

NATIONAL PRESS CLUB LUNCHEON WITH COMMERCE SECRETARY GARY LOCKE

SUBJECT: BACK TO BASICS: A BLUEPRINT FOR EXPORTS-DRIVEN JOB GROWTH

MODERATOR: ALAN BJERGA, PRESIDENT, NATIONAL PRESS CLUB

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**ALAN BJERGA:** (Sounds gavel.) Good afternoon, and welcome to the National Press Club. My name is Alan Bjerga. I'm a reporter for Bloomberg News and the President of the National Press Club. We're the world's leading professional organization for journalists, and are committed to the future of journalism by providing informative programming and journalism education, and by fostering a free press worldwide. For more information about the Press Club, please visit our website at [www.press.org](http://www.press.org).

And on behalf of our 3,500 members worldwide, I'd like to welcome our speaker and our guests in the audience today, as well as those who are watching on C-SPAN. We're looking forward to today's speech, and afterwards I'll ask as many questions from the audience as time permits. Please hold your applause during the speech so that we have time for as many questions as possible. For our broadcast audience, I'd like to explain that if you hear applause, it may be from the guests and members of the general public who attend our luncheons, and not the working press.

I'd like now to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Darren Gersh, Washington Bureau Chief of the Nightly Business Report; Diana Gregg, economic reporter with the BNA Daily Report for Executives; Hani Nasser, media counselor for the Canadian Embassy; Travis Sullivan, the Director of Policy and Strategic Planning for the Department of Commerce, and a guest of the speaker today. Fred Keller, the CEO of Cascade Engineering, the Chairman of the Manufacturing Council and a member of the MEP Advisory Board, also a guest of the speaker. Jim Ostroff, Associate Editor for Kiplinger Washington Editors;

Andrew Schneider, Associate Editor for Kiplinger Washington Editors, and Chairman of the NPC Speakers Committee that organized today's event.

Skipping over our speaker, Marilyn Geewax, Senior Business Editor for National Public Radio; Michelle O'Neill, Acting Undersecretary of the International Trade Administration, and a guest of our speaker; Mark Drajem, a reporter at Bloomberg News; Xiong Min, Washington Correspondent for the 21<sup>st</sup> Century Business Herald; and Bill Cassidy, Senior Editor for the Journal of Commerce. (Applause)

In his 2010 State of the Union Address, President Obama identified trade promotion as a key component of his strategy for setting the country on a path toward long-term economic growth. He set a goal of doubling exports over the next five years, asserting that such action would support two million jobs. He followed this with a call for stronger enforcement of existing free trade agreements. The message was calculated to appeal to bipartisanship and find common ground between business and organized labor. As with any effort to bridge such a gap, it is easier said than done.

Growing U.S. exports to more than \$3 trillion by 2015 will require a significant investment of resources by governments, as well as the private sector, at a time when those resources are under tremendous strain. It will take breakthroughs in commercial diplomacy equal to, and perhaps greater than, anything the world has seen since the birth of the WTO. And perhaps above all else, it will require a sustained, broad-based global recovery to provide demand for the goods and services the U.S. would produce.

Transforming President Obama's trade ambitions into reality is a task that falls on the shoulders of today's speaker. Gary Locke came to Washington, D.C. just under a year ago after nearly two decades in Washington State's politics as a lawmaker, county executive and the first Chinese American state governor in U.S. history. In his current post, his responsibilities now range from trade to overseeing the 2010 census to warning against blizzards and hurricanes. Please welcome to the National Press Club, Secretary of Commerce Gary Locke. (Applause)

**SECRETARY LOCKE:** Well, thank you very much, Alan, for the introduction. I can assure you that the blizzard is not happening today, or at least not right now. So, enjoy your lunch and your coffee and your desserts. I want to thank you all for coming today and I want to thank very much the Press Club for hosting us and recognizing some of our guests as well. I also want to indicate that Senator Amy Klobuchar was here earlier. She had to leave for votes on the Hill, but she left her father here, who's going to report all that we say and do here. And, of course, Senator Klobuchar is a great proponent of helping U.S. companies export around the world.

In last week's State of the Union address, President Obama announced a series of new proposals that will help put Americans back to work and our nation on a path of sustainable economic growth. A key element in helping to meet that goal is a new National Export Initiative which aims to double American exports over the next five years and support two million jobs here at home. There have, of course, been previous

endeavors by the government to elevate the importance of exports. But what sets this effort apart is that this is the first time the United States will have a government-wide export promotion strategy with focused attention from the President and the entire Cabinet.

This initiative will correct an economic blind spot that has allowed other countries to chip away at America's international competitiveness. Because for all of America's economic strengths, we stand out among developed countries as one of a few whose government does not have a focused, comprehensive and agile export strategy. At a time when traditional drivers of U.S. economic growth like consumer and business spending are strained, we simply must elevate exports as a key part of our economic recovery efforts. That's exactly what the National Export Initiative does. And I'm here today to tell you how.

