

MR. HOCHBERG: In your program you'll find biographies and descriptions of our five -- four panelists and our moderator. So I'm not going to make a long introduction. I'll say one thing, I know each and every one of them, and I'm very happy they're here. Ron Kirk certainly gets the award for the best dressed cabinet member. Ron I met when he was mayor of Dallas, and he's been a very good friend with a great sense of humor. Karen Mills is the administrator of the SBA. Karen and I met on the transition team and worked together closely then and are working together more closely now.

John Podesta who co-chaired the Obama Biden transition team, so in some way each and every one of us have to say thank you. And John Podesta particularly as chief of staff to President Clinton I think understands the intersection of politics and policy, which obviously is a critical part in understanding trade and exports, so he was the ideal person to moderate today's panel. Jack Lew and I worked together when Jack was at OMB. We then both went back to New York. Jack was at NYU. I was at the

new school and I'm happy that we're working together again with Jack as [indiscernible] as Deputy Secretary, and last but certainly not least Gary Locke, our Secretary of Commerce, who just got off a plane about 12 hours ago from Brazil, and importantly Sec. Locke comes from the State of Washington, and if there is one state that really, really understands exporting and has an outward view, it's the State of Washington.

So I'm really thrilled we have this great panel. We've got about an hour. Once again, turn off all your blackberries and iPhones, so we can record this, and then we're going to follow right after this panel with an address by Pres. Obama, So let me give it to John. Thank you.

MR. PODESTA: Okay, thank you, Fred. And I know we're something of a warm-up act, but this is quite a warm-up act. So I welcome all the panelists. I just want to say a word or two before we get started. As we all know, and the whole purpose of this conference, in the State of the Union, the President issued a very particular challenge to his administration, and that is

to double exports from the United States over the past -- over the next five years.

A targeted emphasis on exports of course is one essential component of a larger strategy for economic growth and competitiveness, but it must be put in place to create jobs, to improve prospects for both American companies and American workers. Achieving that goal will be a challenge. I think it will require a fresh effort and improved coordination across the various parts of government, and these are the leaders of the key agencies that we will need to do it. Last month Sec. Locke announced the national export initiative, a three-pronged strategy for supporting firm's abilities to take advantage of export opportunities.

I'm going to let the secretary talk about that in more detail, but I just want to give one word of encouragement to the people in the administration because I served in an administration. I think I placed a real emphasis on ensuring that American goods and services had increased access to foreign markets. In between 1993 and 2000 American exports of goods and

services actually increased by 75%. They surpassed one trillion dollars for the first time.

And so I think we've seen this done before, and I know that this crew can actually get it done again. Having witnessed that potential, I think if we can keep the weight of the government behind the President's new initiative, we can take vastly better advantage of export opportunities than we have in the recent past. That's not to say it's merely a matter of focus.

There are problems waiting to be solved, and I'm going to ask about those, and I think there are policy levers that are waiting to be pulled. And I'm not sure that we have all the answers sitting here today. Many of the answers probably reside at the tables of the people around the room, but as the global economy continues to change and becomes increasingly integrated, the US has distinct advantages in services and technology, and advanced manufacturing, amongst other things that growing economies will demand, and that is one overarching dynamic that I think is unlikely to change between now and 2015, the target year.

So I would like to pose really my only softball on the panel today, but the broadest question, which is you represent four distinct agencies. You have to be in harness to get this goal accomplished, and I would just like to begin and maybe start with Sec. Locke, which is what are the Commerce Department's priorities for getting this job done and assessing and assisting American businesses find access and exploit those opportunities? What are your top priorities to get this job done?

SEC. LOCKE: well, first of all, it's our pleasure at the Department of Commerce to actually chair and lead the trade promotion policy coordinating board, and that has all the different federal agency involved, and you're going to find that all of us here from AG to Secretary of State's office to the Small Business Administration, energy, are really going to implement and be responsible for implementing the national export initiative called for by President Obama.

But at the Department of Commerce, we have a whole host of initiatives quite frankly that we need to do a better job of getting the word out, of advertising the

services that we offer, whether it's the gold key program which actually has -- and the purpose of our foreign commercial officers to simply go out, find buyers and customers for American made goods and services.

There's a huge demand all around the world for American products and services. Those American products and services are highly valued, in great demand, and we simply need to do a better job of matching that desire in Hungary, in Poland, in Mexico, Venezuela, Vietnam, to great US companies and then really advocating on behalf of American companies. So we're really pleased.

We're going to be joining in partnership for instance with some of the best logistical firms to match up their current client list, to really focus on for instance all those companies that export to only one country. For instance, here's an interesting statistic. We in the United States export to a very small degree compared to our other developed countries and our competitors, but of the US companies that do export, around 60%, almost two thirds, not quite two

thirds, export to only one country. They export to only one country.

So if we can just help those that already know about exporting, who understand logistics, who understand customs, who understand financing, currency, and the legal issues, if we could help them just export to one other country or two more countries, then we could really increase exports. And when we increase exports that means you manufacture more. If you manufacture more, you need more people. You hire more people. That's how we create jobs.

MR. PODESTA: Jack, you're dealing with Pakistan, Afghanistan, the Middle East, North Korea, Haiti now. Can this really be a priority for the department and if so, you know, what are you trying to accomplish in the missions around the world?

