybody. I want to begin by saying I want to begin by saying thank you to you, Jim, for your leadership over the many years that you have now chaired the Export Council, and I know you couldn't do it without Ursula Burns as your Vice Chair. So your leadership has been tremendous.

CHAIRMAN McNERNEY: Thank you.

MS. JARRETT: And I say to the new members who are here today that this public-private partnership is instrumental to the President in shaping his policy for how we can grow our economy.

As you all know, exports and trade are a critical part of that agenda and I think the track record that we have over the last six years of getting very important feedback, constructive suggestions and partnership as we try to take our message out to the general public from this Council has been second to none.
So we really appreciate everything both from within the Administration, all of those who sit around the table, as well as those of you from the private sector who join us on this effort. We hear a lot more from the President and I think timing right now of this meeting is critical, as you know, Jim and Ursula. You had the chance to address the BRT last week. And Mike has had how many meetings on --

AMBASSADOR FROMAN: Fifteen hundred.

MS. JARRETT: -- 1,500 meetings. So all of that hard effort is now really going to be turning into action that's going to start in the new year.

So we are delighted to have everybody here. I thank those of you who have served and we really welcome those of you who are joining us. I think you're going to find this is time well spent. Everyone around this table is busy and the fact that you come and you participate I think is an indication of how seriously you take it, but also, I hope, an indication of how important your advice and counsel is to the President.

So thank you all.

CHAIRMAN McNERNEY: Thank you very much.

MS. JARRETT: One more thing, Jim

CHAIRMAN McNERNEY: Yes.
MS. JARRETT: Unlike in the past time, microphones do not have to be activated. So that's the good news. The bad news is they are on all the time. So don't think you're whispering to your colleagues and not being picked up.

(Laughter)

CHAIRMAN McNERNEY: Thank you, Valerie. I appreciate those comments very much. Candidly, we couldn't be as effective without the coordination and help we get from you and the Administration and allowing our voices to be heard.

I'm looking at Jeff over here, thinking of all the jobs that were added, high-paying manufacturing and services type jobs. It's a fortuitous time.

Jeff, do you have any comments?

MR. ZIENTS: Yes, just quickly. We have had a good run of job creation. We still have work ahead of us, particularly on the wages front. And I think you're right, Jim. If you unpack the most recent report, you see some better news on wage growth and the mix of high-paying jobs, where the jobs are being created.

If you look at exports and how they have contributed to growth across the last several years, they have really grown faster than the overall economy,
so have done more than their share, and we need to continue that.

I think recently we've seen some softening related to the global economy softening, and that means that as a public-private partnership, we really need to take your recommendations, as we have been doing, and execute. In many ways, this is much like the businesses you run. The strategies are important and the execution is really what, at the end of the day, creates success.

So you have been very generous in your recommendations. They've been spot on whether they're in travel and tourism and how we can continue to grow the number one services export or in getting products shipped more easily overseas with the international trade data system, which is an important piece of relatively complex work, but that we're all over and are going to continue to execute on and implement on.

So we need more recommendations. You need to help us with the implementation and hold us accountable for the implementation so that we can continue to grow exports.

I do look forward to the conversation that the President and Mike are going to lead on the importance of these trade agreements and getting those done, and I
think your help on that will also be invaluable helping
to explain the benefits to American workers in terms of
jobs and well-paying jobs.

    So thank you for all your work. As Valerie
said, we have the privilege of working with several
councils across government and there are many, many
best practices that the Export Council has created that
we are implementing elsewhere. So thank you.

    CHAIRMAN McNERNEY: Thank you very much, Jeff.
Appreciate that. Yesterday I was reminded -- is
Caroline here? She was here. Caroline was another one
of the President's advisers who is with us today and
she helped lead a discussion this morning on Russia and
Ukraine sanction-related activities.

    As both you and Jeff are in view here, just
the way you have gone through that with the business
community -- and I made this remark this morning with
the Vice President -- gone through this difficult time
with the business community in a way to maximize impact
there, working with us constructively, has been a best
practice in itself in terms of getting through some
tough times.

    So I just wanted to recognize Caroline while I
see her.

I understand, Senator Klobuchar, there is a
little stuff going on and I know you've got a tight
time. Would you like to make some comments before

Penny?

SENATOR KLOBUCHAR: Well, I just want to thank
everyone for their work. We have seen the benefits of
exports in our state. We are now down to 3.9 percent
unemployment and the metro area of Minneapolis-St. Paul
has the lowest unemployment rate of any metro area in
the country. So it's just one example of what exports
have done.

We are working, as you know, on what is named
Cromnibus, which, for those of you who are not inside
the Beltway, is CR for the continuing resolution
combined with the word omnibus. And I think people are
a little surprised at some of the things in it. That's
a nice way of putting it. And we'll see if there are
going to be further negotiations on what is going to
happen with that, especially on the Senate side. I
don't know.

The good news is we got the Travel Promotion
Act in there that Senator Blunt and I have worked so
hard on in the Senate and that's really important to
exports. As you know, it has added a million people,
those studies have shown. This guy is going to chair
the board, I hope, and $3.4 billion just last year, the
additional one million international visitors spent.

We also have the manufacturing piece that is included in the omnibus. And so there are some really good things, but there are also some problematic things. So we're hoping we can work something out.

The second thing we're getting done is the tax extenders. Many of us would have preferred, as I'm sure you would have, that it would have been for a longer period of time, but those are going into place, I hope, by the end of the year.

The next thing I would just finish up with is the hope that we can move forward next year and get a lot of things done, especially things near and dear to the heart of people in this room. I know there is going to be work on the trade agreements' infrastructure. I'm very hopeful, as there is some bipartisan support for that.

There is a possibility of tying it into some kind of international tax reform, which would be a great idea, as we've seen these inversions and other problems occur. And then I would love to see something with the training for kids in high school with the state, so many of states starting to see these low unemployment rates because of the work that so many people have done.
We have a lot of kids that are graduating and we're starting to have many, many openings in the manufacturing field and welding and things like that. So this idea of really shifting how we handle some of the high school training and doing more with these one- and two-year degrees I think would be a really smart idea.

So that's the report from the Hill and we'll see what happens by the end of the night. Thank you.

CHAIRMAN McNERNEY: Thank you, Senator. Thanks for your participation in this Council, which is consistent and important. And good luck today. Good luck today.

Listen, the Secretary is here now. Secretary Pritzker, update on the NEI.
NATIONAL EXPORT INITIATIVE "NEI/NEXT" UPDATE

By Secretary Penny Pritzker

SECRETARY PRITZKER: Thank you, Jim. Thank you, Ursula. And thank you, members of the President's Export Council for all the good work that you do and for being present today.

As I've said before, this group is an essential piece of the Administration's vision of commercial diplomacy.

Let me first talk about our PEC trip. Many of you joined me on the economic fact-finding mission to Poland and Turkey earlier this year. This trip was about putting our business leaders on the field to help advance our strategic and economic interests, and we joined together to deliver a message to the Polish and Turkish leaders about the need for reform, to create a level playing field for businesses, to open their doors to more American exports, and, in the process, to a more robust commercial relationship and a far more effective one, as well, with the United States.

That message is far more powerful coming not just from me or those of us in the economic chain or from any particular government official, but from all of us together. When we're working together, the
message is heard much more strongly. And this trip was
an opportunity to showcase your ability to work with
the government to promote reform and create new
opportunities for businesses around the world and I
look forward to continuing that kind of work together
in the balance of our term.

As we begin today's meeting, I want to briefly
update you on the new phase of the National Export
Initiative or what we call NEI/NEXT. Early in this
Administration, President Obama created the NEI, or the
National Export Initiative, to spur economic growth and
job creation.

Through this effort, for the very first time,
we've got the full suite of Federal resources to bear
to help U.S. businesses drive exports. And as Jim
mentioned, the NEI has produced remarkable results.
We're on track for the fifth straight record-breaking
year of exports.

According to the latest trade data released
last week, U.S. exports of goods and services increased
by more than $2 billion just month-over-month. So we
really have a great momentum going.

This kind of continued export growth benefits
our economy at a macro level, but it also improves the
lives and livelihoods of individuals across the
country. And, indeed, every morning, over 11.3 million Americans go to work in jobs that are supported by exports.

   Let me put a finer point on this. Whenever we open new markets to American products and services, your companies grow and our nation's workers and families are better off.

   So earlier this year, we introduced NEI/NEXT to build on the progress that we have made to date. NEI/NEXT was heavily shaped by PEC recommendations and feedback from thousands of customers and partners. It would fundamentally change the way the U.S. Government helps American companies expand their exports and their global footprint.

   NEI/NEXT is our blueprint to help ensure that more American businesses of all sizes can start sending their goods and services beyond our borders and fully capitalize on markets opening up across the globe.

   The agencies here today around this table have made an ambitious set of NEI/NEXT commitments. They include providing customized and focused assistance for businesses, including those in emerging industries; streamlining export-related services and reporting requirements and processes; working to expand access to financing; partnering with states and communities to
foster local trade and investment business support networks; and, carrying out our trade agenda by ensuring access to foreign markets in facilitating a level playing field abroad.

The recommendations that you have provided over the past four years have guided this work. To highlight a few examples, the PEC has prioritized improvement of data and under NEI/NEXT, we'll supply American businesses with the information they need to make export decisions by making data and market research more shareable and more open and working with partners to expand its distribution.

Second, the PEC has reiterated the need for Federal integration with state and regional export initiatives. So under NEI/NEXT, we will make it easier for small businesses to access export-related assistance by increasing our coordination with local trade and investment resources and, more importantly, we'll guide program improvements to better meet the export-related needs of small and medium-sized companies, which the PEC has made priority from day one.

We are laser focused on broadening the base of exporters and expanding U.S. export activity. Central to meeting that mission and the goals of NEI/NEXT is a
series of steps to strengthen our hand in markets around the world.

So working with Congress and the U.S. Trade Representative and you and other business leaders, our practical and immediate tasks are clear. First, we just reauthorize the Export-Import Bank. It is a critical tool that better enables U.S. companies of all sizes to compete overseas.