First, the National Export Initiative, or NEI, is going to provide more funding for export promotion and more coordination between government agencies. Second, the NEI will insure that commercial advocacy objectives get government-wide support and that we do a more effective job of advocating for U.S. products and services in our interactions with foreign businesses, farmers and government officials.

And finally, the initiative will create an export promotion cabinet reporting to the President that will consist of top leaders from Commerce, Treasury and State Departments, the Department of Agriculture, the Export-Import Bank, the Office of the United States Trade Representative, and the Small Business Administration. To put it another way, prior to the NEI, export promotion may have been a some of the time focus for many U.S. cabinet agencies and departments. But the NEI makes it an all of the time focus.

Within 180 days, all agencies in the export cabinet will be responsible for submitting a coordinated, detailed plan to the President on how they will collectively enhance U.S. exports. The NEI's mandate is broad, and it will address key issues affecting the ability of U.S. businesses to export. And here are some of the steps we'll be taking to improve our export promotion performance.

Number one is a more robust effort by this administration to expand its trade advocacy in all of its forms. And that means educating U.S. companies about opportunities overseas, directly connecting them with new customers and advocating more forcefully for their interests.

Number two is improving access to credit in the wake of the financial crisis, especially for small and medium-sized businesses that want to export. Number three is continuing the rigorous enforcement of international trade laws to remove barriers that prevent U.S. companies from getting open and fair access to foreign markets.

Before I detail the specifics of these efforts, I think it's helpful to talk about why President Obama has put exports front and center. Today, far too many Americans are

having trouble doing what we've typically taken for granted; paying the mortgage, sending our children to college, saving for retirement. The fundamental American assumption that our lives will be better than our parents, and our children's lives better than ours, has been shaken. In the last decade, most families have seen their wages stagnate or decline. And that was true even before the recession began. Meanwhile, these same families have seen the costs of life's necessities, like healthcare and tuition skyrocket. In the case of healthcare, 155 percent since 1990. It's time to get back to the basics that help this country build the strongest middle class in history.

From the advent of the phone to the automobile to new drug therapies to the internet, America's strength has always been its people's ability to create and sell products and services that help others around the world lead healthier, wealthier and more productive lives.

Even amid the last decade's speculative mania, exports have remained an integral part of the economy. Last year, they accounted for 11 percent of our GDP, which is three times more than it was 50 years ago. Exports support nearly 10 million jobs in America, and almost 7 million jobs in manufacturing; and manufacturing jobs pay, on average, 15 percent more than the average wage. And for every \$1 billion in exports, 6,250 manufacturing jobs are created or supported.

But while the U.S. is a major exporter, we are, quite frankly, underperforming. U.S. exports as a percentage of a GDP are still well below nearly all of our international competitors. And today, less than 1 percent of America's 30 million companies export. That's a percentage that is also significantly lower than all other developed countries. And of U.S. companies that do export, 58 percent export to only one country. With our increasingly interconnected world where 95 percent of the consumers reside outside our borders, there are opportunities American companies and farmers cannot afford to miss.

The National Export Initiative will help our companies seize this opportunity. So I'd like to further explain the key areas where this initiative will have the most impact. In this globalized economy, companies from every corner of the world are competing like never before for business in foreign markets, especially in emerging countries like China, India and Brazil. American companies need advocates on the ground that will fight for their interests. And that means leading trade missions and working to educate companies in the United States about the opportunities abroad.

But it also means the U.S. government pounding the pavement alongside U.S. companies to drum up business. For example, even large U.S. companies with well developed contacts in foreign countries are finding that procurement decisions are increasingly being impacted by political factors. With massive infrastructure projects planned all around the world, this represents billions of dollars in potential business.

So let me provide a quick example of U.S. government advocacy done right. In 2009, in April 2009, General Electric requested U.S. government support for its campaign to provide the Kuwaiti Ministry of Electricity and Water with a combined

cycle power plant. At stake was a \$2.6 billion contract that G.E. was battling for against European competitors. Commerce Department staff working in Kuwait with their colleagues in the U.S. embassy began an intense round of engagement with their local Kuwaiti contacts on behalf of G.E. Our Commerce Department staff had approximately 20 meetings, dozens of emails and some over 50 telephone calls. And following these efforts, on September 14<sup>th</sup>, G.E. was awarded and signed a contract to provide a 2,000 megawatt power plant in Kuwait.

What's crucial is that this plant will contain approximately \$1.1 billion in American export content from some 240 suppliers located in 24 states. We need to see a lot more success stories like this one. And the National Export Initiative will help by giving senior American officials traveling abroad a second job description: advocate and salesperson for U.S. companies and products.

Of course, G.E. is a major multinational corporation and their challenges are different from those of small and medium sized companies. Many American companies don't export, or export less than they could, because they simply don't have the resources to identify promising new markets, or the necessary contacts in foreign countries. And this is an area where the Commerce Department's International Trade Administration, or ITA, will be escalating its already substantial efforts. ITA has a global network of trade specialists posted in 109 U.S. cities, but also at 128 U.S. embassies and consulates in some 77 countries around the world.

