

THE PRESIDENT'S EXPORT COUNCIL

Eisenhower Executive Office Building
Room 350
Washington, DC

Thursday,

December 11, 2014

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

APPEARANCES:

PRIVATE SECTOR APPOINTEES

JAMES McNERNEY, Jr.
Chairman
The Boeing Company

URSULA BURNS
Vice Chair
Xerox Corporation

DAVID ABNEY
CEO
UPS

MARY ANDRINGA
President and CEO
Vermeer

JOE ECHEVARRIA
Retired CEO
Deloitte

ANDRE GLUSKI
President and CEO
AES Corporation

GENE HALE
President
G&C Equipment Corporation

MARILLYN HEWSON
Chairman, President and CEO
Lockheed Martin Corporation

VANESSA KEITGES
President and CEO
Columbia Green Technologies

GARY LOVEMAN
Chairman, President and CEO
Caesars Entertainment

DENISE MORRISON
President and CEO
Campbell Soup Company

RAUL PEDRAZA
Founder and CEO
Magno International

ARNE SORENSON
President and CEO
Marriott International, Inc.

PATRICIA WOERTZ
Chairman and CEO
Archer Daniels Midland Company

ROBERT WOLF
CEO
32 Advisors, LLC

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THE HONORABLE AMY KLOBUCHAR, D-Minnesota

THE HONORABLE KIRSTEN GILLIBRAND, D-New York

THE HONORABLE DAVE REICHERT, R-Washington

U.S. CONFERENCE OF MAYORS:

FRANK COWNIE
Mayor of Des Moines

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Senior Advisor and Assistant to the President
For Public Engagement and Intergovernmental
Affairs

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Policy
Director of the National Economic Council

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MAURICE OBSTFELD
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ERIC BIEL
Associate Deputy Under Secretary for
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WELCOME & OPENING REMARKS

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

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

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

20 (Applause)

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

24 (Applause)

25 CHAIRMAN McNERNEY: Thank you both for your

1 service. It's great to have you here.

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

4 (Applause)

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

8 Congressman Reichert. Where is the
9 Congressman from Washington?

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

12 (Applause)

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

20 Since we last met in June, just a very quick
21 tee-up, this group has continued to work in a lot of
22 different arenas. In October, led by our Vice
23 Chairman, Ursula Burns of Xerox, who all of you know,
24 eight members of the Council, I think most of whom are
25 here today, and joined by Secretary Pritzker, went to

1 Warsaw, traveled on a fact-finding trip to not only
2 there, but Turkey. The delegation met with government
3 and private sector stakeholders looking for new ways to
4 deepen ties with these two very strategic partners and
5 allies.

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

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

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

25 Before digging into those reports, we'll hear

1 from Secretary Pritzker on the progress of the NEI,
2 National Export Initiative, and the upcoming meeting of
3 the U.S.-China Joint Committee on Commerce and Trade,
4 JCCT, that Secretary Pritzker is taking a very personal
5 and strong initiative with.

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

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

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

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

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

1 colleagues.

2 CHAIRMAN McNERNEY: Great. Great, Ursula.
3 Thank you very much.

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

7 MS. JARRETT: I do. Thank you, Jim. Good
8 morning, everybody. I want to begin by saying

9 I want to begin by saying thank you to you,
10 Jim, for your leadership over the many years that you
11 have now chaired the Export Council, and I know you
12 couldn't do it without Ursula Burns as your Vice Chair.
13 So your leadership has been tremendous.

14 CHAIRMAN McNERNEY: Thank you.

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

19 As you all know, exports and trade are a
20 critical part of that agenda and I think the track
21 record that we have over the last six years of getting
22 very important feedback, constructive suggestions and
23 partnership as we try to take our message out to the
24 general public from this Council has been second to
25 none.

1 So we really appreciate everything both from
2 within the Administration, all of those who sit around
3 the table, as well as those of you from the private
4 sector who join us on this effort. We hear a lot more
5 from the President and I think timing right now of this
6 meeting is critical, as you know, Jim and Ursula. You
7 had the chance to address the BRT last week.

8 And Mike has had how many meetings on --

9 AMBASSADOR FROMAN: Fifteen hundred.

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

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

22 So thank you all.

23 CHAIRMAN McNERNEY: Thank you very much.

24 MS. JARRETT: One more thing, Jim

25 CHAIRMAN McNERNEY: Yes.

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

6 (Laughter)

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

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

15 Jeff, do you have any comments?

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

23 If you look at exports and how they have
24 contributed to growth across the last several years,
25 they have really grown faster than the overall economy,

1 so have done more than their share, and we need to
2 continue that.