We also must work with Congress to pass trade promotion authority to empower the President to move forward on high-standard, broad-based regional agreements like the Transatlantic Trade and Investment Partnership and the Transpacific Partnership. And we must drive home the message of how these steps will expand exports, grow our economy, and create jobs.

So on each of these components of our agenda, we need your help. We need to make the case that trade agreements can offer enormous benefits, especially for small and medium-sized enterprises looking to tap into new markets.

Together with your efforts, we can help ensure the tremendous benefits of international trade are more widely felt and understood.

Of course, I can't talk about trade and exports without mentioning one of our country's
greatest exports, which is entrepreneurship. I recently traveled with the Vice President to Morocco for the Global Entrepreneurship Summit. The summit made this fact clear -- the United States and the Department of Commerce have a unique role to play in ensuring all entrepreneurs have access to the support structure necessary to help them thrive.

We have a responsibility to share our expertise and our experience and to show our partners worldwide what it takes to build an entrepreneurial society in their own communities.

One way we meet this charge is through the public-private partnership called the President's Ambassadors for Global Entrepreneurship, or PAGE, which I'm honored to chair. This is a presidential initiative that brings together 11 of America's top entrepreneurs who use their stories and knowledge to mentor and inspire young people and startups across the country and around the world.

Three PAGE members accompanied the Vice President and me to Morocco and I'm pleased to tell you that we'll soon expand the PAGE program to include more members because there is so much demand for that.

Along with PAGE, the PEC's recommendations to improve the business environment for entrepreneurs and
innovators have provided us with ideas to help people
turn their inventions into thriving businesses. And I
thank you for your continued focus on this topic, which
contributes to the wellbeing of so many Americans and
to the overall competitiveness of the United States as
a whole.

Finally, next week I'm heading to Chicago with
Ambassador Froman to host the 25th U.S.-China Joint
Commission on Commerce and Trade. Secretary Vilsack
will also join us for those meetings. The JCCT
provides a framework for the U.S. and Chinese
governments to discuss policy issues in the bilateral
commercial relationship.

This year's program has been re-imagined with
a greater emphasis on commerce, to facilitate increased
participation by U.S. and Chinese businesses, and a
greater interaction between our government and our
businesses. So for the first time, private sector
leaders and government officials together will assemble
around themes that are central to the U.S.-China
commercial relationship, including investment, travel
and tourism, economic leadership, and excess capacity.

So I want to close by saying this. The
President's Export Council plays an invaluable role in
guiding our country's economic policy. This meeting is
our chance to hear from you about the issues that are
top of mind for you and I really am very grateful for
all the help and recommendations that you've given us
and helping us set our agenda.

So thank you very much. Jim, I really
appreciate the opportunity.

CHAIRMAN McNERNEY: You just have to listen to
the Secretary to feel the energy behind a very
comprehensive agenda. My congratulations to you and
your team. This PAGE initiative is terrific. It is
the best of America. It is the best of what we do and
our values. I love it. And you've reengaged us on
supporting Ambassador Froman and we'll talk more about
that later.

And JCCT, we need somebody to step in and lead
that relationship and I'm really glad to see you just
jumping in there. I look forward to participating in
Chicago next week.

SECRETARY PRITZKER: Thank you, Jim.

CHAIRMAN McNERNEY: I think we've alluded to
this PEC trip that Ursula led and I think we're going
to get a little more comprehensive view of it from
Ursula. So over to you.
REPORT ON THE FACT-FINDING TRIP TO POLAND AND TURKEY

Vice Chair Ursula Burns

VICE CHAIR BURNS: Thank you. Thank you, Jim. Thank you, Secretary Pritzker. It's really good to have you at the helm here. It's been helpful and energizing I think for all of us.

There are five points I want to make about our trip and then I will open it up to some of my colleagues who traveled with me.

First, I want to actually call the names of the people who actually did this trip. This is what I would call heavy lifting. Getting on a plane and traveling to Poland and Turkey sounds like a lot of fun, and it was, actually, but it's a lot of time.

Arne Sorenson from Marriott; Marillyn Hewson from Lockheed Martin; David Abney from UPS; Robert Wolf from 32 Advisors; Mary Andringa from Vermeer; Pat Woertz from ADM; and, Dick Friedman, who is not here, from Carpenter and Company. All of us were there for the vast majority of the trip. Some people had to step out for certain pieces.

The first point is that I believe the trip was a success from any perspective that you can view it and any measure. I don't think that we actually really
understood the fortuitousness of the timing in the
countries that we went to. It turns out both Poland
and Turkey and experienced some very important turning
points in August with the election of Poland's Prime
Minister Tusk as the president of the European Council
and the election of Prime Minister Erdogan as the
President of Turkey. Both happened right before or as
we were entering these countries.

Separately, intervening geopolitical and
security tensions in the Ukraine and in the Middle East
heightened the strategic importance of the U.S.'
relationship with both Poland and Turkey.

On the economic side, our commercial
relationship I think took center stage as a positive
engagement that we could have with these countries,
because we know that increased and investment serve not
only to promote U.S. economic interests, but also serve
to advance U.S. security interests by promoting
regional prosperity and stability.

The second point was our meeting offered us
the opportunity to showcase this idea that we call the
PEC, which is fairly unique around the world, and it
was something that garnered quite a bit of conversation
by both the private sector members, the businesses that
we saw in both Poland and Turkey, but also at the
government level. A lot of curiosity about how it worked and if it worked and we actually speak to the President and we make recommendations and we don't always agree.

It was an actually very interesting discussion and I think that both countries and business leaders and government leaders in both countries took away this idea that maybe they should do something similar in their countries to have this public-private partnership work.

As a byproduct of that, as well, we happen to have quite a few women around the table -- Pat, myself, Secretary Pritzker, Marillyn, Mary -- and it was quite startling when we walked into these meetings generally with a roomful of men of all sorts, except for the servers or support staff, and we're sitting around the table as the leaders of the conversation. So it was not intentional, but it was a very positive, I think very positive byproduct of some of the commercial diplomacy and the progress that we could make.

The third point was that there are clearly challenges that we could see on the ground and feel and discuss in doing business in both Poland and Turkey -- transparency, rule of law, just normal idea -- infrastructure, about how we actually engage with
government. I think that we were able to actually have a direct conversation with both government leaders and the business leaders about the things that we needed as businesses to actually increase investments in their country and vice versa, for them to actually come here and increase investments in ours.

Fourth, it was clearly evident that there are really opportunities to increase trade in both of these countries. Poland, surprisingly, a very open economy, very well educated, good infrastructure and a desirous and positive relationship where we should be able to push forward, particularly with small and midsized businesses to actually expand our reach in those places. And in Turkey, for sure, this growing population, strategic relevance from a location standpoint, a resource standpoint, and we have to redouble our efforts to make sure we can engage in these countries in a positive way.

And it's not as scary as it seems when you're far away. When you're there, you see real people, real roads. We know this, but going actually helps to remind us of that.

Finally, a consideration of the challenges and the opportunities to inform the PEC's development of the agenda to strengthen actions that Penny spoke about.
a little bit earlier to strengthen our relationships, particularly from a business perspective, in both Turkey and in Poland.

The full agenda is described in the PEC report. I want to thank people who participated in developing the report. I think it's actually excellently done and an easy read, not overly long, and bulleted in such a way that we can actually take action.

I also want to highlight just some of my key members and they can actually take some points, as well, and then I will close.

I will start with Arne, who actually, in addition to traveling with us, gave us a place to sleep a couple of nights.

(Laughter)

VICE CHAIR BURNS: It was very helpful. Thank you. And we were treated extremely well.

MR. SORSENSON: Just a couple of comments. A great report. First, to talk about diversity, the Vice President talked this morning about promises being the word that he used to describe the United States. Really no prouder aspect of this trip than to see our women leaders, all of whom were true leaders, there was no tokenism about this. In fact, the men were very
much second fiddle, and it was fabulous to see, particularly in Turkey, which is in a totally different place culturally.

To sort of be confronted with this is the scene of the United States, this is the scene of fairness and opportunity, which was the best possible face we could put on it. And I thought that was maybe the most striking thing about the trip.

Secondly, just to comment about the tone on the two different places. Poland is -- they view themselves as our greatest ally, with reason. They are friends of ours, they want to be close to us. It was surprising how many of them said why don't we have visa waiver, for example, if we're such good friends; why do you force your government people to fly only on U.S. carriers when we've got a Polish carrier that they could fly on. And they were very much wanting to be as close to us as they possibly could.

I think in many respects, the more we pursue that, the better for the business relationships, as well as government relations.

Turkey is a totally different environment. Turkey was wary of us. The Turkish business people I think were somewhat wary of Turkey. So in the informal conversations, it was a little quieter, a little bit --
not conspiratorial in the sense we're going to do something wrong, but how do you help us and where are we going together and the tone of each of these meetings, I think, changed a little bit from meeting to meeting depending on the official that we met with.

Enormously more complicated than Poland, bigger market, greater opportunity I think in some respects, but a harder place to see and ultimately get to the kind of growth that I think is easier in Poland in some respects.

I'm sorry, Pat. Pat, from ADM.

MS. WOERTZ: Very good. I just wanted to also say how much I appreciated joining. I think just a couple of points on the Poland piece to build on Arne's point. A very good friend of the country, country-to-country in business-to-business relationships I think can be even stronger and I would support initiatives to regularly have that kind of dialogue. We talked about a couple of opportunities to do that with the business community and with government.

I also remember when we talked about where to travel, we talked about this two years ago and, Secretary, you were very open to listening to different places, I think we made some very good choices and I appreciated the opportunity. And I hope we can do
another trip perhaps later in 2015 or 2016 which I think would also be good for the PEC to continue this commercial diplomacy.

VICE CHAIR BURNS: Jim can lead that.

(Laughter)

MS. WOERTZ: Thank you.

VICE CHAIR BURNS: Thank you, Pat. Marillyn?

MS. HEWSON: I would just say that something that was really obvious to me for both Poland and Turkey is how important we are as a partner to them in their defense and security needs, and that spills over certainly into commercial relationships.