MR. LEW: Well, John, it very much is a priority for the department. We don't get to choose between the crisis spots of the world and taking care of our business at home, and one of the real responsibilities that the State Department has, and this starts with the Secretary and comes all the way down, is that we need

to be organized in the field and have the policy direction from the top that is helping to promote American exports.

It's part of our mission. One of the things that we're going to be doing to make that very clear is that we're going to be in each embassy be having a senior visit or business liaison. We will work cooperatively across government. It will often be a Commerce Department person, but if there is not a Commerce Department person, there will be State Department person, and we will have someone for you to call because there will be a person in the country who can help.

I don't think there's a trip that any of us go on where we don't raise issues that are promoting American business. It is sometimes quite obvious that the businesses that we're aware are large businesses. And that's fine. We're happy to promote, you know, Boeing. We're happy to promote, you know, Caterpillar, but we also need to know about the small and the medium-sized businesses because often those are the businesses that don't reach out to us.

We have the opportunity to both make sure that we can be advocates. If there are issues in terms of the level playing field, we have the eyes on the ground to see that. We work collaboratively with Amb. Kirk and his people. Sometimes we're in a country that they're not in and we have to do a little bit of a tag team, but we have to know what it is we're trying to do. So I would encourage everyone in this room to take us very much at our word that when we say we're setting up a magnetism that is supposed to be there for you, that you take us up on it because we really do consider it a core part of our mission.

MR. PODESTA: Karen, small business is struggling out there. You're dealing with a credit crisis for small business. Can you really maintain a focus on those companies that are actually trying to use that lending in support of exports, or do you have first things to attend to?

MS. MILLS: Well, as this whole group knows, and as the President has talked about a number of times, 65% of the jobs in this country are created by small business. So if we are going to get out of this

recession and we're going to move forward and be able to compete all the way across the world, we have to promote and help the activities of the small innovative high-growth businesses that really create most of the jobs.

Right now things have been very tough for small businesses. The credit markets just froze about a year ago, and in the recovery act we were actually able to come up with some programs that unlocked a lot of that credit. In the last year we've been able to use 90% guarantees on bank loans. So we come up behind the bank loan, if you're a company that comes to a bank and the bank says I can't quite take that risk right now, we will step up behind it for viable companies, and give a 90% guarantees, and we've reduced or eliminated our fees.

So we are backup lending at 2008 levels, we've put about 21 billion out there. All of these programs apply to our specific export loan guarantee programs as well so that we are able to turn our attention now to the small business community, which has the potential to export.

As you've heard, a lot of folks who are small, though, can't quite find their way through the labyrinth and our job and our collective jobs is to make that pathway clear. We are in touch with these small businesses. We have 900 small business development centers around the country. We're working with 5000 banks and we know where they are, and we can help identify them and bringing them into the funnel. The reason this partnership is so exciting, and I think will be so powerful, is that the next step on that funnel get taken over by Gary's folks in many, many countries, and the commercial diplomacy that will happen really from all parts of the administration.

So we think we've got a pretty powerful pipeline now for small businesses to get out there and be able to sell their goods around the world, as we know they can.

MR. PODESTA: And the Senate just took up an extension of that lending program, I think.

MS. MILLS: They did. They passed last night another extension of the 90% guarantee which is really proven to be a really good bang for the taxpayer buck.

MR. PODESTA: Karen, how long do you think that will last? Is that like another month of lending or will that last at least through the fiscal year.

MS. MILLS: Yeah, at least through the fiscal year and we really think that we can turn a powerful spigot on with this money.

MR. PODESTA: Ron, you've just released a new report to Capitol Hill on the trade strategy for the United States. There is a lot of carping about the fact that this has not been a big priority for the administration. What's your priority right now? What do you see trying to get done in the spring and throughout the course of the summer?

MR. KIRK: Well, first of all, I would hope listening to our Secretary of Commerce and our representatives from the State Department, and SBA, that all Americans understand this. In fact it's a huge priority for this administration. But when we came into office the President and I had an acute understanding and concern that trade seemed to be headed down the path of so many other issues in Washington in which we kind of went to our camp and

divided ourselves up as either these sort of blind free traders, or if you raised any concern at all, we labeled them anti-traders.

And we were afraid we were headed to a world that we would be involved in sort of a domestic debate about the value proposition of trade while the world moved on. And so what we've been doing over the last year is what we'll keep doing under this initiative is we're sort of the forward scouts, if you think of us as all working on one team. And the fun thing is everywhere I have been, one of these people on the panel has been with us.

In just about every country I've been, we've had help from the State Department or Commerce, or Agriculture, which I believe Sec. Locke mentioned them because they handle the 90 offices around the world. And we've been working collaboratively, and our job in USTR is to look for the new markets, but just as importantly, look at all of the existing free trade agreements that we have and talking with you all and Karen and others, and finding out, are we getting the value out of what we negotiated.

And one of the President and I's real concern is some American's skepticism about trade is they just kind of feel like our partners have been taken advantage of it. I think most Americans feel and believe, and I think are justified in the belief, that we're one of the most open markets in the world. We've reduced barriers. We've opened up, and American consumers benefit from that, and we see it every day in our lives, but we don't believe you can build a solid foundation for a jobs promoting trade policy if Americans believe we're trading cheaper T-shirts and blue jeans and computers for manufacturing jobs.