As part of the National Export Initiative, the President's 2011 budget is requesting a 20 percent increase for ITA, \$78 million of additional funds. And with that, ITA plans to bring on as many as 328 new trade experts, mostly in foreign countries, to advocate and find customers for U.S. companies, allowing its commercial service to assist more than 23,000 clients to begin or grow their export sales in 2011.

The budget increase will also allow ITA to put a special focus on increasing by 50 percent the number of small and medium sized businesses exporting to more than one market. Again, I said, 58 percent of all U.S. companies that do export, export to only one market. We've got to drive that number up so that those companies export to two or three markets.

The budget increase will allow ITA to increase their presence in emerging, high growth markets like China, India and Brazil. The budget increase will enable ITA to develop a comprehensive strategy to identify market opportunities in fast growing sectors, like environmental goods and services, renewable energy, healthcare and biotechnology.

But ITA isn't waiting for extra funds in 2011 to step on the gas pedal. In the next month, they're launching a 12 month program to help create jobs in America by identifying new markets for existing U.S. exporters, increasing the number of foreign buyers to U.S. trade shows, and working with private sector partners to increase exports. And finally, by getting more clean energy companies involved in promising new markets.

ITA also will be putting more emphasis on programs that have a proven track record of success, like our Gold Key program where our commercial service staff go out and find buyers and distributors for American made products and services. If you're an American firm and you want to sell your goods or services abroad, all you have to do is pick up the phone and call 1-800-USA-TRADE. Commerce Department experts will then conduct an international search to find potential agents or customers, distributors, for your unique business. They'll contact potential overseas business partners and they'll work with you to design and implement a market entry or expansion strategy. Think of it as matchmaking, or speed dating, for exporters. We'll search and find partners and customers for you until you find the right fit. And again, that's a toll free number, 1-800-USA-TRADE.

Gold Key is just one of the many services offered by the International Trade Administration. And like many of ITA's efforts, they're going to be focused on small and medium sized businesses that represent the biggest source of untapped export potential in America. Last year, ITA helped nearly 5,600 companies increase their exports and 85 percent of those were small and medium sized businesses. And a new Commerce Department initiative this year will enable ITA to connect with even more of those businesses.

In the coming months, we'll be launching a virtual commerce connect website which will serve as a portal for businesses to access the full array of Commerce Department and other federal government services that can help businesses and entrepreneurs. Now, for small business owners, many of whom aren't close to an International Trade office, or who previously didn't think they had the time or the resources to partner with the federal government, this will be a particularly valuable tool.

But the Commerce Department isn't the only agency focused on export promotion. Key to the National Export Initiative is the Department of Agriculture, which will be redoubling its efforts to help American farmers and ranchers sell abroad. The President has proposed an additional \$54 million for the Department of Agriculture to enhance its export promotion activities. And that will mean more technical assistance to help farmers sell specialty crops, more foreign country promotions extolling U.S. commodities. And more direct assistance to farmers to develop new foreign markets and to increase market share in existing markets.

Helping American farmers sell more simply means and equals more jobs. American agricultural exports totaled nearly \$97 billion last year, and represented 9 percent of goods the U.S. ships abroad. Ag exports support about a million jobs. And these jobs are both on the farm and off, in urban and rural communities, and across communities and professions. And every \$1 billion in agricultural exports supports over 9,000 jobs and generates an additional \$1.4 billion in economic activity.

As we work to connect our exporters to more customers abroad, it's also crucial to address the second priority issue that we tackle under the Export Initiative, and that's

access to credit. Although our financial system has weathered the crisis of 2009, lending is still restricted, especially for small and medium businesses. As part of the National Export Initiative, the President has called upon the Export-Import Bank, which supports critical financing to customers of U.S. companies when private banks are otherwise unable to, or unwilling to. The President's called upon the Export-Import Bank to increase its finances benefiting American small and medium sized businesses from four to six billion dollars next year.

During the last three months alone, the bank has authorized \$1 billion in small business financings, and have added some 112 new American small business clients, many of whom were first time exporters. And these companies are selling everything from nanotechnology base to cosmetics to date palm trees to sophisticated polymers and exporting to some 45 countries around the world. To make businesses better aware of these funding opportunities for international sales, Export-Import is expanding its work with banking and brokerage partners, growing this road show to some 16 cities across America and deepening its partnership with the Small Business Administration to provide more comprehensive services to small businesses.

And Export-Import's increased activity will dovetail with the administration's other credit expansion efforts, including President Obama's recent proposal to redirect \$30 billion in repaid TARP funds to boost lending to small businesses.