So to the extent that we could talk about how we are supporting them and a lot of the challenges that they face in their regions and able to talk about what we do then opens up trade with their industry, local industry, and then certainly brings job growth to the U.S. and economic growth to the U.S.

I think that helped set the tone in a lot of cases where it might have been, as Arne said, a little more tense, better opened up and said we are here, we are working closely with you on a lot of things in your defense and security needs, that says we're a great partner, a great commercial partner, as well.

VICE CHAIR BURNS: Mary? SME, our SME voice
in the PEC.

MS. ANDRINGA: Thank you. Great comments already by all my colleagues. And I just want to say that I think we were all just so thankful for the phenomenal work of the Commerce staff, for every detail and the changes that had happened in the schedule and keeping us up to speed.

Also, Secretary Pritzker was just phenomenal in leading many, many, many discussions and just did a phenomenal job of that.

And, yes, to Ursula's point, actually small and medium-sized enterprise was brought up a lot, the SME was brought up a lot both from Poland and Turkey. And what was interesting, both Poland and Turkey are very much wanting to grow their entrepreneurs, they're wanting to have more jobs.

In Poland, I was sort of amazed by the fact that their unemployment for youth in the rural areas was like 28 percent. And manufacturing was also very important to them and they were also wanting to know how to export.

But they also really asked, in both places, both government officials and really the business folks, can we have help on how to get the small and medium-sized businesses growing and reaching out. And
really they have the same issues we discovered in all of our SME forums around the country. How do you get access to financing? How do you get access to information how to export more? How do you get access to customers and to distribution channels? So all of those things were very similar.

I think we left saying, yes, let's see how we can work together. Actually, the Small Business Association group can help, as well as the PEC. And then, finally, also in Turkey, I was approached by people after speaking about SMEs about how that topic could be part of the G-20 in Turkey, since they are hosting it next year.

So I think a lot of great -- we need to coordinate and to talk about and recognize the importance of the small and medium-sized enterprises, which have the opportunity to grow and to help their countries, just as a start.

VICE CHAIR BURNS: So we had tourism, we had defense, we had ag and tech, and we had SME, and we closed with a member that actually brought a different view and a more active conversation around this entrepreneurship and how do you actually start a new business and get funding for it. And that was Robert Wolf. Robert?
MR. WOLF: Well, I would just say it was a bit of a tale of two cities. Poland, there was a lot of strength they showed. They were very quick to say we're the sixth largest country on the tail of Spain in the EU and that they're our friend, and actually we're opening a satellite office there. So it was also good from understanding them.

I would say with Turkey, I would just say, Secretary, I commend you on the incredible poise during some of the meetings. It was an interesting time there and certainly TTIP and the Prime Minister being voted in that day, there was a lot going on, I'll say. I think it was very interesting.

I think the most telling thing is that all the things we talk about here that the U.S. wants -- FDI, export, public-private partnerships, infrastructure and all the other great things -- is exactly what they both want.

It could have been a mirror conversation to both sides of the island there and that they need us actually more than we need them, and mainly around the whole rule of law that the Secretary brought up. That seemed to be a real topic of conversation, especially Turkey, as Arne said, within their own concerns.

So I think it was a great trip and I think
that we went with a lot of pride being able to represent the President and the Administration.

VICE CHAIR BURNS: So I want to thank everyone who went and anyone who didn't go and is interested, please read the report. It's easy to read. It's very comprehensive.

I want to close with a thank you to Secretary Pritzker. Robert said in Poland it was a little bit easier. In Turkey, she had to be -- poised is a good word.

(Laughter)

VICE CHAIR BURNS: And in control and kind of keep us aligned and it was an excellent -- she just did a great job of leadership and confidence, making us feel good. So thank you very much for being there.

SECRETARY PRITZKER: Thank you. That was a team effort.

CHAIRMAN McNERNEY: Thank you, Ursula, and thanks for your leadership on the trip.

There is no question that economic ties will be improved between those two countries because of this kind of elbow grease; just going there, getting on the ground and engaging. So just a terrific, terrific job.

Secretary Pritzker, thanks for making sure --

SECRETARY PRITZKER: I sincerely hope, Jim and
Ursula, that we could actually do another trip because it really -- I think that our ability, as you talked about, the challenges that we face in terms of market access in Turkey, your presence really helped us with that, and the Prime Minister opened up to the idea of really us laying out what the challenges are.

I think going together was an absolute -- I keep saying it was a perfect example of commercial diplomacy, but I think it can help give leverage to us. So I hope we'll do it again.

CHAIRMAN McNERNEY: Why don't we just say we are going to?

SECRETARY PRITZKER: All right.

CHAIRMAN McNERNEY: Why don't we just say we're going to? And we'll take it on and try to work with your staff.

VICE CHAIR BURNS: Let's go someplace warm.

(Laughter)

CHAIRMAN McNERNEY: Penny gets to choose the places.

I'm told the President is roughly on time. So we're a little backed up. I've got a little speech here on our midterm analysis. Why don't you assume I just made it?

(Laughter)
CHAIRMAN McNERNEY: It's all about thinking of what we can do better based on what we've done in the past. I think we all understand that kind of look.

First, I think we have to vote and accept the report from the trip.

Without objection, I suggest we accept the report that we have just heard a brief synopsis of. Thank you very much. Without objection, the report is officially accepted. Well done.

So the midterm reports, I think why don't we start with Robert, who was just talking, about the recommendations in the Global Competitiveness Subcommittee. Give us a quick review.
MR. WOLF: Thank you, Mr. Chairman. We'll make it quick. I was asked to give a bit of a snapshot. So, obviously, we want to thank the Administration and we have to point out thanks to Cabinet Members Froman and Pritzker for state and commercial diplomacy, and Chairman Hochberg, who is here, on the Ex-Im Bank and the initiative, and Valerie with respect to our business outreach.

Building on the President's remarks at the Business Roundtable last week, there are significant areas of opportunity for us to make progress in 2015 and we want to encourage those priority actions today.

First, obviously, and it's been mentioned many times, is TPA. It's the essential building block for a strong trade mandate partnership with Congress and the ability to finalize significant trade deals, including TPP and TTIP. And we heard some very positive comments this morning at breakfast from Ambassador Froman.

We're also encouraged by the President's active engagement and look forward to working with the
Administration and the Hill to secure these objectives.

The next is the Administration's trade agenda is impressive. TPP and TTIP will cover more than half the world's GDPs and bring us closer to vital trading partners. We stand by what has already been said, the need for high-standard and commercial and meaningful comprehensive access to these fast-growing markets.

It is critical for us to enhance American exporters and investors as it creates tremendous opportunities for American companies, workers and communities.

The next important thing that our subcommittee report talks about is bilateral investment treaties. Building upon the progress made that Ambassador Froman will talk about with China and APEC, we encourage renewed progress in pursuing high-standard commitments in BITs; in particular, a limited and targeted negative list for China. BITs provide certainly for American investors and they set standards for greater market access.

Africa, our next topic. Looking ahead to 2015, we look forward to working with the Administration to build on the commitments this year at the Africa Summit, which was a fantastic outing, and we devote more time to a comprehensive approach to Africa.
With AGOA up for renewal this year, we have an opportunity to look at AGOA 2.0, focusing on building capacity in mutually beneficial growth areas, such as energy, infrastructure, and downstream manufacturing to promote development in American investment on the continent.

I know that Deputy Secretary of Energy Dr. Sherwood-Randall will actually be talking and making comments about Africa and trade.

Lastly, as private sector members of the PEC, we have a number of recommendations pending that we look forward to closely with the Administration and Congress to accomplish in 2015.

Thank you, Chair.

CHAIRMAN McNERNEY: Robert, thank you. I think one big concept to keep in mind here on these trade deals is, by and large, the theme is we've already reduced tariffs and quotas and non-kind of regulatory barriers. The other guys haven't as much. So the theme is getting them to reduce.

So it really is about increased -- the net impact is increased access, which has the kind of improvement and potential for our economy, our workers, the middle class, the companies involved.

So this is the most ambitious trade agenda
that I have ever seen and I'm glad you were very
aggressive with your recommendations there.

MR. WOLF: Thank you.

CHAIRMAN McNERNEY: And Ambassador Froman, who
I was going to call on now, he stepped out for a
minute, but we'll pick this all up with the President's
comments.

MR. WOLF: Appreciate it.

CHAIRMAN McNERNEY: Congressman Reichert, you
have been tireless on this issue and you have just
joined us. Do you have a comment to make?

CONGRESSMAN REICHERT: Thank you very much for
allowing me to say a couple of words from the Hill.
This is going to be a tough job. As I think everyone
in this room hears, I get excited when I hear the
reports. That's why I have been a part of this group
for six years, one of the charter members, and, again,
proud of that.

I am the founder and the co-chair of the
Friends of TPT and also was the founder and co-chair of
the KORUS Working Group, and I'm a member of the Trade
Subcommittee on the Ways and Means Committee. So we
have been intimately involved.

You all recognize the importance of TPA. We
are meeting with the leaders of the countries that are
involved in the negotiations almost weekly, sometimes more than that, and they tell us the negotiations are going very well. However, they are interested, as all of us are, in getting TPA.

We know that what TPA does is creates that partnership between the Administration and Congress and creating that dynamic where countries around the world negotiating with us know what the parameters of the agreement are. They can negotiate in good faith. They can move forward knowing that Congress is supporting the President and the President and the Administration is supporting Congress and we are together on this.

So it's critical for us in the political role to be a team, but we also need your help. And in hearing the talk today, Jim and Ursula, this is great news to see how engaged this group is in promoting TPA. It's critical that we pass TPA and move forward. I think it's necessary for us to get the best deal in TPP.

And I have to say this last word, Mr. Chair, the Ambassador and I just met just a few days ago, had a great meeting, and a wonderful team, experienced team, dedicated team who is open and ready to work on this and roll up their sleeves to get TPA passed, and we already are scheduling our next meeting with the
Ambassador and his team with the TPP Friends Caucus.

Thank you both for the opportunity.

CHAIRMAN McNERNEY: Thank you very much. I appreciate it.