So what we're doing is both sides of the equation. We're looking for new markets. We've got a team literally that leaves for Australia next week to begin negotiations on a new transpacific partnership which would give you all access to the fastest growing economic region in the world. And at the same time, we're sitting down with our partners and honestly addressing some of the irritants that have begun to prop up, now that the barriers have come down, other

countries can become more creative in putting up barriers for businesses.

And again, we aren't giving up and ignoring the important work that we do with big exporters like Boeing or Google. But if Google gets in a spat with China, Google will survive. They'll take a hit to their earnings-per-share, but if one of our small businesses goes into the wrong market and runs into a problem and somebody throws up a barrier or takes their intellectual property, the work product of that, that can be a crippling if not killing blow for them.

So anyway, we're taking some of the lessons we've learned commonly, John, and applying those to our efforts to open up new markets and force our rights so that we can get people selling again, and as Sec. Locke said, put an explicit goal of getting manufacturing up running so we can create the jobs Americans want.

MR. PODESTA: I want to come back to the credit issues, but let's stay with the trade frictions and trade problems for a second. Secretary, you have -- Ron negotiates these instruments. You have to enforce them. You have a lot of authority to do that. What do

you see out there right now? What's your strategy for enforcement? What is -- you talked about irritants. What kind of irritants do you see that are really becoming problematic from the perspective of more -- particularly manufactured goods exports?

MR. LOCKE: Well, we need to very careful about protectionism all around the world, and as each country tries to recover from their own economic struggles, you have a whole bunch of protectionist measures and we need to avoid those because once we start getting into open protection it ends up in a trade war, and in a trade war everybody loses. Everybody loses. And there's a fine line between trying to stimulate your own domestic industries versus engaging in protectionism.

And so for instance Amb. Kirk and myself and Secretary of Agriculture, Tom Vilsack, were in China this past fall negotiating on behalf of the United States, on the JCCT joint commission on commerce and trade which has been around for almost 30 years, where we actually addressed the very specific issues, barriers that US companies face, whether it's in

regulation of medical equipment, to making sure that the Chinese honor their commitments to open markets to the United States.

For instance, we were successful in getting access to their wind turbine market. And then we have to follow up on it because we've got to make sure that they don't turn around, and another country turns around with another policy that actually is protectionism. And so we're always focusing on those issues that come up, advocating on behalf of you as companies, meeting with top level government officials, whether it's in Latin America, whether it's in Europe, or in Asia. And so that's what we've got to focus on.

It's not enough just to say that we're opening markets. We've got to make sure that the countries that do so live up to their agreements and truly are fair and not erecting non-tariff barriers to US companies. And then of course intellectual property rights enforcement. You know, as VP Biden said, intellectual property violation is tantamount to theft, theft of our hard earned innovations and all the

capital that goes into it, and really takes away jobs from America.

So we're focusing on these issues on a variety of different fronts.

MR. PODESTA: Well, at the G20 last fall in Pittsburgh, one of the agreements was to try to rebalance global accounts really, and with a particular emphasis I think on the United States and China. And China needs to consume more. We need to save more. We need to get the balance in better shape. We've now got the strategic and economic dialogue with China. Jack, why don't you give us an overall assessment and then maybe the secretary might want to comment on where we stand now with China.

MR. LEW: Well, you know, we've been raising these issues with China consistently. We had a strategic and economic dialogue last year where we had several sessions where we raised these precise issues. And I think just to underscore one of the points that Gary made, we have experience in making agreements that seem like they solve a problem and then they get into kind

of governmental bureaucracy and they kind of get stalled out.

And one of the things that we need to do is keep coming back to the agreements we've reached. I mean airline shipping in China, we have an agreement that should have resolved the issue, but I think each of us has had to raise that issue in direct bilateral meetings. I don't think we can kid ourselves that if we get an agreement that we can then walk away and assume it's done. And it's not necessarily an affirmative act of deciding to break an agreement.

You know, systems take over and things slow down, and I think one of the things that we have to demonstrate is that we're there at the moment of negotiation. We're there to see that there's implementation, and we have obviously a complicated relationship with China. There's a lot of elements to it. We benefit from our trade relationships with China, and we want the Chinese market to be open and fair to American products.

I think that we've made it clear in the area of intellectual property that we're going to be very much

vigilant. We're not going to step into the shoes of a Google in China, but we're also not going to shy away from raising the issue. And I don't think there's a simple answer to the question. The thing that I just want to come back to, and this is true in China in the case of opening the market to solar panels.

It's sometimes going to be the products that might not immediately come to mind where we have opportunities. You know, here we're trying to develop renewable energy and producing solar panels is important. We need to take up those issues and not fall behind, you know, as new markets are being developed. And I think that --

MR. PODESTA: Well, this is a topic I know a little something about. And 10 years ago we had 45% of the PV solar production market in the United States. Now we're under 10. China is now number one with 45%. So I think that they've moved very aggressively into this clean energy market and I wonder whether -- Karen, are you seeing people coming to you with ideas about how to access capital to do everything from energy

efficiency, or to new products that are available for export?

MS. MILLS: Absolutely. We actually serve a number of kinds of small businesses at the SBA. So sometimes we serve small business on Main Street. You know, the restaurant and the dry cleaner, and the car repair operation. That's part of the fabric of our daily lives and we're going to be working to serve them in the future. But we have also focused on these high growth high impact businesses, particularly in areas that have some new innovations, some new technologies and some new demands, like green energy. And we see companies all across the spectrum, everybody from those who create recyclable countertops out of paper to folks who are involved in the traditional solar and wind areas where we are making investments.