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

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

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

23 I do look forward to the conversation that the
24 President and Mike are going to lead on the importance
25 of these trade agreements and getting those done, and I

1 think your help on that will also be invaluable helping
2 to explain the benefits to American workers in terms of
3 jobs and well-paying jobs.

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

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

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

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

25 I understand, Senator Klobuchar, there is a

1 little stuff going on and I know you've got a tight
2 time. Would you like to make some comments before
3 Penny?

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

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

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

1 additional one million international visitors spent.

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

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

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

18 There is a possibility of tying it into some
19 kind of international tax reform, which would be a
20 great idea, as we've seen these inversions and other
21 problems occur. And then I would love to see something
22 with the training for kids in high school with the
23 state, so many of states starting to see these low
24 unemployment rates because of the work that so many
25 people have done.

1 We have a lot of kids that are graduating and
2 we're starting to have many, many openings in the
3 manufacturing field and welding and things like that.
4 So this idea of really shifting how we handle some of
5 the high school training and doing more with these one-
6 and two-year degrees I think would be a really smart
7 idea.

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

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

14 Listen, the Secretary is here now. Secretary
15 Pritzker, update on the NEI.

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1 **NATIONAL EXPORT INITIATIVE "NEI/NEXT" UPDATE**

2 **By Secretary Penny Pritzker**

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

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

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

22 That message is far more powerful coming not
23 just from me or those of us in the economic chain or
24 from any particular government official, but from all
25 of us together. When we're working together, the

1 message is heard much more strongly. And this trip was
2 an opportunity to showcase your ability to work with
3 the government to promote reform and create new
4 opportunities for businesses around the world and I
5 look forward to continuing that kind of work together
6 in the balance of our term.

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

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

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

23 This kind of continued export growth benefits
24 our economy at a macro level, but it also improves the
25 lives and livelihoods of individuals across the

1 country. And, indeed, every morning, over 11.3 million
2 Americans go to work in jobs that are supported by
3 exports.

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

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

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

19 The agencies here today around this table have
20 made an ambitious set of NEI/NEXT commitments. They
21 include providing customized and focused assistance for
22 businesses, including those in emerging industries;
23 streamlining export-related services and reporting
24 requirements and processes; working to expand access to
25 financing; partnering with states and communities to

1 foster local trade and investment business support
2 networks; and, carrying out our trade agenda by
3 ensuring access to foreign markets in facilitating a
4 level playing field abroad.

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

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

23 We are laser focused on broadening the base of
24 exporters and expanding U.S. export activity. Central
25 to meeting that mission and the goals of NEI/NEXT is a

1 series of steps to strengthen our hand in markets
2 around the world.

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

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

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

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

24 Of course, I can't talk about trade and
25 exports without mentioning one of our country's

1 greatest exports, which is entrepreneurship. I
2 recently traveled with the Vice President to Morocco
3 for the Global Entrepreneurship Summit. The summit
4 made this fact clear -- the United States and the
5 Department of Commerce have a unique role to play in
6 ensuring all entrepreneurs have access to the support
7 structure necessary to help them thrive.

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

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

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

24 Along with PAGE, the PEC's recommendations to
25 improve the business environment for entrepreneurs and

1 innovators have provided us with ideas to help people
2 turn their inventions into thriving businesses. And I
3 thank you for your continued focus on this topic, which
4 contributes to the wellbeing of so many Americans and
5 to the overall competitiveness of the United States as
6 a whole.

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

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

23 So I want to close by saying this. The
24 President's Export Council plays an invaluable role in
25 guiding our country's economic policy. This meeting is

1 our chance to hear from you about the issues that are
2 top of mind for you and I really am very grateful for
3 all the help and recommendations that you've given us
4 and helping us set our agenda.

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

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

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

19 SECRETARY PRITZKER: Thank you, Jim.

20 CHAIRMAN McNERNEY: I think we've alluded to
21 this PEC trip that Ursula led and I think we're going
22 to get a little more comprehensive view of it from
23 Ursula. So over to you.

24

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1 **REPORT ON THE FACT-FINDING TRIP TO POLAND AND TURKEY**

2 **Vice Chair Ursula Burns**

3
4 VICE CHAIR BURNS: Thank you. Thank you, Jim.
5 Thank you, Secretary Pritzker. It's really good to
6 have you at the helm here. It's been helpful and
7 energizing I think for all of us.

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

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

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

23 The first point is that I believe the trip was
24 a success from any perspective that you can view it and
25 any measure. I don't think that we actually really

1 understood the fortuitousness of the timing in the
2 countries that we went to. It turns out both Poland
3 and Turkey and experienced some very important turning
4 points in August with the election of Poland's Prime
5 Minister Tusk as the president of the European Council
6 and the election of Prime Minister Erdogan as the
7 President of Turkey. Both happened right before or as
8 we were entering these countries.