The ground game is important here. We spent some time to give you guys some support in Congress and I think we spent time this morning at breakfast talking about some of the ways the business community is trying to get better organized this time to help.

I won't go through it all now, but just in support of Robert's recommendations and some of the air cover I think you need, we're working it.

Speaking of on the ground, Mayor Cownie, any comments on this or Ex-Im or related subject?

MAYOR COWNIE: Well, let me just quickly say, Mr. Chair, Madam Vice Chair, and all the women and men that serve on this Export Council, we, as mayors, express our gratitude for being included in the conversation and look forward to working with you in the future.

As you know, business is the foundation of what happens at the local level, in local economies, and exports really are a prime example of the necessity for local government, business, our residents, and federal government and state government to all work
together to build economies, to build business, because we are really existing in a global economy and connecting our local businesses to that global economy is of paramount importance to local.

Very briefly, I'll just say that our Conference of Mayors held our second Summit on Exports in October this year in Little Rock. It was hosted by Mayor Mark Stodola. And our main focus was the movement of goods and certainly production of goods, whether it be through ports or transportation around the United States.

On the export front, the Conference of Mayors remains really supportive of all the trade deals that we have talked about and are going to talk about here today, and we are on record in support of the Trade Promotion Authority and will be making our views known to the 114th Congress.

We also strongly support the long-term reauthorization of the Export-Import Bank, and, of course, we were disappointed when it was extended only through July 2015. But we promise, when the new Congress convenes, we'll be up to see you and hopefully be very supportive and be able --

CONGRESSMAN REICHERT: I'm all for it already.

(Laughter)
MAYOR COWNIE: Thank you very much. Let's just hope we can get 435 to support it, as well. But we promise that we are going to be part of the KORUS, working with business groups and state and local governments, weighing in to support the bank.

In January we're coming to DC for our winter meeting and we look forward to working with Ambassador Froman and Chairman Hochberg and we're asking them to come over and talk to our mayors about trade issues and certainly financing exports.

I think the economy has turned around, but now is the time that we really have to sort of double down and concentrate on supporting all of our businesses, including the small and medium-sized ones.

So, Mr. Chair, we are ready to -- mayors across this country, we are ready to roll up our sleeves and be your partner and want to continue this conversation.

Specifically, in the City of Des Moines, we have initiated a regional export plan and have a committee, Mary Andringa serves on that, and we thank her for her support and work with our local businesses to build our economies, and mayors around the country are doing the same.

Thank you.
CHAIRMAN McNERNEY: Terrific. Thank you.

Thank you very much. Your leadership is highly appreciated here. And if there is a way for us to engage with the U.S. Conference of Mayors, as well as you individually, as part of the ground effort to support Mike, we're going to come back to you on that.

I think there are a lot of -- the closer you get to the action, ironically, the more people support stuff like this, but the voices are not -- you've got to pull the voices it up and have it heard in the halls of Congress here. And it's great to have you here.

VICE CHAIR BURNS: I'd like to just add to Jim. I had the opportunity to go to the new members of Congress training session. The Kennedy School is the organization that does this. And it was -- we spoke a wide range -- it was myself and the CEO of American Express, Ken Chenault, and we spoke about everything from education to infrastructure to defense, everything.

The biggest discussion was on trade, interestingly enough, and the Export-Import Bank on trade and all of the engagements around that subject. I think that we have as much work to do with new members of Congress to educate them on the benefits of trade as we do with the public.
So one of the things that we did offer them at that meeting, I offered all of your services --

(Laughter)

VICE CHAIR BURNS: -- really locally that they should connect with business leaders locally, reach out and actually ask questions and have a dialogue back and forth, because there is a large amount of misconception out there about the benefits of trade, as we all know. But it's also at the congressional level, particularly new members.

CHAIRMAN McNERNEY: Thank you, Ursula.

Ambassador, my guess is we can defer -- we can roll it in, because we're pushing for time here a little bit -- my guess is you will support everything that was in that recommendation as it is authored.

(Laughter)

CHAIRMAN McNERNEY: We hoped you would.

The second element of our midterm report, Manufacturing, Services, Agricultural, Arne, do you want to take a swing at it?
MR. SORENSON: Let me kick it off and then I'll ask Andres Gluski and Pat Woertz to jump in here, too. Obviously, a lot of great progress is underway. I think the industries that are represented in this broad space are right for employment growth in the United States.

Certainly in the travel area, we are with capacity conformance, with the jobs that have been created in the last few years. From a travel perspective, we really think about three things. One is continuing to develop the rest of the world. The second is about the legal permission to come to the United States, and the third is about your arrival experience.

Remember, it's a little bit upside down in some respects from the typical export. Most exports, we're sending things abroad and getting money back. In this instance, our exports are actually bringing people here and having them leave their money here.

So the development piece is really about Brand USA. Thanks really to the great leadership of the Administration, Senator Klobuchar, Senator Blunt, and
great allies in this. The reauthorization of Brand USA is now part of this Cromnibus bill and hopefully it will get passed and will put the organizations in a position for the next five years to continue to communicate a welcome to the rest of the world, that people really should come.

The second is about permission, and that's really about visas or visa waivers. Great progress has been made there. We were just thrilled to see the Administration's steps on the 10-year visa for our China, reciprocal visas for China, which will be huge in driving increased visitation from China.

We continue to have conversations around the visa waiver program. Poland has been culled out specifically in the Poland and Turkey trip report. Interestingly, the visa waiver program is probably the best way of addressing security concerns, because we get great information about the folks who are going through that process, arguably better information than we get through any other channel. Obviously, Ebola and some of the global issues have put a political pause on this at the moment, but we think that we will get back to a place where we can continue to work on that.

Then lastly is bilateral and the State Department and Homeland Security are continuing to work
on the human side of that, making sure we have the resources in the airports. There is a big infrastructure piece, which is about airport condition and airport capacity. Everybody in this room are travelers. You know how our airports consider the airports around the world. They are, by and large, pathetic. They need money.

We need to add capacity to most of our airports so that we can allow people to come here. And, obviously, we need to be creative about financing the infrastructure work that needs to get done, whether that be through user fees or through creative ideas around other things. We've got to find a way to break the logjam and get airports and other infrastructure underway.

So with that, I'll turn it over to Andres.

MR. GLUSKI: Thank you. We think we have a unique opportunity to promote an integrated approach to infrastructure development.

In 1980, infrastructure represented 4 percent of GDP. Right now it's a little bit more than 1 percent, which is less than most countries, including Germany, Brazil, China.

Obviously, as was mentioned by Mayor Cownie, the bottlenecks in infrastructure can affect the
production and competitiveness of our products.

Now, it is estimated that over the next five years we need to double this level to have really first class infrastructure. That would mean about $2 trillion, and there is where I think that the private sector can be a big help to address some of those bottlenecks.

Right now, there is historical inexpensive private capital that's available and the United States is really the most attractive place to invest in the world, and that's because of the current health of the economy, the size of the economy, and the quality of our governance.

Therefore, we would recommend that the Administration establish a national infrastructure bank as one way to channel private capital to infrastructure projects.

In addition, we could harness the efficiency of the private sector to speed some of these projects, and one example, for example, is Canada, which has used private-public partnerships to drive the modernization of their air traffic control system and their airports, and that's something we think that could be looked at.

Finally, there is infrastructure spread among many different agencies and there is an opportunity to
have a coordinator of this to look at the different aspects, because you're only as efficient as the weakest part of your infrastructure.

So, obviously, what counts is final delivered price to the customer at the end and by reducing production and transportation costs, this could very much help our exports.

Thank you.

CHAIRMAN McNERNEY: Thanks, Andres. Pat?

MS. WOERTZ: Just for this Subcommittee on Manufacturing, Services and Agriculture, just a few notes. Agriculture exports continue to be a large pillar of the exports, reaching $140 billion in the 2013 fiscal year and we'll expect larger even in the following year.

As it relates to infrastructure, we think it's wise and timely that this subcommittee is focusing on it. You often hear me talk about waterways in addition to roads, because waterways are extremely important to the exports of ag, ports, lochs, dams, et cetera.

One note is that we are also investing in the agriculture and tomorrow's infrastructure in general with the Midwest Inland Port. It's in Decatur, Illinois, which has three of the Class 1 railroads. It has five major highways, a wide body aircraft airport,
and we've built an intermodal container ramp with a capacity of 150 million ton.

We expect to receive U.S. Customs and Border Patrol approval by the middle of next year. So we'll have an event to celebrate exports the latter part of the year and we'll be inviting you or your participants or your designees to participate and hope this will help the rural areas, as we've talked about, eliminate some of the bottlenecks that come from elsewhere with this large inland port.

CHAIRMAN McNERNEY: Thank you, Pat. Thanks, Arne. Thanks very much, Andres.

SECRETARY FOXX: Jim, thank you. Thank you, Ursula, as well, and everyone. Just a couple of very quick comments.

Based on the infrastructure recommendations that both Andres and Patricia have mentioned, I just want to say we agree with their recommendations.

The last time we met we talked about some good news that has happened in the infrastructure space. You may know that the Administration has added 21 Open Skies partners since the President began his term of office. We now have 115.

But I wanted to let you know about our most
recent efforts with Mexico, where we have developed air
services agreements.

The agreement takes force in 2016, opening new
aviation for some of our largest trading partners. So
that's a big development since the last time we got
together.

It's been mentioned already, but we're making
tremendous investments in our infrastructure pretty
much across the board, whether it's roads, rail,
airports, and the impact of this, the cumulative effect
of it is really starting to show its wear and tear
around the country.

Just a couple of notes here. Tennessee is
holding back more than $1 million of projects because
of federal funding uncertainty on the service side. If
you go to Rhode Island, they can show you charts at
current funding levels, which is they have more good
bridges than bad bridges today, but in 15 years they're
going to have more bad bridges than good bridges
because of the funding levels that we have set.

So I think it really is incumbent upon all of
us to sort of grow in the same direction.

A couple of points. First of all, we need to
have not only a sustainable, predictable source of
revenue for transportation, but we need to have funding
levels that go far above where we are today. I think that message needs to be reinforced across the board. Secondly, establishing a national infrastructure bank and we need to bump up our ability to leverage private sector capital within our different authorities. In fact, in July the President announced the building of a partnership which includes a number of efforts, including a transportation investment center that the BRT is standing up to look precisely. They may cull out some others, some investment projects that they may want to confer to the public-private partnership.

