

DEPARTMENT OF COMMERCE
MANUFACTURING COUNCIL MEETING
JANUARY 12, 2011

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Transcript of meeting taken in the
above-captioned matter by Vicki L. Plant, Court
Reporter, Notary Public in and for the State of
Ohio, at the Hilton Garden Inn, 6165 Levis Commons
Boulevard, Parlors B and C, Perrysburg, Ohio, on
Wednesday, January 12, 2011, commencing at
10:30 a.m.

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1 PRESENT:

2 Peter M. Perez, Deputy Assistant Secretary,
3 Department of Commerce

4 Nicole Y. Lamb-Hale, Assistant Secretary,
5 Department of Commerce

6 William Spriggs, Assistant Secretary for Policy,
7 Department of Labor

8 Henry Kelly, Principal Deputy Assistant Secretary
9 for the Office of Energy Efficiency and Renewable
10 Energy, U.S. Department of Energy

11 Michael Masserman, Director, Office of Advisory
12 Committees, Department of Commerce

13 Jenna Pilat, Deputy Director, Office of Advisory
14 Committees, Department of Commerce

15 Bruce Sohn, President, First Solar, Inc.

16 Joseph B. Anderson, Jr., Chairman and Chief
17 Executive Officer, TAG Holdings, LLC

18 Rich Beyer, Chairman and Chief Executive Officer,
19 Freescale Semiconductor, Inc.

20 Chandra Brown, Vice President, Oregon Works, Inc.

21 Michael Gambrell, Executive Vice President, The Dow
22 Chemical Company

23 Mary E. Ibister, President, General MetalWorks
24 Corporation

25 Fred Keller, Chairman and Chief Executive Officer,
26 Cascade Engineering

27 Samuel Landol, Chief Operating Officer, Sealaska
28 Corporation

29 Michael Laszkiewicz, Vice President and General
30 Manager, Rockwell Automation

31 James B. McGregor Sr., Vice Chairman, McGregor
32 Metalworking Companies

1 David S. Melton, President and Chief Executive
2 Officer, Sacred Power Corporation

3 Jason W. Speer, Vice President and General Manager,
4 Quality Float Works, Inc.

5 Ward J. Timken Jr., Chairman, Board of Directors,
6 The Timken Company

7 Donna L. Zobel, President and Chief Executive
8 Officer, Myron Zucker, Inc.

9 PRESENT BY TELEPHONE:

10 Daniel DiMicco, President and Chief Executive
11 Officer, Nucor Corporation

12 Jane L. Horner, Executive Vice President, Illinois
13 Tool Works, Inc.

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15 MR. SOHN: Good morning. The
16 challenges of mother nature over the last couple of
17 days. A few of the people got stranded in airports
18 or in their hometowns, and they are available by
19 telephone. We've got a fairly full agenda, a
20 number of things that we'll go through today.

21 Certainly there's been a lot of conversation
22 offline since our last meeting, and I think that
23 not only has it been impressive to listen to see
24 how the council has come together since its
25 formative meeting. I think that you're also
starting to see a tremendous amount of interest
just broadly within the government and within the
press. I think that it's very difficult certainly

1 over the last month in particular to pick up a
2 newspaper in the morning and not find some sort of
3 comment that is directly related to manufacturing
4 here in the United States. Fortunately, more of
5 the news tends to be positive. For example,
6 reflection of growth in the economy, we start to
7 see big headlines like Ford's recent announcement
8 that they are committing 7,000 new jobs into the
9 United States, into a new facility, certainly very
10 welcome news and very important.

11 I think that as the work of council goes,
12 while we find great value in seeing those kinds of
13 headlines and seeing the growth and the
14 strengthening of the companies, I think the real
15 value of the council is something that we're going
16 to measure over the course of the years.

17 And what we're really looking for is a real
18 significant change in the trajectory of
19 manufacturing and Gross Domestic Product, as a
20 percentage of the total Gross Domestic Product,
21 and not looking for just a blip on the curve and
22 not looking for just a basic recovery indicator,
23 but we're looking for a true change in direction or
24 a question of that in governmental policy and ease
25 of what businesses will be able to thrive and to

1 grow successfully here in the United States.

2 At today's meeting, we'd like to welcome, we
3 have a number of students here from the local high
4 schools and from Ohio State that have come to join
5 us and we welcome all of you.

6 For those of us who have had our entire career
7 in manufacturing, I think that you will find in
8 talking with us a little bit of excitement and
9 energy and just thrilled of having gone through it.
10 There's just many, many things that we have found
11 very appealing about manufacturing, to factories
12 and manufacturing and raw materials and turning
13 them into something that has real value and the
14 aspects of growing a business and being successful
15 working within those facilities and interacting in
16 the marketplace both here domestically as well as
17 throughout the world.

18 So all of you, I encourage you whoever you are
19 paired up with throughout the day, ask questions,
20 find out what you're interested in, and talk more
21 about it because we very much welcome you into the
22 manufacturing field and hopefully to see the
23 benefits and excitement and enthusiasm that comes
24 from being a part of manufacturing.

25 With that, I think we'll work our way into the

1 main part of the agenda. Peter, if you have some
2 trends you were going to show at this point.

3 MR. PEREZ: Thank you very much,
4 Bruce, and welcome to the council members and
5 especially a welcome to the students that are with
6 us today. You excite us with your youth and
7 enthusiasm and we're looking forward to that
8 connection that we're going to get with all of you.

9 I am particularly pleased to be here in Toledo
10 and Perrysburg. I had a great day yesterday with
11 Owens Corning and with approximately 25
12 manufacturers who met with me, and one of them is
13 sitting right behind me. We had a very robust hour
14 and a half discussion about the issues and of the
15 opportunities that we find in manufacturing today,
16 so it's wonderful to be here.

17 I'm going to give you a few statistics, but I
18 plan on asking the deputy assistant secretary,
19 Praveen Dixit, to give you a power point on the
20 economy, and to be a regular communicator with the
21 council in terms of power points and being
22 available to answer questions for these reports
23 into Nicole Lamb-Hale when they're available to
24 this council to make sure that when you need
25 statistical matter, it's available to you.

1 We all know that manufacturing has taken a hit
2 the last few years, but we are seeing some
3 positive signs, and Nicole and I are going to talk
4 about a few of them.

5 Manufacturing is the fastest rebounding sector
6 of this recession, and the two things that are
7 leading that success are exports and investments.
8 Real exports have grown at nearly 13 percent a year
9 and real investments have grown at 22 percent a
10 year with investment in equipment and software the
11 strongest investment category. And manufacturing
12 is the main contributor to these factors with
13 durable goods growing at 18 percent a year since
14 the end of the recession, and non-durable goods
15 sales growing at 6 percent. We all hope that our
16 manufacturing products are up, and statistics say
17 that they are up 90 percent, and I hope those of
18 you around the table that are running companies are
19 feeling that kind of number. But we also know
20 importantly that we're creating jobs, and
21 manufacturing jobs are up 100,000 jobs.

22 The recovery returns us to our long term
23 strengths in manufacturing and that is productivity
24 and export markets. Productivity has always driven
25 U.S. manufacturing and it certainly has kept pace

1 with the GDP even though our employment has fallen
2 during this time by 30 percent.

3 Exports also have increased in their
4 importance. Since 1993 exports share output has
5 increased from 22 percent to 31 percent, and we all
6 know we're very engaged in this issue of export
7 markets, and I thank the members of the council
8 that contributed to the letter on the
9 U.S.-Korea Trade Agreement. It speaks a great deal
10 as to how you all understand the importance of
11 being competitive globally. I think you should
12 know that many other countries are racing toward
13 including such agreements with other countries, and
14 while we have 17 agreements that have already been
15 concluded, many other countries have many more
16 agreements. These are opportunities to sell our
17 goods without duties and tariffs in the important
18 world market. So there's a great opportunity in
19 connection with the national export initiatives,
20 and it relies on our strengths and to expand
21 manufacturing in this country.

22 We as a manufacturing services group
23 specifically are looking at leveraging U.S.
24 manufacturing advantages in technology and to
25 export success in high tech, especially green

1 exports, and today I spent most of my time with the
2 energy subcommittee, and I hope you all have a copy
3 of the Renewable Energy and Energy Efficiency
4 Export Initiative, and we're excited that the
5 people, Nicole in my unit, has led in producing
6 this strategy. It represents the work of
7 coordination with eight U.S. Government agencies
8 committed to address common hurdles that face
9 companies in this section, of the shortage of
10 appropriate financing, limited market access, and
11 lack of contacts with qualified foreign partners
12 and customers.

13 The initiative has four specific things:

14 1. Tailored financing; 2. Renewable energy and
15 energy efficiency companies, improving the market
16 access; 3. Enhancing information; and 4. Linking
17 buyers and sellers and strengthening government
18 services.

19 In addition, in the packet that you have we
20 have provided you with a report on sustainable
21 manufacturing practices in the packaging machinery
22 industry. This report is a result of a year of
23 research, visiting with companies in this specific
24 area, and I was honored to be the one presenting
25 this this fall at their annual Packaging Machinery

1 meeting, and I hope you'll take time to look at
2 this. And in the case of both of these studies, I
3 would welcome your feedback, your questions, and I
4 look forward to engaging in robust dialogue from
5 these documents to insure that they continue to be
6 timely and informative.