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

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

20 The second point was our meeting offered us
21 the opportunity to showcase this idea that we call the
22 PEC, which is fairly unique around the world, and it
23 was something that garnered quite a bit of conversation
24 by both the private sector members, the businesses that
25 we saw in both Poland and Turkey, but also at the

1 government level. A lot of curiosity about how it
2 worked and if it worked and we actually speak to the
3 President and we make recommendations and we don't
4 always agree.

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

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

21 The third point was that there are clearly
22 challenges that we could see on the ground and feel and
23 discuss in doing business in both Poland and Turkey --
24 transparency, rule of law, just normal idea --
25 infrastructure, about how we actually engage with

1 government. I think that we were able to actually have
2 a direct conversation with both government leaders and
3 the business leaders about the things that we needed as
4 businesses to actually increase investments in their
5 country and vice versa, for them to actually come here
6 and increase investments in ours.

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

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

23 Finally, a consideration of the challenges and
24 the opportunities to inform the PEC's development of
25 the agenda to strengthen actions that Penny spoke about

1 a little bit earlier to strengthen our relationships,
2 particularly from a business perspective, in both
3 Turkey and in Poland.

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

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

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

16 (Laughter)

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

19 MR. SORSENSEN: Just a couple of comments. A
20 great report. First, to talk about diversity, the Vice
21 President talked this morning about promises being the
22 word that he used to describe the United States.
23 Really no prouder aspect of this trip than to see our
24 women leaders, all of whom were true leaders, there was
25 no tokenism about this. In fact, the men were very

1 much second fiddle, and it was fabulous to see,
2 particularly in Turkey, which is in a totally different
3 place culturally.

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

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

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

22 Turkey is a totally different environment.
23 Turkey was wary of us. The Turkish business people I
24 think were somewhat wary of Turkey. So in the informal
25 conversations, it was a little quieter, a little bit --

1 not conspiratorial in the sense we're going to do
2 something wrong, but how do you help us and where are
3 we going together and the tone of each of these
4 meetings, I think, changed a little bit from meeting to
5 meeting depending on the official that we met with.
6 Enormously more complicated than Poland, bigger market,
7 greater opportunity I think in some respects, but a
8 harder place to see and ultimately get to the kind of
9 growth that I think is easier in Poland in some
10 respects.

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

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

21 I also remember when we talked about where to
22 travel, we talked about this two years ago and,
23 Secretary, you were very open to listening to different
24 places, I think we made some very good choices and I
25 appreciated the opportunity. And I hope we can do

1 another trip perhaps later in 2015 or 2016 which I
2 think would also be good for the PEC to continue this
3 commercial diplomacy.

4 VICE CHAIR BURNS: Jim can lead that.

5 (Laughter)

6 MS. WOERTZ: Thank you.

7 VICE CHAIR BURNS: Thank you, Pat. Marillyn?

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

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

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

25 VICE CHAIR BURNS: Mary? SME, our SME voice

1 in the PEC.

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

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

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

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

22 But they also really asked, in both places,
23 both government officials and really the business
24 folks, can we have help on how to get the small and
25 medium-sized businesses growing and reaching out. And

1 really they have the same issues we discovered in all
2 of our SME forums around the country. How do you get
3 access to financing? How do you get access to
4 information how to export more? How do you get access
5 to customers and to distribution channels? So all of
6 those things were very similar.

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

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

19 VICE CHAIR BURNS: So we had tourism, we had
20 defense, we had ag and tech, and we had SME, and we
21 closed with a member that actually brought a different
22 view and a more active conversation around this
23 entrepreneurship and how do you actually start a new
24 business and get funding for it. And that was Robert
25 Wolf. Robert?

1 MR. WOLF: Well, I would just say it was a bit
2 of a tale of two cities. Poland, there was a lot of
3 strength they showed. They were very quick to say
4 we're the sixth largest country on the tail of Spain in
5 the EU and that they're our friend, and actually we're
6 opening a satellite office there. So it was also good
7 from understanding them.

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

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

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

25 So I think it was a great trip and I think

1 that we went with a lot of pride being able to
2 represent the President and the Administration.

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

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

11 (Laughter)

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

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

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

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

24 Secretary Pritzker, thanks for making sure --

25 SECRETARY PRITZKER: I sincerely hope, Jim and

1 Ursula, that we could actually do another trip because
2 it really -- I think that our ability, as you talked
3 about, the challenges that we face in terms of market
4 access in Turkey, your presence really helped us with
5 that, and the Prime Minister opened up to the idea of
6 really us laying out what the challenges are.

