

THE PRESIDENT'S EXPORT COUNCIL

Washington, DC

Wednesday,

November 16, 2011

The meeting was convened, pursuant to notice,
at 9:42 a.m., Mr. James McNerney, Jr., Chairman,
presiding.

APPEARANCES:

PRIVATE SECTOR APPOINTEES

JAMES McNERNEY, Jr.
Chairman
The Boeing Company

URSULA BURNS
Vice Chair
Xerox Corporation

MARY VERMEER ANDRINGA
Vermeer

SCOTT DAVIS
UPS

RICHARD L. "DICK" FRIEDMAN
Carpenter & Company, Inc.

GENE HALE
G&C Equipment Corporation

ANDREW N. LIVERIS
The Dow Chemical Company

ALAN MULALLY
Ford Motor Company

PATRICIA A. WOERTZ
Archer Daniels Midland

IVAN SEIDENBERG
Chairman and CEO
Verizon

HOUSE APPOINTEES

THE HONORABLE DAVE REICHERT, R-WASHINGTON

SENATE APPOINTEES:

(None present)

EXPORT PROMOTION CABINET MEMBERS

JOHN E. BRYSON
Secretary of Commerce

HILDA SOLIS
Secretary of Labor

AMBASSADOR RONALD KIRK
U.S. Trade Representative

LAEL BRAINARD
Under Secretary of International Affairs
U.S. Department of Treasury

FRED P. HOCHBERG
President and Chairman of the Export-Import
Bank of the United States

WILLIAM DALEY
White House Chief of Staff

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

MICHAEL FROMAN
Deputy Assistant to the President and
Deputy National Security Advisor for
International Economic Affairs
National Security Council

FRANCISCO SANCHEZ
Under Secretary for International Trade
Department of Commerce

ELIZABETH LITTLEFIELD
President and CEO
Overseas Private Investment Corporation

JOSE FERNANDEZ
Assistant Secretary for Economic,
Energy and Business Affairs
Department of State

MARGARET "PEGGY" PHILBIN
Deputy Director
U.S. Trade and Development Agency

DARIO J. GOMEZ
Associate Administrator
Small Business International Trade

ALSO PRESENT:

STEPHANIE BURRIS

I N D E X

<u>AGENDA ITEM</u>	<u>PAGE</u>
WELCOME & OPENING REMARKS	3
DISCUSSION ON IMPLEMENTATION OF PEC RECOMMENDATIONS	15
PRESENTATION AND DELIBERATION OF PEC LETTERS OF RECOMMENDATION	49
EXPORT STRATEGY DISCUSSION	71
TRADE DISCUSSION	82
TRANSPORTATION INFRASTRUCTURE DISCUSSION	97
ADJOURNMENT	107

P R O C E E D I N G SWELCOME & OPENING REMARKS

1
2
3
4 CHAIRMAN McNERNEY: Okay. Welcome to the
5 fourth meeting of the President's Export Council. Like
6 always, we have a lot of material, so let's get
7 started.

8 Last week we made a lot of progress, and
9 that's last week. Even prior to last week we made a
10 lot of progress on a number of fronts. But APEC, and I
11 think Mike Froman, later in the morning, is going to
12 give us an update on that meeting, everything from
13 FTAs, to trade agreements, to related things. A lot's
14 going on out there.

15 I also want to thank Rob Henrickson, and now
16 Ambassador Bobby Mandel, for their service to the
17 Council. Rob is stepping down at the end of the year,
18 and last month the Senate confirmed Bobby to be the
19 U.S. Ambassador to Luxembourg. They have both made
20 valuable contributions to the Council, as all of us
21 remember, and they will be missed.

22 Now, let's welcome my old friend Bill Daley,
23 White House Chief of Staff, who will introduce our
24 newest member, Commerce Secretary John Bryson.

25 MR. DALEY: Thanks, Jim. Old friend. Good

1 point.

2 CHAIRMAN McNERNEY: One of us is old, Bill.

3 MR. DALEY: I look around and there's a lot of
4 us.

5 Anyway, let me thank Jim. Let me, once again,
6 on behalf of the President, thank all of the members of
7 the PEC for the time you take out of your busy
8 schedules, from your businesses, from your lives, to
9 help this country, help the economy, and to really
10 spend time to give advice to us. I thank all of the
11 members of the Cabinet and the administrators that are
12 here, and all the administration people who are here
13 with you today.

14 Obviously a lot has happened. First, let me
15 thank you all. A lot of very positive things have
16 happened lately. The three trade agreements and TAA
17 that was passed. I thank so many of the people in this
18 room who worked awfully hard for those to be passed.
19 It took a long time, a lot longer than any of us
20 wanted, but I think in the end we are very pleased that
21 it is going to increase jobs in this country, it is
22 going to strengthen our relationship with allies that
23 have been strong friends of the United States, and give
24 opportunities to American workers that have not been
25 there. So we thank you for the work, and everyone in

1 this room really, I know, spent a lot of time on it,
2 and especially Jim as Chairman of this group really,
3 really spent a lot of time on it, so I thank you all
4 for that.

5 I know Mr. Froman is going to give an update
6 on APEC. Let me just say, your Chairman did a
7 wonderful imitation of Charlie Rose as he interviewed
8 the President. I think the APEC meeting was very
9 successful. There is a strong desire by the President
10 to focus and continue to strengthen the focus on Asia
11 and the opportunities for engagement with friends
12 throughout Asia, and I think the feeling at that
13 meeting was very much positive about the U.S.
14 engagement over the next number of years in Asia and
15 the opportunities that present themselves there for
16 U.S. businesses and for export growth. So, I thank
17 you, Jim, for that interview. I think the President
18 did a great job of pointing out the opportunities that
19 are there for us and the need for us to get more
20 competitive here in this country, and therefore be more
21 competitive around the world.

22 It is my pleasure to introduce a new member of
23 the administration, someone that I've known for a
24 while, extremely successful in business, someone who
25 has sacrificed, as many people do, to go into

1 government. It took a lot longer to get his
2 confirmation done than any of us would have wanted, but
3 it is the times we live in in this town, that
4 everything seems to take a little longer than the
5 American people would like, and surely on things that
6 we as the administration would like to get done. But
7 it got done, so we are proudly proud. John has hit the
8 ground running at APEC last week and he's leaving, I
9 know, today after this meeting for China for the JCCT
10 with a number of other colleagues from the
11 administration.

12 As I introduced John the day after he was
13 confirmed by the Senate, I said he has the opportunity
14 to be the second-greatest Commerce Secretary in the
15 history of the country.

16 (Laughter)

17 MR. DALEY: So I hope he takes advantage of
18 that opportunity. So let me introduce you to John
19 Bryson.

20 John?

21 (Applause)

22 SECRETARY BRYSON: Well, really I'm honored to
23 be introduced by Bill. We actually spent a lot of time
24 together out at APEC, and spent a lot of time at every
25 previous step along the way. He did everything he

1 could to move my confirmation along. It's just that I
2 was a tough case.

3 (Laughter)

4 SECRETARY BRYSON: Anyway, it's such a
5 pleasure to work with Bill and work with the members of
6 this administration, many of whom are around the table.
7 I am now three weeks into the job, so I can really,
8 really weigh into this. This is the fourth meeting.
9 It's my first, but I'm really delighted to be with you.
10 I think what you're doing makes a difference. It makes
11 a huge difference.

12 I've been able to go through the letters of
13 recommendation that you're making, and they're
14 practical, and they're sound, and they're the kinds of
15 things that are based on what business people can
16 offer, including a sense of urgency, including a really
17 highly specific means of keeping track of what we're
18 doing here. I commend that a lot. Leaders of the
19 business community and the labor community together, I
20 think, are bringing in valuable insights. I'm very
21 pleased that members of Congress are with us here as
22 well. I would simply say that I, and we, count on your
23 advice. It is vitally important to us.

24 I am going to talk a little about exports, but
25 I'm not going to go very far into what I might say

1 because you know so much about it all already.

2 The reality is, I say from the day I've
3 arrived at the Commerce Department that we have a
4 fragile economy in this country. It has moved forward
5 some, but what we have beyond that is a jobs crisis. I
6 mean, the levels of unemployment are really, really,
7 really low. Notwithstanding the fact we have now 20
8 weeks in a row of improved jobs reports and we were
9 actually delighted -- we were out at APEC and we got
10 the report in September, and it was a meaningful step
11 up. Still, way too little relative to what we need to
12 have.

13 I've talked a lot. Some of you, we were
14 talking around breakfast this morning on what this
15 means for older people, for middle-aged people, but
16 particularly for the young people that are potentially
17 entering the workforce now and don't find anything,
18 what that does for the disciplines they need to have,
19 but also their sense of opportunity in this country.
20 It's something we have got deeply to address. So
21 that's going to be kind of the heart of my highest
22 priority. It is really the President's highest
23 priority.

24 He sets it extremely well, and I think all of
25 you understand that what exports mean is opportunities

1 for U.S.-based businesses to provide more jobs. Right?
2 Exports provide revenues, they require that we come
3 forth with the products we can best provide, and jobs
4 follow that. So, that is incredibly important. That
5 is true across not just of course the larger businesses
6 in our country, but the small- and the medium-sized
7 businesses. I've been meeting with a lot of those.
8 There, that's an area on which the financing support of
9 them is not so great. Those that have very prominent
10 and high stature credit, as usual, they can get
11 financing and financing at favorable terms, but the
12 little guys, not so much.

13 For example, the manufacturing base among the
14 little guys in this country is extraordinary, really
15 talented people with drive, and they're looking all the
16 time. But they do not know so much about the export
17 world. You have probably heard these figures. What is
18 it, something like 98 percent of the businesses in the
19 country do not export at all, and then even among those
20 that do, the fraction that go only to one country is
21 very, very high.

22 So this is an opportunity-in-waiting. We can
23 really do something about it. The kinds of practical
24 recommendations you are making in these meetings are
25 really the core of learning.

1 So mostly what I'm going to do is listen
2 today. I could take you through the statistics here,
3 and the statistics are stunning, on how we've come
4 under the President's initiative. You have played a
5 big role in that. You know that. But I think we would
6 be kidding ourselves if we took any kind of complacency
7 with respect to our ability to get the full doubling
8 target.

9 So what, for example, about the European
10 financial crisis now, and how might that affect our
11 exports? Obviously exports to western Europe, even to
12 eastern Europe, have been a big part of our export
13 scheme. You have to believe there are going to be some
14 impacts there, and plenty of others.

15 We have talked about APEC. Mike Froman will
16 come in and talk about that and he'll present it very,
17 very well. Gene Sperling, I suspect you're going to
18 talk a little bit about that as well. This is my first
19 participation in APEC and what only stands out, I would
20 say, is the strength with which this administration is
21 addressing opportunities for businesses in our country,
22 balancing the playing field, advocating what U.S.
23 businesses best offer, working hard with the themes of
24 innovation, of creation, of entrepreneurship, but also
25 just plain, really capable people who keep finding

1 niches.

2 It was exciting for me to be a part of this.
3 I had the opportunity to do many of my own meetings
4 one-on-one with the countries around the world, with
5 our Commerce team there, and then I had the final day
6 with the President, going through these critical
7 meetings. We are hitting it hard, and with the
8 President's leadership I think very effectively, about
9 the kinds of things we need to do to take that further.

10 I am just going to stop there. I could give
11 you statistics; you know them all. But mainly what I
12 want to say is a big, big thanks to all of you for your
13 support on the free trade agreements, your support in
14 this area, and I appreciate your giving your time to
15 those of us in the Federal Government on this exports
16 issue. Thank you very much.

17 CHAIRMAN McNERNEY: John, thank you. Thank
18 you very much for both the encouragement and the
19 leadership. That's what really gets us up in the
20 morning, and for recognition of some of the success
21 that some of my colleagues have had in leading these
22 initiatives.

23 You mentioned the small business one. I was
24 just looking at Fred, Chairman Hochberg over there, and
25 the Small Business Supplier Financing Initiative, which

1 is a first big step in the direction you are
2 encouraging, John, that just has rolled out. We see
3 it, and are already working it with banks and with our
4 supply base. So, you will probably mention that a
5 little bit later, but I acknowledge that.

6 Ursula, do you have any comments before we
7 charge ahead?

8 MS. BURNS: Just short. Welcome, Secretary
9 Bryson. It's good to have you on board. You do have
10 big shoes to fill. We've made a lot of progress and I
11 look forward to just making more with you on our side.
12 So, thank you for coming on board.

13 SECRETARY BRYSON: Thank you.

14 CHAIRMAN McNERNEY: Thanks, Ursula.

15

16

17

18

19

20

21

22

23

24

25

1 **DISCUSSION ON IMPLEMENTATION OF PEC RECOMMENDATIONS**

2

3 CHAIRMAN McNERNEY: I think it's important to
4 point out at this point, and believe it or not we've
5 been at this for 18 months, to look at where we are on
6 implementing our first 15 letters of recommendation,
7 our output, our letters to the President, after working
8 with you to make sure the wording is right and the
9 recommendations make sense. We actually went through a
10 discussion at our last meeting where a few of the
11 members said, hey, should we stop and look where we are
12 and give ourselves a sense of completion of
13 implementation, challenges yet in front of us against a
14 number of the major areas? The PEC staff has prepared
15 a stoplight chart which will help us briefly review the
16 progress.

17 I'll highlight a few and then I'll turn to
18 other members to perhaps make some comments. The best
19 news I can report is that Ursula, Pat, Jim and I did
20 witness the historic signings of the FTAs with Korea,
21 Colombia, and Panama last month. So that
22 recommendation is solid green, thanks to the leadership
23 at the Cabinet level here.