7 So let me just say in conclusion that we have
8 an incredible opportunity now to revitalize this
9 critical sector called manufacturing, and I look
10 forward to working with all of you to make sure we
11 do it the right way. Thank you.

12 MR. SOHN: Thank you very much,
13 Peter. Nicole?

14 MS. LAMB-HALE: Thank you, Bruce, for
15 your leadership of the council and for graciously
16 hosting us today in Perrysburg. I want to thank
17 all of the Manufacturing Council members here. You
18 are the first council that I think I've
19 participated in choosing in totality, and I really
20 am proud of you and the work that you're doing and
21 the commitment that you made to insure that
22 manufacturing is competitive in the U.S.

23 I want to bring you regards from
24 Secretary Locke, who along with the president of
25 the cabinet members canceled travel plans out of

1 respect for the victims of the unfortunate events
2 in Arizona. He really wanted to be here and he
3 sends his regards, and he has committed to join me
4 in future meetings.

5 I understand that all of you have a full plate
6 in managing your company and I really appreciate
7 the time and service that you brought to bear.
8 It's very important, as Peter said, that we have
9 input from those in industry who on a day-to-day
10 basis see what the issues are, see what the
11 opportunities are, so that we can draft our
12 policies in the proper way.

13 I want to say, as Peter indicated, I am so
14 excited that all the young people are here today.
15 It's really important that we have a pipeline to
16 support the competitiveness of manufacturing in
17 this country, and the students that are here are
18 representative of the future innovators and
19 entrepreneurs in our economy, and I know that some
20 of you will be on the Manufacturing Council one
21 day. I may not be here, but you will, so I'm very
22 pleased to have the opportunity to see this really
23 great example of public service. Not all public
24 service requires you leaving your job and going
25 into the government full-time. The people around

1 the table are public servants as well. They are
2 really dedicated to the health and success of our
3 country. They are great role models for you.

4 Peter's brief update on the state of
5 manufacturing is just a precursor to the detailed
6 information we'd like to share with you going
7 forward.

8 A vibrant manufacturing sector continues to be
9 a high priority for the administration for two
10 simple reasons. First, manufacturing is a vital
11 source of middle class jobs, family wage jobs, with
12 manufacturing employees making 13 percent more than
13 the average for all other workers in the U.S.

14 Manufacturing is also a major contributor to
15 American innovation providing two-thirds of our
16 nation's research and development spending, and of
17 late, we are seeing encouraging signs of growth in
18 the manufacturing and the economy at large.

19 On Friday, jobs numbers were released showing
20 that private sector jobs grew for the 12th straight
21 month. And in addition, the unemployment rate has
22 come down to 9.4 percent, and it's sad that we must
23 celebrate that fact because it's still too high,
24 but it's going in the right direction, it's still
25 at an unacceptable level. We need to continue to

1 work together to continue to see that decline in
2 the unemployment rate.

3 There are still millions of Americans that need
4 work and they can't find it, and the President has
5 said at the time, the only piece of economic news
6 that people who are looking for work want to hear
7 is that you're hired, and that's the focus of the
8 President and his economic team every single day.

9 Just last month President Obama signed into law
10 legislation that provides vital tax relief in
11 investments that will create jobs and celebrate
12 economic growth. And I want to note that any of
13 the issues the previous Manufacturing Council
14 abdicated for were included in this legislation,
15 maybe not on a permanent basis because I mentioned
16 a couple of groups still had something more to do,
17 but it's certainly reflective of issues and
18 concerns that have been raised over the years by
19 the Manufacturing Council.

20 The law includes the largest temporary
21 investment for manufacturers and other businesses
22 in American history. It temporarily allows
23 companies to expense 100 percent of their
24 investment until 2011. Competition generating more
25 than \$50 Billion in additional investment this year

1 which will fuel job creation. And to encourage
2 additional investment immediately, businesses will
3 receive an upfront deduction for investment and
4 give up future annual depreciation allowances when
5 the economy is stronger, with a net cost of about
6 \$30 Billion over the next ten years.

7 The legislation also includes a one-year
8 extension of the 1603 renewable energy grants
9 program which has encouraged more than 4,000
10 clean energy projects and is helping to support
11 tens of thousands of jobs in the wind and solar
12 industries.

13 And it includes a two-year extension of the R&D
14 tax credit. I know that you've asked for a
15 permanent extension, we're working on that, but
16 certainly it's progress and it provides other tax
17 incentives to support business expansion, which is
18 one of the key issues the previous Manufacturing
19 Council pushed for.

20 Each dollar spent on R&D tax credit creates \$2
21 with benefits for the economy and our society
22 helping to keep the U.S. on the leading edge of
23 21st Century technology while expanding high tech
24 jobs, encouraging innovation, and increasing
25 productivity and growth.

1 Taken together these measures represent a
2 major course for economic growth and job creation
3 in America.

4 Toward that end, last week the President also
5 signed the Competes Act which includes
6 authorization for the continued growth of research
7 budgets, at commerce, energy, and the National
8 Science Foundation, and renew our nation's focus on
9 science, education, and technology. This act will
10 be critical to further the type of basic research
11 and development that is often too risky or too
12 expensive for the private sector, but in the past
13 has enabled commercial innovations ranging from the
14 Internet to GPS.

15 The act also gives every department and agency
16 the authority to conduct prize competitions to
17 generate novel solutions to tough national
18 problems. It's just another step to spur
19 innovation in America, which has always been and
20 will always be the life blood of our economy.

21 As the President has said, America has to be
22 built on a stronger foundation for economic growth.
23 We need to do what Americans have always been known
24 for: Building, innovating, educating, and making
25 things. The cutting edge work that is happening on

1 the factory floors of so many of our
2 Manufacturing Council members is moving America in
3 that direction. So please continue to do that,
4 keep up the good work.

5 Our engagement with you, the manufacturing and
6 business community, is critical because you are the
7 ones that create and retain jobs. As you can see
8 from the recent tax legislation, your
9 recommendations are taken very seriously and we
10 intend to follow-up with you and your
11 recommendations, so you can see how they've been
12 used.

13 I want you to know that the Whitehouse is
14 committed to asking for your best interests and in
15 working with you in all your efforts to create jobs
16 and get our economy back on track.

17 I know that we have a very tight agenda so I'll
18 stop here, and I look forward to hearing the
19 discussion from the subcommittee reports as well as
20 your discussions on the KORUS letter. Thank you.

21 MR. SOHN: Thanks for your thoughtful
22 comments, we appreciate it. So since the last
23 meeting we formed our subcommittees and those
24 subcommittees have been meeting and beginning to do
25 their work, so today we'll have the reports from

1 those subcommittees, and we'll start with
2 Competitiveness Subcommittee.

3 MR. TIMKEN: Naturally, filling in
4 for Kellie Johnson, he got stuck in Sacramento
5 trying to solve the California budget crisis, so if
6 you think we have our hands full.

7 Let me just start by saying that the secretary
8 couldn't make it here. A lot of us kind of did
9 trains, planes, and automobiles to get here, and we
10 understand with what happened in Tucson, it has
11 shaken up Washington quite a bit, but obviously you
12 can look forward to his future involvement in
13 future meetings.

14 Let me talk a little bit about what the
15 subcommittee has done over the last couple of weeks
16 really, and then I will relate what we talked about
17 this morning and then we'll talk a little bit about
18 KORUS.

19 Our subcommittee spent the bulk of its time
20 between this meeting and the last meeting
21 collecting information really. There's been a lot
22 of good work done by the council on the
23 competitiveness issues and we know it's important
24 to recognize that first and try to summarize it and
25 do an assessment of progress to date, and obviously

1 turn that into an action plan going forward.

2 So I circulated the document for our
3 subcommittee that summarizes all of the various
4 initiatives that have been talked about in previous
5 councils, the '05 and '06 and the '09. It bundles
6 the various line items into a tax category, a
7 health care category, energy category, regulatory
8 category, and kind of a catch all category, and
9 it's an impressive list. I think the past councils
10 have done a very nice job identifying the drivers
11 of cost, competitiveness that American
12 manufacturers are facing today, and they have
13 been fairly consistent across all of those
14 different subjects.

15 The somewhat disappointing part I guess would be
16 the lack of progress of money, and despite the
17 accomplishments that Nicole just walked through
18 that we've seen over the last month, the fact of
19 the matter is we still face 18 percent
20 competitiveness gap versus our foreign competitors,
21 and that is a number that was developed by Deloitte
22 and Touche in a study on global manufacturing.
23 It's a very well done study and I think it sets the
24 basis of where we go here.

25 The conversation that we had in our

1 subcommittee meeting this morning was really about
2 what would prompt somebody to do that one dollar in
3 manufacturing in the United States versus other
4 alternatives, and really the conversation came down
5 to a couple of things, market growth costs. And as
6 I pointed out, in an 18 percent cost disadvantage
7 when you've got a company like mine whose got the
8 ability to invest here or in China or India or may
9 make a whole new objective.

10 We acknowledge that the dollars are mobile
11 these days, so it's important as a subcommittee of
12 this full committee that we really drill in on the
13 drivers of competitiveness going forward.

14 So in much of the work that we'll have going
15 forward, I believe will be built on the foundation
16 of what past committees have done, but really kind
17 of step back from it and say, okay, how do we
18 prioritize, what really are the most important
19 ones. How do you prioritize and what the actions
20 going forward will accomplish.