The response to that has been overwhelming. I think there is going to be a steady stream of projects that we can work to try to integrate into public-private partnerships down the road.

Anyhow, this is, I think, exciting, developments, but the reality is we're slipping and I don't think that message can be underscored more. I've traveled to more than 20 states, 100 communities, 130,000 miles and I can tell you we're working to build the groundswell so the Congress will actually get rewarded for taking tough votes to solve this problem. But we do need the business community to engage in this.
CHAIRMAN McNERNEY: Thank you very much. I think that says it all and we do want to engage.

I know we're focused on trade right now and it's vitally important, but as we get onto tax policy, I think there may be an opportunity on the infrastructure side. So I just want to let you know the business community supports that discussion. I think a year and a half ago, they didn't as much.

I think you have now engaged us on that one and we see it every day. I mean, Pat's comments, we see the infrastructure and it gets down to competitiveness for U.S. industry.

So thanks for your leadership there. Appreciate it.

Gene, Small Business Subcommittee.
SMALL BUSINESS ENGAGEMENT SUBCOMMITTEE

Gene Hale, G&C Equipment Corporation

MR. HALE: Thank you. Good morning, all. As you know, our subcommittee has made, over the last couple of years, a dozen recommendations on different items and we are pleased to note that there has been substantial action on most of those. But first I have to acknowledge the people that helped us with that.

Secretary Foxx came out and spoke with the African-American Chamber. Fred Hochberg has been to LA about four times. Former Secretary Hilda Solis came out. So we have just had tremendous support especially from the staff, Gina, Trisha, they have really made this work for us. So we appreciate your help.

Quickly, to highlight some of our successes. The ITA has developed a 24/7 online one-stop-shop. The SBA has strongly increased training of counselors at its small business development centers and the SBA State Trade and Export Promotion Initiative has granted $68 million in matching funds awards to states in the past four years.

The Administrator, Ms. Sweet here, is in the process of now thinking about implementing an SBIR program to talk to other countries about this program.
and also hosting a global conference with other
countries who want to set up their own SBA. So thank
you for that effort.

The Export Bank has teamed with Commerce, the
SBA, the Office of the U.S. Trade Representative, the
U.S. Chamber of Commerce, the National Association of
Manufacturers, and several lenders to make this global
access for small business initiative a top priority to
increase access to SME exporters.

The detail you will find in the report. So I
know we're short on time, but at this time I would like
to turn it over to Vanessa here to talk about
financing.

MS. KIETGES: Thank you, Gene. I'd like to
just make a few comments around early stage and
entrepreneur companies within the Small Business
Committee. Just for reference, small business is
really 500 people or less. So we really represent the
early stage entrepreneur, which is 50 people or less.

The first comment is to thank Secretary
Pritzker and Jim and Larry, all the CEOs in this room,
for continuing to understand the importance of
entrepreneurship and innovation to ensure that we
export the next great innovation globally. So thank
you for that.
With that, with the access to capital being the most important piece for entrepreneurs in our community, in order to export, we want to encourage the Administration to continue to implement and extend new and existing programs for access to capital.

There is a gap, I can tell you, on the ground for this sector in order to get credit from banks and community banks. The Treasury Department recognized this fact and they developed a program, a highly successful program called the Small Business State Initiative Credit, SSBCI, sorry for the acronym. I need to get used to that.

This program within Treasury actually allocated funds to the states, who then the states then allocated to venture capitalists in their states who then allocated it to the local entrepreneur who then could innovate and export. And we are passionate about this program because Columbia Green is actually a by-factor of this type of program.

We took advantage of financing assistance by this program which actually allowed us to export our products. And it's very important for the American entrepreneur. Just to give you an idea, with what we do, we implement maybe one acre greener project in America, we're looking at as many acres -- like 17
acres in the Philippines. So getting access to capital in order for us to export globally for these large commercial projects is critical to the success of our company and many other American entrepreneurs.

Therefore, I'd like to ask the Administration to extend the Treasury program, SSBCI, which is in the recent budget request, with your emphasis on innovation within the American entrepreneur industry. This type of program is a continued step forward in the great effort to support the American entrepreneur.

I can't say this enough. I'm very honored to sit here with the most powerful and wonderful CEOs and companies of the last century. I'm also just as honored to sit here and represent the local American entrepreneur to ensure that they get access to capital so that the next great American innovation gets exported globally.

Thank you.

MR. HALE: Mary?

MS. ANDRINGA: Thank you. I would just add one other thing to great report. That is that the SME group has made some really great strides in the last several years.

One area, though, that we still would love to have a little bit more support on is the rules of
origin. Particularly for the small and medium-sized exporters, this is a very difficult task.

Both the formulas and the rules for calculating U.S. content between the different FTAs is different. So it makes it very cumbersome. As a medium-sized company, I have a full-time compliance officer. He's got a staff. But yet every FTA is different in how you calculate the content.

So a machine we just had exporting to Mexico to help with solar installation fields. Some of the content was from Italy. Because of the supply chain couldn't give us that data, we were not able to take advantage of the tariff reduction for that machine going into Mexico. So our customers end up paying more or we take less margin, but it makes us less competitive, where actually you've got an opportunity.

So that would be one thing that I would hope we could continue to work with the Administration on, how do we get really a reduction in complexity and more consistency between the rules of origin in the future programs.

MR. HALE: That concludes our report, and I have to step out.

CHAIRMAN McNERNEY: Okay. Gene, thank you very much. Administrator, do you have a comment?
ADMINISTRATOR CONTRERAS-SWEET: Well, I'm always happy to speak up for small businesses. Thank you. First of all, so many of you supported us -- thank you, again, Gene, that was terrific -- as we try to provide a lift to the small business community around Small Business Saturday. So I really wanted to thank you a couple of weeks ago. I saw you all shopping small. So thank you for that.

But I wanted to thank Secretary Pritzker, you, and all of you around the table for what you are doing for our country and the leadership that you are providing in this regard. Thank you.

Let me just say that from the Small Business Administration, we take these comments seriously. We take them back. I hope that we can now begin to promulgate more forcefully the programs that we do have in place.

For example, the 90 percent guarantee of our export working capital line, it has now hit a record and we've done more lending in that regard. Our USEACs, our export assistance centers, are busier. So we're pleased to see that that is taking hold.

What we're doing through our STEP program -- and I was pleased to see that it is again in the budget -- where we provide support to our states and our
cities for assistance in getting people connected globally, and so we're pleased to see that that program also is becoming quite popular.

Let me just say that I, too, enjoyed visiting with so many African countries who joined us in Morocco for the Global Entrepreneurship Summit. And I have to tell you, after I delivered the closing address, other countries came and asked about how they can replicate the SBA programs. It's a wonderful suite of offerings.

I'm a banker and I can tell you that the 7(a) product and the 504 are -- the 7(a) is zero subsidy and the 504 is nearing zero subsidy.

So the SBA is a really important tool that we can use not only domestically, but abroad to help other countries expand and grow their middle class at very low cost, which I think is an important story. And that's why the committee and I are exploring the ways in which we can invite other companies to learn about replicating programs that we have here.

Finally, just in the interest of time, I just wanted to thank Ambassador Froman for the incredible leadership that he is providing on all of the work around our trade programs and I know that you all know that the SBA stands ready to partner with you, as we have been, to continue to promote these programs,
because as we all succeed together, we know that you will grow and your supply chains will grow and that's what we want to do.

In closing, I see Jeff is still here. I just wanted to say that we have enjoyed working with many of you who have signed up for the Supplier Pay Program which helps pay our small businesses a little faster. Thank you for that. Thank you.

CHAIRMAN McNERNEY: Thank you, Maria. Appreciate it very much.

Our fourth subcommittee report, David Abney, Trade Promotion and Advocacy.
MR. ABNEY: As a new member of this, I'm honored to be a part of the President's Export Council and I was named I think a week before the Poland-Turkey trip. So I got off to a running start, I can assure you.

But the Trade Promotion and Advocacy Subcommittee over the last two years has identified several important initiatives to facilitate trade for U.S. companies.

One recommendation was to create a single window portal for import and export data for U.S. trade and customs agencies to simplify paperwork, eliminate redundancy, and streamline processes.

The Administration has now set a deadline for December 31 or December 2016 for all 47 U.S. agencies to be in the single-window platform.

Our subcommittee would like to also highlight some additional steps that should be taken to help promote U.S. exports. First, we'd like to encourage rapid implementation of the World Trade Organization Trade Facilitation Agreement both in the United States and around the world.
There are significant differences among countries in customs processes and capabilities. The TFA will serve to close some of these gaps by having all countries to first take steps to publish customs rules and procedures on the Internet.

Second is to issue advanced rulings on tariff classifications. Third, establish pre-arrival processing procedures. Fourth, allow the release of goods prior to final customs determination. And fifth is to adopt trusted trader programs.

U.S. small and medium-sized enterprises that do not have the resources to navigate complex webs of custom and border procedures will be the biggest beneficiaries of these changes. We also heard that in the Poland and Turkey trip from those small and midsized enterprises.

The U.S., therefore, should take the lead in developing capacity-building mechanisms to help countries close these customs gaps more quickly. The stronger our leadership effort in this area, the more U.S. exporters will benefit.

The Administration should also create a formalized structure for private sector input on implementation of the agreement to ensure that next steps taken achieve both government and business goals.
Lastly, we should examine what opportunities remain to optimize North America's competitiveness given that 40 percent of all Mexican exports to the U.S. are U.S. origin content, while for Canada that number is 20 percent.

Our companies have become increasingly interdependent over the last 20 years. Simplifying North American trade will enhance our collective ability to compete globally. Therefore, we should leverage the U.S.-Mexico High Level Regulatory Cooperation Council and draw lessons from the Beyond the Border effort between the United States and Canada.

A focus on advancing trade facilitating measures within North America will position U.S. businesses for greater global opportunities.