24 On export control reform, I am pleased to
25 report that the administration has continued to make

1 progress. I think we have a real opportunity here.
2 After living through many, many years of not much
3 progress there, I think Secretary Gates' initial
4 initiative was very welcomed.

5 In a meeting with Secretary Panetta yesterday,
6 a subset of this group, very pleased to see his
7 commitment to push through with your team, John, and
8 with State to follow through on those recommendations.
9 It did publish a draft rule for Category 8,
10 rationalizing the controls on aircraft and aircraft
11 parts and components, a great place to start, as far as
12 I'm concerned.

13 (Laughter)

14 CHAIRMAN McNERNEY: So on Ex-Im, bills are
15 ready for floor action in the House and Senate next
16 year with the administration's support. I think we're
17 at a level that can support the exports, but it's not
18 done yet. We are all in and we are going to try to
19 engage everybody to help Chairman Hochberg get there.

20 On tax reform, there is a lot of work going on
21 but it is a little early to predict what's happening.
22 I mean, it's all caught up in the budget thing. So
23 before I ask Secretary Bryson to make some comments and
24 Chairman Hochberg, I know Gene is really on a tight
25 schedule. So if I could just insert, sort of as a

1 sidebar here, because Gene Sperling--we're fortunate to
2 have him with us--some comments from you as we're
3 moving through this would really be appreciated. Then
4 we'll come back to the stoplight chart.

5 MR. SPERLING: I will brief for two reasons.
6 One, you don't need more introductory remarks, and two,
7 I actually have to go run a meeting that deals with
8 some of the issues you were just raising. So in the
9 furtherance of this, we are obviously at the point
10 where we are getting ready for our next budget, the
11 next State of the Union. I will make four points
12 pretty quickly.

13 One, is that as you've seen, trade, as
14 difficult as it is, does tend to -- if you keep your
15 head down, you can over-perform political expectations.
16 Bill and I, and Lael, and others remember 1999 and 2000
17 when it was supposed to be complete lame duck, done,
18 ended up being an enormously successful year in terms
19 of China WTO, in terms of the Africa trade agreement,
20 other things.

21 Here, 2011, one of the most divisive years
22 probably and most weak economically -- sorry, the worst
23 combination of political divisiveness and a bad economy
24 that you've seen, and yet it's going to -- when the new
25 year comes, 2011 will have been quite a successful year

1 on trade. We're still pushing on TPP, still pushing on
2 Jackson-Vanik. But it does show me that you can over-
3 perform in this area just by moving the ball forward.
4 You have the opportunity for bipartisanship here that
5 you don't always have.

6 So for all the difficulties, I think this is a
7 good lesson. I know a lot of people will kind of do
8 the discounting for 2012, and I would just say don't
9 listen. Keep your head down, just keep going forward.
10 You never know how the environment changes, you never
11 know when people decide they want to show
12 accomplishment, get something done.

13 So I've seen this before. You can over-
14 perform political expectations on trade and exports.
15 We are enormously committed here. You can see that
16 from our Chief of Staff, you can see that from the
17 efforts Mike Froman puts in, but also just from the
18 depth of the economic team, from John Bryson and
19 Secretary Solis, Karen Mills, and others.

20 Secondly, in light of that, the focus on
21 exports, particularly because of the jobs focus,
22 becomes that much more important. This is the part,
23 and really the only part the public can really
24 understand. That may be unfortunate that they can't
25 understand fully the benefits of more competition from

1 imports and lower prices and innovation. Those things
2 are all true. They are very difficult to explain. It
3 is the exports that is our chance to kind of
4 communicate to the average person that this is about
5 more jobs.

6 The third point I would make goes to something
7 Bill was saying, which is that the role that you play
8 on the broader pragmatism is so important right now.
9 What happened in trade adjustment assistance in the
10 FTAs is just a perfect example of that. That was the
11 only way you were going to get the consensus for this
12 to pass and you have a lot of people who just wanted to
13 rail against the free trade agreements.

14 You had a lot of people who wanted them and
15 didn't want to do anything for workers. I think the
16 business community played an awfully important role in
17 kind of breaking through the politics and saying, yes,
18 you can be for free trade agreements and helping
19 workers. I think it is worth thinking of that in a
20 broader sense, too.

21 The more I think the people who are pushing
22 the export agenda are part of the workforce agenda, the
23 more, again, you are paving ground for that bipartisan
24 consensus that goes beyond the politics and I think
25 paves room for more possibilities of that rare

1 bipartisan legislative achievement.

2 Obviously, the other thing you've seen from us
3 is legislative achievements are difficult, so we do
4 wake up every morning. This is in Bill's White House
5 now. What we can do without Congress is just a part of
6 our day, every single day. So there is a greater
7 focus. I mean, there is always focus there, but
8 there's a greater energy and focus that Bill has
9 instilled. You just find there is more you can do.

10 I think this is another place where, if you
11 can say here's something you can do on the Customs
12 side, here's something that could make a big
13 difference, this could break through. Maybe in 2009,
14 with the world crashing, that wouldn't have gotten
15 focus, but I think right now we are giving the focus to
16 those types of things. So in terms of your
17 recommendations, Jim, there is a lot more attention and
18 focus now on the executive action.

19 And then the final thing I would just say, and
20 I am not trying to do an advertisement for the American
21 Jobs Act, I'm really not for a particular package, but
22 we've got to be focused on growth. I mean, you guys
23 have seen the European numbers. They're just terrible,
24 even beyond the crisis. Spain, Portugal, Belgium, and
25 Netherlands are either zero or contractionary in the

1 third quarter. That is besides the overall risk of
2 crisis there.

3 Our blue chip projections are 2 percent
4 growth, 2.1, 2.2. That is not even enough to bring the
5 unemployment rate down. People are not going to
6 support all the things we're trying to do unless they
7 see that connection. Even if a particular company can
8 get by, I promise you this, our crisis of long-term
9 unemployment will get worse and worse at 2 percent
10 growth.

11 Right now we are amidst the worst long-term
12 unemployment crisis in our lifetimes. In the deep
13 recession of 1981-1982, the average length of
14 unemployment was 21 weeks. The average length today is
15 40 weeks. If you have 2 percent growth, people can
16 just hire a little bit, take the most attractive
17 candidates. They do not reach to the people who have
18 been out of work a year, year and a half, two years.
19 That means that what is basically a demand and
20 temporary unemployment issue will start to feed into
21 the structural issue.

22 As people become unemployed, we all know,
23 unemployed for five, six months, it's a terrible pain
24 and inconvenience. Unemployed for a year and a half,
25 you lose your house. Sadly, people often lose their

1 spouse, they lose their health. They become more and
2 more disconnected. So we have got to get the growth
3 going in the next year, year and a half. It's just
4 essential. It's essential for an export agenda, but I
5 think it's essentially generally. I think that just
6 has to be part of everyone's agenda.

7 With that, I have to run. But thank you very
8 much.

9 CHAIRMAN McNERNEY: Gene, thank you very much.
10 The focus on execution and the evidence thereof is
11 really motivational for us, so we really appreciate the
12 comments.

13 John, did you have any comments, as we're sort
14 of halfway through the stoplight chart? Do you want to
15 jump in?

16 SECRETARY BRYSON: On the free trade
17 agreements? Let me just say, as Gene walks out,
18 covering the entire national economy, head of the
19 National Economic Council, he is tireless. He's done
20 it before and he covers it spectacularly well. He
21 provides insight and leadership for all of us, so he
22 makes a difference.

23 So on the free trade agreement, I am only
24 going to say a couple of things. First, thanks to all
25 of you. I mean, we would haven't these free trade

1 agreements without engagement both on the part of
2 business and labor. That's a big thing.

3 A couple of things. There is a lot of follow-
4 up here. So you see the charts, but there's a lot of
5 follow-up to get this done and I'll just touch on a few
6 things. We need to talk to business people. We need
7 to reach out, particularly to the smaller and medium-
8 sized, because the larger business will understand
9 largely how to take advantage of these opportunities.
10 So a big education program to make a reality, and a
11 near-term reality, to the benefits of these agreements.

12 That's number one. I think there will be more talk
13 about that later on.

14 At the same time, we have the responsibility,
15 particularly at the Commerce, to see to it that the
16 terms, the mandatory terms of compliance with these
17 agreements, really are enforced and monitored. So all
18 active trade agreements, we have to see to it that the
19 private sector, the business people of our country, and
20 the workers, the employees really get what is promised
21 with these free trade agreements.

22 That is not an automatic, that takes a lot of
23 follow-through. Finally, let me just say, in addition
24 to working with the business community at the Commerce
25 I am working a lot with the U.S. Trade Representative,

1 Department of State, Agriculture, Treasury, and others
2 in identifying as early as we can any emerging
3 commercial concerns. So we know that there will be
4 things that arise that we had not foreseen. We want
5 your feedback really promptly on that and we'll work
6 together on those solutions. So, I will stop there,
7 but thanks.

8 CHAIRMAN McNERNEY: Okay. Thank you, John.
9 Chairman Hochberg, did you want to add
10 something here?

11 MR. HOCHBERG: Thank you. I will just add,
12 yes. We are waiting for our reauthorization to go
13 through. The President has asked for \$140 billion for
14 a capital portfolio. We are already in the 90s.
15 Current cap is \$100 billion, so we definitely need to
16 get this done if we're going to keep financing exports.
17 Just to round up, we completed our year four weeks ago.
18 I think we had a record year.

19 Ex-Im Bank is up over 100 percent from when
20 President Obama was elected. We did about \$33 billion
21 worth of loans and guarantees and insurance, which
22 generates approximately 290,000 jobs, and about \$6
23 billion of that also was for small business. As Jim
24 mentioned, we have a program called Supply Chain
25 Finance, where indirect exporters, those who supply

1 companies like Boeing, Caterpillar, Case-Mulholland,
2 the first three, Mary and I have talked about whether
3 that could work for Vermeer. We are also working with
4 Ford to help them do more exports out of the plants in
5 Chicago.

6 Yesterday, just to give you an example, I was
7 on the phone with Osh-Kosh, Charlie Sues, who is the
8 CEO. We're helping them bid on fire and rescue for
9 Indonesia. It is not a lot, but it will add 15
10 employees for a year to just get this \$20-odd million
11 contract. So, the 290,000 is like a telephone number.

12 You know, 15 employees in Osh-Kosh, Wisconsin
13 is a real number. That's 15 families that have an
14 income and stay in their house, keep their kids in
15 school, and that's just one of many transactions. But
16 our focus now is making sure we get reauthorized, and
17 reauthorized at the right number.

18 CHAIRMAN McNERNEY: We've got a lot of people
19 around the table helping you.

20 MR. HOCHBERG: Good.

21 MS. WOERTZ: My comments are mostly on
22 infrastructure, which we'll talk about later when
23 Secretary LaHood is here. So, that's fine.

24 CHAIRMAN McNERNEY: Ursula?

25 MS. BURNS: I have four to go through. First,

1 is veterans' training programs. The PEC has
2 recommended that an enhanced focus on veterans'
3 training could address the problems that veterans are
4 facing as they transition back to the civilian
5 workforce, while also addressing some serious skill
6 shortages that many companies have. The Veterans
7 Employment and Training Services, VETS, has been
8 working to launch new initiatives that assist veterans
9 in finding work as part of a broader White House
10 strategy outlined in the Strengthening Our Military
11 Families report.

12 These steps represent positive progress, but
13 more could be done and more has to be done to ensure
14 that these programs match up with our returning vets.
15 We will continue to work on that effort. Work should
16 also be done to make sure that our veterans are aware
17 of, and give them access to, necessary STEM training,
18 Science, Technology, Engineering, and Math training and
19 education so that they are more ready to fill these
20 posts.

21 I look forward to our continuing work on this
22 and want to continue to work with the administration to
23 bolster these important programs.

24 I would liked to now turn it over to Secretary
25 Solis to see if she has any comments on this.

1 SECRETARY SOLIS: Thank you. I am very
2 excited about the opportunity to be engaged in this
3 effort. It's something that we have a very high
4 priority in our administration, and of course our
5 agency.

6 One of the things that we created recently was
7 a gold card standard. It's a card that's available to
8 veterans that are leaving the military and it's
9 distributed through the TAPS program. What it will do,
10 is allow for individuals -- everyone will qualify as
11 soon as they are exiting, but before they leave they
12 will understand that they'll have a commitment from the
13 Department of Labor for six months of intensive
14 services that they will be able to receive at our one-
15 stop centers.

16 I think some of you know that we have about
17 3,000 of these centers, and they're out there and
18 they'll provide coaching, resume writing, advice,
19 training assistance, and actually give them
20 availability to get service from other components of
21 our one-stop, so if it's to start a new job or to get
22 other kinds of wrap-around services, that will be made
23 available. So that's a gold card standard that will be
24 available for the six-month intensive period.

25 The next thing I'd like to say is that we

1 created also a tool that is called My Next Move for
2 veterans. We have already used some of this
3 information to help dislocated workers and people that
4 are in the unemployment area now, but now we're
5 actually tailoring it to veterans so that they can
6 then, before they even leave service, can draw down
7 information about what occupations and skill sets are
8 better matched with employers.

9 So we're going an extra mile to do that and
10 it's tailor-made for veterans, something that's very
11 easy to access. Then we're also working with our other
12 sister agencies to create a veterans' job bank, where
13 over 500,000 listings and postings will be available,
14 and we hope to get that up and get more corporations
15 and companies involved. So, that is going to be
16 available.