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

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

13 SECRETARY PRITZKER: All right.

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

17 VICE CHAIR BURNS: Let's go someplace warm.

18 (Laughter)

19 CHAIRMAN McNERNEY: Penny gets to choose the
20 places.

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

25 (Laughter)

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

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

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

10 So the midterm reports, I think why don't we
11 start with Robert, who was just talking, about the
12 recommendations in the Global Competitiveness
13 Subcommittee. Give us a quick review.

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1 **REPORT ON THE REVIEW AND PRIORITIZATION OF**
2 **RECOMMENDATIONS**
3 **GLOBAL COMPETITIVENESS SUBCOMITTEE**
4 **Robert Wolf, 32 Advisors**

5
6 MR. WOLF: Thank you, Mr. Chairman. We'll
7 make it quick. I was asked to give a bit of a
8 snapshot. So, obviously, we want to thank the
9 Administration and we have to point out thanks to
10 Cabinet Members Froman and Pritzker for state and
11 commercial diplomacy, and Chairman Hochberg, who is
12 here, on the Ex-Im Bank and the initiative, and Valerie
13 with respect to our business outreach.

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

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

24 We're also encouraged by the President's
25 active engagement and look forward to working with the

1 Administration and the Hill to secure these objectives.

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

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

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

21 Africa, our next topic. Looking ahead to
22 2015, we look forward to working with the
23 Administration to build on the commitments this year at
24 the Africa Summit, which was a fantastic outing, and we
25 devote more time to a comprehensive approach to Africa.

1 With AGOA up for renewal this year, we have an
2 opportunity to look at AGOA 2.0, focusing on building
3 capacity in mutually beneficial growth areas, such as
4 energy, infrastructure, and downstream manufacturing to
5 promote development in American investment on the
6 continent.

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

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

14 Thank you, Chair.

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

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

25 So this is the most ambitious trade agenda

1 that I have ever seen and I'm glad you were very
2 aggressive with your recommendations there.

3 MR. WOLF: Thank you.

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

8 MR. WOLF: Appreciate it.

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

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

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

24 You all recognize the importance of TPA. We
25 are meeting with the leaders of the countries that are

1 involved in the negotiations almost weekly, sometimes
2 more than that, and they tell us the negotiations are
3 going very well. However, they are interested, as all
4 of us are, in getting TPA.

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

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

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

1 Ambassador and his team with the TPP Friends Caucus.

2 Thank you both for the opportunity.

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

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

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

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

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

21 As you know, business is the foundation of
22 what happens at the local level, in local economies,
23 and exports really are a prime example of the necessity
24 for local government, business, our residents, and
25 federal government and state government to all work

1 together to build economies, to build business, because
2 we are really existing in a global economy and
3 connecting our local businesses to that global economy
4 is of paramount importance to local.

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

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

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

24 CONGRESSMAN REICHERT: I'm all for it already.

25 (Laughter)

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

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

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

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

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

25 Thank you.

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

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

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

20 The biggest discussion was on trade,
21 interestingly enough, and the Export-Import Bank on
22 trade and all of the engagements around that subject.
23 I think that we have as much work to do with new
24 members of Congress to educate them on the benefits of
25 trade as we do with the public.

1 So one of the things that we did offer them at
2 that meeting, I offered all of your services --

3 (Laughter)

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

11 CHAIRMAN McNERNEY: Thank you, Ursula.

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

16 (Laughter)

17 CHAIRMAN McNERNEY: We hoped you would.

18 The second element of our midterm report,
19 Manufacturing, Services, Agricultural, Arne, do you
20 want to take a swing at it?

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1 **MANUFACTURING, SERVICES AND AGRICULTURE SUBCOMMITTEE**

2 **Arne Sorenson, Marriott International, Inc.**

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4 MR. SORENSON: Let me kick it off and then
5 I'll ask Andres Gluski and Pat Woertz to jump in here,
6 too. Obviously, a lot of great progress is underway.
7 I think the industries that are represented in this
8 broad space are right for employment growth in the
9 United States.

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

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

23 So the development piece is really about Brand
24 USA. Thanks really to the great leadership of the
25 Administration, Senator Klobuchar, Senator Blunt, and

1 great allies in this. The reauthorization of Brand USA
2 is now part of this Cromnibus bill and hopefully it
3 will get passed and will put the organizations in a
4 position for the next five years to continue to
5 communicate a welcome to the rest of the world, that
6 people really should come.