And they have very creative approaches. One interesting thing about these companies, and maybe some of you in the audience are from these companies, they are not all new high-tech startups. Some of these and many of these are in third generation manufacturing

companies that are really in every county across the country.

And our effort now is to make sure that they have the tools that they need to go forward. And there are a number of them. Some of them are capital. We have to get patient capital to them, and we have a number of programs, our small-business investment research, our SBIR program takes ideas that are in universities and helps get them commercialized, and we have investment capital to go for these companies, and we have training.

And what we're trying to do is find these companies, get them access into our network and our system and train them. We train about 17,000 small businesses in how to export every year. Take them one by one by the hand and connect them up to business opportunities. That's how we're going to create the new jobs.

MR. LOCKE: If I could just add on to the clean energy area. President Obama through the recovery act has all of these grants and initiatives and support for clean energy development, assisting research and

development grants for the development of batteries, and so while we may have lost ground with respect to solar cells and photovoltaic cells, we are now rising dramatically as a supplier for batteries for automobiles and hybrids and electric cars.

But let me just say that if we want to continue to export, especially in the clean energy field, energy efficiency, alternative energy, we've got to also have an energy policy. We have to have an energy policy because as we look at the competition from China, China as a government is spending almost 9 1/2 billion dollars a month developing and supporting a clean energy sector within China. And it's not just to meet the energy needs of China or to reduce their greenhouse gas emissions. China wants to become the world leader, the world exporter in all this technology, and supply the entire world.

So if we want jobs, if you as companies want to be able to export your expertise and your technology, we have to have an energy policy in the United States. Now, there's a lot of debate on what it should be, but we have to have a policy. Companies and financial

markets are not going to invest in technology A if eventual US policy favors technology B, or goes down path B, and the longer we wait, the bigger the head start the Chinese will have and pretty soon if we don't act, within three or four years we're going to wake up and say how is it that Shanghai or Shenzhen have become the next Silicon Valley of clean energy, or even Berlin, with all the millions of jobs, and we're left out in the cold.

MR. PODESTA: And this is not just on the production of energy, but high-speed rail, building efficiency --

MR. LOCKE: Right.

MR. PODESTA: -- the whole suite of opportunities. Ron, is this a priority in your office? The President put so much emphasis on -- I have no doubt that he's going to talk about this a little bit today. He's put so much emphasis on energy transformation, this opportunity that we have to create a clean energy future, where does it stand, and where do you see the issues, particularly in relationship to what you're

about to do, which is negotiate an agreement in the Asia-Pacific region.

MR. KIRK: Where these converge for us, in USTR, and we are the ones that enforce all of these treaties, and we work with the International Trade Commission, at Gary's shop, that will do the investigations, but the common denominator -- because I want to move this -- I don't want to sound like were being China centric and beating up on them, but the common denominator in this is innovation and technology. And so what we do, and one of the most important initiatives we're working on at USTR is with the number of countries within the World Trade Organization to try to enact what we call, refer to as the anti-counterfeiting trade act, ACTA, because we realize that whether it's green energy of these new technologies that Karen talked about, America's greatest asset is our productivity, our entrepreneurial spirit, that creative spirit and the ability to capitalize on that.

And our ability to market that around the world is very much contingent on other companies having a very solid rule of law, and having respect for intellectual

property rights. And I want to make it plain, we have our issues with China. This is an issue. It had been an issue for us in the past with partners as close to us as Canada and Israel and others, and so our office is proud of the fact just last week we signed an agreement with Saudi Arabia, and they're making some very strong steps to strengthen their intellectual property regime.

We've done the same thing with Israel. We're working with Canada to improve their regime. But giving you the exporter some comfort that wherever you go that you aren't going to be subject to some of the horror stories that I've heard, and I know that our export and import bank, Chairman Fred [indiscernible] so as we go around the country, I hear too many stories where businesses say we go to market, the government sort of encourages us to enter a joint venture with a domestic partner.

And the domestic partner says send me over a prototype of whatever it is you're trying to sell. And you send them the prototype and you go over to inspect what they're doing and lo and behold they're working as

furiously as they can to quote, unquote reverse engineer, you know, our product, and in many cases they take that. That's not counterfeit. That's not piracy. That's theft. And so anyway we're trying to do with that across the board. So then whatever the technology, John, is we have the solid intellectual legal platform, and then we can pursue wherever creativity leads us rather than just trying to do it sector by sector.

But it's critically important, and frankly the feedback that we get from you is extraordinarily helpful to the work that Sec. Locke and I do in our shops in knowing where some of these challenges are. And we haven't done it, but for all of us I would encourage you to check our websites out. We are USTR.gov. If something we said resonates with you or if you're experiencing one of these challenges, I invite you to go on our website and tell us about it.

MR. LOCKE: If I could add, we're concentrating on the very important bilateral relationships, but there's a multilateral dimension to this, and we have been re-engaging in the multilateral institutions to try and

drive these discussions to a stage where it's not just the United States but it's going to have to be part of the community of nations. One has to accept that you can't tolerate corruption in business.

That there has to be transparency. That you can't have laws that make it uneven. Not just to be a US issue. We work with -- I see the Secretary General of the OECD sitting in the front. We work closely with our international colleagues and we use the accession process to bring more nations into the fold, which is very important.