17 Something that I did want to mention that
18 we're doing with Microsoft that's new is that they have
19 identified five areas in the country where they want to
20 actually make investments and help provide training for
21 individuals to be exposed to IT, to Microsoft, and
22 understand how to use that.

23 You'd be surprised how many young vets that
24 are faced with coming back home and haven't had any
25 higher education or training whatsoever, so they are

1 going to make an investment and begin that the coming
2 year. So we're hoping to see that expand and that's
3 something that's nice that corporations are stepping up
4 to the plate to make that available for our veterans.

5 I don't think I have to reiterate how
6 important it is that the younger vets that are coming
7 home post 9/11 are the ones that are faced with
8 anywhere from 12 percent in higher unemployment, and
9 they're coming home literally faced with many
10 challenges.

11 One initiative also just to keep in mind is
12 we're expanding our Job Corps programs that are
13 currently available to allow for slots to be made open
14 for them as well. It's a disciplined, very structured
15 environment. It's almost as though you're living on a
16 college campus, and in many ways it helps to provide
17 them with that kind of structured discipline that they
18 need.

19 But we certainly would like to see more
20 opportunities available for apprenticeship training and
21 programs to also be a part of their reentry and
22 reintegration back into the workforce. So I am excited
23 and want to continue to expand and hear about any ideas
24 that you may have, how we can make improvements in this
25 area. So, thank you.

1 MS. BURNS: Thank you, Madam Secretary.

2 We had an outstanding meeting yesterday with
3 Secretary Panetta and spoke about this topic in a fair
4 amount of detail. I am pleased to say that he is as
5 committed and as engaged as Secretary Gates was in this
6 effort, so we are looking forward to continued progress
7 here and continued good progress here.

8 The next topic is on services data. Data on
9 services exports, as most of you know--we've talked
10 about this before--is much more limited than the
11 substantial data that we have that the government
12 collects and analyzes on other goods exported. The PEC
13 recommended that the U.S. Government improve the
14 quality of export data for the U.S. services sector,
15 including through increasing funding to the Bureau of
16 Economic Analysis, the BEA, and improvement in data
17 sharing among key agencies, like the Census Bureau and
18 the Bureau of Labor Statistics.

19 Progress has been made. The BEA is attempting
20 to reallocate funding within its existing budget to
21 strengthen services data collection and analysis, and
22 we also need to thank Senator Wyden and Congressman
23 Reichert, thank you very much, both members of the PEC,
24 for shepherding this legislation that would permit the
25 data sharing that the PEC recommended. The legislation

1 is a significant step forward. Xerox Corporation is a
2 major services provider around the world and the
3 collection of this data is important for our company as
4 well.

5 Next steps will involve increased private
6 sector engagement. The BEA and others will reach out
7 to companies to see if they can provide relevant
8 services data and to solicit their input on data
9 improvement priorities. The next step will involve
10 further implementation of these actions to begin
11 providing the enhanced data.

12 I'd like to turn it over to Congressman
13 Reichert, who is here, to comment on this if you can,
14 please.

15 CONGRESSMAN REICHERT: Thank you, Ursula.
16 Again, it's a pleasure to be here. I've been to all of
17 the Export Council meetings. I haven't missed one yet.
18 So I am very pleased to be a part of this effort and I
19 share the frustration that Gene was sharing earlier,
20 and the sometimes lack of progress and bipartisanship
21 in Congress not only on the House side, but on the
22 Senate side.

23 But I would like to, before I comment on the
24 services issue, say that I, too, share the excitement
25 around the trade agreements' success. I think it does

1 show some bipartisan -- the opportunity and a hopeful
2 attitude that we can make some progress, even though,
3 as Bill said, it wasn't the easiest thing to get done.
4 Some members came dragging and kicking, but we got them
5 there. It was a great historical success on those
6 three trade agreements. Washington State especially is
7 excited about the Korean agreement and the
8 opportunities there for aerospace and the services
9 industry.

10 Just to touch briefly on the bipartisanship
11 issue, at a local level it sometimes works so I wanted
12 to share this story, briefly. Adam Smith and I, a
13 Democrat from Washington State, are hosting a jobs fair
14 which we're calling HIRE America, Helping Identify Real
15 Employment in America. We have over 75 vendors. These
16 are vendors who have come forward.

17 Boeing is one participant who has come forward
18 and said we are hiring people. So these just aren't
19 businesses showing up to be there, but they're actually
20 in the process of hiring people. They have jobs. So
21 we are expecting thousands of people to come to this
22 bipartisan fair and it's going to be happening next
23 week.

24 So we're excited about that and hope to
25 duplicate that across the country and create some

1 excitement around finding those jobs, but also creating
2 some degree of hopefulness for those who see Congress,
3 members of Congress, not working together, but we can
4 shake hands sometimes.

5 So on the issue of services, I think it's
6 really important for me to be here and listen to the
7 dialogue, the exchange here that takes place, the
8 information that you provide us. The legislation, of
9 course, is fashioned after that discussion and after
10 the dialogue and the information that you give us.

11 As an old sheriff hostage negotiator, homicide
12 detective, and SWAT commander, I like to see things get
13 done, Jim. So we are going to push this thing. We're
14 not going to rest until we get it done. That's my
15 commitment to this issue. I know it's not going to be
16 easy, but with everybody in this room working together
17 we can get this through. You know some of the concerns
18 that have been mentioned. Privacy is one of those
19 around the services area.

20 But it really is an area where we have a great
21 advantage across this country in making great strides
22 and success in creating jobs, protecting jobs, and I
23 think that the comments made around the table today
24 regarding education of the public and their maybe lack
25 of knowledge, thus far anyway, as to our trade

1 agreements and our friendships and partnerships with
2 those countries around the world is really an effort
3 that is sometimes under-valued, under-estimated. It is
4 one that needs to take place to change the sort of
5 culture in America, where trading and doing business
6 with other countries is really a bad thing. We need to
7 convince people it is a good thing. It is a job
8 creator and the bottom line is, sell American.

9 Thank you for the opportunity to speak today.

10 MS. BURNS: It has not gone unnoticed. It has
11 not gone unnoticed that you have been at every meeting,
12 so thank you for your tenacity and your dedication in
13 pushing this.

14 CONGRESSMAN REICHERT: I appreciate it. Thank
15 you.

16 MS. BURNS: Thank you, Congressman Reichert.

17 Our next area is on Intellectual Property
18 Rights. The PEC has made a number of recommendations
19 designed to improve IPR enforcement and strengthen
20 legal standards of IPR protection in foreign markets.
21 Strengthening IPR overseas is clearly a critical
22 priority. It is also a long-term effort, one that has
23 made progress, especially given its starting point, the
24 starting point of many of our trading partners.

25 The U.S. Government has made good progress in

1 implementing many of the PEC's recommendations in this
2 area, particularly with respect to improving U.S.
3 strategy and coordination across the agencies. Many
4 Federal agencies collaborated to assist the
5 Intellectual Property Enforcement Coordination, or
6 IPEC, in the formulation of the Joint Strategic Plan on
7 Intellectual Property Enforcement. Work continues to
8 better coordinate the work of IP attaches overseas,
9 with embassies, and agencies in Washington.

10 We can all agree that strengthening IP
11 overseas will be a long-term effort. The steps that
12 have been taken will strengthen the U.S. coordination
13 and our strategy, and then the next steps will require
14 continued implementation of these strategies to improve
15 IP rights around there world. There is a long way to
16 go, a good start, and we will keep focused on this area
17 for sure.

18 The last area is on business visas, another
19 longstanding issue. During the PEC's most recent
20 meeting in March of this year we recommended that the
21 U.S. Government address the many series issues with
22 respect to visa policies and processing that hampers
23 U.S. companies' ability to do business globally. As we
24 noted, business visas play a vital role in connecting
25 U.S. companies with suppliers, customers, and even

1 potential investors. Progress on these recommendations
2 has been much more limited than in other areas that
3 we'll discuss today.

4 The Interdepartmental Working Group on
5 Business-Related Visas has addressed business-related
6 visa application problems as they have arisen on a
7 case-by-case basis. The existence of this working
8 group and their efforts are a positive first step,
9 however, much more needs to be done. Actually, much
10 more needs to be done more rapidly to make a more
11 significant and systemic change in the way that the
12 United States implements and processes business visas.

13 I am hopeful that the government will have the
14 opportunity to make additional progress on this
15 critical priority before our next meeting, and I would
16 like to put the Secretary on the spot a bit and turn it
17 over to Secretary Bryson for his comments.

18 SECRETARY BRYSON: Well, this is a big deal.
19 We hear a lot about it from businesses, and it's pretty
20 obvious. We can't be a genuine trade country, really
21 open to trade and encouraging of trade if, in the
22 aftermath, for example, of 9/11 kind of restrictions
23 and concerns that arose. We have to overcome those.
24 Legitimate business travelers have to be able to get
25 here. As Ursula said, it's can't be just on a one-at-

1 a-time basis, so we're putting a big priority on it.
2 Obviously if these people can't get here they can't buy
3 our goods, they can't invest in our economy. They
4 can't spin off and go to our tourist attractions and so
5 on.

6 I think special credit right now is actually
7 due to Secretary of State Clinton and the Department of
8 State. They are really moving on this. Of course, we
9 have talked with them a lot because this ties so much
10 into the things that we at the Commerce Department need
11 to do. But I'm really delighted by the steps that are
12 actually being taken now, for example, notably most
13 recently a considerable movement of people in the visa
14 areas for Brazil and for China. There is a lot yet to
15 be done, however.

16 MS. BURNS: Thank you, Secretary.

17 I'd like to turn it over to Scott Davis so
18 that he can comment on trade facilitation and the
19 single window and benchmarking.

20 MR. DAVIS: Thanks, Ursula.

21 Many countries around the globe have shown
22 great export growth over the last decade, so as a group
23 we decided to ask the administration, the Commerce
24 Department, to go out and benchmark several of these
25 countries.

1 Per that recommendation, the Department of
2 Commerce conducted a comprehensive study of seven top
3 exporting countries, including Canada, Germany, U.K.,
4 India, Australia, Sweden, and Brazil. Now, the results
5 are being compiled. We have not seen the results as of
6 yet, but I am expecting that quite soon.

7 In conjunction with this, the Commerce
8 Department also benchmarked several websites of foreign
9 countries, U.K., Canada, and Australia. Some of those
10 good websites I think helped us revamp the Export.gov
11 website, which I had a chance to look at last week and
12 was quite impressed. So if any of you get a chance to
13 look at the website Export.gov, it's a great tool for
14 small- and medium-sized enterprises to get into the
15 exporting business. So, take a look.

16 I'm not sure if anybody in the Commerce
17 Department has had a sneak peek at the compilations
18 yet. If they do, comment.

19 CHAIRMAN McNERNEY: Any comments on benchmark?

20 SECRETARY BRYSON: Just real quickly. Yes.
21 There's been kind of an initial look at a little bit of
22 the findings. I will just pick out one thing that
23 quite struck our people, and that is a number of
24 countries use their local Chamber of Commerces--we call
25 it the local Chamber of Commerce--and at those local

1 Chambers of Commerce they are taking the initiative in
2 their immediate communities to train young people for
3 the jobs that are the most attractive and available.

4 So they are catching it early. They are doing
5 it in ways it does not cost the local people, those
6 that can't perhaps afford it to have this extraordinary
7 kind of training. So that struck us -- we want to get
8 this fully done. We will get it done quickly and we
9 will get the reports back to you as soon as we can.

10 CHAIRMAN McNERNEY: Thank you. Thanks very
11 much.

12 Is Dick Friedman here? Dick? There you are.
13 A report on tourism, travel, a big deal.

14 MR. FRIEDMAN: One of the first letters that
15 we wrote was about tourism and travel. I think there's
16 been some substantial progress, that is good progress,
17 on this issue.

18 Let me just quickly tell you, hotel occupancy
19 in the United States just overall is up about 4 percent
20 to 60 percent, revenue is actually up about 8 percent.
21 But in the luxury and upscale stuff, it's up 8 to 10
22 percent, which is a very healthy number because most of
23 the foreigners stay in upper-scale properties.

24 If we were able to get back to our traditional
25 share of the world market, it would be almost 1.3

1 million jobs and \$800 to \$900 billion in revenue. My
2 own view is that this could be done in a couple years.
3 This is a relatively easy thing, given the complexities
4 of lots of other things that we work on.

5 I want to report that the Brand USA promotion
6 has just launched itself in the last week or two at the
7 World Travel Mart. That's the Travel Promotion Act.
8 We now have money to advertise this country. Sixty-
9 five percent of the people who come to the United
10 States come from visa-waivered countries.

11 We've got to add more countries to the visa-
12 waived program. People are working on that, but in
13 my view not quite fast enough. But there is potential
14 to add Taiwan, Poland, Chile, a few other countries to
15 the visa-waivered program, which would be very helpful.

16 In China, India and Brazil there has been
17 enormous progress. Under Secretary Tom Nides has done
18 a fabulous job, in my view. In China, the wait times
19 have gone down from 120 days to 20 days, plus a 50
20 percent increase in the number. So the Chinese visas
21 have gone from 500,000 in 2009 up to 1.2 million this
22 year, very, very substantial progress, and those people
23 spend money.

24 India. The wait times for visas is down to 20
25 days. Brazil is still a bad situation, but it has

1 dropped in half, from 145 to like 80 or something days.
2 The way they've done this is a model, I think, because
3 they make money in the State Department on visas. The
4 way they have done it is pretty simple. They add more
5 windows, they add more shifts, they add more people and
6 they process more, and those people come, and they want
7 to come.