21 The fact that our council or our subcommittee
22 had to assemble this list and do a progress report
23 I think is a bit telling. I think it says as a
24 council we have a process problem, and anybody in
25 our business if you were going to put an action

1 plan like this together, we would have a set of
2 factors that we would review monthly with our
3 management team, and progress or a lack of
4 progress, so that we can develop action plans going
5 forward.

6 This committee does not have that capability, at
7 least in my mind, it might be different than
8 council's, but we didn't have to do a lot of
9 resurrection to get this done. I think the
10 eagerness of this group, the people in this room,
11 once we get our priorities set, I think we've got
12 the robust reporting mechanism in place to make
13 sure that things are actually getting done,
14 something that will endure past this council into
15 the next council so that a year or two from now you
16 don't have somebody like me trying to do a document
17 like this, and I know our subcommittee supports
18 that idea. I see a lot of heads nodding, so I take
19 that as a very positive sign.

20 I guess the positive in all this is that this
21 is not rocket science. These are drivers that we
22 can get our hands around today. Say like the
23 corporate tax. We all have read all of the studies
24 on corporate tax, and our tax is relative to now
25 we hold the distinction of having the highest

1 corporate tax rate in the world, and that is
2 costly.

3 We spent a lot of time this morning at the
4 breakfast table talking about things that the EPA
5 will do or things that OSHA will do or things that
6 the transportation department is doing that does
7 not help us be competitive, identifiable,
8 addressable, let's get on with an action plan. And
9 I could go on and on, even human resource policies.
10 These are all things that have been identified in
11 the past by past councils that have been supported
12 by pretty smart people at places like Deloitte, and
13 our council going forward will take all this good
14 work and try to put it into an action plan that we
15 can then bring back to council and say, this is
16 what we believe in, this is what we need to get
17 behind.

18 I open it up to other subcommittee members for
19 comments, but you I think I caught most of them.

20 MR. FULLER: Tim, thank you. I think
21 you covered our discussions today and our work over
22 the last few week period very, very completely.

23 We also did talk about the role of small to
24 medium sized businesses and how they play in the
25 global economy, and we understand that a vibrant

1 tax policy, a vibrant rules and regulations policy
2 will be a benefit to all, both corporations large
3 and small, and there may have to be further
4 discussions on other aspects that are unique to the
5 small and medium sized businesses, like have access
6 to capital and the supply chain issues, but they
7 were also part of our discussions.

8 MS. LAMB-HALE: I just wanted to make a
9 comment on something and I mentioned this to a few
10 people this morning. When we last met, we talked
11 about the notion of manufacturing services really
12 reaching out to regulatory agencies. We don't
13 regulate, and certainly we have to advocate just
14 like you do to some respects to make sure that
15 these issues are incorporated into the thinking of
16 the regulatory agencies. And I just wanted to
17 report that I did have a meeting with one of the
18 associate administrators at the EPA around the
19 Boiler Mat report and at the last meeting that was
20 really hot. We asked for it because you guys have
21 been very active in discussions around this
22 proposed regulation.

23 I think that as a result of the engagement, the
24 delay that you have seen in implementation came
25 about. There's been a lot of media coverage and,

1 of course, Peter and I have taken some heat from
2 that from our EPA friends as well. I don't know
3 that I can walk in that door anymore.

4 I just wanted you to know that we are working
5 hard to make sure that the issues that you raised
6 where taken seriously. I also had a similar
7 meeting at the FAA around the SMS rules that really
8 affect our aerospace industry, and again, just
9 advocate and making sure that those issues are
10 really front and center, as the regulators begin
11 to think about what they should regulate and what
12 they shouldn't.

13 And I also wanted to mention Francisco Sanchez,
14 our Under Secretary is in China preparing for the
15 visit of Premier Hu, and one of the things that
16 he's talking about, and this is really kind of on a
17 bilateral basis obviously, some of the
18 competitiveness issues with the bilateral
19 relationship between the U.S. and China, and
20 certainly through the work that was done in
21 connection with the Joint Commission on Commerce
22 and Trade a few weeks ago with the Chinese
23 Government. A lot of the issues that you've talked
24 about as it relates to China, I know we'll talk a
25 little bit about that with Jason in his report in

1 terms of international trade issues. And we're out
2 there and really advocating based on input we've
3 received from the business community on what's
4 important. Just wanted to mention that.

5 MR. SOHN: Thanks.

6 MR. MCGREGOR: Just a comment on the
7 regulatory issue. I can't strongly speak loud
8 enough to the importance of these issues that Tim
9 mentioned, we talked about the letter from NAM.
10 These issues that are being addressed in D.C.
11 relating to manufacturing survival in future
12 competitiveness, have to be addressed quickly and I
13 think we need to develop -- I would like to see the
14 counsel develop our list, our scorecard, and come
15 back to the administration and ask what we need to
16 do to help the administration take immediate
17 action.

18 And my issue right now is this OSHA noise
19 regulation issue that is just massive, and the
20 effect it could have on manufacturing in America
21 would be devastating, and we, coming out of this
22 past recession, do not have the time or money to
23 invest in legal counsel or remediation to the
24 issues, and it will affect future capital
25 investments and also future employment.

1 And some of this stuff is just silly, it needs
2 to be stopped immediately, and some of this stuff
3 can only be stopped by President Obama, it's that
4 simple, because of the way it's being acted upon by
5 the inner circles of the administration. And I'm
6 not blaming anyone particularly, but I do think the
7 big issue, and I think it needs to be addressed by
8 this council, and I think we need to develop our
9 items and hold people accountable because if we
10 can't do that, then there's no reason in the world
11 for any of us to go through the snowstorm we all
12 went through to come here today.

13 MR. SOHN: Thanks for that update on
14 competitiveness.

15 MR. BEYER: So real quick, you said you
16 asked the question should somebody like us invest a
17 dollar in domestic manufacturing. Are we ready for
18 an answer?

19 MR. TIMKEN: Actually, what I said was
20 what would it take to get you to invest another
21 dollar, and that's where we got into some of the
22 big issues, the individual one. We don't have an
23 answer for you today because quite frankly, these
24 are still under policy.

25 MR. BEYER: That's not what I want to

1 hear.

2 MR. TIMKEN: That's not what I want to
3 hear either, but that's the job of this council is
4 to direct them to change and to agree to an
5 environment that will allow me to sit here or
6 anybody sitting at this table, yes, let's put it in
7 here or let's not put it wherever.

8 MR. SOHN: Thank you. Workforce
9 Development Chairman, Mike.

10 MR. LASZKIEWICZ: Thank you, Mr. Chairman.
11 Vice Chair Anderson, thank you very much for
12 participating in the meeting this morning. I'm
13 Mike Laszkiewicz and I'm the chair of the Workforce
14 Development Committee, and on the committee is
15 Mary Isbister, who is our vice chair,
16 Greg Bachmann, who I don't think made it in from
17 Connecticut, as you heard there was 18 inches of
18 snow there yesterday. Greg Bachmann is from Dymex.
19 Steve MacMillan and Jim McGregor are members of our
20 team.

21 Tim, I want to thank you for your report. We
22 support the work that the competitiveness team is
23 doing, and we see our role in the workforce
24 development subcommittee to support providing you
25 the workforce that will be necessary when you solve

1 these problems. When we solve these problems.

2 I would say that we are early in our work, but
3 just to reiterate, if the Manufacturing Council's
4 objective as we see it is to help revitalize the
5 U.S. economy, to reduce unemployment, and to
6 remain competitive globally. In order to do that
7 the workforce development subcommittee believes
8 that we need to rebuild the image of manufacturing
9 among Americans and to address the shortage of
10 skilled workers, and those are our priorities. And
11 as we've done our work, we've identified several
12 categories of opportunities that need more work,
13 and we were enhanced as a team today with the
14 support of Joe Spriggs from the Labor Department
15 who I think adds significant value to this process.

16 From our perspective, the topic or focus areas
17 will be understanding the gap between the skilled
18 workforce and open manufacturing jobs. We do a
19 good job in this country tracking. When we fill
20 open positions and we track the employment rate and
21 jobs hired and filled on a periodic basis, what we
22 have to understand a little better is what are the
23 jobs that are open and available. Over the last
24 couple weeks I've looked at all of your websites at
25 your open positions and it looks like by the dates

1 of some of these open positions, we're all having
2 some trouble filling key roles in the manufacturing
3 sector. So we have to understand what those roles
4 and requirements are and where are those gaps in
5 place, and actionable recommendations to close
6 those gaps.

7 Secondly, we focus very much on the
8 preparedness of the workforce, whether it's
9 workforce development training programs, a college
10 education program, or as I mentioned, to gain the
11 interest of students and professionals in
12 manufacturing as a sector is very important to us.
13 This goes to the point of eliminating this negative
14 image of careers in manufacturing. We believe
15 there's an issue that needs to be addressed.