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

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

24 Then lastly is bilateral and the State
25 Department and Homeland Security are continuing to work

1 on the human side of that, making sure we have the
2 resources in the airports. There is a big
3 infrastructure piece, which is about airport condition
4 and airport capacity. Everybody in this room are
5 travelers. You know how our airports consider the
6 airports around the world. They are, by and large,
7 pathetic. They need money.

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

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

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

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

24 Obviously, as was mentioned by Mayor Cownie,
25 the bottlenecks in infrastructure can affect the

1 production and competitiveness of our products.

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

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

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

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

24 Finally, there is infrastructure spread among
25 many different agencies and there is an opportunity to

1 have a coordinator of this to look at the different
2 aspects, because you're only as efficient as the
3 weakest part of your infrastructure.

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

8 Thank you.

9 CHAIRMAN McNERNEY: Thanks, Andres. Pat?

10 MS. WOERTZ: Just for this Subcommittee on
11 Manufacturing, Services and Agriculture, just a few
12 notes. Agriculture exports continue to be a large
13 pillar of the exports, reaching \$140 billion in the
14 2013 fiscal year and we'll expect larger even in the
15 following year.

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

21 One note is that we are also investing in the
22 agriculture and tomorrow's infrastructure in general
23 with the Midwest Inland Port. It's in Decatur,
24 Illinois, which has three of the Class 1 railroads. It
25 has five major highways, a wide body aircraft airport,

1 and we've built an intermodal container ramp with a
2 capacity of 150 million ton.

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

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

13 Secretary Foxx, did you have a comment?

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

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

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

25 But I wanted to let you know about our most

1 recent efforts with Mexico, where we have developed air
2 services agreements.

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

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

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

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

23 A couple of points. First of all, we need to
24 have not only a sustainable, predictable source of
25 revenue for transportation, but we need to have funding

1 levels that go far above where we are today. I think
2 that message needs to be reinforced across the board.

3 Secondly, establishing a national
4 infrastructure bank and we need to bump up our ability
5 to leverage private sector capital within our different
6 authorities. In fact, in July the President announced
7 the building of a partnership which includes a number
8 of efforts, including a transportation investment
9 center that the BRT is standing up to look precisely.
10 They may cull out some others, some investment projects
11 that they may want to confer to the public-private
12 partnership.

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

17 Anyhow, this is, I think, exciting,
18 developments, but the reality is we're slipping and I
19 don't think that message can be underscored more. I've
20 traveled to more than 20 states, 100 communities,
21 130,000 miles and I can tell you we're working to build
22 the groundswell so the Congress will actually get
23 rewarded for taking tough votes to solve this problem.
24 But we do need the business community to engage in
25 this.

1 CHAIRMAN McNERNEY: Thank you very much. I
2 think that says it all and we do want to engage.

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

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

13 So thanks for your leadership there.
14 Appreciate it.

15 Gene, Small Business Subcommittee.
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SMALL BUSINESS ENGAGEMENT SUBCOMMITTEE**Gene Hale, G&C Equipment Corporation**

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

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

16 Quickly, to highlight some of our successes.
17 The ITA has developed a 24/7 online one-stop-shop. The
18 SBA has strongly increased training of counselors at
19 its small business development centers and the SBA
20 State Trade and Export Promotion Initiative has granted
21 \$68 million in matching funds awards to states in the
22 past four years.

23 The Administrator, Ms. Sweet here, is in the
24 process of now thinking about implementing an SBIR
25 program to talk to other countries about this program

1 and also hosting a global conference with other
2 countries who want to set up their own SBA. So thank
3 you for that effort.

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

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

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

20 The first comment is to thank Secretary
21 Pritzker and Jim and Larry, all the CEOs in this room,
22 for continuing to understand the importance of
23 entrepreneurship and innovation to ensure that we
24 export the next great innovation globally. So thank
25 you for that.

1 With that, with the access to capital being
2 the most important piece for entrepreneurs in our
3 community, in order to export, we want to encourage the
4 Administration to continue to implement and extend new
5 and existing programs for access to capital.

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

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

20 We took advantage of financing assistance by
21 this program which actually allowed us to export our
22 products. And it's very important for the American
23 entrepreneur. Just to give you an idea, with what we
24 do, we implement maybe one acre greener project in
25 America, we're looking at as many acres -- like 17

1 acres in the Philippines. So getting access to capital
2 in order for us to export globally for these large
3 commercial projects is critical to the success of our
4 company and many other American entrepreneurs.

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

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

18 Thank you.

19 MR. HALE: Mary?

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

24 One area, though, that we still would love to
25 have a little bit more support on is the rules of

1 origin. Particularly for the small and medium-sized
2 exporters, this is a very difficult task.