MR. KIRK: John, may I add one other element to that. Not only is it a multinational effort in many cases, such as what we're doing with transpacific partnerships. This is just one element of our competitiveness. And Sec. Locke talked about us having a green policy. But I would also I think make a pretty compelling argument, the greatest gift we could give to every business in this room is to get control of our runaway health care costs.

I'm not here to make a debate about health reform, but you all know if we do nothing and subject every

business, no matter how large or small, to 25% annual increases, that will cut the legs out of every exporter, every business in America. And we also have to get much more serious about investing in our young people. If I don't tell you anything else, I can tell you this, having been to Africa with Jack, and Asia with Sec. Locke, if Asia and India do as poor a job of graduating their young people from ninth grade to high school as we do in the United States, that only means that they're going to have a billion of the best educated, highly motivated young people in the world who look at what we have with the United States as envy and say we're ready to compete. We can't compete with those types of numbers if we're giving up on urban education and educating every child in America. So what -- all of what we're doing within the government is going to be critical to us being more competitive, reforming our health care, investing in education, racing to green, focusing on small business and then we'll do what we do best to try to open up those markets.

MR. PODESTA: That's a great point. Jack, I want to come back to what you were saying and ask you, from a small business perspective, a medium-sized business perspective, how do I know what I'm dealing with, and who in the US government is going to help me figure that out when I'm thinking about exporting to countries that many have, you know, middling records on questions like corruption, transparency, et cetera? How do I -- you know, where do I get help in understanding the business environment?

MR. LEW: Our job is to make that easier than it has been in the past, and I think that the Small Business Administration is reaching out to create many points in the country which are accessible and familiar places to go to get this information. We, together with the commerce representative in the country, have the information about what's going on in the country. We need to get it back and forth, and that doesn't mean that in every city in America we need to have experts in 180 countries.

But when somebody comes and says I want to do business in country X, it needs to be easy to get that

information into the hands of the person doing business. And we also have to make it easy that there is a point of contact, that you don't go from person to person to person trying to find an answer. So it sounds like a small thing to have a senior liaison in each embassy. I actually think it would be an enormous advantage.

If there is a designated person in the community, presumably at the small business administration for the small to medium-sized businesses, and a designated person in country, and they can talk to each other, we can help. It doesn't get on the list of issues where the secretary or me, or Ron, or Gary to raise, if that process doesn't work. So we can't do the things that we're anxious to do if we don't expand that pipeline and get more of you and your colleagues into the system.

MS. MILLS: This is a place I think that we are making a lot of progress together with Gary folks at the Department of Commerce because between us we are on the ground in really every city, every community. We think we're within 45 minutes to an hour of most small

businesses with a counselor or some kind of small business development center operation. What we have now between the Commerce Department and ourselves is a way to make that more one-stop.

So if you come to our website and their website, the point is to get you direct access into a place that will be able to get you trained, get you answers to your questions, and then when you're prepared for export, get you access to those on the other side, in the countries. I think this is actually pretty groundbreaking, and I have to say I think it started from day one. Ron and I were appointed the same day, and we began talking about this that day in Chicago, more than a year ago, and we are operationalizing this as we speak.

And we've got pretty good coverage at this point. As technology -- we get our technology up, we've got call centers and web access that are coming as well. But our objective is to get small businesses direct access into this information flow. Right now there's 30 million small businesses. 250,000 of them export, and as Gary said, most of them export to one country.

We can make a lot of progress on job creation and bringing economic vitality to these small businesses in these communities by getting more into this funnel.

MR. LOCKE: And the thing that -- what we have at the Department of Commerce is that we have commercial service offices, foreign commercial service officers, trade specialists in over 80 countries, over I think 120 cities around the world, so that companies don't have to travel to some other country to find customers. Our people are there on the ground whose sole job is to find you buyers and customers.

And the way you hook up to them is through the small business administration or even our domestic commercial service officers in virtually every city, and you can call them toll-free, 1-800-USA-TRADE, 1-800-USA-TRADE, or go onto our websites. So our job at the Department of Commerce is to help you find customers, buyers for your products and services, highly valued, in great demand all around the world. So we need to match you up.

Second of all, if you find that customer and you find that buyer, and you need financing to expand your

facilities, your plant, purchase the component parts, et cetera, that's where the small business administration comes in. If you are a potential buyer or a customer needs financing, that's where Export Import Bank comes in, and then Amb. Kirk and his office and the State Department always protecting your back, protecting your back and making sure that you're able to observe contracts, your contract are observed, your intellectual property is respected, and just simply advocating on behalf of you.

That's what makes the President's national export initiative so different. Previous administrations, Democrat and Republican, have always focused on exports, but this is the first time we have a cabinet wide effort led by the President to really focus on exports. And so we believe that the goal of doubling exports in the next five years, creating and supporting some 2 million new jobs in the process, is doable because we've got everybody working pulling together in the same direction.

MR. PODESTA: If I'm out in country and I'm at the embassy, where do I go, Jack? Who is the top dog on this question?

MR. LEW: There will be in each embassy a senior business liaison and that will be the person to go to. And we're trying to make it easy, and you don't have to figure out which agency it is in the 80 countries where Gary has people, it will be the Commerce Department person. In other countries we will have an economic officer. It shouldn't be your job to figure out which agency to go to. We have to make that easy.