16 So going forward we have identified as still
17 gaps and inaction, and we're going to be doing some
18 analysis as to more understand that, and to take it
19 from a thought to a set of specific actionable
20 initiatives to close the gap. Also looking at
21 public and private partnerships to improve the
22 effectiveness. Both of these areas here for the
23 safety inspection letter on the workforce
24 investment, the RE&EE program, the re-authorization
25 of RE&EE, and there has been some good work the

1 subcommittee has begun to do in understanding the
2 effectiveness of the program, and how we engage the
3 business of the manufacturing community in helping
4 to define the outcome. What do we need to ask the
5 system to produce in terms of skilled workers to
6 fulfill our needs. We believe it is a position
7 that we can take collaboratively with Manufacturing
8 Council's help.

9 We also believe that going forward in general,
10 funding that's provided to the community college
11 structure and to the Final 3D needs to be looked at
12 to insure that there's more, I'll call it customer
13 business or manufacturing input into the required
14 outcome. If we look at how the money is spent, is
15 it being spent on training and performance
16 execution so we get the type of students that meet
17 the requirements of the market place.

18 Again, the last point is we want to do a
19 little more work around negative perception that
20 many Americans have with regard to the desirability
21 and stability of manufacturing based careers.
22 Development of an action plan to help dispel some
23 of these misconceptions and positively recasting
24 the sector's image on this is critically important
25 if we want to attract skilled workers.

1 So that's what we've identified to this point.
2 It would be easy to come up with something
3 successful and really insure that we have action
4 plans that can be pursued as a practical matter.

5 I guess with that, I'd like to ask my
6 committee members, especially my vice chair,
7 Mary Isbister, if there's any additional comments.
8 Mary?

9 MS. ISBISTER: I think you summed it up
10 very well. A lot of the stress on the fact that
11 something that impacts every single one of the
12 subcommittees is the image of manufacturing in the
13 country. A lot of other countries have promoted
14 the image of manufacturing and, therefore, it is
15 the critical component of what drives their
16 economy. It isn't seen that way in this country,
17 even though it is one of the largest contributors
18 to our GDP.

19 We talked a lot about how to change the image
20 from what it was to what it is, and I would suggest
21 that we all begin talking about manufacturing
22 excellence because at the end of the day, I'm not
23 sure it really matters what it is you produce, as
24 long as you produce something that can be exported,
25 that can be sold, that people want to buy, but it

1 comes down to recognizing that our competitive
2 advantage is going to come from manufacturing
3 excellence and that's really the process of
4 manufacturing that we have to provide and we have
5 to innovate. And unless we manufacture here, we
6 will not attain any manufacturing excellence and
7 nor the innovation necessary to drive that. So
8 with that said, thank you, Mike, you summarized
9 that very well.

10 MR. SOHN: Jim, anything at this
11 time?

12 MR. MCGREGOR: You both handled this
13 very well.

14 MS. LAMB-HALE: Mr. Chairman, I just
15 want to make a comment. I think that the issues
16 you raised are spot on, and I wonder to what extent
17 we could develop a pilot program that would address
18 some of this. We've talked about some of the
19 issues, there's Ad Council opportunities, who knows
20 what that costs, but maybe there's a way to develop
21 a pilot program around some of the skill set issues
22 where we can manage it. I think that's going to be
23 critical that we can do it in a way that we can
24 come up with a program that could be replicated.
25 Maybe there's something along those lines.

1 MR. LASZKIEWICZ: Yes, that message has
2 been communicated at the subcommittee level, and I
3 think we have to do a little more work. Ideally,
4 it would be something that would be company led.

5 MR TIMKEN: I think before you
6 re-create the wheel, you almost have to see what's
7 being done already. NAM does a lot of this from an
8 education point of view. The schools and a number
9 of other industry associations are doing the same
10 kind of things. Before you start from scratch,
11 look into that.

12 MR. LASZKIEWICZ: Tim, to reassure you, we
13 have leveraged those organizations by letting them
14 know, and you are absolutely right.

15 MS. LAMB-HALE: Society of Manufacturing
16 Engineers is another one that is very active.

17 MR. PEREZ: Another one if you
18 haven't already thought of is Emily Sodoroka.

19 MR. SOHN: Her name comes up a lot.

20 MR. PEREZ: She I think represents a
21 powerful resource for our committee.

22 MR. SOHN: Yes, we have plans to
23 contact her.

24 MS. LAMB-HALE: I just wanted to say too
25 that remember that we have staff ops that you can

1 access if there's information that you need. Come
2 to us because we can probably provide and save some
3 time.

4 MR. LASZKIEWICZ: I think we're moving to
5 that point now that we have a little better
6 understanding of what our needs are. Thank you.

7 MR. MCGREGOR: My question to you,
8 Nicole, would be the issue always comes around
9 funding, and we ask ourselves as we sit here as a
10 country and talk about manufacturing, and what can
11 we do to support manufacturing and to get people to
12 understand what manufacturing today really is. So
13 my question to you would be and I mentioned the
14 cotton mill issue, you said not everybody
15 understands what it's all about, and I've heard the
16 numbers that were spent to develop the idea of
17 publicizing. I think the publicizing part wouldn't
18 be as difficult to have done once the volume for
19 the concept is developed. I'm sure all the
20 businesses around this table would be willing to
21 invest in ads and things to promote our industry.
22 So the frustration I think we've all had is who's
23 in charge of this and who's going to put up the
24 initial seed money. And as far as I'm concerned, I
25 think that it's the Federal Government that needs

1 to do that for the industry since they receive the
2 revenues from the tax base.

3 So you ask for the kind of a pilot program,
4 that's where I'd like to see a pilot program, and I
5 wouldn't think it would take very long at 30,000
6 seed to develop what the message is we want to say.
7 There's a lot of great advertising and companies in
8 America who can come up with some kind of spiel
9 pretty quickly I think.

10 So I think again my request would be for
11 whatever the millions of dollars it takes, and a
12 million sounds like a lot, but when you talk about
13 12 percent of the GDP coming from manufacturing and
14 Melton said we need to get it to 20 to 25, that's
15 where we'd all like to see it be.

16 MR. SOHN: Because the percent of
17 GDP goes from 12 percent to 25 percent we'll
18 probably see double of the workforce activities as
19 well and the development needs will go along with
20 that.

21 MR. TIMKEN: Can I just add one
22 comment on the table. The thing that concerns me
23 is that when we start talking about workforce
24 training, it all kind of tends to migrate to either
25 green jobs or "high tech" jobs, but at the end of

1 the day they're all manufacturing jobs, they're all
2 good jobs, right. So we've got to make sure that
3 we don't get pulled by current political forces to
4 purely one side and focus broadly on all
5 manufacturing, not just kind of the pleasure du
6 jour.

7 MS. LAMB-HALE: Not to worry.

8 MR. TIMKEN: We actually had a debate
9 at the table of what a high tech job is or what a
10 high tech industry is, and I made the argument I'm
11 in the field industry and we're probably one of the
12 more high tech industries.

13 MS. IBISTER: That's the whole concept
14 of manufacturing excellence. It doesn't matter
15 what you make, it matters how you make it.

16 MR. SOHN: All right, thank you
17 very much. Energy, Mike?

18 MR. GAMBRELL: Thanks, Bruce. First of
19 all, I'd like to thank all the visitors, the kids
20 with us today. I was sitting around this table
21 feeling like these are your own kids out there to
22 some degree. This isn't free though. I think the
23 challenge is you're becoming ambassadors to the
24 U.S. manufacturing as you sit in here to learn. I
25 think what you're seeing is where politics and

1 reality intersect, and it's not always easy to
2 solve.

3 First of all, I'd like to thank the department
4 for allowing our committee to be more
5 comprehensive, not just clean as we originally
6 defined. I think that's opened up quite a bit for
7 us in our discussions. And looking back over the
8 last few weeks, we've gone back like everyone else
9 and did basically a data search and got input from
10 everyone on issues.

11 We identified 29 different issues that we
12 thought ran the whole concept. We put those into
13 nine different categories and then had a discussion
14 today reflective on some of the comments that have
15 been made here, but what have we learned in the
16 last couple years of Manufacturing Council and how
17 do you apply those so that we can really see some
18 execution because we all separately believe, and
19 unless we see something happen, we're not very
20 happy with what we're doing. We just happen to
21 have one of the experts, Fred Keller, who sat on
22 the energy committee for the last couple years, so
23 we spent quite a bit of time today reflecting on
24 that.

25 What did you learn, what did you see, what did

1 we see that's been implemented from the
2 recommendations that we made in the last couple.
3 There are some elements of it, one of them you find
4 out very quickly in our agency, like we all know,
5 they're difficult to deal with because everybody's
6 doing everything on everything.

7 So what we landed on, we took the nine
8 categories and brought it down to two, and we're
9 going to focus on those. Those two areas are
10 basically renewable energy and energy efficiency.
11 If you take those two and start looking at them, on
12 the energy efficiency from a cost standpoint
13 relative to efficiencies in your existing
14 operations, et cetera, and you look at the other
15 side on renewables, that's a subset of what Fred
16 characterized, and I think rightly so, new markets
17 that drive innovation. That could be anything from
18 renewables to smart grids, and all kind of areas
19 that we need to take a look at.

20 Now, as a team we came down to those two
21 categories that we're going to focus on. How do
22 you address this issue on the interagency and
23 what's going on because unless you have, if you
24 will, support from the administration and Congress
25 and the departments, starting from zero can be very

1 difficult in a timely manner, but thanks to Peter
2 who brought the NEI view, if you will, and if you
3 read through this brochure, guess what, two
4 categories, renewable energy and talking about
5 efficiency.