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

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

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

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

24 CHAIRMAN McNERNEY: Okay. Gene, thank you
25 very much. Administrator, do you have a comment?

1 ADMINISTRATOR CONTRERAS-SWEET: Well, I'm
2 always happy to speak up for small businesses. Thank
3 you. First of all, so many of you supported us --
4 thank you, again, Gene, that was terrific -- as we try
5 to provide a lift to the small business community
6 around Small Business Saturday. So I really wanted to
7 thank you a couple of weeks ago. I saw you all
8 shopping small. So thank you for that.

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

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

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

23 What we're doing through our STEP program --
24 and I was pleased to see that it is again in the budget
25 -- where we provide support to our states and our

1 cities for assistance in getting people connected
2 globally, and so we're pleased to see that that program
3 also is becoming quite popular.

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

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

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

20 Finally, just in the interest of time, I just
21 wanted to thank Ambassador Froman for the incredible
22 leadership that he is providing on all of the work
23 around our trade programs and I know that you all know
24 that the SBA stands ready to partner with you, as we
25 have been, to continue to promote these programs,

1 because as we all succeed together, we know that you
2 will grow and your supply chains will grow and that's
3 what we want to do.

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

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

11 Our fourth subcommittee report, David Abney,
12 Trade Promotion and Advocacy.

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TRADE PROMOTION AND ADVOCACY SUBCOMMITTEE**David Abney, UPS**

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4 MR. ABNEY: As a new member of this, I'm
5 honored to be a part of the President's Export Council
6 and I was named I think a week before the Poland-Turkey
7 trip. So I got off to a running start, I can assure
8 you.

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

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

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

20 Our subcommittee would like to also highlight
21 some additional steps that should be taken to help
22 promote U.S. exports. First, we'd like to encourage
23 rapid implementation of the World Trade Organization
24 Trade Facilitation Agreement both in the United States
25 and around the world.

1 There are significant differences among
2 countries in customs processes and capabilities. The
3 TFA will serve to close some of these gaps by having
4 all countries to first take steps to publish customs
5 rules and procedures on the Internet.

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

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

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

22 The Administration should also create a
23 formalized structure for private sector input on
24 implementation of the agreement to ensure that next
25 steps taken achieve both government and business goals.

1 Lastly, we should examine what opportunities
2 remain to optimize North America's competitiveness
3 given that 40 percent of all Mexican exports to the
4 U.S. are U.S. origin content, while for Canada that
5 number is 20 percent.

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

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

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

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

21 Fred, somehow I think you might want to
22 comment.

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

1 in Los Angeles.

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

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

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

24 We have an annual report. This is a draft. I
25 will get a final copy out to everybody in a couple of

1 weeks which outlines a number of these things on the
2 talking points.

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

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

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

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

1 appreciate your continued feedback. Thanks.

2 CHAIRMAN McNERNEY: Thank you. Time is short.
3 Mary, Workforce Readiness? How fast can you be? Raul
4 wants you to be fast.

5 (Laughter)

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WORKFORCE READINESS SUBCOMMITTEE**Mary Andringa, Vermeer**

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

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

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

25 CHAIRMAN McNERNEY: One of the things embedded

1 in your report I am aware of is veterans' training and
2 this is something we at Boeing have a lot of experience
3 with, having trained 4,000 veterans over the last
4 couple of years.

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

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

14 MS. ANDRINGA: I was the only one.

15 CHAIRMAN McNERNEY: Thank you. Thank you,
16 Mary.

17 Raul, why don't we turn to you on Export
18 Administration Subcommittee? Raul has been a steady
19 contributor over the years. Give us your midterm,
20 please.

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EXPORT ADMINISTRATION SUBCOMMITTEE**Raul Pedraza, Magno International**

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4 MR. PEDRAZA: Thank you, Mr. Chairman. I'd
5 like to add my thanks to Secretary Pritzker for all the
6 tremendous work her department has been doing with us.

7 We held the PEC meeting yesterday and you
8 could see all the progress that is already being made
9 both in terms of trade facilitation, but also on
10 focusing our resources on the items that are real
11 sensitive and the technology side.

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

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

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

23 I think an area of unfinished business that we
24 have outlined in our committee is the area of the
25 streamlining of the actual decision-making process for

1 what can be exported.

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

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

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

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

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

25 Thank you.

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

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

12 All in favor?

13 (A Chorus of Ayes)

14 CHAIRMAN McNERNEY: Okay. So adopted.

15 Do we have a report? We don't. Where is my
16 top hat?

17 (Laughter)

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

23 Thank you very much. And I'm sorry I rushed
24 everybody. I know all the work and preparation that
25 have gone into the subcommittee reports deserved a

1 little more time. So accept my apologies.

2 (Whereupon, a brief recess was taken.)