Finally, the National Export Initiative is going to sharpen the government's focus on the barriers that prevent U.S. companies from getting open and fair access to foreign markets. The Office of the United States Trade Representative is working toward an ambitious and balanced Doha round that provides our exporters new market access opportunities. And the U.S. Trade Representative Office is going to be opening markets in key growth areas such as Asia with the transpacific partnership, an agreement that could set a new standard for trade agreements with very strong labor, environmental and market access standards. At the same time, USTR will improve enforcement of exiting international trade law and address the outstanding concerns we have with pending free trade agreements.

You know, the United States is the most open major economy in the world. And that's not going to change. But that commitment is coupled with an ongoing focus to insure the competitiveness of U.S. companies in foreign markets. Free trade only works in a system of rules where all parties live up to their obligations. And the United States is committed to a rules-based trading system where the American people, and the Congress, can feel confident that when we sign an agreement that gives foreign countries privileges, of more access to our domestic market, that we are treated the same and to the same level in their countries.

That means enforcing our trade laws, combating unfair tariff and non-tariff barriers, cracking down on practices that blatantly harm U.S. companies like the theft of our intellectual property. Despite America's remarkable dependence on innovation for future growth, the current system for protecting U.S. intellectual property is fraying at the

seams. Every year, American companies in field as diverse as energy, technology, entertainment and pharmaceuticals, lose between 200 and 250 billion dollars a year to counterfeiting and piracy. This theft, as the Vice President calls it outright theft, is especially damaging for U.S. companies selling abroad, as more than 50 percent of our exports depend on some form of intellectual property like software, or complex technology.

And that is why Commerce and our partners at USTR, as well as Justice Department and Homeland Security are committed to remedying this problem and actively pursuing IP enforcement.

As I said at the top today, this National Export Initiative drives ambitious goals; a doubling of exports in five years supporting two million jobs. The broad scope of the NEI and the urgency of this mission demand that we scale up our activities quickly. And I'm confident that we have the infrastructure to do so. When I came to the Department of Commerce, one of my goals was to improve interagency cooperation on export promotion. And to that end, we've revitalized the trade promotion coordinating committee, which in many ways have been ignored in recent years. The coordinating committee brings together some 20 federal agencies and departments to work on export expansion efforts. And it will now help operationalize at the staff level the goals laid out in the National Export Initiative.

In fact, we've already got cabinet-level working groups addressing many of the issues that I've discussed today. But for all the different economic challenges that our nation faces, our ultimate goal with the Export Initiative is pretty simple. We want to help write more export success stories, like the one we saw from a company called Air Tractor in Wichita Falls, Texas. Working with the Export-Import Bank and the Commerce Department's Export Assistance Center in Ft. Worth, Air Tractor relied on growing foreign sales to not only survive, but thrive during the recent recession. Over the last decade, the company has seen its exports grow from 10 percent of its business to 45 percent. And they've doubled their workforce from 100 to 200.

This small company in a rural area of Texas is now selling its crop dusters and firefighting aircraft to countries like Spain, Brazil and Australia. And along the way, they've relied on the Export-Import Bank to support financing for their customers that made these sales possible. To date, Export-Import has assisted with the completion of the financing of some 70 deals. Now, if Air Tractor can do this, there's no reason thousands of other companies all across America can't do the same. They too can grow their sales abroad, create new jobs here in America and get our economy moving.

And the message I want to send to all these companies that are struggling to find customers, or to hire people, or simply to increase the hours of their current workers, is this. Look abroad. There are opportunities in other lands and the National Export Initiative is the clear signal that President Obama and his administration are committed to helping you find those opportunities. Thank you very much. (Applause)



**MR. BJERGA:** And thank you very much for your time, Secretary Locke. We have a whole stack here of questions, and please keep passing them in. Also, if you are watching this on C-SPAN or on the Press Club's webcast, you can go to [www.press.org](http://www.press.org), and also submit questions. Our first question here, simply, when you're speaking of your doubling of exports goal, is that a doubling across all sectors, or are there some sectors that you would expect to carry more of the weight, such as services or manufacturing or agriculture?

**SECRETARY LOCKE:** Well, that's an aggregate goal, and of course there are great opportunities in unique, different sectors, not just agriculture. That's why the President's proposed a significant increase in the export promotion budget of the Department of Agriculture. But also whether it's in green energy, and technology to help combat global warming and to provide energy efficiency and clean energy. So there are a whole host of sectors. And we know, of course, for instance in our exports, exports supports some seven million manufacturing jobs. So we're not focusing on any one particular area, but there are unique advantages of U.S. companies, products and services that we must capitalize. There's a great demand for these high quality products and services all around the world and we just need to really put a lot more effort into matching that need, that desire, that demand, with the great products and services supplied by U.S. companies.

**MR. BJERGA:** So would the goal then for doubling in five years be more aspirational, or do you have a sector by sector breakdown of where you anticipate this growth to occur?