8 I just would say one other thing. This is a
9 big deal, as you said, Mr. Chairman. In the long-haul
10 travel business, China's travel over the last 10 years,
11 outbound travel from China, is 126 percent, India, 124
12 percent, and we are 2 percent. So we have just lost a
13 huge window and we can pick it up, I think, easily.

14 I just want to also say that there are seven
15 legislative proposals in Congress. Senator Klobuchar
16 has one; there is quite a number. So if we push those
17 things, this is a really resolvable issue if we get
18 Homeland Security, Commerce and State to work together.
19 But I think there has been progress and I think there
20 is a sort of focus on this, and I think it's pretty
21 good news.

22 CHAIRMAN McNERNEY: Thanks for your report,
23 Dick. Appreciate it very much.

24 Gene, do you have a comment on SME? And maybe
25 Administrator Mills could comment afterwards.

1 MR. HALE: I do. Thank you. Welcome aboard,
2 again, Mr. Secretary.

3 First, let me say thanks to Secretary Solis
4 for hosting the SME at her office a few months back. I
5 also had meetings with Administrator Mills and they
6 hosted us in terms of describing all the programs that
7 were available to the community.

8 So with the SME committee, what we've done so
9 far, we've held five roundtables across the country in
10 the most high-export cities. We identified the
11 challenges, one being education--the lack of education,
12 I should say--about these different programs. The
13 other is always the issue of lack of access to capital,
14 the cost burdens as relates to regulatory issues, and
15 misconceptions about FTAs.

16 This basically resulted in the recommendations
17 to begin what we called the Regional Export Initiative.
18 The purpose of that is to coalesce the local business
19 and private sectors, communities, and universities to
20 focus on minorities in those communities on the ground
21 to actually do the outreach as opposed to having the
22 SBA and the Department of Commerce to do that.

23 Brookings has taken the lead on promoting
24 another issue which is called the Metro Export
25 Initiatives, and they've done that in four cities. I

1 believe that even though we are in a tight budget
2 environment, I believe that Department of Commerce ran
3 out of green ink when we got down to looking at the
4 chart here because they have it in yellow, and I think
5 if you looked at the SME trade capacity export
6 assistance you will see that the SBA has been very,
7 very busy promoting their program. So, Mike, if you
8 ran out of ink, let us know. We'll get you some green
9 the next time.

10 But those are very, very important issues that
11 they put out there. But we like to say that with the
12 STEP program, we believe that the next round of STEP
13 funding should go beyond just awarding the money to the
14 States, but get it down into the metros and the regions
15 so they can have a situation where they can compete and
16 get the boots on the ground for the minority community.

17 Lastly, I had a meeting with -- I've had two
18 meetings with Secretary LaHood and I made some
19 recommendations to him that he agreed with. Basically,
20 we're talking about just simple changes in DOT policies
21 that will create substantial subcontracting
22 opportunities for small businesses, thus creating a
23 substantial number of jobs. So we are looking forward
24 to him implementing those procedures in the very near
25 future and we certainly believe that in our next

1 meeting we will have some substantial information to
2 report.

3 Thank you.

4 CHAIRMAN McNERNEY: I hear you are coming to
5 Chicago.

6 MR. HALE: Yes. When you want me to.

7 CHAIRMAN McNERNEY: We've been looking forward
8 to it.

9 Administrator Mills?

10 ADMINISTRATOR MILLS: Thank you very much. I
11 want to add my thanks to all of you for the passage of
12 the free trade agreements, and to Ron Kirk. You know,
13 as I travel all around the country I meet small
14 businesses. I was in Miami and I met a small business
15 who was immediately going to implement on the Colombia
16 free trade agreement, that he already exports
17 environmentally safe cleaning products to Latin
18 America. It's an Hispanic-owned business, and this is
19 just opening up another market, giving him a level
20 playing field. It is particularly true also in Korea
21 and it's true in Korea because we're going to be able
22 to have small businesses sell into the Korean
23 government procurement operations, which is actually a
24 huge opportunity.

25 John, you mentioned capital. So we are highly

1 focused on capital. As Fred said, we had a record year
2 in SBA loan guarantees, \$30 billion, the biggest year
3 ever in SBA history. Loans to exporters were up 40
4 percent. So we have made an enormous effort, both with
5 new products and with our current outreach, to educate
6 small businesses that these are demand opportunities
7 for them. This will be an ongoing effort for quite
8 some time because the potential is absolutely huge.

9 One of the things that we are doing is looking
10 at businesses and export supply chains. With Fred's
11 product, we have just introduced a product called Cap
12 Lines. It is a revision of a current product. Under
13 the President's theme of, let's not wait, let's see
14 what we can do in our current authority, let's take a
15 current product, let's take the paperwork from this
16 much down to this much, and this is an asset-based
17 loan.

18 If any of you have ever had one, you know
19 there can be a lot of paperwork. Now this is available
20 for your supply chain to take that next order that you
21 want to put down to them to either export directly to
22 your plant overseas or to give it to you so you can
23 export more effectively.

24 I want to introduce Dario Gomez, who is here.
25 He is the new head of Small Business International

1 Trade. The reason that this is so important is in the
2 Small Business Jobs Act, which was passed a year ago,
3 we were asked to elevate our trade activities and we
4 were very happy to do that and to be given the funding
5 of \$60 million for STEP grants.

6 What Dario oversees, among all of our other
7 efforts, is a new program where this year we just
8 awarded 47 States money to do what all of you have been
9 out in the small business world know is important, to
10 have a focused effort at the State level on helping
11 small businesses get the expertise, get the capital,
12 get the business opportunities to export.

13 We did it as a competition, which all of you
14 will appreciate. That really upped the stakes.
15 Actually, I am surprised. The intention was to give
16 some money to as many folks as possible, particularly
17 the small States who export. That was written in the
18 legislation. We were able to do that in 47 States and
19 three territories.

20 We are about to start a next round of these.
21 One of the great suggestions we've had is to work with
22 mayors as well as States, because sometimes the mayors
23 are driving even more of these small business-centered
24 export activities and they need to be linked,
25 leveraged, and aligned with all of the community-based

1 lending, all of the skill building that we're working
2 very hard with Secretary Solis on, in order to make
3 sure that we can optimize the opportunity set for these
4 small businesses. It is truly a place where there is
5 potential, as Gene urged us, to augment the U.S.-based
6 growth rate.

7 Finally, I just want to make one comment about
8 the veterans program. In conjunction with the military
9 and with Secretary Solis, we are working very hard on
10 veteran entrepreneurship. So not just create jobs for
11 veterans, but have veterans create businesses and those
12 businesses create jobs. Many of them come here, back
13 with overseas experience, with ideas.

14 I will say that I spent Veterans Day in a UPS
15 store with a veteran business owner of a franchise, and
16 the International Franchise Association has joined with
17 the First Lady in making it easier for veterans--in
18 fact, less costly. They pay a discounted veteran
19 franchise fee--and we stood up in one of those great
20 stores and were able to show how a veteran can start a
21 business and then hire more people, including more
22 veterans.

23 Thank you.

24 CHAIRMAN McNERNEY: Thank you very much. I
25 will be taking a tour of our first stoplight. I'm

1 trying to think whether red, yellow, or green. We're
2 still impressed with the amount of work that has to be
3 done on all of those areas. Stay focused on that --
4 regular updates.

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 **PRESENTATION AND DELIBERATION OF PEC**

2 **LETTERS OF RECOMMENDATION**

3
4 CHAIRMAN McNERNEY: Now let's turn to current
5 business. We have four letters that we are proposing
6 today. The first one deals with expanding the WTO's
7 information technology agreement, a subject near and
8 dear to our vice chair's heart.

9 Ursula?

10 MS. BURNS: Very near and dear to my heart.
11 I'll make this quick. This has been an ongoing
12 subject.

13 This letter recommends that the administration
14 work with our trading partners to negotiate an updated
15 and expanded information technology agreement. It was
16 signed originally in 1996. The ITA eliminated tariffs
17 on the majority of the information technology products
18 to most major export markets around the world.

19 Unfortunately or fortunately, technology moves
20 on and the agreement has not moved as quickly along to
21 match the technology moves. It has not been updated
22 since that time. It is one of the most successful
23 agreements that the U.S. has and we need to actually
24 update it. Industry studies indicate that an expanded
25 ITA, both expanded in type of products but also in

1 markets that it impacts, would impact over \$122 billion
2 in trade. It is big.

3 In addition to expanded product coverage, as I
4 said, we need to expand country participation as well.
5 Mexico and Brazil are the two places that we are
6 focused on and we are sure that, in my industry alone,
7 if we could balance the field a little bit we will be
8 able to increase our competitiveness and our trade in
9 those two marketplaces.

10 I appreciate the support that the
11 administration has already shown for this initiative.
12 They just had a meeting at APEC this weekend and made
13 some good progress there. In recent weeks the European
14 Union supported the idea of moving these negotiations
15 forward at the WTO separately and outside of the
16 context of this broader Doha Round that's coming up.

17 Expanding the ITA is the kind of short-term
18 and targeted initiative that we need to provide an
19 immediate and substantial boost to the U.S. exports and
20 jobs, and so ensuring open access of all of our
21 products, all types of information technology products
22 to all of the markets, is something that will drive
23 exports and jobs.

24 CHAIRMAN McNERNEY: Thank you, Ursula. Well
25 explained.

1 Any discussion or objections?

2 (No response)

3 CHAIRMAN McNERNEY: It seems like a pretty
4 straightforward one. So without objection, the letter
5 is adopted by the Council.

6 (No response)

7 CHAIRMAN McNERNEY: Second, is a letter on
8 expanding trade with the developing democracies in the
9 Middle East and North Africa. Andrew Liveris will
10 discuss it. Andrew?

11 MR. LIVERIS: Thank you, Mr. Chairman. So
12 the Middle East, North Africa, Arab Spring, and the
13 U.S. political presence and U.S. military presence, we
14 all read about. The U.S. commercial presence is
15 something that frankly we needed to pay attention to,
16 so this letter addresses that and does a very fine job.

17 I don't know whether you're aware of some of
18 the statistics, but our exports to the Middle East have
19 grown 2.5 times faster than actually our exports to the
20 rest of the world, so we are already as a country -- it
21 represents our fourth-largest export market. So for
22 all the right reasons this letter addresses why we've
23 got to ramp up our commercial engagement.

24 My own company, with a \$20 billion investment
25 in Saudi Arabia, I can tell you, the Middle Easterners

1 and North Africans -- we just led a delegation to
2 Tunisia and Egypt right after the fall of those two
3 regimes. They want American products and American
4 engagement. They are still, on a commercial basis, our
5 friends.

6 So if you look at what we've recommended here,
7 we see some tangible ways we can up the ante here and
8 help them reform their systems. Firstly, we have
9 focused in on three areas: water, alternative energy,
10 and infrastructure. The letter basically talks about
11 building domestic support for necessary reforms within
12 their systems so that we can see improvements in the
13 trade agenda, ultimately leading to free trade
14 agreements.

15 So, one, promoting national infrastructure
16 projects and helping them with our technologies,
17 opening up areas such as water supply, such as
18 infrastructure around airports and a whole lot of other
19 areas that we cover, and even green cities, helping
20 them get a jump-start on the rebuild and using the most
21 efficient American technologies to get the green
22 footprint in place.

23 Technology transfer with IP support, which of
24 course is a very big part of protecting our American
25 enterprises and intellectual property. Third, regional

1 integration efforts. Here, Mr. Secretary, you know the
2 Commerce Department is inside U.S. embassies. We've
3 had the Secretary of State here saying they are the
4 first American business engagement.

5 I know you think that way and we will get
6 around to that on another topic we'll get onto later in
7 this agenda, but harmonization of standards, removal of
8 nontariff and tariff barriers, which we see aplenty,
9 really getting them up to scratch on removal of
10 subsidies and why that's good for their population, and
11 then of course the whole market access topic. That's
12 all in this letter. I've given you as quick a summary
13 as I can as fast as I can, but that's the letter, Mr.
14 Chairman.

15 CHAIRMAN McNERNEY: It's an unusually brief
16 summary for you.

17 (Laughter)

18 MR. LIVERIS: Thank you, sir. I am so
19 conscious of your time management skills, Jim.
20 Actually, you've got me worried now.

21 (Laughter)

22 CHAIRMAN McNERNEY: Yes. I can tell I'm
23 having a real impact. Listen, this really is an
24 incredibly important topic. Does Ambassador Kirk want
25 to comment? Yes. Why don't you do that and then I'll

1 come back.

2 AMBASSADOR KIRK: I will do my best to match
3 Andrew's brevity in the sense that the letter, we
4 think, very much amplifies the direction that the
5 President -- sort of an ambition laid out for this
6 region in the speech he made back in May, just to give
7 you some comfort. I think you know we have trade
8 agreements with Bahrain, Oman, Jordan, Israel, Morocco,
9 so obviously we're focusing on the rest of the region.
10 Ambassador Sapiro has been working also very closely,
11 frankly, with our colleagues in the European Union,
12 recognizing this could be an area we could have some
13 great synergies.

14 We have some capacity constraints in the
15 region now. A lot of these governments are
16 reconstituting, trying to decide. But we just had a
17 team over recently and met with Egypt and others. We
18 are a little bit ahead of you in that we actually
19 published a notice in the *Federal Register* back in
20 September, asking the public for sort of comments on a
21 broad strategy for what we call ARMENA Trade and
22 Investment Partnership.

23 We got pretty good responses to that and we'll
24 be looking at everything from something similar to what
25 we're doing in the Trans-Pacific Partnership, looking

1 at what we can do in a regional model rather than
2 trying to go in country-by-country. But I'll be
3 honest, we're probably two or three steps away from
4 FTAs for some of these economies just because they
5 aren't ready, but there is still a lot we can do in
6 that region. I mean, your letter for the most part I
7 think tracks and is pretty parallel to the engagement
8 that we've got going on.