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

8 So why don't we use the fact that we have Mike
9 here. Take your time. You will likely get interrupted
10 by your boss, but you know how to handle that. So why
11 don't you dive into it?

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1 **OVERVIEW OF THE ADMINISTRATION'S TRADE AGENDA AND THE**
2 **PRESIDENT'S TRIP TO ASIA**
3 **Ambassador Mike Froman**

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

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

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

23 While we were there, as well, we made a major
24 breakthrough -- the President made a major breakthrough
25 with China on the Information Technology Agreement, and

1 that is an agreement that covers \$1 trillion of trade,
2 will eliminate tariffs on \$1 trillion of trade. An
3 important breakthrough for the U.S. and China to come
4 together, but now we have to get the support of the
5 other ITA partners and that is proving to be a bit of a
6 challenge.

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

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

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

25 Finally, I Beijing, the President convened all

1 of the TPP leaders who were all there for the APEC
2 meeting, had a very good discussion of reviewing the
3 state of the negotiations, the outstanding issues,
4 recommitting to providing the political support
5 necessary to get this done and get this done relatively
6 quickly, an agreement on a robust work program, and
7 literally as we speak, across the street, the
8 negotiators from the 12 countries are there and working
9 through outstanding issues.

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

17 There will be other issues that come before
18 Congress next year that we are also hoping to get done
19 -- the renewal of AGOA, our African Growth and
20 Opportunity Act program; the renewal of GSP, the
21 Generalized System of Preferences, which has been
22 lapsed for a year and a half; and, a renewal of Trade
23 Adjustment Authority, very importantly, so that as
24 workers are affected, that they have the ability to get
25 retrained and redeployed into the market.

1 The final thing I would say is about
2 enforcement. The trade agenda only works because not
3 only do we negotiate these agreements and negotiate
4 these rights, but we fully enforce our rights, as well,
5 and we have a very robust enforcement agenda. We have
6 set up an interagency trade enforcement center with the
7 help particularly of Commerce, but also of other
8 agencies that are helping to put together these more
9 complex and more challenging and more systemic cases.

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

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

25 Then I'll just mention India, where we

1 reconvened the Trade Policy Forum a couple of weeks
2 ago, the first time we've had that in four years with
3 India, with the new Modi government to try and get that
4 relationship back on track, as well.

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

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

23 I just wanted to thank the Mayor for his
24 comments. As Jim said, the closer you get to the
25 ground, the more people appreciate the impact of trade

1 in a positive way on the economy and we have been
2 reaching out to mayors and governors and state
3 legislators, and I am very much looking forward to
4 working with them to make sure that people in the
5 communities and their representatives have a keen
6 understanding of how opening markets, leveling the
7 playing field by raising standards around the world,
8 and making sure that we're showing American leadership
9 and setting the rules of the road for the international
10 system as opposed to ceding that ground to other
11 countries, how important that is to creating good and
12 well-paying jobs on the ground at home.

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

18 AMBASSADOR FROMAN: In China, President Xi has
19 certainly made a decision that a bilateral investment
20 treaty with the United States could help support reform
21 efforts at home, because the bilateral investment
22 treaty is based on what we call a negative list,
23 meaning that anybody can do anything in China unless it
24 is explicitly and specifically regulated or prohibited
25 as opposed to needing approvals to get everything done

1 at multiple levels, and that is going to require a very
2 significant change in the way the Chinese have done
3 business to date.

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

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

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

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

24 On India, as you know, we have the new
25 government in India over the summer. Prime Minister

1 Modi came here in September and had very productive
2 meetings with the President, and we have all been
3 engaged and Secretary Pritzker, Secretary Kerry, they
4 were in late July.

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

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

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

22 We had talks about intellectual property
23 rights and the importance of intellectual property
24 rights to creating an innovation environment that can
25 attract the kind of investment that they are looking

1 for over time.

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

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

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

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

1 them a little bit.

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

10 So thanks for your leadership.

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

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

25 CHAIRMAN McNERNEY: And I mentioned earlier

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

9 Yes, Caroline?

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

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

22 It is clear in Asia that there are other ways
23 of doing business than ours and it's really important
24 that many of our allies and partners find that
25 deepening our trade and investment relationship is an

1 important part of moving closer to us.

2 You spoke this morning about Poland and how
3 the close political ties that are basis for an economic
4 and business commercial relationship, and I think that
5 is really true with the TPP continents and also with
6 the EU in Europe.

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

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

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

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

20 (Whereupon, a brief recess was taken.)

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

24 (The President of the United States enters the
25 room.)

1 PRESIDENT OBAMA: I am so sorry I'm late,
2 people. Usually, I'm a pretty timely guy. And it
3 seems like there's quite a few things on my agenda
4 today.