**SECRETARY LOCKE:** We don't have a sector by sector target to achieve it, but we're confident that we will reach that goal. And, of course, part of that depends on the success of other efforts by President Obama and the administration on strengthening our economy and a rebalancing of the global economy as well. But we're very confident that we can reach it. But we're not waiting for 2011. We're not waiting for the budget increases proposed by the President in his 2011 budget. As I indicated, the President has directed Export-Import Bank already to provide more financing for small, medium sized companies next year. And we in the Department of Commerce are reprioritizing and our programs and our funds to focus on now on export promotion.

**MR. BJERGA:** Both the IMF and the World Bank project slow growth in global trade over the next two years, about 6 percent per year. To double U.S. exports within five years, exports would need to grow more than 14 percent per year. Is this a case of U.S. growth being slower early and then more later? Or is it simply going to be above the standard growth in contrary to the world trend?

**SECRETARY LOCKE:** Well, part of the strategy of achieving the doubling of exports over the next five years also depends on a growing world economy, getting America back on its feet economically. And again, other agencies are focused on this and that's part of the President's agenda. Strengthening our U.S. economy and having growth, and that will also provide export jobs.

But actual commitment to advocacy, helping find companies and customers for our U.S. businesses, as well as working on trade barriers that our companies face around the world. And, of course, financing, using the great work of the Export-Import Bank, for example, or even the Small Business Administration so the SBA can make loans and guaranteed loans and help companies expand and grow. And we in the Department of Commerce will help them find those customers to take advantage of the additional manufacturing of products and services that they might make with financing, let's say, from the SBA. And then having the deals financed by the Export-Import Bank. So it's a really holistic approach in using the State Department and others to really serve as salespeople on the ground, helping our U.S. companies.

**MR. BJERGA:** How dependent is the administration's goal for the depreciation of the dollar against east Asian currencies?

**SECRETARY LOCKE:** Our goals are without any regard to the currency issues. It's a given, we need to focus on-- we're just going to focus on advocacy, promotion, contacting, matchmaking U.S. companies with potential customers and distributors around the world, focusing on access or overcoming barriers that our companies may face, as well as financing. So our goals are completely irrespective of the value of the dollar.

**MR. BJERGA:** If the dollar were to fall, say by 20 percent, against east Asian currencies, that would be the same as giving an export subsidy of 20 percent to our manufacturers. Would it be helpful for our exports to have a substantial decline in the value of the dollar?

**SECRETARY LOCKE:** Well, that's something you're going to have to take up with Secretary of Treasury Geithner and others dealing with monetary policy. But let me just say that we are focused on simply a better matchmaking of the great products and services made by American companies, offered by American companies, with the great demand that is out there. There is a hunger and a demand for American products and services and unfortunately we in the Department of Commerce must do a better job of matching those opportunities, advocating on behalf of the U.S. companies, including the State Department and all arms of the federal agencies to really serve as advocates, salespeople, promoters of U.S. companies, products and services.

And so we are focused, the initiatives that the President has laid out, the work of the Export Council, of the National Export Initiative, will be focusing on these things that we can control right here and now.

**MR. BJERGA:** In general, what would you say are the biggest obstacles right now to increased U.S. exports?

**SECRETARY LOCKE:** Well, I think that obviously it's access to credit. A company that wants to expand their operations, purchase more equipment, it's having

difficulty finding that financing. That's why the Small Business Administration is much more engaged, and the President recently made some announcements on greater support and programs of the Small Business Administration. But, if we look at it from a kind of holistic, almost a life cycle of trade, got to have the product, the services, and that might require financial assistance. The banks right now are slow to lend, credit is tight. That's where the SBA is stepping up its efforts.

We need to find the customers for this increased output of U.S. companies, and that's where Commerce Department, Agriculture, comes into play, as well as State Department and other federal agencies. And then helping finance the deals. That's where Export-Import comes in. So, we're really focused on a greater coordination, directed by the President. I mean, this is the first time ever that this has the support of a President and it's a Presidential led effort and that we have this export cabinet.

**MR. BJERGA:** One concern you'll hear expressed from U.S. businesses is the difficulty in bringing foreign customers to U.S. trade shows because they cannot get visas, or can't get them on time. What are you doing to ease visas for foreign customers?

**SECRETARY LOCKE:** That is actually something that I've spoken about, and various business groups have spoken about. And the Commerce Department, along with the State Department and Homeland Security have been partnering. It's actually one of the activities and one of the early tasks of the Trade Promotion Policy Coordinating Committee, the TPPCC and we're making good progress there. And it's been a very collaborative interagency process. So we're very encouraged, and we know it's an issue. State Department knows it's an issue, the business community knows it's an issue, the trade groups know it's an issue. They've brought it to our attention, and we're working very well to really try to speed up this process.

**MR. BJERGA:** There also, of course, is the business concern about being able to bring in foreign workers, especially in high tech industries that could have great export potential for the U.S. How important is immigration reform towards the goal of increasing U.S. exports?