6 So on our path going forward we're going to
7 talk to, we've already talked to Adam Formalli, and
8 we're going to talk about how do we go forth
9 collectively. We want a seat at the table with NEI
10 from a manufacturing standpoint and how do we
11 influence, what's their current business, here's
12 our renewable properties, how do we merge those
13 two, how do we work together on those, and if
14 they're working on areas that we don't believe
15 serve what we think of a Manufacturing Council,
16 then we're going to address those. Those may be a
17 little bit of a longer term.

18 But our path forward is really going to be
19 focused on that because it does bring together the
20 concepts in the small, medium, and large
21 manufacturers all under one umbrella, it addresses
22 the interagency, there's a lot of S&E's out there
23 that are working already, and we need to tap into
24 all of that and utilize that.

25 So we're going to capture some of the

1 imagination and creativity that's already going on
2 to move this thing forward as fast as we can. Our
3 goal is basically we want to leave skid marks when
4 we hit, so that's where we're going.

5 We're also going to follow a couple paths that
6 I think are important. One of them we talked about
7 the U.S. Manufacturing Council and the energy
8 subcommittee being the annex to the NEI, the
9 influence to the administration, and the influence
10 to Congress, and President Obama. At the same time
11 your advisory on that side, you're more of an
12 advocacy through NEA, through the Chamber of
13 Commerce, and there's a parallel path there that
14 you kind of run that we're advisory on this way,
15 but at the same time, we all have a role in the
16 advocacy side with some of the other organizations
17 that we deal with and we need to keep that moving.

18 We also talked a little bit about what I'll
19 call an aspirational goal, and I think we want to
20 flesh this out a little bit more because there's a
21 lot of constituents around that would have
22 different views of this, but what we would have as
23 a country as an aspirational goal, like a
24 Manhattan Project, that you can capture the
25 imagination and creativity of this country. From a

1 manufacturing standpoint, to hit a goal that's out
2 there.

3 President Kennedy did it with the man on the
4 moon. If we really have the belief that we can
5 move this thing, then maybe we ought to try to look
6 at that. That's difficult, easy to say, but
7 extremely difficult to do, but I think we want to
8 set our goals more long-term aspirations from a
9 certain standpoint as long as they're executed, but
10 it's not in total what we want to do.

11 We're going to all move forward in the next
12 couple weeks. We're going to be in Washington.
13 We're going to be meeting with Adam of NEI, and
14 Peter and everybody, and we're going to flush this
15 all out. It will be, if you will, the first
16 interagency discussion with the manufacturing
17 group. We think that's an exceptionally good
18 concept to follow through and we think we'll get
19 some good results out of that.

20 So that's kind of where the subcommittee right
21 now is on energy. We've got to focus on a plan and
22 we expect to be successful.

23 MR. SOHN: Thank you.

24 MR. DiMICCO: May I make a comment.

25 MR. SOHN: Hi, Dan. Sure.

1 MR. DiMICCO On the energy, Mike, the
2 last council put a lot of thought into the fact
3 that we need to be able to utilize all energy
4 resources in this country to really achieve the
5 kind of goal that we need to have as a country in
6 terms of providing low cost affordable energy for
7 manufacturing in the state to be competitive. And
8 I didn't think I heard that in what was just said.

9 I'd like to mention a study that just came out
10 by a Democratic think-tank, which I would say
11 advocates moderate political policies, it's called
12 the Third Way. I don't know how many of you are
13 familiar with that, but basically what their
14 recommendation is is similar to what our
15 recommendation really should be like, much broader
16 than from just the use of renewables and
17 conservation. The report objected to the idea that
18 we should go solely on renewable power sources, as
19 the sole answer to addressing the clean energy
20 standards or even climate change or greenhouse
21 gases.

22 It goes on to say in the age of global
23 warming, again if you believe in that, and the
24 focus is moving away from high energy sources and
25 toward cleaner global energy solutions, and the

1 think-tank claims renewable and clean is one we
2 simply cannot afford. By example, you can replace
3 coal with natural gas or you can replace coal with
4 clean coal or you can replace all of those with
5 nuclear. That should be the driving force that
6 we're looking for is to develop the alternative
7 energy resource, and not just the renewable and not
8 just conservation. That's not to imply that
9 renewable and conservation is not important, it
10 certainly is, but we should be recommending a
11 much broader approach to this, and not just a
12 narrow approach that I thought I heard us
13 discussing here.

14 MR. GAMBRELL: Thanks, Dan. Those did
15 not fall on deaf ears. We spent a lot of time
16 talking -- as a matter of fact, one of the 29
17 topics we said was support the domestic production
18 of all sources.

19 What we did was we felt if we could garage
20 these other two that maybe we need to take a look
21 at a third one, but if we drove within the
22 renewable energy, and the efficiency will fall out
23 and that we would reduce our dependency relative to
24 the consumption of oil, and maybe an alternative
25 energy is what we put into the new markets, if you

1 will, on the innovation side.

2 So we did talk about it, there's no doubt
3 about it, it was one of our topics. As a matter of
4 fact, it was one of the nine that we condensed to
5 two. We'll go back and we'll rethink it and make
6 sure it's a part of our discussion, particularly
7 with NEI.

8 MR. PEREZ: I just want to say,
9 Mr. Chairman and to Mike and the committee, I did
10 spend most of my time with the energy group, but I
11 did want to offer that I look forward to working
12 with each of the subcommittee chairs and co-chairs
13 to try to help them advance their agenda, whether
14 it is specific statistical help that you need from
15 Praveen Dixit, who is the deputy assistant
16 secretary for industry analysis or whether it's
17 from my shop where I have experts in all areas of
18 manufacturing, from the raw materials to the
19 esoteric things like super computing that is now
20 increasingly important.

21 And we're doing sector analysis at this point,
22 that is complimenting the NEI objectives. So in
23 the energy area we have specialists in the nuclear
24 field and biomass and solar and wind. So I will
25 redeploy those people to work with Mike's

1 committee, but I also think I can help other
2 subcommittees and I look forward to engaging with
3 you in that regard. I invite you all to take this
4 study that's just been released by Secretary Locke
5 from December 13th, and also the sustainable
6 manufacturing package that is in the package you
7 have. And I look forward to hearing from you if
8 you have observations, suggestions that point to
9 more opportunities.

10 As I described to the subcommittee, this is the
11 summation and foundation of the house. We now need
12 to build the house through your input and
13 direction. Thank you.

14 MR. SOHN: Any other comments or
15 questions?

16 MR. TIMKEN: If I could add, I advocate
17 his comments. I think the whole issue of
18 leveraging our existing supply base is critical,
19 and I don't think it will fall out of the other
20 two. I think that the barriers that are being put
21 in place on OCS, barriers that are being put in
22 place on our sale of shale, I think are actually
23 hurting our ability to become energy independent
24 and so I think the third leg of the stool still
25 should be focused on making sure that we are

1 fostering existing sources of energy I think is
2 critical.

3 The other comment that I would add is one of
4 the big focuses of our subcommittee is obviously in
5 trying to decide and a big part of that is the EPA.
6 And I think the question is: How are two
7 subcommittees end up working together because I
8 think of the critical issues on ozone and some of
9 the other things.

10 MR. KELLER: If we think in terms of
11 energy doing two things, one is our cost side and
12 the market side. I think that's where you get to
13 the idea of -- energy efficiency is much more than
14 energy conservation, Dan. It's obviously how we
15 build our new electric motors, et cetera. There's
16 a lot of things that we have impact, not only from
17 a cost standpoint, but from a new market
18 standpoint, and I think that's how we get to the
19 idea of renewables. And we're also driving down
20 the entire total cost for imported oil at this
21 point in time is one of the big factors as well,
22 and we want to continue that so we don't have that
23 increase in cost side.

24 MR. SOHN: Thank you very much
25 everybody. We appreciate your input. Next,

1 presentation is Jason and we'll go through that,
2 and I think you've been the most productive in
3 terms of the last month and have a presentation on
4 that as well.

5 MR. SPEER: Thank you, Mr. Chairman. We
6 have a fairly short dinner part because we've been
7 so focused on the next item on the KORUS letter,
8 but we did have some time this morning,
9 unfortunately not a lot of our effort to make this
10 day, but we did get a chance to do some
11 brainstorming and talk about some possible future
12 issues that we'll work on as a subcommittee. And
13 we plan to have a conference call within the next
14 few weeks and work on that, and try to split up
15 some ideas. For some of the ideas that we see
16 working on is the importance of the matter is with
17 the expeditious and timeliness of lifesaving issues
18 for the technology in countries that are
19 applicable. The problem is that certain members
20 don't like to see that.

21 Also, currency matters, I think that they want
22 to see that come forth for other free trade
23 agreements, Panama and Columbia, I'm not sure where
24 those are going, and then the reports on the
25 existing free trade agreements and the working

1 provisions and current future free trade
2 agreements.

3 And then we also see ourselves possibly
4 looking at boards of education on trade and
5 benefits, our country as a whole, and using our
6 subcommittee as to looking at some informational
7 resources so they can go in and use the area
8 resources individually to educate about the
9 benefits of trade and how we can benefit from trade
10 as a whole.