9 CHAIRMAN McNERNEY: Terrific. I mean, this
10 really is an incredibly important topic. These
11 fledgling democracies in that part of the world are
12 very important to engage constructively, so we'll keep
13 working with you.

14 Any other discussion?

15 (No response)

16 CHAIRMAN McNERNEY: Objection?

17 (No response)

18 CHAIRMAN McNERNEY: Without objection, the
19 letter is adopted.

20 Third, a letter on workforce readiness will be
21 explained by Pat.

22 Pat?

23 MS. WOERTZ: Thank you. I will compete for
24 brevity as well.

25 This is a topic that our pre-meetings have

1 addressed in many ways, whether we met with Secretary
2 Panetta yesterday at Senator Stabenow's reception on
3 agriculture last night, at our breakfast this morning
4 with the secretary, so it's a very important subject to
5 a lot of us.

6 I am sorry that our subcommittee chair, Bill
7 Hait, the general president for the United Association
8 of Plumbers and Pipefitters, couldn't be with us today
9 to present it. I did speak with him yesterday and he
10 sends his regards to everyone. The UAPP has worked
11 hard and conscientiously with many of us in industry to
12 address what we think are important issues.

13 The letter and details are here with actually
14 a very good appendix as well, which I'm sure you all
15 will read. I will just summarize the four important
16 areas: upgrading our basic education and expand high-
17 skills training; putting training, particularly our
18 best training, for veterans to better equip them for
19 today and tomorrow's economy; community colleges,
20 retooling them and a refocus, because it's a very
21 important resource and we think it can be a very
22 important part of workforce readiness; and then as we
23 have all seen, the area of STEM, science, technology,
24 engineering, and math skills, all needing to be
25 upgraded. I think many of my colleagues around the

1 table also wanted to comment specifically on a few of
2 these items, so that summarizes the letter.

3 CHAIRMAN McNERNEY: That's great. I think
4 just one little addition. I think Mary wanted to
5 comment, so I wanted to turn to her in just a second.
6 In our discussion with Secretary Panetta yesterday a
7 lot of companies are approaching this in different
8 ways. Boeing is approaching it one way, Mary is
9 approaching it with some very innovative stuff. Best
10 practices look around -- just around the PEC and it
11 might supplement some of the stuff, so we'll keep
12 pushing on that.

13 MS. WOERTZ: Okay.

14 CHAIRMAN McNERNEY: Mary, did you want to say
15 something?

16 MS. VERMEER ANDRINGA: Yes. Thank you very
17 much. This issue is near and dear to my heart. I'm a
18 former teacher and education has always been very
19 important to me. And because right now in our industry
20 we are having growth and have opportunities to hire
21 people, we are finding that it's one of our biggest
22 challenges, is being able to find the skilled
23 workforce. So I would just like to comment on two of
24 the recommendations in particular. One, is the
25 importance that we need to continually keep in front of

1 everyone of the high school education and graduation.
2 One of the things that we've done, and I've mentioned
3 this to a few people, that I think we all have to be
4 thinking futuristically.

5 We do an internship for teachers in the summer
6 for high school, and we're looking at even putting it
7 down to junior high teachers of a 70-mile radius of our
8 major manufacturing plants. We are trying to encourage
9 teachers with a paid internship, and they can also
10 receive credit for that three weeks, to come in and
11 understand, what are the kinds of jobs that we have in
12 our companies.

13 What's interesting is, after they spend three
14 weeks--and one week is on a Kizan--so they're on a
15 lean, continuous improvement event and they're
16 of course fantastic contributors to those sorts of
17 events--almost every time, and we've done this for five
18 years, I hear them say, well, this is very interesting.
19 I never realized there were so many good jobs in
20 manufacturing. In fact, many of them say, I thought
21 manufacturing was leaving this country, which is one of
22 those myths we have to continually dispel.

23 So I think it's just, again, an example that
24 we as the private sector need to collaborate
25 continually with our schools, because next to parents

1 teachers have a huge influence on young people. So to
2 have them understand the importance of the kinds of
3 jobs we have in our communities, and also the skills
4 that people need, whether it's the basic math skills,
5 definitely communication, being able to work on a team,
6 all those sorts of things, as well as the soft skills
7 of showing up every day and finishing jobs.

8 Then I would also like to just mention that on
9 the readiness programs and working collaboratively with
10 community colleges, recommendation four, this is a
11 really huge one. Again, it may be, as to your point
12 about the best practices and people doing different
13 things, there are a lot of different groups doing some
14 fantastic things to skill up the workforce. The NAM
15 has been involved in something called Workforce Skills
16 Certification.

17 Actually, the President endorsed it last
18 summer at a meeting at Northern Virginia Community
19 College. It really is working with community colleges
20 and companies and various other organizations to have
21 skills certification for 500,000 employees in the next
22 five years--I think that is actually a low number--to
23 be able to go and work very successfully in
24 manufacturing jobs.

25 So for us, I know right now we have trained

1 over 80 welders this year and we are working with the
2 community colleges and the American Welding Association
3 to continue to improve our training programs and the
4 skills certification. So I just believe that there is
5 a lot of opportunity for people in our country, and
6 military included, although many military people come
7 with fantastic skills to start with and it's just
8 getting the right match.

9 What is very frustrating I think for most of
10 us, is we see the 9 percent unemployment rate and we're
11 looking for people. It's that dilemma of fitting.
12 Maybe we're not in the right places, we're in different
13 locales, but also just matching the people up and
14 willing to do the training, doing the training to get
15 people to have great jobs, because there are good jobs
16 available in this country, we've just got to get the
17 match. I think we can do that, and when we do we'll
18 just all be stronger.

19 Thank you.

20 CHAIRMAN McNERNEY: Thanks, Mary. Terrific.

21 Ursula, did you have a comment on STEM?

22 MS. BURNS: This is, as most of you know, my
23 passion, so much so that I serve on the board of an
24 organization started at the behest of the President
25 called Change the Equation. It's all about improving

1 education in science, technology, engineering, and math
2 at the high school and earlier levels. I agree with
3 you, Mary, this is kind of a frustrating place to be
4 where many of us need employees but can't really always
5 find them. And you're right, some of it is location
6 based, but a lot of it is skill based. This is an area
7 that all of us around the table are engaged in in
8 different ways.

9 Every CEO around this table is engaged somehow
10 or the other to either change the equation, or in an
11 organization like it. It's going to take a little bit
12 of time, but we have to keep focused on and keep
13 diligent about. This idea of engaging two-year
14 colleges, community colleges, is very, very important.
15 It's a resource that we lost sight of that can help us
16 add value, and Change the Equation has just gotten
17 engaged with community colleges as well to make sure
18 that we can actually bridge this gap that we have. So,
19 I agree totally.

20 CHAIRMAN McNERNEY: Thank you, Ursula.

21 Gene, did you want to weigh in?

22 MR. HALE: Just briefly on the second
23 challenge here that we have, you're absolutely right,
24 the community college is where a lot of this should
25 start. Basically when we talk about bolstering the

1 STEM skills education and training, I think the
2 community colleges are the ones that are uniquely
3 suited to facilitate those sorts of dialogues and
4 convene the local educational partners, employers, and
5 labor organizations to identify the skill sets needed
6 to prepare locally for the 21st century.

7 The recommendation to boost this workforce
8 readiness program at community colleges should
9 utilize what we believe are the following: NAM endorse
10 manufacturing skills certification system; the second
11 is the fast-tracking of the Right Skills Now initiative
12 that will target specific skill gaps and provide
13 accelerated training to directly fill these gaps; and
14 third, is the public/private partnerships to create
15 degree programs which are essential to support economic
16 development efforts. We believe that this should be a
17 high priority for the administration and these
18 different departments.

19 CHAIRMAN McNERNEY: Thank you, Gene.

20 Did you have a comment, Stephanie? Did you
21 want to say something?

22 MS. BURRIS: Yes. I think much of what I was
23 going to say has already been covered, so I'll just be
24 brief in first of all congratulating Pat and the team
25 on what I think is one of the strongest letters on

1 workforce readiness that I've seen. Just to reinforce
2 the engagement that I believe corporations can have
3 with junior colleges and local community colleges in
4 skill building, including the donation of state-of-the-
5 art equipment that vocational training can take place
6 on. I think this is a big opportunity for us. We're
7 seeing, as I said yesterday at Secretary Panetta's
8 discussion, we are able to marry that with a local
9 veterans retraining program to get that into that
10 vocational training setting. So, I just congratulate
11 the team on this letter with strong, strong support.

12 CHAIRMAN McNERNEY: Thank you, Stephanie.
13 Your support is important, too.

14 Andrew, did you want to say something?

15 MR. LIVERIS: It's been said.

16 CHAIRMAN McNERNEY: Okay.

17 Yes, Madam Secretary?

18 SECRETARY SOLIS: I just want to say that I'm
19 really impressed with the letter and concur with so
20 much of what has been said already, and look forward to
21 continuing to find out how we can better improve our
22 systems to make sure that everyone does get a
23 credential, because in many cases a dislocated worker
24 that Gene Sperling spoke about earlier -- we have a lot
25 of folks out there that just may have only completed a

1 secondary education. They have been committed, working
2 in manufacturing for 20 years, yet they don't have a
3 qualified credential that can give them that entre into
4 a business.

5 So we're looking at other tools that are out
6 there right now and are hopeful that we can get
7 something on the ground. But overall I concur with
8 much of what you're doing. We're doing many things now
9 at the Department of Labor, working with community
10 colleges and the manufacturers, and really want to
11 improve upon those relationships, including
12 apprenticeship programs.

13 As you know, many of those that have
14 functioned very well are public/private partnerships.
15 They are fully run by, I would say, mostly management
16 and they are terrific models to be able to facilitate
17 and get our veterans and dislocated workers back into
18 the system with highly qualified credentials. So I
19 just want to echo everything that's been said and
20 really congratulate the team on your effort. Thank
21 you.

22 CHAIRMAN McNERNEY: Thank you. And your
23 support is really important. Appreciate that.

24 John, did you want to say something?

25 SECRETARY BRYSON: Yes. Super fast, Jim. I

1 love the fact that virtually everybody here wants to
2 say something about this most important subject. And
3 yes, we have done a lot, but somehow we have a heck of
4 a lot of people that are not finding jobs. There are
5 multiple reasons for that, but some of it is the fit,
6 some of it is the preparedness, all those things. I
7 want to touch on two things.

8 One, is by chance at a younger age I lived in
9 Germany for a time. The culture with respect to
10 vocational training there is just so fundamentally
11 different, and they've been enormously successful as a
12 consequence because there there is not a sense that
13 somehow if you don't do a full university program you
14 don't feel a little out of it. In fact, you take
15 pride, and your family takes pride, and substantial,
16 equal pride to the traditional university education. I
17 think there is a lot to learn there, and that is much
18 observed.

19 The second thing that I want to pick up on,
20 and Jim, I thought your point about this group looking
21 at best practices is a really good idea. I want to
22 raise one. This is more in the form of a question. So
23 I've recruited a friend, just a wonderful friend of
24 mine, a guy that I had gone to college with and so on
25 who's been in the manufacturing field for the last 40

1 years in various ways. He's been very successful. I
2 won't go through all that.

3 But he decided he feels so strongly about
4 this, that about a decade ago, a little more than that,
5 he decided he was going to create his own vocational
6 education program for the fields. These are small- and
7 medium-sized manufacturers. That's been his field. He
8 did it for nine years and he had the financial capacity
9 to say, well, I'm just going to take it on.

10 But what he ran into by way of State and local
11 taxation, State and local permitting, just
12 unbelievable. So when he tells this story you say to
13 yourself, companies wonderfully are doing the training,
14 community colleges are doing the training, but I wonder
15 how targeted that is and how precisely that fits where
16 the jobs are.

17 So in the best practices I'd love to see this
18 group begin to attack and get at some of these possibly
19 regulatory issues--I don't know what they are--taxation
20 issues, because there are some things that aren't
21 happening here.

22 CHAIRMAN McNERNEY: Okay. We'll take that on
23 as a challenge. Appreciate your comments, John.

24 Are there any other comments?

25 (No response)

1 CHAIRMAN McNERNEY: Okay. Without objection,
2 we shall adopt the letter.

3 (No response)

4 CHAIRMAN McNERNEY: The last, but certainly
5 not least, Raul could not be here with us today. He
6 had a medical issue. So let me attempt to summarize
7 the letter from PECSEA. This is the fourth letter. It
8 urges the administration to continue and complete its
9 review of the two export control regimes, some of which
10 we have already talked about, move to a single IT
11 system, which I think is probably the most important
12 part of the whole recommendation, conduct outreach, and
13 consider a trusted exporter program which is detailed
14 in the letter.

15 Implementing these ideas will make our system
16 effective, efficient, and easier for companies to
17 understand and comply with while importantly protecting
18 national security, which I always thought this
19 recommendation originally coming out of the Defense
20 Department was just a point of reassurance for all of
21 us as we march through this particular initiative.

22 So John, do you have any comments on this one?

23 SECRETARY BRYSON: Yes, just quickly.

24 CHAIRMAN McNERNEY: It's a relatively big deal
25 for the business community, as you know.

1 SECRETARY BRYSON: Yes. Not on that, though.
2 I think it's important. But on this, how do we move
3 more of the products that we have in our country into a
4 category in which we can make them export products? So
5 that is part of the Department of Commerce's
6 responsibility on these so-called dual-use products,
7 products that have some military and security
8 applications, but right now have been much too much
9 lodged together with counterparts of those products
10 that are entirely commercial products that we ought to
11 make available to exporters and sell to the rest of the
12 world.