We applaud all the great work underway and stand ready to support the important next steps that I have outlined. Thank you.

CHAIRMAN McNERNEY: Thank you very much. Appreciate it very much.

Fred, somehow I think you might want to comment.

MR. HOCHBERG: Thank you. I want to thank, obviously, the Council and members of the Administration, Jeff, others, Gene Hale, when I was out
in Los Angeles.

The importance of trade has been discussed at length. I'm not going to add to that. Part of the trade picture is also having Ex-Im Bank financing to facilitate that. So it's clearly we are linked very closely with TPP and TTIP.

We have six months and a few days left until we expire. So this is really not enough time for businesses to plan, for people to build factories. There ought to be more direct investment that Penny has been checking with U.S. companies that open in the U.S., often on export from the U.S. as well.

So all of this does -- the Export-Import Bank has a role to play in that. The President has asked for and is very strongly supportive of a five-year reauthorization. We do face a bit of a battle or uphill challenge in Congress. And similar to -- I'm sitting next to Maria -- 90 percent of the customers we work with are small businesses and are over 40 percent of the actual value of the exports we export are from small businesses. In fact, Jim, we export more value from small businesses than we do airplanes and large companies.

We have an annual report. This is a draft. I will get a final copy out to everybody in a couple of
weeks which outlines a number of these things on the talking points.

Very briefly, I'm going to move very fast. The Ex-Im Bank is very simple. It's really like A, B and C. Plan A is the private sector does a great job. We are Plan B. In fact, if we're not there, there will be Plan C, which is China. So we need to make sure that we have a competitive tool to rebut China, and that is what many of the companies in this room are facing when they are competing. They are not competing with companies, they are competing with countries.

CHAIRMAN McNERNEY: It is critically important. In the interest of time, I will not say anything else, but the Secretary I think has a word.

SECRETARY PRITZKER: David, in response to your comments about both the North American competitiveness and the regulatory environment, we are working very closely through the HLEG and through the Mexico High Level Regulatory Cooperation Council, but we have not made the progress we need.

I have spoken with Shaun Donovan, the Director of OMB, and he and the Administrator are very focused on seeing how we can really move the needle much further than we have over the past 12 months in both of these dialogues. So we're very focused on it and we
appreciate your continued feedback. Thanks.

CHAIRMAN McNERNEY: Thank you. Time is short.

Mary, Workforce Readiness? How fast can you be? Raul

wants you to be fast.

(Laughter)
WORKFORCE READINESS SUBCOMMITTEE

Mary Andringa, Vermeer

MS. ANDRINGA: I can be pretty fast. We had focused on STEM and transition back into the workforce. We had some great stories. More needs to be done. But we really also want to focus -- and Senator Klobuchar mentioned it -- on the high school preparation. So helping high school students, not only more graduations, which is going up, but also getting into the trades and into the technical schools.

And part of us, we can do this for the private sector by making sure we're connecting with all of our levels of education and letting them understand what are the skills that are needed for youngsters. And then also we're starting to work more and more on apprenticeship programs, which are proven programs to enable young people to be more ready for the jobs that are out there.

And very last, I can tell you that customers coming in, they can be small or a five-person contract or thousands, every one of them says I would buy more of your machines, many of them aren't export machines, if I could find the workforce.

CHAIRMAN McNERNEY: One of the things embedded
in your report I am aware of is veterans' training and this is something we at Boeing have a lot of experience with, having trained 4,000 veterans over the last couple of years.

   Unbelievably good workers, unbelievably motivated people, and deserving of our help, and I just wanted to comment on it. I made you rush or I know you would have hit on it. So I just wanted to underline that.

   I'm getting a variety of messaging on exactly when the President will be here. So why don't we-- were there any other comments? Did you have anybody else or this was all you?

   MS. ANDRINGA: I was the only one.

   CHAIRMAN McNERNEY: Thank you. Thank you, Mary.

   Raul, why don't we turn to you on Export Administration Subcommittee? Raul has been a steady contributor over the years. Give us your midterm, please.
MR. PEDRAZA: Thank you, Mr. Chairman. I'd like to add my thanks to Secretary Pritzker for all the tremendous work her department has been doing with us. We held the PEC meeting yesterday and you could see all the progress that is already being made both in terms of trade facilitation, but also on focusing our resources on the items that are real sensitive and the technology side.

We have seen a significant number of license applications now transfer from the State Department to the Commerce Department. We hope that the Commerce Department continues to have the proper resources to maintain all this new work that they're getting.

That being said, I think Marillyn Hewson has something she wanted to add.

MS. HEWSON: I do. Thank you. Great progress by this Administration, I would agree, on the export control formulas. There is a lot of good work going forward and we continue to support you on that.

I think an area of unfinished business that we have outlined in our committee is the area of the streamlining of the actual decision-making process for
what can be exported.

So, for example, in the Department of Defense, we have made progress by streamlining the number of subcommittees that have to go through the review process, that's good, but now we need to do more in terms of getting those decisions made more quickly.

There are three things that we would recommend. One would be that we get industry more involved in the process of understanding what that timeline is, how it is moving forward, how the cases are progressing.

Then I think, secondly, it is having a more specific determinate timeline so that we can understand.

The third is to have a database of previous cases where we don't have redundant reviews of something that has already been reviewed before.

But I would say overall we are all very excited about the work that we are doing on export control reform because certainly it makes us much more competitive in the international marketplace and from a standpoint of defense and security products, it helps the U.S. have stronger, deeper strategic relationships with our allies and friends around the world.

Thank you.
CHAIRMAN McNERNEY: Thank you very much, Raul and Marillyn. To your last point, it's really important and this is not about loosening up standards. This is about getting competitive with what the rest of the world has been doing for years and years and years on things that most of us would agree don't deserve that level of scrutiny.

We have to vote. So I think my recommendation would be sort of en blanc here, all at once we accept the recommendations of the subcommittees and we will submit them to the President.

All in favor?

(A Chorus of Ayes)

CHAIRMAN McNERNEY: Okay. So adopted. Do we have a report? We don't. Where is my top hat?

(Laughter)

CHAIRMAN McNERNEY: My suggestion is that we just take a three-minute break, while promising not to leave the room, sort of in place, because even getting reassembled when the President arrives is very difficult.

Thank you very much. And I'm sorry I rushed everybody. I know all the work and preparation that have gone into the subcommittee reports deserved a
little more time. So accept my apologies.

(Whereupon, a brief recess was taken.)

CHAIRMAN McNERNEY: We just found a way to maximize the process here. Ambassador Froman was going to lead off, in any case, with a discussion on trade, which was going to lead into some of the President's remarks.

So why don't we use the fact that we have Mike here. Take your time. You will likely get interrupted by your boss, but you know how to handle that. So why don't you dive into it?
OVERVIEW OF THE ADMINISTRATION'S TRADE AGENDA AND THE
PRESIDENT'S TRIP TO ASIA

Ambassador Mike Froman

AMBASSADOR FROMAN: I recognize I'm likely to be interrupted, so I will try and focus on my highest priority issues and if there is more time.

Let me just say it has been a very productive month or two on the trade policy front and it was reflected in a number of your reports and recommendations.

While the President was traveling in Asia last month, we were able to make a major breakthrough with India on the Trade Facilitation Agreement, which had run into a deadlock, and that has now been adopted by the WTO membership as a whole. And as soon as two-thirds of the countries ratify, and each one has their own process for doing so -- we are already well on our way toward doing that, it doesn't require congressional approval -- the agreement will go into effect, and that is a major step forward, the first multilateral agreement in the WTO's history.

While we were there, as well, we made a major breakthrough -- the President made a major breakthrough with China on the Information Technology Agreement, and
that is an agreement that covers $1 trillion of trade, will eliminate tariffs on $1 trillion of trade. An important breakthrough for the U.S. and China to come together, but now we have to get the support of the other ITA partners and that is proving to be a bit of a challenge.

And I'm sorry for stepping out before, but that was to take a call from Geneva on that issue that we're trying to mediate between China and a couple of the other ITA members to see if we can reach closure on that.

The President was in Australia at the G-20 that Caroline prepared for. There was the Transatlantic Trade and Investment Partnership discussion with the European leaders, and there was a good momentum behind all the European members, including the new president of the commission, about having a fresh start in those negotiations and using this window of 2015 to move us forward as quickly as possible to make progress there.

We have since had meetings with our new European Union counterparts and I think we are well on our way toward getting those negotiations on a good track.

Finally, I Beijing, the President convened all
of the TPP leaders who were all there for the APEC meeting, had a very good discussion of reviewing the state of the negotiations, the outstanding issues, recommitting to providing the political support necessary to get this done and get this done relatively quickly, an agreement on a robust work program, and literally as we speak, across the street, the negotiators from the 12 countries are there and working through outstanding issues.

So we feel very good about all that. That does come back to Trade Promotion Authority that Congressman Reichert and others mentioned, where we are continuing to work with Democrats and Republicans in both houses to try and move forward with a product that can get broad bipartisan support, and we look forward to working with the new Congress with that, as well.

There will be other issues that come before Congress next year that we are also hoping to get done -- the renewal of AGOA, our African Growth and Opportunity Act program; the renewal of GSP, the Generalized System of Preferences, which has been lapsed for a year and a half; and, a renewal of Trade Adjustment Authority, very importantly, so that as workers are affected, that they have the ability to get retrained and redeployed into the market.
The final thing I would say is about enforcement. The trade agenda only works because not only do we negotiate these agreements and negotiate these rights, but we fully enforce our rights, as well, and we have a very robust enforcement agenda. We have set up an interagency trade enforcement center with the help particularly of Commerce, but also of other agencies that are helping to put together these more complex and more challenging and more systemic cases.

We have been working very closely with the Department of Labor on our first ever labor case, having to do with Guatemala, and it is very important that we continue to resource that and move forward with those cases to demonstrate that we take the -- that we're going to hold our trading partners to their obligations in a serious way.

Finally, I would just say at the same time, we've got negotiations going on in services in Geneva, on environmental goods. We have a bilateral investment treaty negotiation that has made quite good progress over the course of the year with China, but many difficult issues remain heading into next year and we're looking forward to continuing that discussion in Chicago next week with Secretary Pritzker and the JCCT.