MR. PODESTA: And Jack said, Karen, that if there is a senior person at the SBA and we're handling it right, that the connections will all be made. Is that happening? Is that infrastructure in place? How far have you gotten in the first year?

MS. MILLS: We've actually gotten very far along this. We call this our bone structure, and we have not only our 900 small business development centers, but we have 100 women's business centers, and we have 350 chapters of our retired executives called SCORE who mentor small business companies. I hope I have some

SCORE people out there. Usually we do, and all of those are now getting training to know how to connect themselves up to the back end of the cycle, which starts with an existing infrastructure of Gary's Department of Commerce liaison that he's just described.

So we actually have the pieces of these bone structures in place and he in addition has this 800 number that he just gave you. Our websites have been linked. We already have online and in person education modules. So we are just pushing this deeper in the bone structure and raising its priority, and funding the training of all of our people to make sure that they know the answer to the questions, you know, where will they find the best answer.

So it's pretty much using the assets that we have in place, but using them well. We call it smart government; right?

MR. PODESTA: And how does USTR connect into that, Ron?

MR. KIRK: Well, we see -- the smartest thing we did early on was invited Sec. Locke, and he brought his

entire team over to sit down and make sure we really understood the potential for integration between Gary's incredible resources around the world and ours. And then we did the same thing with Amb. Mills, and frankly I tried to rely, John, on one of my experiences as a mayor that as good as this sounds, I know the most frightening words to you sometimes can be the words I'm from the government, and you're the help.

That can just scared the bajesus out of them. And so what we didn't want to do was rush off with an intuitive goodwill, we're going to help you, and we took the time to do some research. And you hear a lot of us talking the same statistics, but we really wanted to drill down and understand our universe of exporters. So Gary helped us understand. We have 275,000 companies that export. We knew that 97% of them are small businesses.

Karen helped us to drill down further and separate out the dry cleaners, the fast food retailer, versus the exporters, and then we worked with Gary's team to drill down even further to find out, tell us where you are so we do know that 60% only go to one country. And

we can start with that base to say if you're in Mexico, God, how hard can it be to go to Canada, or maybe go to Costa.

The other thing we learned remarkably is how many are not only in one country, they only go to one customer. Now, some of that can be because a lot of our small businesses export because you're a supplier to General Motors or Boeing, or you go to one country because you're from Mexico and you've got a cousin that gave you an introduction. But building on that base, as Karen says, because it's back about jobs, but we think that's the low hanging fruit, right there. Then what we've done at USTR is we've designated one of our assistant US trade representatives, Jim Sanford is going to take over making sure that we are focusing across our agency in everything we do, from looking at non-tariff barriers to anti-counterfeiting, new opportunities like the transpacific partnership to make sure that we can incorporate a small business element in that.

And just one example, we recently had our NAFTA commission meeting with the three trade commissioners

from Canada and Mexico, and lost in all of sort of the news the last year is that NAFTA is now fully implemented. There are no tariffs, barriers formerly between Canada, the United States and Mexico, and despite what people tell you, this is a fabulous relationship.

This is a \$3 billion a day relationship every day. We are a completely integrated manufacturing unit. But we have different rules for everything. Now again, if you're General Motors, FedEx, you can work through it. If you're a small business, that can drive you nuts, having to come up with something in French, something in Spanish, so we've got an effort now to look at rules, harmonization and customs specifically with the notion that if small businesses want to export, we've got to do what Jack said, make it faster, easier, cheaper, simpler.

MR. LOCKE: John, at the risk of stating the obvious, it starts at the top. I mean the President made this a priority from day one. He called on all of our agencies to come up with a plan, and he made it clear that it didn't matter to him what the history

was. It mattered where we were going and putting together a team that works. I think that the challenge we have is to translate what can sound kind of abstract into the reality that it's American jobs.

I mean this is about having American companies have an opportunity to open markets and create American jobs. And every one of us realizes that we're dealing with that reality every day.

MR. PODESTA: So I'd like -- the former White House Chief of Staff, so I have to ask the question, who is calling you up every day in the White House from the White House asking you how it's going?

MR. LOCKE: Oh, I have a lot of meetings with the President, and we're always volunteering how well we're doing.

MR. PODESTA: That's not a good answer.

MR. LOCKE: But let me just say one thing in terms of this inter-agency cooperation. We do have this inter-agency cooperation which really involves virtually all of the federal agencies, and we are focused on implementing and coming up with a strategy as well as the executing -- the plan, the action plan,

to carry out the President's initiative. You know, businesses, I mean as Amb. Kirk said, you know, we're from the government and we're here to help you. Early on, we had decided as a group, to make it easy for companies to interact with the government.

We in the Department of Commerce have several offices just in one city, and then you've got SBA and you've got agriculture and everything else. A business owner who was so busy trying to meet payroll, trying to find customers, shouldn't have to go to several different locations within a city just to interact with the government to find out what we can offer you.

So what we've already piloted in Detroit, and we're expanding it to many more cities across the country, is basically our one-stop shop, commerce connect. You go to one place and all the people of commerce will be there, and they're all cross trained in each other's programs, so you deal with one person who will almost be your advocate, and that person is not just cross trained in the services of the Department of Commerce, but cross trained in programs of export import, small business administration,

Defense Department diversification programs, and the list goes on and on, as well as knowing what programs state and local government may have.