13 So, I just wanted to report on that. The
14 administration is working on this on a category-by-
15 category basis. There are proposed revisions to what
16 is called the U.S. Munitions List and the Commerce
17 Control List, and the effect of that will transfer tens
18 of thousands of truly small, insignificant military
19 parts for their commercial applications around the
20 world.

21 CHAIRMAN McNERNEY: Terrific.

22 Any other comments on this particular one?
23 Mike?

24 MR. FROMAN: Yes. Just to add to that, as
25 the Secretary said, we are going category-by-category.

1 It's painstaking work and we appreciate the input that
2 the private sector has had. We have our newly-
3 confirmed Under Secretary, Eric Hirschhorn, here who is
4 running a good part of this effort.

5 But I will give you two examples. We did a
6 category that was about vehicles that had 12,000 items
7 on it on the U.S. Munitions List. We moved 11,000 over
8 to the Commerce Control List, which will make it more
9 susceptible to more flexible licensing rules. Some of
10 those things will now be able to be exported without a
11 license altogether around the world.

12 And just recently, I guess last Monday, we
13 published the category that had to do with aerospace,
14 which might be of interest to some in the room, where
15 100,000 items were moved off of the U.S. Munitions List
16 to the CCL and will now be eligible for export. Our
17 gating issue here, the next obstacle we have, is that
18 by tradition we notify Congress when we move an item
19 from one list to the other.

20 I am glad Congressman Reichert is here. In
21 the past it has taken an average of over 200 days to
22 move a single item. We are in the process of moving
23 hundreds of thousands of items from one list to the
24 other, and we need to come up with a new process with
25 Congress so that each item doesn't take 200 days to

1 move.

2 But our hope is that by the end of this year
3 we're through about half of the licensing items, and we
4 will finish the rest of it next year. You'll see, I
5 think, a fundamentally different export control system,
6 as you said, consistent with our national security
7 needs but which will also help our exports.

8 CHAIRMAN McNERNEY: Thank you, Mike. A big
9 deal.

10 Any other comments?

11 (No response)

12 CHAIRMAN McNERNEY: Okay. So if there is no
13 more discussion, without objection we will adopt that
14 letter.

15 (No response)

16 CHAIRMAN McNERNEY: Mike, while you're geared
17 up, maybe we could put all three subjects of yours
18 together, maybe a quick report on G-20, APEC, as well
19 as in your role as the Chief Economic Advisor of the
20 President -- the National Security Council, I'm sorry.
21 We really appreciate the opportunity to hear directly
22 from you about the follow-up efforts that have been
23 taken since our Blair House meeting that many of us in
24 the room were a part of.

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXPORT STRATEGY DISCUSSION

MR. FROMAN: Well, let me start with that and thank everyone around the room, and particularly Andy Liveris and his team and the subcommittee for the work on this. As you'll recall, we launched an effort there to first identify our priority markets around the world, both countries and sectors, and then the specific obstacles to U.S. exports in each of those areas and the major policy initiative that could be pursued to remove those obstacles.

We did it consciously very much in a public/private partnership. We came up with our draft ideas about this. We shared it with the subcommittee. We got a lot of very good input, and from companies in each of the relevant sectors and companies that operate in many of the target countries.

I think we now have sort of a blueprint for how to go at these obstacles from our perspective and from the private sector's perspectives in a meaningful way, and that will help inform our policy processes here. We've done about a dozen countries and a dozen major sectors. It probably covers about 80 percent of our targeted trade.

We will continue to update this and look

1 forward to your continued input, but this should feed
2 into, when the President goes to Brazil and we pull out
3 the Brazil page and say, here are the three major
4 obstacles that we've identified that could really
5 increase U.S. exports, have that capability to know
6 that we're standing with the private sector and
7 ensuring that we're focusing on the right thing. So,
8 again, thank you to the subcommittee and the staff for
9 all the work they put into it.

10 CHAIRMAN McNERNEY: Andrew, do you want to
11 weigh in here?

12 MR. LIVERIS: Yes, I'd love to. Maybe not as
13 briefly as last time, Jim. But I do think I want to --

14 CHAIRMAN McNERNEY: You've done an enormous
15 amount of work on this.

16 MR. LIVERIS: We all collectively want to bow
17 back to the administration. I think Gene Sperling said
18 it very well earlier, and Secretary Daley, and now from
19 Mike and the USTR as well, Mr. Kirk. We are working as
20 a public/private partnership in this forum, like I
21 think aspirationally we should all want to work, and
22 trade is in everyone's best interest and trade
23 strategies are now taking hold.

24 Not only have we got the declaration of
25 success on the three that were signed, but now with the

1 great work that's being done by this collective body,
2 of course with the administration representing us in
3 key forums, we're starting to see country-based,
4 sector-based trade strategies now as really one-page
5 strategies that can be now used by all of us
6 collectively in the business world to help our
7 employees understand why trade is good for them and why
8 it means jobs. That's something that I know many of us
9 take to heart. But certainly putting all that together
10 so that we can really look as a country to export the
11 best trade systems in the world, values and standards.

12 So there are three or four things, thematics
13 that we are all working on, and I'll try and go through
14 them relatively quickly, but I think these are very
15 important. There are others in the room who are going
16 to pile on, Jim, if you don't mind.

17 So, theme number 1: repurpose trade policy to
18 target emerging export markets and really create U.S.
19 jobs by so doing. I talked about the Middle East and
20 North Africa, but Asia. I mean, everywhere in the
21 world this is a massive opportunity for the United
22 States. The three aspects of that that matter, I've
23 mentioned them in the MENA conversation, are
24 nontariff/tariff barriers.

25 Jim, you and I and others know about China's

1 indigenous innovation. We know, and Secretary Bryson,
2 you've already made reference to your two interactions
3 with the Chinese already as an example of where they
4 are in terms of this script and their hymn sheet, and
5 we have to be appropriate, obviously professional, we
6 have to be statesmanlike, but at the same time we can't
7 allow cheating. So, we need to say it very
8 aggressively. I think this is a very important
9 statement.

10 So government procurement, especially in the
11 emerging sectors, and how we absolutely totally don't
12 allow this, you have to make it here and invent it here
13 local -- you know, we can't go the other way and say,
14 make it in America means buy American, so we don't do
15 that. But at the same time, other countries do. So we
16 have to work on that in our strategies.

17 Trade policies, the FTAs--I think USTR has
18 already talked about that--and standards. There is no
19 question we have the best standards in the world in
20 terms of how we protect our workers, how we go ahead
21 and sell our products. The feedback back from our
22 products back into our system, making sure we
23 absolutely totally comply with environmental health and
24 safety standards, these are all necessary things that
25 we include in trade policy to help everyone, a rising

1 tide lifts all boats. So that whole thematic about
2 repurposing trade policy around those three sub-points
3 is very key.

4 The second theme I mentioned already as well,
5 but just to reinforce, and that is our embassies and
6 U.S. commercial diplomacy. I'm so excited, Secretary
7 Bryson, with what you have already said about the
8 deployments around the world--the Secretary of State
9 has referenced them in these meetings--are so key that
10 we have a partnership approach with American business,
11 small, medium and large, so that the many thousands of
12 American businesses that do not export to more than one
13 country, that I heard earlier today, do in fact get the
14 second country and the third country, and our embassies
15 play a very active role. So there's a whole thematic
16 around that.

17 Export financing. Chairman Hochberg's great
18 work, and Administrator Mills's, and all the things
19 we're doing on the financing side to facilitate what is
20 the blood of trade, the lifeblood of trade, which is
21 finances. That's the third thematic.

22 The fourth, which is maybe the most important
23 of them all, and that is connecting domestic policy,
24 job creation, and exports emphatically in everything we
25 say and do and that American competitiveness and

1 development in America, economic development, ties in
2 directly to job creation in America and it relates to
3 exports.

4 I think those are the four thematics. That
5 lays out a pretty ambitious set of agendas that we will
6 keep working on in this subcommittee, in this
7 conversation. Mike Froman and others are working very
8 much with us in the subcommittee and we're very excited
9 about that, but I've got some others who want to make
10 some comments.

11 So, Mr. Chairman, do you want me to direct or
12 would you --

13 CHAIRMAN McNERNEY: Sure. Why don't you
14 direct it?

15 MR. LIVERIS: So, Alan, I think you are
16 first.

17 MR. MULLALY: Thank you, Andrew. I would
18 just like to point out one thing in a little bit more
19 detail that Andrew has talked about. Ford, as you
20 know, is expanding everywhere around the world. They
21 love the Ford brand. They love it. It's associated
22 with the United States' ingenuity and technology.

23 In all my years I have never seen such working
24 together between Commerce and Treasury, the State
25 Department, and especially the USTR. On working the

1 common issues, the intersections are allowing us to do
2 this. It's almost like the all-time public/private
3 partnership in each of these countries.

4 Just giving you one example that Ambassador
5 Kirk and I have talked about frequently over the last
6 few years on the free trade agreements, not a TPP.
7 Just the awareness of the nontariff barriers,
8 especially starting with currency discipline just for
9 an example, that there's one that crosses three or four
10 different departments.

11 The fact that we are working it together now
12 and figuring out different ways to get solutions to
13 these is absolutely letting us accelerate our
14 expansion. So I just wanted to share with you that
15 your stated goal of working together on integrated
16 policies and doing it right there in every country
17 around the world is really paying off, and I'd just
18 encourage you to keep doing that.

19 CHAIRMAN McNERNEY: Terrific, Al.

20 MR. LIVERIS: I think Stephanie wants to add
21 something, too. Thanks.

22 CHAIRMAN McNERNEY: Great.

23 MS. BURRIS: Yes. Thank you, Andrew.

24 I know one component of looking at some of the
25 market opportunities through this program is renewable

1 energy and energy efficiency, and I strongly applaud
2 that. I think there are some great recommendations in
3 terms of how we can position ourselves better to
4 compete in terms of exporting, whether that be
5 standards, whether that be encouraging the renewable
6 energy, top prospects, and things like that.

7 But the biggest thing we can do for renewable
8 energy is to create the industrial manufacturing base
9 for that here in the United States, and this gets at
10 Andrew's point in terms of the internal and external
11 marriage coming together. That is a big, big deal.

12 We need an over-arching energy policy. We
13 need a look at standards, codes, and permitting, and we
14 need to create the domestic demand for this renewable
15 energy and energy efficiency that allows us to grow our
16 manufacturing capabilities so we actually have
17 something to export globally. So these two have to be
18 brought together, otherwise we are trying to push a wet
19 noodle up a hill because we're not going to have
20 anything to export. That is the big challenge that I
21 see in renewables.

22 MR. LIVERIS: Jim, do you and Ursula maybe
23 want to add anything to this?

24 CHAIRMAN McNERNEY: No. Ursula, you good?

25 MS. BURNS: Yes.

1 CHAIRMAN McNERNEY: Okay. Thank you very
2 much, Andrew. Thank you very much, Mike.

3 Mike, do you have a quick comment on G-20 and
4 APEC that you can report to the group?

5 MR. FROMAN: Sure. Just on G-20, I think it
6 was an important meeting. Obviously the focus was on
7 the Euro-Zone crisis, but there was other work that got
8 done there. Through the finance channel, we, I think,
9 got countries to agree to a growth-in-jobs strategy,
10 with countries agreeing to specific items that they
11 would take on to spur growth in the short run,
12 including China agreeing to be determined to have more
13 flexibility in the exchange rate. So these are these
14 incremental processes that we undergo here.

15 With regard to Doha, which I know has been a
16 concern to this group, I think for the first time in
17 the G-20 there was a recognition that we were not going
18 to achieve an agreement in Doha on the current path we
19 were on, and direction to the trade ministers to pursue
20 creative, new approaches both to pursue the issues of
21 Doha, but also new challenges and opportunities on the
22 trading regime. I think we'll see that at the
23 ministerial that Ambassador Kirk will go to in December
24 to begin that process.

25 On APEC, which occurred just this last

1 weekend, I'd say two things. First, there's a lot of
2 good work that gets done throughout the year among the
3 APEC economies. For example, they committed a couple
4 of years ago to reduce transaction costs of trade in
5 the region by 10 percent, and they benchmarked
6 themselves and believe that they've achieved 5 percent,
7 that they're half-way there. Similarly, they have an
8 ease-of-doing-business goal of increasing ease of doing
9 business by 25 percent. Again, they're making progress
10 on that.

11 At the leaders' meeting itself there were some
12 important agreements reached in various areas. One was
13 about innovation and basically the APEC economy signed
14 on to a series of innovation principles which
15 underscore the importance of market-driven innovation
16 as opposed to indigenous innovation.

17 There was agreement to reduce tariffs to below
18 5 percent on a series of environmental goods and
19 services, which is something we've been trying to get
20 done in Doha and was unable to, and so we tried to
21 pursue it in APEC. And there was agreement to pursue
22 better regulatory policy, including having centralized
23 regulation, open comment by the public, cost/benefit
24 analysis. It's a series of process improvements that
25 we'll now follow up on there.

1 I will just mention one last thing, because
2 you mentioned business visas. Congress passed, I
3 believe by unanimous consent, last week the APEC
4 Business Travel Card bill and the President signed it
5 there. That will allow Americans who are part of the
6 Global Entry program to now get an APEC card, as many
7 of our APEC partners do around the world, and be able
8 to go through the diplomat and expedited line in
9 airports all over Asia. So it will save you all
10 countless hours.