11 Our subcommittee is made up of a great
12 diversity of companies of steel, textiles, general
13 manufacturing, high tech, we've got a good diverse
14 group, and unfortunately we don't have a lot to
15 report on right now, but we're focusing on this
16 letter. I look forward to working together soon
17 and having more to report on, and I'll turn it over
18 Vice-Chair Rich Beyer.

19 MR. BEYER: Just briefly, Tim, to a
20 point you made earlier, as we flesh out things to
21 attack, we try to make sure we focus on some things
22 that we have background. Some of these topics are
23 massive and very complex, and we want to make sure
24 that we address things that can be problematic,
25 that we address as an organization, and be able to

1 do that with issues.

2 MR. ANDERSON: Just a comment,
3 suggestion. As an outsider participating and
4 listening to the committees' work, I certainly
5 commend your efforts, was educators with strong
6 feelings, maybe even emotions about this subject
7 driven by the one word enforcement, enforcement,
8 enforcement. And Peter and Nicole, it might be
9 helpful for us to have someone that could share
10 with the council and the committee the issues
11 around enforcement. It's not as clear cut as we
12 enforce it or we don't. There's other drivers,
13 other factors that I think would be useful so we
14 can at least hear it. We may not agree with it, we
15 may not buy it, but at least we can hear it and
16 have some understanding about that word. Why do we
17 enforce some things and not others.

18 MS. LAMB-HALE: I think that's an
19 excellent point. I think there's a perception in
20 the country that if we don't put our foot down
21 immediately, we're not doing it, and there's so
22 many factors that are driving it, that are
23 geopolitical factors, and I think your point is
24 well taken that perhaps on the ITA side there's our
25 import administration group who basically provides

1 the undertaking for negotiations and for
2 enforcement with USTR. It seems that it would make
3 sense for a representative to come in to talk about
4 process so that you understand the WTO process and
5 the other kind of bilateral arrangements that are
6 out there that drive some of these issues or impact
7 these issues.

8 I will say that we are not obviously asking
9 you to lobby in connection with these issues, but I
10 will say that we do have a gap in kind of
11 understanding in the country about the benefits of
12 these trade agreements, and I think that we really
13 need help in getting the message that's it's not a
14 zero sum game. The world is moving and in making
15 these agreements and how that's leaving us
16 essentially in the dust if we don't get on board.
17 It's really understanding that. I don't know how
18 best to do it. What was the statistic that you
19 told me about in Ohio? Ohio's trade statistics in
20 exports, Number 7 in exports, but after that --

21 MR. ANDERSON: It depends on public
22 opinion.

23 MS. LAMB-HALE: Right. And I bet to
24 these folks, the average person in the state, they
25 say the trade agreements are bad, they destroy

1 jobs. Well, we've got a counter to that and I
2 think we need more than just the President saying
3 that, we need people who believe it to be true, and
4 you guys do saying it as well so that we can
5 educate folks on the benefits because I think that
6 the statistics show that 95 percent of the
7 consumers are outside the United States. We can do
8 trade without trade agreements, but the benefits in
9 terms to businesses will be limited if our goods or
10 tariffs associated with our goods are being
11 exported, and there are not tariffs on goods being
12 exported from Europe. I think people have to
13 understand that.

14 MR. ANDERSON: Those are the tradeoff
15 issues.

16 MS. LAMB-HALE: They are, and as you
17 think about your work on the subcommittees, I think
18 we need to, just as we need to elevate the
19 importance of manufacturing, we also need help with
20 the benefits of trading, and it's not a zero sum
21 game and we obviously, one of the reasons for us
22 that took a while was because the President wasn't
23 willing to just accept anything, we have trade
24 agreements. We've got to negotiate provisions to
25 make it better, not worse for business.

1 So I think it would be great to think about
2 how to help articulate the benefits of these
3 agreements, but we do have Panama covered
4 hopefully, and Columbia, and it's really just a
5 different game. I was in one of the groups that
6 were talking about the 21st Century being different
7 in terms of the advent of state capitalism, and we
8 didn't have to deal with that before, and we've got
9 to operate differently and I think we have to help
10 the country's mind set rules in understanding about
11 that.

12 MR. TIMKEN: The panel though, the
13 most outspoken opponents of all these trade
14 agreements, and quite frankly, the people around
15 this table speak to people all the time about the
16 benefits of trade and the effect it has on our
17 individual companies, and as long as you have
18 leadership with labor out there to go along with
19 the issue, we're going to be in this kind of
20 challenging time.

21 MS. LAMP-HALE: With the President's
22 export council, we actually have labor
23 representation. So not all the labor is against
24 it, but I hear you, that's one of the voices that's
25 out there that we have to kind of work with and

1 work through.

2 MR. TIMKEN: That's the challenge.

3 MR. SOHN: I would say that it gets
4 to Mr. Anderson's point about enforcement, and what
5 this administration has done has broadened the fact
6 that these trade agreements will help, we don't
7 need enforcement. And I think you're correct, the
8 trade unions have limited our enforcement ability.
9 We have some things that could be enforced and
10 other things we're just paying the piper, and so
11 rightly when you look at our previous trade
12 agreements, the labor provisions had no enforcement
13 to them, they were just -- so I think people have
14 this impression about trade agreements precisely
15 for the point you raise. This administration has
16 put a right stamp on it because when you look at
17 the enforcement procedures, and we won't see those
18 sort of exceptions with the United States stepping
19 here and not there.

20 MR. DiMICCO: I wouldn't want to
21 disappoint anybody by not speaking up on this
22 issue. First thing is the current administration
23 has probably done more in the way of reasonable
24 enforcement than any administration since the
25 Reagan administration, and I continue to commend

1 the administration in doing that.

2 The issue here is very, very, very critical to
3 all of our goals. For 30 years we've had basically
4 a failed trade policy. The proof of that is our
5 massive trade deficits that have developed over the
6 last 10 to 15 years, you don't have to go any
7 farther than that to see.

8 Trade agreements are not bad, trade agreements
9 can be good and they should be pushed for, but the
10 two issues that we have to deal with here is one,
11 how good are our negotiators with respect to
12 putting into these things in the agreements and the
13 provisions that support U.S. export opportunities,
14 as well as the importing of our other partner. And
15 the problem there appears why the American people
16 don't buy into these agreements is because we have
17 done a lousy job of not only designing these
18 agreements, but then when they go through Congress
19 to get approved, there's a certain set of
20 provisions that are in there that industry and
21 manufacturers have put in and the Senators and
22 Congress have agreed to and the administration has
23 agreed to that if the trade partners deviate from
24 these rules, that our government would step in and
25 enforce the rules in the agreements. Where we have

1 failed most is we have not done that. We have not
2 done that for 30 years. Again, this is not a knock
3 against Democrat or Republican, both parties have
4 had their problems with this. And again, I commend
5 the current administration for being much more
6 dynamic and proactive on these things. But the
7 reality is you can talk to the American people
8 until you're blue in the face about why these
9 agreements should be good, and the net, net of
10 trade is positive, when reality is and they well
11 know it because they see it every day, it is not
12 net, net positive, but it should be and it can be,
13 but we have got to put agreements together that not
14 only are to our benefit, but also where the
15 government steps in before all the damage is done
16 to basic manufacturing or high tech manufacturing,
17 that undermines in the American people's mind the
18 benefit of it, which is why we are where we are.

19 The last thing I will say to you -- Bruce, are
20 you there?

21 MR. SOHN: Yes, sir.

22 MR. DiMICCO: Are you familiar with a
23 company by the name of Green Silver?

24 MR. SOHN: I've heard of them, yes.

25 MR. DiMICCO: Did you hear the news

1 today?

2 MR. SOHN: Yes.

3 MR. DiMICCO: They shutdown their
4 fancy new plant that the state taxpayers gave \$35M
5 to, closed up their operations, it was ballyhooed
6 as a good example of green technology manufacturing
7 coming to our shores.

8 Problem is they couldn't compete with the
9 Chinese and they also have operations in China, and
10 the problem is neither one of them are producing
11 stuff that was going to be produced at that
12 facility. And the reason they can't compete is
13 because people are not living up to the agreements
14 and we're not holding them accountable. And unless
15 you have that, the American people will never buy
16 into it because they see the pain firsthand.

17 And our leadership has got to say listen,
18 you've agreed to it, you have access to our
19 markets, you agreed to certain terms, we agreed to
20 certain terms in return, and now you live up to it.
21 The problem is our government has not done that.
22 When it comes to enforcing, the issue is not that
23 the provisions are not in there, but that our
24 government for political, geopolitical reasons,
25 whatever they may be, has opted not to enforce them

1 at the expense of U.S. manufacturers.

2 MR. SOHN: So it's kind of obvious
3 we bridged sort of naturally from the committee
4 report into discussing the Korean trade agreement.
5 I do want to point out for the record there's a
6 copy of a letter that has been put together by
7 Jason and the team, and we wanted to make sure to
8 give time to deliberate on that.

9 MR. SPEER: Thank you, Bruce. Yes,
10 you each have a copy two-page letter that we put
11 together as a subcommittee. It was challenging and
12 you'll notice that enforcement at the very end of
13 the letter that we all agreed on. We tried to
14 emphasize the benefits, particularly as to SMU and
15 what we could do pertaining to previous free trade
16 agreements. We looked at some specific states and
17 tried to show that this trade agreement could equal
18 the jobs and the revenue they create.