So you have one point of contact. And then our websites do the same thing. We want to make it easier for business owners, especially medium and small business owners to have a single point of contact, whether it's on the website, or at a Embassy or Consulate in a foreign country, to our offices throughout the United States, really making it easier for you and advocating for you and helping you.

For instance, you know, we helped this company, medical supply company dealing with rehabilitation products in Spirit Lake, Iowa deliver its very first order to Poland. And we found that. We found that customer in Poland for them. We helped a company in Appleton, Wisconsin make their first ever international sales and it was to Venezuela.

Now, that's what our foreign commercial service people do. And then if you make that sale, and you need the financing, whether it's internally, that's where the Small Business Administration comes in. You

need loan guarantees to help finance and make sure the buyer can pay you, that's where Export Import Bank comes in and so please take advantage of the services of the federal agencies.

We want to help you sell your products and services all around the world.

MR. KIRK: And we want you to create the jobs here at home.

MR. LOCKE: Exactly. And John, as a former White House chief of staff --

MR. PODESTA: Made in America, products and services, and jobs here at home.

MR. LOCKE: As the former White House chief of staff, John, I think you will appreciate that the President put a pretty clear marker out in the State of the Union.

MR. PODESTA: He did.

MR. LOCKE: And it was a report card for all of us, and it doesn't take much more clarity than that.

MR. PODESTA: I said -- Gary came back to the credit issue. I said I was going to come back to it. Today on the front page of the Wall Street Journal

there's a headline that says credit market springs to life. Large companies are aggressively borrowing into debt markets again. I flipped to page A4 it says gloom at small firms cloud overall outlook. So Karen, give us an assessment now. You talked a little bit about your programs and now the Senate extension of the 90% loan guarantee, but how are we going to get credit flowing more broadly to small business, how are we going to get community banks lending again, et cetera?

MS. MILLS: There is still a credit gap for small businesses, and as you said, large businesses have found their way to alternative markets, but right now banks are not lending. They're lending with our guarantees, but some of them don't have the capital, and some of them don't want to take the risk. What we have done, the President has proposed a small-business jobs plan, which is right now in Congress, parts of it passed the Senate last night.

That's where I'm going from here, to the Hill. We have looked at every piece of that gap. What's wrong. Some of you have trouble getting working capital. We have a piece of our SBA Express, our working capital

program. We've asked for an increase in our limits there so that we can use that product. Some of you might be having trouble with your commercial real estate mortgages.

We have a proposal for refinancing owner occupied commercial real estate mortgages that are -- a lot of which are coming due right now. People haven't missed a payment. They walk into their bank and they say my bullet loan is due in the bank says I don't really want any more commercial real estate. One of our products, our 504 products in this proposal will be available to do refinancing of owner occupied commercial real estate in good standing.

So we have looked at every piece of that gap. For those banks that don't have capital, treasury has proposed a \$30 billion program for community banks to increase their capital. And you know when you put \$30 billion in capital, much, much more comes out the other end in lending. So we have right now in front of Congress the small-business jobs plan the President has proposed. It fits. It is -- fits all of those pieces of the gap, and we basically need to get that out and

get the small-business credit flowing, in addition to our 90% guarantees at the SBA.

MR. PODESTA: Does the administration need congressional authorization to get that capital inflow to the community banks? I know they were talking about trying to do it through special-purpose vehicle using current money?

MS. MILLS: Right. We have concluded that we need to do it with congressional approval. It has been before Congress to do this. There is -- there are a couple of sort of principles that we followed which is we need to get them out, get programs out that can be executed right away. They can't wait six, nine, 12 months for a new programmatic things to happen. They have to build on what works already.

And the second is they have to be cross efficient with taxpayers money, and as with loan guarantees, we actually have pretty good results we can -- we put 500 million out and we got 21 billion in the hands of small businesses. So those are the principles of the plan and we think we can really do a lot because if you don't have capital in the small business world you

can't move forward with the opportunities that these businesses are now starting to see.

They're coming to us and they're saying I see that next order. I want to hire that next person. I need a little help, and that's what the plan does.

MR. PODESTA: Ron, I just -- I want to circle back to one thing you said which was on NAFTA, which is that it's implemented. It's now an open market. We've had one frictions that existed since I was still around in the government, which is the truck question, and Congress decided not to implement the agreement. The Mexicans have retaliated with.

I would guess if we looked at those 60% of companies, small businesses that exports to only one country, a lot of them might be Canada or Mexico.

MR. KIRK: That's right.

MR. PODESTA: So where does that stand? Is there any possibility we can get some relief on that?

MR. KIRK: Well, the good news is the language that was included in last year's appropriations bill that essentially stripped the Department of Transportation's ability to manage this demonstration

program in which we tested the safety and integrity of trucks going back and forth. That language has now gone away.

So President Obama has asked Sec. Locke and I to work with our transportation Sec. Ray LaHood, and we're actually meeting this afternoon to then begin the dialogue with everyone from those in Congress that felt our safety standards weren't strong enough to our truckers, but also our partners in Mexico to see if we can't come up with a resolution to get this going because we need to get it done because there was a cause for this. I mean the US Chamber of Commerce estimated this has cost us about 2 1/2 billion dollars in exports, and it's costing jobs and those small businesses in many cases are the ones subject to these retaliatory tariffs.