11 It is part of a larger travel initiative of
12 looking at cargo and pre-clearance and passenger
13 information, as well as best practices among airports.
14 So APEC does a lot which is good nuts-and-bolts work
15 about improving the flow of people and trade across the
16 region, and this was a good meeting for that.

17 CHAIRMAN McNERNEY: It was a small step with a
18 big impact. I mean, that was really key.

19
20
21
22
23
24
25

1 So, thanks to you all.

2 I say that because the energy, the lift from
3 that was noticeable, was tangible in our discussions in
4 APEC in validating what some people -- and I wouldn't
5 say a shift, but our expression of our aspirations
6 throughout the Asia Pacific. It was just invaluable to
7 our discussions on that and TPP and everything else.

8 It sort of put to bed this notion somehow to
9 the United States was ambivalent about trade and didn't
10 have the political will to make some of these tough
11 decisions. So the fact that we did it, the fact that
12 we got them all passed with record amounts--and I
13 appreciate Congressman Reichert. He was working his
14 rear end off on all of these.

15 (Laughter)

16 AMBASSADOR KIRK: He really, really helped us
17 to get that. But I'll take -- maybe I'll work from the
18 back, since Mike took care of APEC. We have gotten to
19 a point that the working part of the report in Geneva
20 on Russia was adopted next week, which means that it is
21 almost a certainty that Russia will be invited to join
22 the WTO at our December ministerial. Thanks to
23 Ambassador Sapiro, the United States was largely
24 responsible for that because of the work we did in the
25 year following President Medvedev's visit last year,

1 that we really worked hard to resolve our issues.

2 Now, our challenge, and at the risk of
3 validating some people's opinion that we have become a
4 part of the marketing sales arm of Boeing, but Jim did
5 give us our real-world challenge, that now, in a very
6 compressed congressional calendar, we are going to have
7 to deal with this issue of revoking Jackson-Vanik so we
8 can extend permanent normal trade relations to Russia,
9 otherwise we're in a unique position where almost
10 everybody in Geneva gives us credit for sort of pushing
11 this over the hill, and we don't revoke Jackson-Vanik,
12 then we have to invoke something called non-
13 application, which means we don't get the benefit,
14 which would be horrible.

15 Now, we'll have a little bit of time once
16 Russia is voted in procedurally. There, Duma has to do
17 some things to implement the legislation. But I would
18 not want to play the lottery with how quickly Russia
19 might do that versus not just Jim, but a number of our
20 businesses being in the position you heard where the
21 rest of the world is getting the economic benefit from
22 that, but we don't. So, one, we're going to really
23 need you all's help in getting the Congress, that may
24 have a little bit of trade fatigue and is certainly not
25 ready to go through this experience on Russia.

1 One important message you can help us get,
2 because what we hear from a lot of members is that,
3 listen, Kirk, you all told us the same thing when we
4 let China in and look what happened to us. But in all
5 of our discussions here what you've heard is some
6 reference, and Alan made a wonderful reference to it,
7 is that we've learned from our experiences on China and
8 other agreements and that's what we're trying to
9 incorporate in everything, in TPP, in APEC, and
10 certainly with respect to Russia.

11 One of the important changes we made, was
12 China had very long periods of time to implement many
13 of its commitments. In the case of Russia, we have
14 required them to do probably 80, 90 percent of them up
15 front. So if we can just help people to understand
16 this is a different world, we did learn from China, but
17 this is also an extraordinary opportunity for us to
18 bring the largest economy not in the rules-based
19 trading system into it, and then we have the added
20 benefit, following up on Andrew's point, of now at
21 least we have a way to hold Russia accountable, where
22 right now we just sit around and sort of complain about
23 their behavior.

24 Mike referenced a little bit the discussion
25 about Doha that grew out of the G-20 meeting in Cannes.

1 There has been a moment of clarity in Geneva, even
2 though it took a lot of our partners a while to get
3 there. It just doesn't make sense to keep trying to
4 force ourselves down a road that has not taken us where
5 we want to go. So, we will be seeking in the coming
6 months to look at all other strategies that help us
7 advance liberalization.

8 One of the main points that the United States
9 has pressed is that we have to move away from linking
10 the value of the WTO singularly to whether or not Doha
11 passes, because in a world in which there's been an
12 explosion of multilateral and bilateral trade
13 agreements, the policing enforcement effort of the
14 World Trade Organization becomes that much more
15 important.

16 Again, that is borne out in the comments of
17 many of you about the nontariff barriers and others,
18 and so there is plenty of valuable work to be done.
19 One of the elements that came out of APEC again,
20 because of the strong urging of this body, is the
21 leaders embracing the notion of looking more
22 aggressively at what we can use/do to expand/modify --
23 ITA, for example, is an area that we can move forward.
24 So you'll see a lot of the work and a lot of the
25 thoughts that have been socialized here in the PEC

1 beginning to be reflected in our work there.

2 Finally, I would say--and not to be too
3 parochial--I think the biggest success story coming out
4 of the APEC summit was the movement of our leaders,
5 embracing/acknowledging the broad outlines of our
6 agreement on the Trans-Pacific Partnership. They also
7 set a work plan as far as going forward.

8 But again, whether it was our passing Korea
9 and others or this moment of clarity in Doha, we've
10 entered a world now where other economies within the
11 region realize, okay, first of all, these guys are
12 serious about this. This is for real. We've gone from
13 some people thinking, well, maybe this will be the only
14 game in town, to some people thinking, now, this is
15 going to be the best game in town.

16 So you saw public expressions of Japan,
17 Mexico, and Canada, that they want to begin a press
18 process about thinking about how they might join.
19 Those of us who are already members have welcomed that,
20 but we've also made it plain, if you're going to join
21 this is going to be a merge into the stream we're
22 going. We are not going to slow down this process. We
23 are not going to lower our ambition. We welcome the
24 interest of all of these economies, but understand
25 you're going to have to seek that same level of

1 ambition.

2 The most interesting thing, and I won't name
3 them, is we are now beginning to get offers from non-
4 APEC countries about joining APEC. Well, if you knew
5 who some of them were you might not be so pleased,
6 which is why I won't name them.

7 (Laughter)

8 AMBASSADOR KIRK: But the good news is, this
9 is a great opportunity for us. Going back again to
10 your points about standards, we can set the level of
11 ambition. It validates our decision to get in when we
12 did. You all, as business men and women, understand
13 the value of being first to market, and that is why,
14 when we got in and made the decision a year ago that
15 President Obama announced in Singapore, we saw the real
16 value of the United States helping to set the bar
17 really high and elevate standards, protection of
18 intellectual property rights, incorporation of SMEs,
19 many of the ideas that you've talked about. So I've
20 told everybody there are no "Gone Fishing" signs at
21 USTR. We've got plenty to do.

22 The other thing, while I have the floor, we
23 left APEC and Secretary Bryson and I will be leaving in
24 the morning for China for the next session of our Joint
25 Commission on Commerce and Trade, addressing all issues

1 you all have raised. You've seen in the public
2 comments, and I will only reflect those, but President
3 Obama was as forthright publicly and otherwise that he
4 could be that we welcome this partnership with China,
5 but China has got to play by the rules. We are never
6 going to yield on insisting that our businesses have
7 non-discriminatory access to their markets as we have
8 given them ours. But, I mean, on the plus side, China
9 is now our number-one agricultural market.

10 On our broader goal of the President's Export
11 Initiative, we are well on that pace. We are on pace
12 to reach a record level. Exports are up almost 30
13 percent this year. Agricultural exports may reach \$138
14 billion. What is happening in the commodity world, you
15 can see the promise there. So, lots of things going,
16 lots to do, but the work that we do here at PEC, the
17 ideas you all present to us, really do help inform our
18 work. I hope you're beginning to see the results of
19 that and believe this isn't just where you come make a
20 report we ignore. It really is making a big difference
21 in our policy.

22 CHAIRMAN McNERNEY: Congratulations on that.

23 (Applause)

24 AMBASSADOR KIRK: Thank you all.

25 CHAIRMAN McNERNEY: You're on a roll. You're

1 on a roll. We want to bask in the reflective glory.

2 (Laughter)

3 CHAIRMAN McNERNEY: Good stuff.

4 Hey, listen. You know, one of the things that
5 you always end with in these discussions on trade
6 agreements is the necessity, the requirement, and the
7 responsibility to communicate to the American people
8 because it's still a tough communications job. There's
9 still miscommunication. John, I know you wanted to
10 have a thought or two on that one.

11 SECRETARY BRYSON: I could say some things
12 about export strategies, but what I really want to do
13 is --

14 CHAIRMAN McNERNEY: I didn't mean to cut you
15 off. You wanted to say something else?

16 SECRETARY BRYSON: One thing. That is, the
17 trade strategy -- listen, what was done, in my
18 judgment, in Hawaii with the extraordinary work of Ron,
19 Mike, and others and the President, and I was simply --
20 it was an honor for me to be part of this consistently.
21 But I think it's extraordinary. Extraordinary. It's a
22 foundation for the future that, to me, is compelling.

23 As Ron, or I should say Ambassador Kirk said,
24 there now is a momentum. There really is a force to
25 this that is stunning. So it's not to say there's not

1 a lot of tough steps ahead, there are a lot of tough
2 steps ahead. But the kind of foundation that has been
3 laid here is really, really powerful.

4 Jim, is this the right time for me to pick up
5 just a little more on exports or should we --

6 CHAIRMAN McNERNEY: Sure. Why don't you do
7 it.

8 AMBASSADOR KIRK: Jim, can I say one more
9 thing?

10 CHAIRMAN McNERNEY: Yes.

11 AMBASSADOR KIRK: I was trying to maintain
12 the Liveris standard of brevity, but as proud as I am
13 that we passed them, I do want to remind you -- I mean,
14 the good thing is, we've never passed three trade
15 agreements before. The challenge means we've never
16 implemented three trade agreements at one time. So
17 just to be sure, we've got an extraordinary amount of
18 work to be done.

19 But again, our team is already engaged. We're
20 working with Korea to make sure they get theirs passed.

21 You keep hearing Miriam Shapiro's name, but folks, she
22 has done an incredible amount of work this year. She
23 was the lead on our Russia accession. She handled the
24 Brazil cotton negotiation. She handled the signing of
25 our ACTE, which is our new Anti-Counterfeiting Trade

1 Enforcement, and then she also led our team on Panama
2 and Colombia. So she just came back from --

3 CHAIRMAN McNERNEY: You gave her all the easy
4 ones, huh?

5 (Laughter)

6 AMBASSADOR KIRK: Yes. South America. I
7 still like to say I'm very good at delegating. My
8 bride says I'm lazy. But either way, I get to the same
9 place. But we've got a lot of work to do on
10 implementing, but we've already met with all three of
11 our partners because to get the benefits of these, we
12 obviously need these agreements in place. So we're
13 running on a really fast pace to do those at the same
14 time we're trying to move forward with TPP and
15 everything else we discussed.

16 CHAIRMAN McNERNEY: Well, thanks for your
17 leadership. Thanks very much.

18 John, did you have a comment on export policy
19 that you wanted to make?

20 SECRETARY BRYSON: Yes, just one.

21 CHAIRMAN McNERNEY: Sure.

22 SECRETARY BRYSON: Only one thing.

23 CHAIRMAN McNERNEY: Yes.

24 SECRETARY BRYSON: That is, I want to turn
25 this over to Under Secretary Francisco Sanchez of the

1 International Trade Administration. He's done this.
2 He's done it for a long time. He does it with
3 unimaginable energy, moving around all the world all
4 the time. I can say something, but it would be a lot
5 better if he said it.

6 UNDER SECRETARY SANCHEZ: Thank you very much,
7 Mr. Secretary. Just to say that the International
8 Trade Administration was very pleased to provide the
9 staffing for this market sector analysis. We have
10 taken your recommendations to heart. The next step for
11 the International Trade Administration is to have very
12 specific action plans as we do our work on nontariff
13 trade barriers and export promotion. I look forward
14 to, at the next PEC meeting, giving you reports on how
15 we're doing on these action plans.

16 Just very briefly, if I may, Mr. Secretary, on
17 Export.gov, thank you for your comments. But let me
18 just say, you haven't seen anything yet! We did the
19 benchmarking that Scott mentioned. We shamelessly
20 borrowed from Australia and a few other places, and by
21 mid-year of 2012, Export.gov will be best in class not
22 just in the country, but best in class export promotion
23 website in the world. We look forward to presenting
24 that to the PEC at the next meeting.

25 Thank you, Mr. Chairman. Mr. Secretary, thank

1 you.

2 CHAIRMAN McNERNEY: Terrific.

3 I think Secretary LaHood will be here in just
4 a minute. Maybe I can cover some administrative
5 details. Or Scott, did you want to say something?

6 MR. DAVIS: I just wanted to make one comment
7 on the topic.

8 CHAIRMAN McNERNEY: Sure.

9 MR. DAVIS: I think Andrew brought up the
10 fact that we're going to have to really monitor the job
11 creation. Alan and I and others were at the State
12 dinner when President Lee was here. He actually
13 challenged the people who voted no on the trade
14 agreements, that we're going to create a lot of jobs.
15 We'll show you we'll create a lot of jobs. I think
16 it's incumbent on all of us to track that.

17 At UPS, we went back and monitored the last
18 several trade agreements and we've averaged a 28
19 percent increase in volume to those countries versus an
20 average of about mid-single digits before the trade
21 agreements. So I think if each of the companies go
22 back and monitor this, we would help, I think, Commerce
23 so we can sell this when the next meeting comes.

