

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

June 19, 2014

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

As members of the President's Export Council (PEC), we urge you to reinvigorate efforts to ensure that the United States remains a global innovation leader so that our economy, our society, and individuals can benefit from the substantial rewards resulting from that leadership. Other countries have taken impressive steps to promote and attract research and development investment in innovative and creative industries by providing financial resources and policy incentives.

A national innovation agenda must be enacted in recognition that human and financial capital will flow to countries with the greatest potential for investments to efficiently and effectively return rewards to investors and society. An immediate multi-faceted policy strategy should include expansion of education to ensure a requisite trained workforce, as well as financial and policy incentives to advance technology and stem the erosion of funds and talent to other markets.

We believe such a national agenda should focus on the following key issues:

Incentivize Investment in Research and Development and Support Commercialization:

Research and development is inherently risky, involving numerous dead ends and few breakthroughs. The United States should pursue policies that incentivize investment in research, including investment in the basic sciences. Additionally, breakthroughs in the lab often require significant additional risk and investment before they can be brought to market. For manufacturers, the construction and testing of prototypes is critical to ensuring products are innovative, efficient, and importantly, safe for the public. The United States should pursue policies to promote and protect investments in the commercialization of research and development.

Intellectual Property (IP) Policy: Protection of IP is necessary for the inherently risky, costly, complex, and time-intensive investments and regulatory processes required for the production of innovative and creative products. A robust and balanced IP regime is critical to incentivizing continued IP investment. The United States Congress and your Administration should develop a national strategy that focuses on strengthening the IP framework globally.

Tax Policies: The experience of other major countries suggests that the United States will be in a better position to attract and retain jobs and spur economic growth in the face of foreign competition if comprehensive tax reform is properly structured to keep pace with today's globally competitive landscape. A globally competitive corporate tax rate, combined with a territorial tax system that allows American companies to freely repatriate foreign earnings and includes appropriate safeguards to prevent erosion of the U.S. tax base, is important to keep

companies competitive in attracting and retaining investments. Additional incentives for the innovation and commercialization of products and services can be spurred with, at a minimum, a permanent tax credit for research and development.

Civil Justice Reform: Excessive litigation increases the costs and risks of doing business, undermines the public's confidence in the safety and efficacy of proven technologies, has a chilling effect on research and development, and harms the legal system. The goal of civil justice reform is to maintain consumer protections and limit litigation abuses, which will reduce the financial burden associated with preventing and defending against excessive litigation while freeing up resources for investment in additional research.

Talent – Immigration and Science, Technology, Engineering, Math (STEM) Education: A trained and highly skilled workforce is essential for a flourishing innovation community, and U.S. and foreign talent should be cultivated and retained to support technological advances in the United States. Policies should broaden and streamline the visa and green card options for foreign researchers and STEM graduates from American universities. Additional efforts should expand STEM education financing opportunities, loan forgiveness programs, and grant opportunities. Importantly, research experience for new graduates should be supported through grants and collaborations with private and public research entities.

Policies that promote innovation and creativity are a long-term investment in the future of America, and a strong bet on our growth and prosperity. We encourage you to maintain and enhance your commitment to support American innovation. We believe following the recommendations laid out above will be a significant step toward strengthening a robust American economy in the 21st century.¹

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McNerney". The signature is fluid and cursive, with a large initial "J" and "M".

Jim McNerney

¹ Please note this letter was prepared by the private sector appointed members of the PEC.