**SECRETARY LOCKE:** Well, obviously the greater degree to which U.S. companies can innovate and continue to engage in R&D to produce higher quality, more advanced products and services, the more competitive our goods and services will be and the more attractive they will be around the world. Getting skilled workers into the country that then can help lead this innovation is very important. I think Brent Scowcroft, the National Security Advisor to President Bush, issued a report last year, there was a report, a recommendation to presidential candidates McCain and Obama at the time, called for visa control as part of an export control strategy, especially visas to enable skilled workers to come into the country. And Brent Scowcroft said it was national security and so it's something that I know the President is concerned about and is addressing under a separate initiative in terms of export control reform.

**MR. BJERGA:** We had several questions on this topic. What is to be done about the exporting of U.S. jobs? Do we need more punitive legislation for companies that offshore for cheaper labor or more profits?

**SECRETARY LOCKE:** Well, the key is to really focus on helping American companies export our goods and services. The President does not believe in protectionism, the President does not believe in creating more walls, because that could lead to a trade war. The answer is not to restrict imports in the United States, it's really to increase exports. And we know that needs to be somewhat of a rebalancing of the global economy and that's why American companies need to export more and the world economy should not be based on consumer driven, debt driven consumption of the United States. But really, other countries need to start consuming more and relying less on exports to the United States. And that we need to also export more in exchange.

But the President has issued some proposals to try to insure that companies are not simply going offshore to avoid taxation or he's trying to close a variety of tax havens where people are just moving money offshore and jobs offshore simply to avoid taxation. I think even people in the business community would agree that a lot of these loopholes and proposals need to be-- or, mechanisms need to be closed and stopped.

**MR. BJERGA:** The administration has proposed to cut tax breaks to multinational corporations that transfer brands and patents to foreign affiliates. However, a large portion of U.S. exports are intra-company, between U.S. parent firms and their foreign affiliates. How can the administration pursue such tax law changes without discouraging U.S. foreign investment and the exports that depend upon it?

**SECRETARY LOCKE:** I'm not really, to be very honest, familiar with that type of provision of U.S. tax law and the tax code, so I'd have to really defer to the Treasury Department and the IRS for an answer on that.

**MR. BJERGA:** Just before the Copenhagen climate change conference two months ago, the Commerce Department announced a pilot program by which the patent and trade office would accelerate review of certain green technology patent applications to bring the technology to market to more quickly and create more green jobs. How will the department deal with the increased risk, that speeding up the approval process will wind up granting patents for ideas that shouldn't receive them? For example, because the design is flawed or duplicates an existing patent?

**SECRETARY LOCKE:** First of all, we know that a lot of these innovations have the potential of creating good paying jobs, a lot of good paying jobs. And we need to try and get these ideas commercialized as quickly as possible. And that's why we're having almost an express line for patent applications dealing with certain sectors of the green energy. Not all, but very tight areas and very narrow areas.

But let me just say, we are on a mission within the patent and trademark office to substantially speed up the review process of all patent applications. Right now, it takes

more than three years before a patent application is either granted-- a patent is granted or denied. That's unacceptable. That's unacceptable. And having patent pending is of no great comfort. It's like saying you have unclear title to your house or to your business property. How are you able to get financing with unclear title to remodel or to expand your home or your business? And so we are on a mission to reduce the processing time to a year. And at the same time, we need to insist on improving quality, because issuing a patent that then is subject to litigation over a whole bunch of other issues is of no benefit, either. So, the focus has to be on both speeding up the patent review process, and improving the quality and adhering to high quality.

**MR. BJERGA:** If Korea can reach a deal on U.S. auto concerns, will the Obama Administration send the Korea FTA to the Hill this year?

**SECRETARY LOCKE:** Well, the President is very supportive of the pending trade agreements with Colombia, Panama and Korea, but there are some specific issues with them that have to be addressed and they are being addressed by U.S. Trade Representative, Ambassador Kirk. And as soon as those issues have been resolved, including the issue of automobiles in the Korea agreement, then they will be brought up.

**MR. BJERGA:** Canada is the largest customer of the United States and the top export destination for 35 states. How would the measures you announced today affect the more than million dollars worth of trade and commerce that crosses the border with Canada every minute of the day?

**SECRETARY LOCKE:** Canada is a major export destination for the United States and for many states, it is the number one export destination of their goods, services and agricultural products. And we also depend a lot on goods made in Canada, goods that we take for granted in our daily lives. And we have a very strong connection, relationship, partnership, economically, culturally and government to government, as well as through trade.

But a lot of our U.S. companies that do export, export only to Canada. And we need to help all American companies that export to only one country, whether it be to Canada or Mexico, consider other markets. Because these are companies that understand international trade, that understand the border issues, customs issues, legal issues. So they're really ready to take on additional markets and that will be one of our areas of focus. Helping those companies that already export, export to an additional country. As I said, 58 percent of all U.S. companies that do export, export to only one country. Most of that, to Canada. So, we want to help build on their good experiences exporting to Canada to export to many other parts of the world.