19 We're thankful to be asked to put this
20 together and hope that we're able to include enough
21 that the secretary will do to use this for
22 reference, that the manufacturers will be able to
23 use this to make it pass to be able to compete more
24 globally in South Korea, and urging that it does
25 get passed by Congress, and the President, of

1 course, has expressed his desire to get it passed.
2 So we put together this letter expressing our
3 support of it, and hopefully everyone has had a
4 chance to review it. We did make some changes
5 after our call last week, final tweaks to it, and
6 we want get council questions.

7 MR. SOHN: There's been a few
8 comments already obviously, but we'd like for
9 council to add to what has been said.

10 MR. KELLER: I don't know when to
11 interject this, but I just want to basically put my
12 oar in if I could on the idea, and it actually goes
13 back to the competitiveness and how these fit
14 together. And then if any free trade agreement
15 doesn't really address the structural disadvantage
16 that we have in competing with foreign countries.
17 We have the mention of state capitalism is clear,
18 and they have abilities within their state
19 controlled enterprises to be able to have dominate
20 control of industries that we can't compete with,
21 and they're legally allowed to do that because
22 they're a state controlled enterprise that we have
23 difficulty dealing with. Until and unless we deal
24 with those, we're not really going to be able to
25 have a strong export program. And the biggest

1 problem that I harp on is the legal ability of
2 virtually every other developed country to subtract
3 taxes when they get to the border, the value added
4 tax. We don't get to do that and that is a
5 structural difference that costs us 18 to
6 24 percent at the border when we're trying to
7 compete with another country. So I think we have
8 to address those structural issues at some point in
9 time irrespective of the idea that these are good
10 ideas to have on trade agreements.

11 MR. SOHN: Good comments.

12 MR. MCGREGOR: I think Fred brings up a
13 great comment that is very important in this
14 discussion. I don't claim to understand free trade
15 agreements from my personal experiences, but the
16 enforcement issue I do understand. And in a
17 previous conversation, the enforcement discussion
18 came up on what does it say, and at that point in
19 time, we couldn't get an answer from the
20 department. So I know that Mr. DiMicco and
21 Mr. Timken have a lot of people on their staffs
22 that understand these agreements and can understand
23 the enforcement of documentation and how it will
24 work and if it is properly written. So my comment
25 is I will be willing to go along and support for

1 this letter depending upon the enforcement issue.
2 Totally we manufacturers sitting around the table
3 are some of the larger ones that have the staff and
4 the know how, understand this enforcement
5 provision, and we have a way to come back if we
6 feel there is a specific case that is measurable
7 that we can get action because right now it's just
8 tit for tat and back and forth, so we're really
9 going no where. The only place we're going is
10 we're wasting time and getting farther and farther
11 away for an opportunity, and weakening
12 manufacturing in America.

13 MR. BEYER: Jim, we agree with that.
14 The provisions of the agreement as currently
15 constituting describe quite in detail what all the
16 elements of enforcement are. As we put this letter
17 together, there was some very strong views that
18 that was sort of the preeminent issue with this
19 council saying on the subject that we're not going
20 to get a strong statement in the letter that those
21 provisions need to be enforced and it needs to be
22 staffed, and the staff does discover we have the
23 ability to enforce this, but we have no way to do
24 it because this is just a paper. So we believe
25 and, Fred, we're not in denial about those

1 structural issues, but this is including the
2 situation, but it certainly is not the solution to
3 the situation.

4 So we believe that we should submit this
5 letter to the secretary. We think that it states
6 that we believe this trade agreement could benefit
7 us, it doesn't solve all the problems of the
8 western world, but it's a step in the right
9 direction. However, absent assurances from our
10 government that they're going to enforce it, we're
11 not in support of this. I think we tried to pick
12 wording as powerful as we could that net and sum,
13 that this is a wonderful idea, it could be very
14 powerful, it can help numerous states in terms of
15 job creation, but that has been included only on
16 paper, so we think the provisions are solid.

17 MR. MCGREGOR: So you actually drilled
18 that far the working provisions?

19 MR. BEYER: Yes.

20 MR. MCGREGOR: Great, thank you very
21 much.

22 MS. LAMB-HALE: Mr. Chairman, I just
23 wanted to state that we do have the enforcement
24 chapter here, we have it physically here if people
25 want to take a look at that. And again, I think it

1 would make sense maybe at the next meeting to have
2 someone from USTR and from the administration to
3 come and talk about the different scenarios, the
4 what ifs.

5 MR. FULLER: I think what Jason said
6 is one of the topics that we would like to attack
7 in trade agreements, and I think that it's
8 appropriate to do just what you said.

9 MS. LAMB-HALE: You should know too that
10 there are many processes that key into it including
11 industry trade advisory committees, which I think
12 you are aware of, and they have been engaged as
13 well, and I hope with this report that you continue
14 to provide that input that you're talking about to
15 make sure it's a good deal.

16 MS. ISBISTER: I think one of my
17 statements, if nothing else I'm pragmatic, but
18 definitely probably a little naive when it comes to
19 something like this because my business doesn't
20 export yet, but if you look at the letter
21 specifically, not the agreement, but the letter it
22 advocates exports which is always a good thing.
23 I'm not sure it specifically addresses this
24 agreement and the concerns about the agreement
25 itself, and what the enforcement provisions afford

1 the VAT for that matter, I think a lot more of the
2 letter could be spent focusing on those concerns
3 with real specific commentary on why it's an issue
4 or what we would anticipate to be problematic
5 rather than saying that exporting in general
6 creates all these jobs. We kind of already know
7 that, although the letter states that and I don't
8 think it takes away from saying that, that anything
9 that encourages exporting, that's still good and
10 we're likely to get lots of jobs.

11 I don't know first of all what kinds of
12 products are we anticipating increasing our exports
13 of because of this agreement, I think cars are one
14 of them and certain other things, but I'm not sure
15 the letter is really specific enough for my taste,
16 specific enough about this specific free trade
17 agreement and the specific concerns you would have
18 if it was not well enforced. And it gives us an
19 opportunity then, rather than just to go ahead and
20 say, yes, it's a good idea to have anything that
21 increases exports to actually specifically look at
22 the provision, identify the things that we think
23 are good about it, anything that could create
24 concerns, and possibly introduce the whole concept
25 of where we need more.

1 MS. BROWN: I think the IPAC has
2 done such a great job, and as some of you may or
3 may not know, IPAC 12 and the steel industry came
4 out against this agreement, and being a member of
5 the industry, I paid attention to that. However,
6 that being said with the additional enforcement
7 language and the emphasis on that when we talk
8 about how we're going to get the American people
9 together, I think expeditious enforcement, that's
10 one of the big deals. It wasn't about it won't be
11 enforced, with these remediation committees and
12 other things, it's going to take another three or
13 four years, that we don't have the time to get back
14 in the hopefully rare cases of subsidizing for
15 illegals coming, which is obviously what our big
16 concerns are.

17 I say I'm incredibly in support of it, it's
18 more timeliness, expeditious, and a few examples of
19 look here's a case that this has changed that whole
20 framework of when there is a violation, that it's
21 immediately gone after, it's present to everyone,
22 and you can advertise that fact, and show what's
23 been done in a good way as change, I think will
24 have a huge impact across the board and you'll get
25 a lot more support. But when you look for

1 absolute, each one of these industries coming out
2 in favor of it, all have their pros and cons, you
3 can get into great detail if you want for Mary's
4 sake on what's the good and the bad.

5 Overall, I think it's excellently done, it's
6 just that that was a big issue, expeditious.

7 MR. DiMICCO: You made some very good
8 points. Thank you.

9 MR. SPEER: I just want to address,
10 we kind of looked at whether to go big and we felt
11 it best just to keep it rather broad and not go
12 very specific into other areas because that tends
13 to monopolize other areas with very specifics and
14 in general. But it just does apply to a large
15 number of things that they are exporting, maybe
16 everything that they're exporting, and there are
17 certain provisions for certain industries, but we
18 might keep it very broad in terms of manufacturing
19 as a whole and not get too drilled down to a
20 specific industry. But it does go along with the
21 competitiveness aspect, part of the broader picture
22 that we tried to address, just the specific free
23 trade agreement.

24 MS. ISBISTER: And my only thought
25 there, are we missing an opportunity. Here we have

1 an opportunity to communicate directly to costs and
2 concerns, and if we bid at too high a level and too
3 broad, we miss an opportunity.

4 MR. MASSERMAN: There again to your
5 point, we can send you and the council some more
6 information as to what specific manufacturing
7 sectors invested in KORUS, just so you've got that
8 educational. I know we sent some information to
9 council, and I just wanted to make sure that
10 everyone understands what the benefits are.

11 MR. SOHN: I'd like to formally
12 adopt this letter unless there are any objections
13 from council here. Given that, this letter has
14 been approved and we'll get the letter off.

15 All right, we're running a little bit behind
16 schedule here, so we'll have to pick up the pace a
17 little bit. Bill, I think you had a few remarks
18 for us.