24 CHAIRMAN McNERNEY: Part of the communications
25 problem. Yes. Get some data. That's a great idea,

1 Scott. Okay. Appreciate your comments there.

2 Just a couple of comments, administrative in
3 nature, while we wait for Secretary LaHood. Meeting
4 dates for next year. I'm sure your staffs have given
5 them to you, but June 6 and December 6. So you only
6 have to remember June and December, 6 is the same for
7 both months.

8 We still are hopeful of scheduling a trip to
9 Brazil. Right now we're kicking around some dates in
10 March, but stay tuned. I think we have to discuss it
11 with the new Secretary, for whom things are a blur
12 right now. So I think we'll settle down and do that.

13 SECRETARY BRYSON: If it works for the group,
14 we'll do it.

15 CHAIRMAN McNERNEY: Good.

16 And the SME roundtables. What I was thinking
17 of is Gene and his tireless effort to reach out locally
18 with a big agenda. We're thinking about Chicago or New
19 Orleans. There will be some announcements coming out
20 and I know we'll all try to support it.

21 MR. HALE: That works for us.

22 CHAIRMAN McNERNEY: Okay. Good.

23 Let's see. I have one more thing I can do.
24 We have a statement that actually this is sort of
25 consistent with the stoplight thought. We've got a

1 statement that sort of threads the needle between
2 shamelessly discussing what we've accomplished and the
3 modesty that should go with hard effort and hard work.

4 (Laughter)

5 CHAIRMAN McNERNEY: So we've commented in a
6 statement. It's in front of you. If there are no
7 objections, we'll go ahead. This statement has been
8 worked with people who are important and like it.

9 (Laughter)

10 CHAIRMAN McNERNEY: So unless there's
11 something you want to put your body in front of, we
12 will not adopt the statement.

13 (No response)

14 CHAIRMAN McNERNEY: Thank you. I think it's
15 appropriate.

16

17

18

19

20

21

22

23

24

25

1 **TRANSPORTATION INFRASTRUCTURE DISCUSSION**

2

3 CHAIRMAN McNERNEY: Maybe we could have Pat
4 and Scott lead a little discussion on infrastructure
5 sort of in place of Secretary LaHood, because I think
6 you two are going to make some comments in support of
7 it. Maybe you could add a little information to your
8 comments that would supplement or would take the place
9 of an actual presentation on it.

10 MS. WOERTZ: Is Secretary LaHood joining us?

11 CHAIRMAN McNERNEY: Is he? Should we wait?

12 MS. WOERTZ: I thought I heard him.

13 CHAIRMAN McNERNEY: Hello. Mr. Secretary,
14 good to have you here. Jim McNerney. Good to see you.
15 We have literally completed all other business, with
16 the exception of your comments on infrastructure. We
17 very much look forward to it. We have a couple of
18 people who would like to weigh in in anticipated
19 support of what you're about to say.

20 SECRETARY LaHOOD: Well, thank you. Thank
21 you. I'm sorry I'm late. I appreciate very much the
22 opportunity to say a few words about what we've been
23 doing for the last two and a half years. The President
24 really has focused a lot on infrastructure and we have
25 spent a lot of time traveling the country promoting the

1 idea that infrastructure really does create jobs.

2 I think I've been to 48 States and over 200
3 cities. I've traveled with the President on a number
4 of occasions when we've talked about building roads,
5 building bridges, building transit systems, building
6 ports. I'm very proud of the fact that at DOT we used
7 our TIGER money to invest in 13 ports. That's 13 more
8 ports than have ever been invested in in any
9 administration, because we believe ports are a real
10 economic engine.

11 I was in Savannah, Georgia yesterday and
12 talked about the port there and investing in the port
13 there. We've also taken our TIGER money and really
14 invested it in opportunities for what we believe is the
15 best freight rail system in America.

16 We are the envy of the world when it comes to
17 freight rail and we selfishly invested almost a half a
18 billion dollars in freight rail because it helps us
19 with the President's vision to implement high-speed
20 rail in America. We've put over \$500 million into the
21 freight rail to give them a chance to fix up their
22 infrastructure, their tracks, and other infrastructure
23 so that we have been able, over the last two years, to
24 enter into agreements with our friends in freight rail
25 so we can use their lines when they're not using them

1 and get trains to higher speeds. There's obviously not
2 enough money to build all the infrastructure we need
3 for high-speed rail, so we need our friends in freight
4 rail. The money we've invested is a very good
5 investment of taxpayer money.

6 The other thing the President has talked about
7 for two and a half years, and included in the American
8 Jobs Act, is a \$10 billion infrastructure bank. When
9 you look at the kind of money that you can really
10 leverage with an infrastructure bank, it's millions of
11 dollars. The President proposed an infrastructure bank
12 to leverage money not just for roads and bridges, but
13 for water treatment plans, for sewage treatment plants,
14 to fix up the locks and dams.

15 Congress has passed worded bills but they've
16 never put the money behind it, so we have 50-year-old
17 locks and dams that are antiquated, that need to be
18 fixed up. We have communities all over America that
19 need their water treatment and sewage treatment plans
20 and they don't have the money.

21 The \$10 billion in the American Jobs Act for
22 an infrastructure bank would leverage millions of
23 dollars. We have proved it with our TFEA loan that we
24 have, where we have leveraged a lot of money with
25 communities. The President really believes in the

1 infrastructure bank. We need to convince our friends
2 in Congress, and I'm sorry that I have to look at you,
3 Congressman, but you seem to be the only one here.

4 (Laughter)

5 SECRETARY LaHOOD: But Congress needs to get
6 with the program here. The amount of money that can be
7 leveraged with an infrastructure bank is extraordinary.
8 So ports, our friends in freight rail, the money that
9 we think we can leverage with an infrastructure bank,
10 the money that we've levered with TFEA, really getting
11 the country into high-speed rail. All of these are
12 activities that we have been involved with.

13 I just had a meeting with the President last
14 week where we talked about infrastructure and the two
15 things he said to me, keep pushing infrastructure, and
16 infrastructure equals jobs. It's a no-brainer. I
17 served in Congress for 14 years. I served on the
18 Transportation Committee for 6 of those 14. We passed
19 two bills, two transportation bills, with over 400
20 votes.

21 Transportation has never been partisan, ever.
22 Now is the time really for us to say to the Congress,
23 pass a transportation bill and you'll put people to
24 work next construction season building ports, building
25 roads, building bridges, building and enhancing our

1 freight rail system, and it's a way to really get
2 America back to work pretty easily. We've always done
3 it in America. That's the way we've always done it, in
4 a bipartisan way. So we're going to keep pushing for
5 it and we appreciate any support we can get from all of
6 you. I am happy to answer any questions.

7 CHAIRMAN McNERNEY: Thank you.

8 Pat, did you want to make a comment? Thank
9 you very much, Mr. Secretary.

10 MS. WOERTZ: Well, Mr. Secretary, first of
11 all, thank you for your comments and being here.

12 SECRETARY LaHOOD: Thank you.

13 MS. WOERTZ: I'd like to put another equal
14 sign there, because of course we're here as the
15 President's Export Council and we've had some
16 discussions today where exports equal jobs. So
17 infrastructure equals exports equals jobs. Obviously,
18 the rivers, locks and dams, waterways, ports, freight
19 rail, et cetera, are all at the beginning of a very
20 long export logistics chain. So part of our letter
21 was, of course, to encourage the very things you're
22 talking about. So, prioritizing some of these projects
23 as they relate to exports is one of the additions I'd
24 like to suggest in your many comments.

25 SECRETARY LaHOOD: Sure. Yes. Well, as I've

1 said, this administration has made a lot of investments
2 in ports. We also created a plan called the Waterway
3 Plan, where we actually use the waterways along the
4 ports as a means of transportation. The other thing
5 that we've done, we've convened two port summits with
6 all the port directors from all over the country, one
7 in San Diego, one in Chicago. We got them all
8 together. What can we do to be helpful?

9 With the expansion of the Panama Canal -- when
10 I was in Savannah, Georgia yesterday, it's the second-
11 largest port in America and it's only going to get
12 bigger when the Panama Canal expands. So we need to
13 continue to make these investments, and we will do
14 that. We're committed to doing that.

15 CHAIRMAN McNERNEY: Thank you.

16 Scott, did you want to comment?

17 MR. DAVIS: Well, I strongly support the
18 Secretary's investment in infrastructure. I recently
19 hosted Secretary Geithner in Louisville, Kentucky,
20 where we just finished a \$2 billion expansion of our
21 air hub there. Compared to the fact that government
22 has to do the same thing, the U.S. has to do the same
23 thing. If we're going to double exports in five years
24 we have to invest in the ports and the rail. In 2007
25 and 2008 when things were growing, obviously there was

1 too much congestion.

2 At UPS we take goods off of trucks and put
3 them on rail for movements over 1,000 miles because
4 it's better for the carbon footprint, it's better for
5 the environment, it's more efficient. But if it gets
6 too crowded, too congested, then we can't do it. We'll
7 put it back on the highways.

8 The other thing on the highway side of things
9 for five minutes a day -- if UPS trucks are delayed
10 five minutes a day it costs us \$100 million a year.
11 That's just one fleet. That's just our fleet. So you
12 add the rest of the fleets, the people commuting every
13 day, it's incredible, the cost to this country.

14 The last thing, is just to support FAA
15 reauthorization. We didn't talk about air traffic
16 control. I mean, I'm preaching to the choir, but we
17 have to invest in air traffic control. We have 1950s
18 technology. We're worried about our carbon footprint
19 and we've got 747s circling because of lousy air
20 traffic control.

21 SECRETARY LaHOOD: The most ridiculous thing--
22 the most ridiculous thing--is that we are on our 22nd
23 extension of FAA. We've gone five and a half years
24 without an FAA bill. For all the great talk from
25 politicians around here talking about getting the Next

1 Generation technology which will guide planes more
2 safely, save a lot of jet fuel, relieve congestion
3 particularly in the New York air space. We can't do
4 that on a 30-day extension. We'll never get to Next
5 Gen. We have a good plan. We need the resources.

6 We need a five-year bill. We need Congress to
7 pass a five-year bill. Give us a blueprint. You're
8 absolutely right about this. This is great. We have
9 the safest and the best aviation system in the world,
10 but we're going to be second here pretty soon if we
11 continue another extension of the FAA, if we don't get
12 a five-year bill.

13 CHAIRMAN McNERNEY: We agree.

14 (Laughter)

15 CHAIRMAN McNERNEY: We have tried to line up
16 behind infrastructure development, but I think we can
17 do it more forcefully in some of our recommendations.
18 The way you talked about it, Scott and Pat, a direct
19 linkage to the export capacity of this country is a
20 good way to link it and get behind this agenda. So,
21 you have our commitment to do that.

22 SECRETARY LaHOOD: Thank you.

23 CHAIRMAN McNERNEY: Yes. You have our
24 commitment.

25 Yes?

1 REPRESENTATIVE REICHERT: Well, I need to
2 respond.

3 CHAIRMAN McNERNEY: Yes. I just committed on
4 behalf of all of you.

5 REPRESENTATIVE REICHERT: Thank you, Jim.

6 CHAIRMAN McNERNEY: No, I didn't. No, I
7 didn't. No, I didn't.

8 REPRESENTATIVE REICHERT: We need Ray back in
9 Congress now.

10 SECRETARY LaHOOD: He's not coming back.

11 (Laughter)

12 SECRETARY LaHOOD: I'm done. I want to do
13 something.

14 (Laughter)

15 REPRESENTATIVE REICHERT: I don't blame you.

16 Well, I have the same frustration you have, Ray. We
17 in Seattle want to really recognize your effort and
18 want to compliment you on your work and the
19 administration's work in focusing on the infrastructure
20 because I could not agree more.

21 I don't think anyone in this room would
22 disagree with the fact that our infrastructure, both
23 roadways, waterways, railways, our electrical grid, you
24 could go on and on, is in dire need of repair and
25 attention and Congress needs to move on those items

1 quickly. So I will do that tomorrow. I'll get that
2 all done tomorrow.

3 But I've recognized in Washington State
4 specifically, and Jim, you'll recognize this too, UPS
5 obviously recognizes we've got gridlock. Most of the
6 port cities do. Our port is dealing with the specific
7 issue of the harbor maintenance tax, which you're
8 probably fully aware of. Our office -- you know, as a
9 member of the Ways and Means Committee we are working
10 right now on a fix for the harbor maintenance issue
11 that we're going to move forward on here in the next
12 week or so.

13 So we are trying to move things, but I think
14 there's sort of a holding pattern, super committee
15 work, and CRs, and how complicated that all is. But I
16 can tell you that everyone in Congress really feels the
17 pressure to move forward, to work together, and to get
18 something done. So I'll commit to that on behalf of my
19 colleagues and do what I can do and get them to move
20 along with us. Thank you.

21 CHAIRMAN McNERNEY: Thank you very much.

22 REPRESENTATIVE REICHERT: You're welcome.

23 CHAIRMAN McNERNEY: We appreciate it.

24 I think, Ursula, Mr. Secretary, any final
25 comments before adjournment or should we just move

1 adroitly to it?

2 MS. BURNS: I have none.

3 CHAIRMAN McNERNEY: Okay.

4 SECRETARY BRYSON: And I'd just say thanks.
5 This is fabulous.

6 CHAIRMAN McNERNEY: It's great to have you
7 join us.

8 Without further ado, the meeting is adjourned.

9 [Whereupon, at 11:48 a.m. the meeting was
10 adjourned.]

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

This is to certify that the foregoing proceedings of a meeting of the President's Export Council, held on Wednesday, November 16, 2011, were transcribed as herein appears, and this is the original transcript thereof.

LISA L. DENNIS, CVR
Court Reporter