**MR. BJERGA:** On the topic of job creation, in addition to manufacturing travel and tourism are a huge employer of Americans. What can be done to encourage more foreign visitors to travel to U.S. cities such as Las Vegas?

**SECRETARY LOCKE:** Now, what's wrong with Disneyland or our national parks? You know, we actually have great attractions in the United States, so Las Vegas to my home state of Washington State, climbing Mount Rainer, to Disney World, Disneyland, you name it. And actually, foreign tourists coming into the United States is actually considered an export. It's actually classified as an export, and it's an export in which we have a positive trade balance. That is, more foreign visitors coming into the United States and spending dollars here than U.S. residents going abroad and spending their dollars. And it's one that needs to be encouraged.

Congress is working on legislation that would raise some additional fees to support a public/private partnership to promoting exports. And so we're very supportive of that and looking forward to working with the Congress on this eventual legislation and the implementation of more advertising of the great destinations in the United States and the opportunities, whether it's just enjoying the outdoors, hiking and camping, golfing, Las Vegas, Disneyland, Disney World, you name it. All the great attractions of the United States.

**MR. BJERGA:** How do Buy America provisions impact the reception of American goods abroad?

**SECRETARY LOCKE:** I think that the Buy America provision has raised concerns in other countries about whether or not the United States is engaged in protectionism, and therefore whether other countries should retaliate with protectionist measures on their own. The President very much opposes protectionism because we know, and he knows, that once countries engage in protectionism, that can lead to a trade war and in a trade war, everyone loses. Everyone loses.

There's a lot that's misunderstood about the Buy America provision. The Buy America provision actually does not apply to goods and services coming from other countries into the United States with which we actually have a trade agreement. And we do have those trade agreements with so many parts of the world. But again, there's a lot of misunderstanding about the Buy America provision, and we have to get that message out to a lot of our trading partners.

**MR. BJERGA:** What steps does the administration propose to take to counter efforts by other countries to grow their own economies at the expense of America's capacity for innovation, rather than in partnership with it? Such as through weak enforcement of intellectual property protection, or policies that make market access contingent on technology transfer?

**SECRETARY LOCKE:** Well, first of all, I think that growth by one country should not be seen as the expense of another country. There are incredible opportunities for win/win, mutually beneficial trade. Countries around the world have enormous needs, whether it's to supply food to feed their people, to providing medical care, medical equipment, energy efficiency, cleaning up the environment. And there are enormous

opportunities for U.S. companies, farmers, ranchers, that excel in this. And it can help the people all around the world raise their standard of living. And so, that's what we seek.

At the same time, there are great opportunities for collaboration on innovation and research and development. We also believe that focusing on enforcement of intellectual property and having a strong intellectual property regime is beneficial to other countries. Because as they also begin to innovate and invent, they will also want strong intellectual property protections for their own creations, their own inventions. And so working with other countries to develop a rule of law, transparency, a strong patent and trademark system, enforcement of intellectual property rights, not only benefits our companies, but in the long run will benefit the industries, the innovation occurring in other countries.

**MR. BJERGA:** The U.S. has a trade surplus in U.S. manufacturing goods with its free trade agreement partners. Beyond the three FTAs that are currently under discussion, what other countries may be possibilities for free trade agreements?

**SECRETARY LOCKE:** Well, as the President indicated, he very much wants to try to conclude an ambitious and balanced Doha round. We recognize that a lot of the very poor developing countries of the world can benefit economically and raise the standard of living for their people if they're able to sell some products and services into the United States. But at the same time, we want to make sure that in other more advanced developing countries that there's true access, open, fair access for American products and services. And that's what the President is trying to achieve, and what the U.S. Trade Representative Ambassador Ron Kirk, is trying to achieve.

At the same time, for instance, I mentioned that in Asia, there's the possibility, and the President has indicated a desire to be part of the transpacific partnership, which would be a new multilateral, multi country trade agreement where the United States is being invited, and has an opportunity, and the President has committed to participate where we can actually set new, higher standards in labor, in environment and market access that could then serve as a template and a model for all other future trade agreements. So we're very hopeful about that.

**MR. BJERGA:** Our discussion today has been very dominated by trade issues. But a couple of questions on other topics. First, what areas of government oversight are you prioritizing, and what programs do you feel have been most vulnerable to fraud and abuse in the past?

**SECRETARY LOCKE:** Well, I only oversee the Department of Commerce, so-

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**MR. BJERGA:** We can keep with that context.

**SECRETARY LOCKE:** Well let me say that we at the Department of Commerce have some 50,000 employees and other than about 130, 150 of that are appointed by the President, serve at the pleasure of the President. The rest are all career

folks. These are highly dedicated, great professionals with great pride in the organization. And the Department of Commerce runs the gamut. We're kind of like a holding company. We have census, when you get your form in the middle of March, please fill it out. Only ten questions, should only take ten minutes to answer, very easy. Mail it back because we really want an accurate, an accurate portrait of America. And we also have patent and trademark that we talked about, International Trade Administration, helping promote exports and also the Bureau of Industry Security, which restricts exports to make sure that we restrict exports so that we're not infringing upon national security.