19 MR. SPRIGGS: Yeah, and I'm going to
20 make it really, really brief because we are behind.
21 I just wanted to respond to a couple points and
22 again, given this last conversation, I don't think
23 I can emphasize enough that previous trade
24 agreements really did not have a broad set of
25 enforcement mechanisms that were meaningful. This

1 trade agreement is different, and what the
2 administration has put in place is different, so
3 that these concerns are being raised. And I want
4 you to know that a section of the agreement that we
5 don't think about is our ILAB section, Bureau of
6 International Labor. We don't want American
7 companies undercut because other people have a
8 wasted bottom on labor standards, and so whether
9 you're exporting and you want to make sure there's
10 a level playing field, or you're protecting
11 yourself from imports and that's key, and this
12 agreement really is different because for the first
13 time the labor provisions are enforceable.

14 I would also say that Korea, unlike many other
15 countries, has a very well established union
16 movement, they have a recognition of labor rights
17 different than what is true for many countries, and
18 their cooperation for this agreement, they raised
19 their labor standards, and they made the right to
20 strike much stronger than even in the
21 United States, raised the minimum wage, and a
22 number of other conditions.

23 So just a reassurance that there are a number
24 of things different about this agreement, and you
25 should feel fairly confident about how seriously we

1 take expeditious enforcement.

2 Second thing is, and I can't talk about it too
3 much because it's still open for comment, the OSHA
4 instructions, a printout, a request for information
5 on the rescission of a decision about noise. So
6 before -- it's the case that I take credit because
7 I took this back to the department. The department
8 position, we've got the duty for the comments that
9 come in, we extended the comment period to March.
10 It originally was set to terminate in December. We
11 read the comments and that's part of the reason why
12 the comment period has been extended.

13 I want to reassure you that the process for
14 joining regulations is open, and this
15 administration we take that seriously and we do
16 read comments, and we do try to balance whatever
17 comes out in response to that. I want to encourage
18 you to participate in that comment period. It
19 helps if you give us specific corrections or
20 specific advice. I say this to workers as well
21 telling them that it's really great and it's very
22 helpful.

23 So please note that on that specific one,
24 we're hearing folks, it's still open for comment.
25 If you have some specific guidelines or specific

1 help that you can offer us on that, please do that.

2 MR. MCGREGOR: Bill, I want to ask a
3 question on the noise issue specifically. You're
4 going to take comments sometime in March.

5 MR. SPRIGGS: We announced that and we
6 put it out for comment in October, originally set
7 for December deadline. We got a lot of feedback
8 and for that reason we extended it through March.

9 MR. MCGREGOR: So explain to me the
10 process in detail because you extended comments.
11 First of all, just to get the table set, to bring
12 the proposal up in October and have questioning by
13 December in an election year which was as critical
14 as we had, just raises concern, let's say and I'm
15 being nice, from my standpoint so we extended it to
16 March. What's the process after March? Is that
17 the end of comment taking?

18 MR. SPRIGGS: If there's enough
19 feedback, we can ask for another extension. We
20 tend to not want to keep making things go on and on
21 and on because at some point we do have to make
22 decisions, but this was an honest request for
23 information. So when the regulatory agencies ask
24 for information, that doesn't mean that they've
25 made up their minds. I think it's helpful when you

1 make comments, that you don't presume that we've
2 made up our mind. Sometimes we just obviously want
3 information.

4 MR. SOHN: Good discussion, and I think
5 we've put the issue out on the table, but I'm
6 afraid as you talk details, it's important that you
7 talk one on one with Bill. Our other comments are
8 from Henry.

9 MR. KELLY: Thank you. I'm from the
10 Office of Energy Efficiency and Renewable Energy,
11 but the department does try to keep a balance to
12 clean energy portfolio. We're acutely aware that
13 manufacturing is central to everything we're doing
14 and you have to know clever things to be able to
15 produce something cheaply or there's no point and
16 we need to create markets for them. We think that
17 the portfolio on clean energy is going to be
18 crucial to future manufacturing and the whole
19 supply chain influence. If you have a cost
20 effective turbine, we need to have high quality
21 steel for the things, so the things we touch really
22 do affect almost all parts of the economy.

23 One thing that I wanted to point out is that
24 we've spent like \$400 Billion duty on importing oil
25 here during 2008, and you sure would like to have a

1 way to spend that money on a dynamic production of
2 materials and goods, and I think that's a real
3 possibility.

4 But just to get a sense of what we're trying
5 to do and to what effects energy conservation has
6 on your buildings, we're trying to get a maximum
7 decrease in the energy use in buildings which is
8 lighting controls and most everyone can measure
9 that. Here one of the things is the need to not
10 only to produce the technology, but you need to
11 come up with a way to pay for it. We're trying to
12 create a very large market for building retrofits
13 and we're going to beat our energy and departmental
14 goals on the retrofits and on the order of a 120
15 million houses and 90 billion square feet of
16 commercial office that is existing, and then create
17 a massive new price area with equipment.

18 Transportation is a big point with a whole new
19 generation of vehicles. We're looking at auto use
20 up, engine repair, specifications, fabrications,
21 batteries, controllers. We're very concerned about
22 rare earth issues and the manufacturing is critical
23 for this.

24 In other words, the energy program we have
25 serves many purposes, but of these we have the

1 energy efficiency of the equipment that we felt is
2 an important subject that we anticipate is
3 especially important, but it's important in
4 procuring and purchasing because we think they are
5 crucial in getting the costs down in what we're
6 trying to produce, and it's important.
7 Fortunately, it wound up directly for the 18 months
8 to increase production in general.

9 In addition, of course, we have a big play in
10 newer generation of energy supply technology and we
11 refer to a bottom mix of any kind of technologies
12 of things like energy and geothermal. Again, all
13 of these things touch different parts of the
14 manufacturing base and products that you make as
15 well as our time in Michigan. So, of course, in
16 addition to doing a search on all of these close
17 partnerships with industry, we are also acutely
18 aware that we need to begin to solve a lot of other
19 problems with the marketplace in working with the
20 Hill on trying to get energy legislation. We have
21 a lot of work ahead of us and a lot of talk today
22 about clean energy proposals and renewable energy
23 proposals, but in each one of the sectors that
24 we're talking about there are continued problems
25 and challenges which requires working together.

1 Financing is a very important issue in housing with
2 HUD. Of course, we have 16 other tax credits that
3 we have and the administration opposes the
4 manufacturing credit action plan, which is
5 something we'll have to deal with.

6 One thing we can do is the earlier cure in new
7 products and especially in the Department of
8 Defense on ways to make their products. For
9 example, they're not exactly a niche market, but
10 there's currently options taking place fairly in
11 the devices, renewable energy devices for basic.

12 One of the terms of regulation that we hear
13 from a lot of people as a quagmire is the governing
14 agencies as you're trying to do things, you end up
15 running into problems with EPA, with Interior Fish
16 and Wildlife, Corp of Engineers, and we have tried
17 to put together a variation to streamline all of
18 this and sort of get a one stop guide on what you
19 need to do and to insure in some states.

20 Education is and training is a very important
21 play. I'd love to talk to you more about what
22 you're doing and as I close, I guess I'm saying
23 that we have a new advisory group for ourself and
24 I'd like to make a venture capital, and they're
25 very keen on the manufacturing issue to this group

1 to perhaps brief them at some point in the future
2 on that issue.

3 MR. SOHN: Thank you. Joe?

4 MR. ANDERSON: I think it's been a very
5 productive beginning at this point of the council
6 meeting. And I was able to anticipate that three
7 or four subcommittee roles, just to get the
8 engagement of the various subcommittees, so I
9 encourage everyone to actively participate as we go
10 forward.

11 One suggestion that is missing particularly
12 today. There may be an opportunity for the various
13 subcommittees to interact with each other. So if
14 there is a need relative to the competitiveness
15 subcommittee to work with workforce development as
16 an example, and energy relative to exporting, let's
17 look for a way to make sure that those interface
18 overlaps occur, so we're not on assignments. I
19 think all of us do that in our businesses too, if
20 you will.

21 I particularly want to commend the folks, even
22 Dan, relative to the civil discourse that we've had
23 because people had strong feelings about that, and
24 I strongly encourage that because I think it works
25 to our advantage to interface and communicate.

1 And lastly, I've seen examples of minutes
2 and/or strategy papers, and they serve us well in
3 documenting and creating a trail of where we've
4 been and what we've discussed. So I would
5 encourage everybody to do that, but again we got
6 off to a good start, and Bruce and I really
7 appreciate your efforts going forward.

8 MR. SOHN: So just a couple of
9 quick final comments. There is a document that's
10 entitled manufacturing statement that was included
11 in your packets this morning. This is actually
12 something that Joe and I collaborated on, it's sort
13 of a preamble and guidance for the council to
14 consider. We will talk about this more over coming
15 meetings, but as always, we would welcome any input
16 from the council.

17 Peter, we will take you up on your offer to
18 provide us with specific data and information about
19 the general trends of manufacturing. I'm not sure
20 of the schedule of times to receive that
21 information.

22 Our next meeting we don't have an exact date,
23 but it's likely to be the very first week of April
24 because we agreed previously to communicate around
25 the first two weeks of the month. It looks like

1 the first week is probably going to be the one
2 working out best, probably the second half of that,
3 so we'll get back to you and solicit how well that
4 works for you so we can finalize a date, but it's
5 probably roughly the time that we're talking about.

6 With that, I think we're adjourned.

7 (Meeting adjourned at 12:15 p.m.)

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