5 (Laughter)

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

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

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

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

23 And one of the reasons that we have been able
24 to create so many jobs here in the United States is
25 because our exports have been strong. Last year our

1 businesses sold a record \$2.3 trillion of Made in
2 America goods and services, and these exports support
3 more than 11 million American jobs; typically, by the
4 way, jobs that pay higher wages.

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

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

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

23 We are going to work with Congress to try to
24 renew Trade Promotion Authority and secure approval for
25 a very ambitious Transpacific Partnership Agreement,

1 which would create a higher standard for trade in the
2 fastest growing, most populous and dynamic region of
3 the world, the Asia Pacific Region.

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

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

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

21 One of the reasons that manufacturing has been
22 growing faster here than the overall economy is because
23 of real savings on the energy front, outstanding
24 workers, but also because our companies have retooled
25 and once again made that investment in innovation that

1 has been the hallmark of American manufacturing for
2 years.

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

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

20 Finally, we have got real opportunities to
21 make some bipartisan progress this year on some areas
22 that will make us more competitive in this global
23 marketplace. For example, today our companies face the
24 highest corporate tax rate in the world on paper.
25 There are so many loopholes, but some end up paying a

1 much lower rate, some pay the full freight. It
2 distorts our allocation of capital. It makes us less
3 competitive relative to businesses that are
4 headquartered overseas.

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

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

18 Thank you very much.

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

1 I think it moves the agenda along.

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

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

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

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

22 Then the other thing that came up is China.
23 You spent a lot of time with President Xi personally
24 connecting. Penny is going to take the leadership role
25 starting in Chicago next week, JCCT. We're trying to

1 engage. But any comments on China would be -- those
2 were sort of the themes that came out of the group this
3 morning.

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

7 I'll just give you a couple of quick top
8 lines. First of all, I am much more optimistic about
9 us being able to close out an agreement with our TPP
10 partners than I was last year. It doesn't mean that it
11 is a done deal, but I think the odds of us being able
12 to get a strong agreement are significantly higher than
13 50/50, whereas last year I think it was still sort of
14 up for grabs.

15 The question then becomes assuming we are able
16 to get the kind of agreement that is good for American
17 workers and good for American businesses, how do we
18 proceed in Congress? I think that despite the fact
19 that we had an election that I wasn't that happy with,
20 the dynamics really don't change in terms of the number
21 of votes in the House and the Senate that are there to
22 be gotten for a good trade, but we have to make the
23 case and I think we can make a very strong case that
24 what we're doing here is really setting a higher bar
25 that will give us more access to markets, will give us

1 greater IP protection, will make sure that U.S.
2 companies, both in goods and in services, are less
3 disadvantaged by non-tariff barriers and state support
4 and procurement practices in these countries than they
5 have been in the past.

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

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

22 So that instead of fighting the last war, what
23 we need to be doing is looking forward and there is no
24 doubt that what Mike is negotiating creates higher
25 labor standards and greater access than the status quo,

1 and that's what we should be measuring against.

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

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

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

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

25 The final criticism -- not the final, but

1 another criticism that we are going to receive
2 domestically is this issue -- what is the term of art
3 in terms of lawsuits? We have looked at the facts and,
4 generally speaking, I think the language that is being
5 used allows every country to maintain its public health
6 and safety and welfare provisions.

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

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

1 something everybody is in favor of.

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

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

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

23 So the key with China I think is to continue
24 to simply press them on those areas where trade is
25 imbalanced, whether it is on their currency practices,

1 whether it is on IP protection, whether it is on their
2 state-owned enterprises.

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

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

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

1 disadvantage with China.

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

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

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

24 Any views from you? I know you have talked to
25 a lot of your peers on the subject.

1 PRESIDENT OBAMA: Joe has been very close to
2 this. So he probably gave you a pretty sound overview.
3 I think you identified what has been important in this
4 process, and that is our ability to keep Europe in
5 lockstep with us. There may be some movement out of
6 Congress for us to get out ahead of Europe further.

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

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

20 Where Putin will succeed is if it creates a
21 rift in the Transatlantic relationship. If you start
22 seeing Europe divided from the United States, that
23 would be a strategic victory, and I am intent on
24 preventing that and the way to prevent it is making
25 sure that we are taking into account the very real

1 economic impact on Europe from these sanctions being
2 measured in terms of how we apply them and having some
3 strategic patience.

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

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

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

1 All right?

2 CHAIRMAN McNERNEY: Terrific. Thank you very
3 much.

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

6 (Applause)

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

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

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C E R T I F I C A T E

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

LISA L. DENNIS

Court Reporter