To NOAA and the weather service and prediction of hurricanes and monitoring the health of the ocean and our fisheries, to our National Institute of Standards and Technology, which have several Nobel Laureates devising standards by which industry can create products for use. To our economic statistics bureaus and also to NTIA, dealing with telecommunications and the allocation of spectrum. And providing grants for broadband, high speed internet.

If there's one thing that combines us, or unifies us all, if there's a common theme, it is that we are an agency promoting innovation, knowledge, all to help businesses succeed, be competitive, viable, to ultimately hire more people. And that's what we're focusing on; job creation and business competitiveness.

What we're really finding is that we've got a great group of people here. But we can certainly always prioritize. We need to be much more efficient, more effective in how we do things, whether it's speeding up the patent process, systems, from three-plus years down to one year, to really making sure that we keep the cost of administration as low as possible so that we're able to pass on more dollars whether it's for infrastructure and job creation in our communities.

**MR. BJERGA:** We actually did have one question related to the census, which was the Constitution requires a census count of all people in each state, not just all citizens or all legal residents. Given the current political climate, would you expect any illegal immigrants to participate in the 2010 census?

**SECRETARY LOCKE:** You know, the census has always been controversial from its very beginning, 1790 when the first census was conducted under President George Washington. In fact, the very first veto by a U.S. president was by President George Washington dealing with information obtained from the census. And George Washington at that time thought there had been an under count. So, we have these issues since the beginning of this great democracy and this republic. But the U.S. Constitution requires a count of all people in the United States. It does not say a count of only registered voters, it does not say a count of only those who are U.S. citizens or those born here. It does not distinguish between those who are naturalized citizens or here on a green card. All people living in the United States of America. And so that is our mission, and we will do that.



We know that because of immigration fears, for those who are here without proper documentation, that there might be an inclination not to participate. But we urge those to participate because all the information in the census form is absolutely confidential. We do not share it with any other federal, state or local law enforcement agency or any other arm of government. It is absolutely confidential. And it is a crime, a felony, for any census worker employee to divulge any information.

But the questions are only ten and take only ten minutes to answer. And not a single question asking if you, in fact, are a voter or what your citizenship status or immigration status is. So as far we are concerned, we don't know whether a person is here legally or illegally, nor do we care. And so fill out the question. And if you don't want someone knocking on the door, a government worker and if people are suspicious of people knocking on the door, all the more reason to fill out the census questionnaire, the census form. Ten questions, ten minutes. Mail it back and again, no one will know anything. (Laughter)

**MR. BJERGA:** We are almost out of time. But before asking the last question, we have a couple of important matters to take care of. First, a note to our audience on future speakers. This Monday, February 8<sup>th</sup>, we'll have Secretary Tom Vilsack of the U.S. Department of Agriculture, who will highlight the Obama Administration's priorities for reauthorization of the Child Nutrition Act, and call on Congress to act swiftly to pass a strong reauthorization bill on the health and nutrition of America's children.

On Friday, February 12<sup>th</sup>, we will have Admiral Ted Allen of the Coast Guard Commandant, who will discuss the state of the Coast Guard. And on March 5<sup>th</sup>, the Honorable Mitt Romney, former governor of Massachusetts, will discuss the case for American greatness.

Second, we would like to present our guest, the man of the moment, with the traditional National Press Club mug. (Applause)

**SECRETARY LOCKE:** Thank you very much.

**MR. BJERGA:** Now for our last question, this is something that's on a lot of our audience's mind, as well as major regions of the country watching on C-SPAN, going back to your introduction, one of your duties as Commerce Secretary includes blizzard warnings. And my question for you is do you believe that low pressure coming from Canada could lower temperatures to the point where the storm would be sent further south, or that current weather forecasting models will go forth to lead to 12 to 20 inches of snow in the Washington, D.C. area, wreaking havoc on regional transportation networks and canceling a lot of people's weekend plans? (Laughter)

**SECRETARY LOCKE:** Well, just be prepared. Watch the news, and all the information that you're getting from your weather forecasters on radio, television,

newspaper, all comes from NOAA, the National Weather Service. Thank you very much.  
(Applause)

**MR. BJERGA:** And that's weather on the 8<sup>th</sup> at the National Press Club with Commerce Secretary Gary Locke. I'd like to thank you all for coming today. I also would like to thank National Press Club staff members Melinda Cooke, Pat Nelson and Joann Booz for organizing today's lunch. Also, thank you to the National Press Club Library for its research. The video archive of today's luncheon is provided by the National Press Club's Broadcast Operation Center. Our events are available for free download on iTunes. Nonmembers may purchase transcripts, audio and videotapes by calling 202-662-7598. For more information about the National Press Club, please go to our website at [www.press.org](http://www.press.org).

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