And there are a number of people that said, oh, you haven't been aggressive in fighting, but look, I started out talking about one fundamental principle. For global trade to work, we have to all play by the same rules. And that's why Sec. Locke and I are willing to go whether it's to China or Indonesia or

Japan, or the European Union and say you've got to live up to the rules. But it also means that the United States has to play by the same rules and we have to be a good trading partner.

So understanding that, that will guide our negotiations and our talks both with Congress and with Mexico. And we're very hopeful that we can get that resolved because this is a good trade relationship. I come from Texas so for us, this is family, but Mexico is a good, strong neighbor and a good partner, as is Canada, and it's in all of our interests that we begin to understand the power of a fully integrated North American commercial entity.

MR. PODESTA: We're almost out of time, but I want to ask one final question, which was we talked a lot mostly about manufacturing goods, the export of goods, but of course there is the service export side and the export of services as well. I think as you look out ahead, maybe start with you, Gary, where do you see the big export potential for the US economy? Where are we poised to really, you know, spring into a really different level?

MR. LOCK: Well, actually I think that virtually all sectors are underutilized in terms of -- or below their full potential in terms of exports, and different sectors are more appealing in different parts of the world. For instance, Asia is very much interested in even US cosmetics, and obviously medical equipment. Medical equipment is a big item, a very highly desired item in every part of the world. Clean energy is going to be big, and great opportunities for clean energy let's say in Brazil, where I was just the other day. So great opportunities all over and sector by sector it varies, but clean energy, medical technology, pharmaceuticals, even cosmetics and so I think that really we need to be very strategic and very focused which is why for instance the Commerce Department is actually partnering up with UPS and FedEx to identify the countries that have a certain amount of volume and heavy on various sectors, looking at those almost 60% who export to only one country.

I mean using the data of these -- of our logistical companies, we can identify where we can actually do a much better job of helping more companies

who now have the expertise of exporting, figure out how to go to one other country. I mean it's much easier to help a person or teach a person to bake a lemon meringue pie if that person knows how to cook, than to teach a person who has never cooked before. And so that's what we're focused on.

MR. PODESTA: Although lemon meringue pie is particularly tricky, as a good cook. Embassies oriented towards that kind of micro-work?

MR. LOCKE: Yeah, I think it's really important for us to underscore that our embassies are geared up to, yes, worry about the competition for airline contracts and heavy equipment like Caterpillar equipment in Afghanistan, but we're also focusing on things like the small telecom company, like a Massachusetts firm that's in Guyana that got unilaterally cut off and our embassy had to go in and intervene there. We're also focused on a small DNA lab company that wants to sell some forensic equipment in Pakistan.

So I don't think we should think of it as one size fits all. We're always going to break into the small

and the medium-sized market effectively. If we're nimble, if we can deal with the entrepreneurs and the business people who are out there trying to sell. And we don't need to be expert on each of the products. We need to do a certain amount of vetting to make sure that we know what we're advancing, but we're there to help.

MR. PODESTA: I see you jerking your head, Karen. You're on the intake side in a lot of these cases.

MS. MILLS: You know, there are export opportunities in all of the sectors, so we've seen organic macaroni and cheese. We've seen cosmetics, as we've said. The hydraulic press maker, the hundred-year-old company up in New Hampshire that introduced the President the other day, is exporting to six countries in Europe. We have a fellow in Flagstaff, Arizona who is doing 160 countries with windmills that power a village. They're portable windmills. So we have the great spirit of American entrepreneurship. We have innovation.

We have entrepreneurial capital. We need to put those things altogether and then ease this next up, the

cooking step, of getting the recipe to all the small business owners. And really walking folks who don't have a lot of time, through some of these processes, through this education, and getting them into the hands of folks on the other side that can open the doors in other countries.

MR. PODESTA: Ron?

MR. KIRK: Well, let me start with one simple premise that we operate on. If you make something, if you make something and sell it in the United States, you can probably export it. Now, the big issue is helping you to find where to go. And so I don't want to be repetitive of what they've said. What we do at USTR, in the case of this transpacific partnership, this is a chance for us for, one, to look forward and say we have a chance to craft the highest level forward looking free trade agreement that we've ever done.

Now, you know better what the opportunities are in Australia, New Zealand, Vietnam, Chile, [indiscernible] than we do. So we spend a big part of our time talking to you and your representatives to really help us grasp what are we good at that maybe they aren't as good at.

And if you think it's a trade agreement, it's a give-and-take. So in that case, we kind of focus on that market.

Secondly, just take one minute, though, and look around this room because let me tell you, from traveling around the country, we get an incredible welcoming reception because of America's diversity. And our diaspora is a huge practical marketing tool for us as we go to countries. In many cases we're led by someone who lived in America but grew up whether it's in Africa, Mexico, Canada, Europe, we are blessed with having one of the most diverse creative workforces in the world.

So we've got to be able to take advantage of that and layer that in, but the one thing we've all talked about is we want to be smarter about how we provide you services, and then you have to do your part as well. Please take us up on our offer. Go to our websites. Contact us. Talk with Gary's people, Karen's team, let us know what we can do to better help you get you to those markets.

MR. PODESTA: Right. Well, I think as Jack Lew said, the president laid down a very sharp marker and he's got a great team to help him implement it. Please join me in thanking them for -- thank them for their work and for being here this morning.