Then I'll just mention India, where we
reconvened the Trade Policy Forum a couple of weeks ago, the first time we've had that in four years with India, with the new Modi government to try and get that relationship back on track, as well.

As we look at TPA and TPP and the other work that we are doing with Congress, I just want to note that we have got a whole government effort underway here. You heard from several of our colleagues around the table. Coordinated by Jeff, with leadership from Valerie and from Caroline here at the White House. We've got virtually every agency around this table actively involved in promoting the trade agenda, speaking, talking to members of Congress, coming up with stories from the constituency groups of how trade affects them, and we are going to need all that to achieve what we need to achieve with Congress over the coming years.

So I just want to thank them and thank Jeff and Valerie and Caroline for all the work that is being done out of the White House to make this happen. And we're having what we call the Trade Cabinet later today as part of a regular effort to coordinate that effort.

I just wanted to thank the Mayor for his comments. As Jim said, the closer you get to the ground, the more people appreciate the impact of trade
in a positive way on the economy and we have been reaching out to mayors and governors and state legislators, and I am very much looking forward to working with them to make sure that people in the communities and their representatives have a keen understanding of how opening markets, leveling the playing field by raising standards around the world, and making sure that we're showing American leadership and setting the rules of the road for the international system as opposed to ceding that ground to other countries, how important that is to creating good and well-paying jobs on the ground at home.

CHAIRMAN McNERNEY: Mike, maybe just while we do have another couple of minutes, the BIT with China and the opening in India with Modi, could you elaborate a little on those two? I think it might be of great interest to the group.

AMBASSADOR FROMAN: In China, President Xi has certainly made a decision that a bilateral investment treaty with the United States could help support reform efforts at home, because the bilateral investment treaty is based on what we call a negative list, meaning that anybody can do anything in China unless it is explicitly and specifically regulated or prohibited as opposed to needing approvals to get everything done.
at multiple levels, and that is going to require a very significant change in the way the Chinese have done business to date.

They have indicated they would like to do that and that has been the basis on which we have sat down to negotiate, but obviously the proof of the pudding will be in how long that negative list is and is it a short list or is it a very long list, and that will be part of our discussion next year.

But this year we've actually had quite good and constructive discussions about our model BIT and the basic principles of the BIT and the Chinese have engaged quite actively and we are making quite good progress on that.

We will have to deal with some issues that are specific to China. We'll have to deal with their negative list issue, but it has certainly gotten a lot of high level attention inside China and that has been clear from all of our conversations with all of their various ministries.

We are hopeful that we will continue to be able to make progress on that and that will help drive reform efforts in China, as well.

On India, as you know, we have the new government in India over the summer. Prime Minister
Modi came here in September and had very productive meetings with the President, and we have all been engaged and Secretary Pritzker, Secretary Kerry, they were in late July.

We have all been engaged with our counterparts over the course of the last several months. There certainly is a lot of energy and enthusiasm about the potential of what this new government means for opening up the economy, attracting investment, promoting stronger trade and economic relations with the United States.

Obviously, again, there is a lot of work to be done both through their parliaments, through their regulation, cutting through their bureaucracy, and that is where we need to get into the details with them and make progress.

But while we were there, we had good discussions on manufacturing policy and how it is better to be part of a global supply chain than to build up a wall and do import substitution and build on competitive businesses in India.

We had talks about intellectual property rights and the importance of intellectual property rights to creating an innovation environment that can attract the kind of investment that they are looking
for over time.

We talked about services and agriculture and opening up those markets. And I think we will all be engaged, the whole cabinet and I know Secretary Lu will be going there soon, as well. We'll all be engaged in our efforts to try and strengthen what could be, as the President says, the defining partnership of the 21st Century.

CHAIRMAN McNERNEY: The only comment I would make on the trade agenda, which I think the Administration is being very smart in getting after quickly in the new year, I think there is a convergence of things. There is an ideological convergence between the two parties, quite honestly, on most of it.

You are getting these things -- I mean, we in the business community are used to these things dragging on for years, but when you listen to the details of what is going on, he is closer to the end than the beginning of these things, which is -- these are the most complex things you could imagine, and I think there are more vetted partners on the other side.

I think the U.S. economy is growing, is strengthening, and so there is some self-interestedness in the Europeans and some places in Asia, notwithstanding -- and a currency situation that helps
them a little bit.

So there is a little bit of -- and this is just me talking, not you, Mike -- those dynamics, when added all up, if we can get the -- so now is the time for the ground game. Now is the time for the ground game because for those of us that have been around a long time, there have been many calls to arms on trade. It often isn't the right time or seems like the right -- this really is the right time.

So thanks for your leadership.

AMBASSADOR FROMAN: I think that is right and there has been -- certainly our sense is that there is thirst in the country for bipartisanship, for getting things done. This is one area where Republican leadership has indicated that they would like to work with the President and the Administration to get something done.

It is important to have it be done on a bipartisan basis. So we will be working with Democrats, as well as Republicans to make sure that the products can attract the support on a bipartisan, but we do believe this is -- we have an interesting and a good window of opportunity over the course of the next year to get these things done and considered.

CHAIRMAN McNERNEY: And I mentioned earlier
today that the BRT initiative, which is really about supply chains, it's really about the 15,000 small businesses that support Boeing, not about Boeing, and that is why we are making the investment to engage at the community level and that is why we really want to get tied in with the U.S. Conference of Mayors, because I think there are a number of hotspots around the country where we can make some noise.

Yes, Caroline?

MS. ATKINSON: I was just going to add the viewpoint that Mike is doing an amazing job and also that I think the end game in this is the time for the ground game.

To pick up on your point about the interest around the world in these trade agreements, and you're right that part of it comes from an increasingly obvious economic strength, which is certainly something that I hear and can see in people's eyes when I go around to other countries, and I see Penny nodding. But it is also about the geo-strategic nature of these agreements.

It is clear in Asia that there are other ways of doing business than ours and it's really important that many of our allies and partners find that deepening our trade and investment relationship is an
You spoke this morning about Poland and how the close political ties that are basis for an economic and business commercial relationship, and I think that is really true with the TPP continents and also with the EU in Europe.

So I think that is an important element that is worth drawing out, as well.

CHAIRMAN McNERNEY: Thank you, Caroline. Any other comments? Jeff, do you have any comments? I know you're working this hard.

MR. ZIENCZAK: It has been covered. As Mike said, we are all in and you will hear that from the President. And we look back and see how trade has been done in the past, it is an all-in effort across government, across business, across all constituencies.

CHAIRMAN McNERNEY: Thank you, Jeff. Any word on timing? Break. Please stay in the room. Please stay in the room.

(Whereupon, a brief recess was taken.)

CHAIRMAN McNERNEY: He'll be here in a couple of minutes. I think we should all be seated to prepare for his arrival.

(The President of the United States enters the room.)
PRESIDENT OBAMA: I am so sorry I'm late, people. Usually, I'm a pretty timely guy. And it seems like there's quite a few things on my agenda today.

(Laughter)

PRESIDENT OBAMA: But I think we're going to bring them full, and I'm just going to make some quick remarks off the top and then everybody can fill me in on the great work that the Council has been doing.

Tell me when you're ready, everybody. All good?

Well, good morning, everybody. I just want to offer a few thoughts before you return to the meeting. Obviously, we have seen some significant economic progress here in the United States over the last year. Our businesses have added almost 11 million jobs over the past 57 months.

This year, our economy has already created more jobs in any year since the 1990s, will still a month to go. All told, since 2010, we have created more jobs here in the United States than Japan, Europe and all advanced nations combined.

And one of the reasons that we have been able to create so many jobs here in the United States is because our exports have been strong. Last year our
businesses sold a record $2.3 trillion of Made in America goods and services, and these exports support more than 11 million American jobs; typically, by the way, jobs that pay higher wages.

And so this Council is designed to build on this progress. It is, in part, an actor in the progress that we have made. We have had some terrific suggestions from some of our leading businesses, but also some small businesses and medium-sized businesses who are starting to sell overseas.

The recommendations that have been generated by the Council have been implemented by our various agencies and we are here not to rest on our laurels, but rather to continue to make a big push to selling them all overseas.

I have said before I will go anywhere around the world to go to bat for American companies and American workers. We are going to keep on pushing trade agreements that benefit American companies and American workers and ensure that we have got a fair and even playing field, particularly in the fastest growing markets.

We are going to work with Congress to try to renew Trade Promotion Authority and secure approval for a very ambitious Transpacific Partnership Agreement,
which would create a higher standard for trade in the fastest growing, most populous and dynamic region of the world, the Asia Pacific Region.

We are also announcing, because manufacturing has been a real bright spot in our growing economy, some additional measures to boost manufacturing in the United States so we can sell more manufacturing goods overseas.

We are announcing today more than $290 million in new investments to launch two additional high tech manufacturing hubs. One is going to be focusing on flexible computer chips that can be woven into everything from the gears in a helicopter to the fabric in your shirt. Another is going to focus on advanced sensors that can dramatically cut energy costs for our factories.

So far we have launched eight of these hubs and we intend to get 16 done. So we are more than half of the way there, and they are helping us to compete for the next generation of manufacturing.

One of the reasons that manufacturing has been growing faster here than the overall economy is because of real savings on the energy front, outstanding workers, but also because our companies have retooled and once again made that investment in innovation that
has been the hallmark of American manufacturing for years.

I also want to thank many of the folks around this room who have been working with us to find ways that we can increase and improve the pipeline for skilled workers going into the companies that ultimately end up exporting goods and services overseas to make sure that our workers those skills.

Today, my Secretary of Labor, Tom Perez, is announcing a $100 million competition to help expand the partnership programs across our country. Many of the companies around this table have helped design it or are already participating in these apprenticeship programs. They give talented, motivated young people the chance to get an outstanding career. They get a pathway, a door open to them that allows them to succeed and secure a position in the middle class, and it helps us recruit the kind of workers that are going to keep us competitive for years to come.

Finally, we have got real opportunities to make some bipartisan progress this year on some areas that will make us more competitive in this global marketplace. For example, today our companies face the highest corporate tax rate in the world on paper. There are so many loopholes, but some end up paying a
much lower rate, some pay the full freight. It distorts our allocation of capital. It makes us less competitive relative to businesses that are headquartered overseas.

We need to fix that and I think that there is genuine interest on both the Democratic and Republican sides in making that happen.

So I just want to thank everybody on the Export Council for the outstanding work that you have already done. I am looking forward to hearing about the recommendations that you have generated during the course of this meeting, and rest assured that I will be your partner for the remainder of my time in this office, making sure that we have the strongest, most competitive companies, the best workers, the best research and development, and the highest exports that we have ever seen in our history.

Thank you very much.

CHAIRMAN McNERNEY: Thank you very much, Mr. President. If you look historically at the PEC, there has never been a time in its history where the Administration, you personally, and the people on your Cabinet have supported this group to a greater extent, and we feel that engagement and your presence here today once again makes that point. It energizes us and
I think it moves the agenda along.

What we did today, we focused heavily on trade. Ambassador Froman, I would like to maybe come back and get your perspective on how we are going to move that forward. Everybody in the room is leaning forward in every kind of way to get that done.

I think we reported out on the basis of six of our subcommittees' recommendations we are going to send to you, which you will get in due course.

I think the other thing we talked about was a fact-finding trip we made to Turkey and Poland, which I think gave everybody in this group an on-the-ground understanding of the impact of the leadership of Penny and Mike and others on furthering things along.

But I think there if there were two things I would just sort of tee up, and I know we have limited time with you, one would be getting these things done. We all think it is the right time and you have suggested that to us at the BRT and some other places. Any comments you would have for us to help you get it done.

Then the other thing that came up is China. You spent a lot of time with President Xi personally connecting. Penny is going to take the leadership role starting in Chicago next week, JCCT. We're trying to
engage. But any comments on China would be -- those
were sort of the themes that came out of the group this
morning.

PRESIDENT OBAMA: Well, if you heard from Mike
Froman, then you heard from the guy who is in the
trenches on these trade negotiations.

I'll just give you a couple of quick top
lines. First of all, I am much more optimistic about
us being able to close out an agreement with our TPP
partners than I was last year. It doesn't mean that it
is a done deal, but I think the odds of us being able
to get a strong agreement are significantly higher than
50/50, whereas last year I think it was still sort of
up for grabs.

The question then becomes assuming we are able
to get the kind of agreement that is good for American
workers and good for American businesses, how do we
proceed in Congress? I think that despite the fact
that we had an election that I wasn't that happy with,
the dynamics really don't change in terms of the number
of votes in the House and the Senate that are there to
be gotten for a good trade, but we have to make the
case and I think we can make a very strong case that
what we're doing here is really setting a higher bar
that will give us more access to markets, will give us
greater IP protection, will make sure that U.S. companies, both in goods and in services, are less disadvantaged by non-tariff barriers and state support and procurement practices in these countries than they have been in the past.

The pushback that we are going to get domestically derives from a couple of sources. One is from not just labor, not just organized labor, but a public perception generally that trade has resulted in an erosion of our manufacturing base as companies moved overseas in search of lower wage labor.

And my essential response to those arguments is not to deny that there have been some consequences to China's ascension to the WTO and offshore, but rather that that horse is out of the barn, we are now in the worst of all worlds where they have access to our markets. Much of that shift in search of low wage labor has already occurred, and yet we don't have access to those markets that are growing and no levers to force these other countries to increase their labor standards and their environmental standards.

So that instead of fighting the last war, what we need to be doing is looking forward and there is no doubt that what Mike is negotiating creates higher labor standards and greater access than the status quo,
and that's what we should be measuring against.

I will give you just one very specific example, and that is Vietnam. Vietnam is probably the most interesting country involved in these negotiations. It is a one-party system that provides workers very few rights, if any. And yet in order to be part of TPP, they are having to make some pretty radical shifts in how they treat workers.

Now, they are not going to suddenly have the same labor standards as Germany does, but there is going to be an improvement. And by us establishing a baseline for labor rights, even in a country that has traditionally had no labor rights, we are improving our position, not deteriorating our position.

The same is true for the other set of critics that we may receive, and that is from the environmental community, although there are divisions between the large environmental groups.

As I said at the BRT, I don't know exactly what Malaysia's environmental rules are, but I guarantee you they are lower than ours. And for us to be able to include in a TPP agreement basic environmental standards is a win for us. It puts us not at a disadvantage, it puts us at more an advantage.

The final criticism -- not the final, but
another criticism that we are going to receive domestically is this issue -- what is the term of art in terms of lawsuits? We have looked at the facts and, generally speaking, I think the language that is being used allows every country to maintain its public health and safety and welfare provisions.

Really what we are trying to get at here is making sure that foreign companies are not treated differently than domestic companies. That is the primary concern is a discriminatory application of the rules in ways that are arbitrary, and I think that that is something that all of us should agree on; that the big bugaboo that is lifted up there is tobacco companies suing for countries to make sure that anti-smoking legislation is banned or at least tying them up with so much litigation that ultimately smaller countries cave.

Those are issues that I think can be negotiated. There are some areas of particular sensitivity or concern, but overall the principal that we should make sure that U.S. companies, when they invest or export to other countries, are abiding with their safety rules, but that those public health and safety rules are not being discriminatorily applied or a ruse in order to keep us out. That should be
something everybody is in favor of.

So in terms of timing how TPP happens versus TPA, I think regardless of the sequence, we are going to make the sale and it is going to be very important for business to be out there and champion this and shovel their business ultimately good for you, for your suppliers, for your workers.

If you look at all the major exporters, you take a Boeing, presumably, in every congressional district, you have got to find a bunch of suppliers who are making the case and their workers are making the case. So it is not just a bunch of CEOs calling, but it is people who understand that they have got a stake in it. So I think that is on the labor front.

On China, all of what we are doing with TPP is a direct application to China. China is actually not that complicated. They will take whatever they can get. They will export every advantage that they have until they meet some resistance. But they have a great interest in the relationship with the United States and recognize the interdependence that is involved between our two economies.

So the key with China I think is to continue to simply press them on those areas where trade is imbalanced, whether it is on their currency practices,
whether it is on IP protection, whether it is on their state-owned enterprises.

The business investment treaty that they have shown an interest in negotiating could end up being a significant piece of business. We actually saw some movement during my last trip on issues surrounding technology and I think that it is indicative of their interest in trying to get this right. And by the way, if we get -- there has been some suggestion that by doing TPP, we are trying to contain, force, disadvantage China. We are actually not.

What we are trying to do is make sure that rather than a race to the bottom in the region, there is a reasonable bar within which we can operate and we hope that then China actually joins us in not necessarily formally being a member of TPP, but in adopting some of the best practices that ensure fairness in operations.

And the climate change announcement that we made was very significant. For those of you who are impacted by the power plant rule that the EPA is initiating here, it is good to know that one of the arguments that has already been made about us dealing with climate change or environmental issues generally here in the United States is, well, it puts us at a
disadvantage with China.

Well, we are trying to take away that excuse by making sure that China is also abiding by our standards and in a verifiable way. So we are going to be focused on that.

CHAIRMAN McNERNEY: Do you have time for one more question? I think one of the things we talked about this morning with Vice President Biden was Russia sanctions and I think, by and large, the business community, while there is some debate about exactly to what degree this, that and other thing, that these have been implemented very successfully and very methodically, worked well with the business community to maximize impact while minimizing impact to us.

And so there was a pretty robust discussion that I think many of us in the room ended up saying, whether we are in the third inning or the eighth inning, just keep moving, and then there is a lot of support in the business community for what you are doing, keeping Europe lined up, which is our biggest concern. Merkel seems to be hanging in there. But anyway, the Vice President gave us a very robust discussion.

Any views from you? I know you have talked to a lot of your peers on the subject.
PRESIDENT OBAMA: Joe has been very close to this. So he probably gave you a pretty sound overview. I think you identified what has been important in this process, and that is our ability to keep Europe in lockstep with us. There may be some movement out of Congress for us to get out ahead of Europe further.

We have argued that that would be counterproductive and we may need some help from the business community in making that argument to the soon to be chairman of the Senate Foreign Relations Committee and others.

Putin does not have good cards and he actually has not played them as well as sometimes the Western press seems to give him credit for. There has been an improvisational quality to this whole process because the situation in Ukraine actually took Russia by surprise. And it is working for him politically domestically, but profoundly damaging in terms of their economy long term, not just short term.

Where Putin will succeed is if it creates a rift in the Transatlantic relationship. If you start seeing Europe divided from the United States, that would be a strategic victory, and I am intent on preventing that and the way to prevent it is making sure that we are taking into account the very real
economic impact on Europe from these sanctions being measured in terms of how we apply them and having some strategic patience.

The notion that we can simply ratchet up sanctions further and further and further and then ultimately Putin changes his mind I think is a miscalculation. What will ultimately lead to Russia making a strategic decision is if they recognize that Europe is standing with us and will be in it for the long haul and we are, in fact, patient.

If they see that there aren't any cracks in the coalition, then over time you can see them saying that the costs to their economy outweigh whatever strategic benefits that they get.

So you've got, I'm sure, everything about Ukraine, soup to nuts, from Joe, I will just emphasize as a takeaway for the business community that we have been success with sanctions precisely because we have been systematic about it and made sure there wasn't a lot of daylight between us and the Europeans. That should continue and even though sometimes it is tempting for us to say we can go further, it won't do us any good if it means suddenly Europe peels off and then are backfilling various things that U.S. companies are obliged to abide by.
All right?

CHAIRMAN McNERNEY: Terrific. Thank you very much.

PRESIDENT OBAMA: Thank you for doing the work you are doing. Keep it up.

(Applause)

(The President of the United States departs the meeting.)

(Whereupon, at 11:57 a.m., the meeting was adjourned.)
CERTIFICATE

This is to certify that the foregoing proceedings of a meeting of the President's Export Council, held on December 11, 2014, were transcribed as herein appears, and this is the original transcript thereof.

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LISA L. DENNIS

Court Reporter