

Administration of Barack Obama, 2014

Remarks at a Meeting of the President's Export Council and an Exchange With Reporters

December 11, 2014

[The President joined the meeting in progress.]

The President. I'm so sorry I'm late, people. Usually, I've been on—I'm a pretty timely guy. *[Laughter]* But it seems like there's quite a few things on my agenda today. *[Laughter]* But I think we're going to bring in the pool. And I'm just going to make some quick remarks at the top, and then everybody can fill me in on the great work that the Council's been doing. Tell me when you're ready, everybody. All good?

White House aide. We're all set.

The President. Well, good morning, everybody. I just want to offer a few thoughts before you return to the meeting. Obviously, we've seen some significant economic progress here in the United States over the last year. Our businesses have added almost 11 million jobs over the past 57 months. This year, our economy has already created more jobs [than]^{*} in any year since the 1990s, with still a month to go. All told, since 2010, we've created more jobs here in the United States than Japan, Europe, and all advanced nations combined.

And one of the reasons that we've been able to create so many jobs here in the United States is because our exports have been strong. Last year, our businesses sold a record \$2.3 trillion of "Made in America" goods and services. And these exports support more than 11 million American jobs, typically, by the way, jobs that pay higher wages.

And so this Council is designed to build on this progress. It is in part a factor in the progress that we've made. We've had some terrific suggestions from some of our leading businesses, but also some small businesses and medium-sized businesses who are starting to sell overseas. The recommendations that have been generated by these—the Council have then been implemented by our various agencies. And we're here not to rest on our laurels, but rather to continue to make a big push to sell even more overseas.

I've said before, I will go anywhere around the world to go to bat for American companies and American workers. We're going to keep on pushing trade agreements that benefit American companies and American workers and ensure that we've got a fair and even playing field, particularly in the fastest growing markets. We're going to work with Congress to try to renew trade promotion authority and secure approval for a very ambitious Trans-Pacific Partnership agreement, which would create a higher standard for trade in the fastest growing, most populous and dynamic region in the world, the Asia-Pacific region.

We're also announcing—because manufacturing has been a real bright spot in our growing economy—some additional measures to boost manufacturing here in the United States so we can sell more manufacturing goods overseas. We're announcing today more than \$290 million in new investments to launch two additional high-tech manufacturing hubs. One is going to be focusing on flexible computer chips that can be woven into everything from the gears in a helicopter to the fabric in your shirt. Another is going to focus on advance sensors that can dramatically cut energy costs for our factories.

^{*} White House correction.

So far, we have launched 8 of these hubs, and we intend to get 16 done, so we're more than half of the way there. And they're helping us to compete for the next generation of manufacturing. One of the reasons that manufacturing has been growing faster here than the overall economy is because of real savings on the energy front, outstanding workers, but also, because our companies have retooled and once again made that investment in innovation that has been the hallmark of American manufacturing for years.

I also want to thank many of the folks around this room who've been working with us to find ways that we can increase and improve the pipeline for skilled workers going into the companies that ultimately end up exporting goods and services overseas. To make sure that our workers have those skills, today my Secretary of Labor, Tom Perez, is announcing a \$100 million competition to help expand apprenticeship programs across our country. Many of the companies around this table have helped design it or are already participating in these apprenticeship programs. They give talented, motivated young people the chance to get an outstanding career. They get a pathway, a door open to them, that allows them to succeed and secure a position in the middle class, and it helps us recruit the kind of workers that are going to keep us competitive for years to come.

Finally, we've got real opportunities to make some bipartisan progress this year on some areas that will make us more competitive in this global marketplace. For example, today, our companies face the highest corporate tax rate in the world on paper. There are so many loopholes that some end up paying a much lower rate; some pay the full freight. It distorts our allocation of capital. It makes us less competitive relative to businesses that are headquartered overseas. We need to fix that. And I think that there's genuine interest on both the Democratic and Republican side in making that happen.

And so I just want to thank everybody on the Export Council for the outstanding work that you've already done. I'm looking forward to hearing about the recommendations that you have generated during the course of this meeting. And rest assured that I will be your partner for the remainder of my time in this office, making sure that we have the strongest, most competitive companies, the best workers, the best research and development, and the highest exports that we've ever seen in our history. All right?

Thank you very much.

Thanks, pool. Thank you, pool.

Central Intelligence Agency's Detention and Interrogation Program

Q. Mr. President, do you agree with John Brennan that the CIA's interrogation program saved lives?

The President. We're talking about exports, Jon [Jonathan Karl, ABC News]. Thank you. All right.

[At this point, the press pool was escorted out of the room, and the meeting continued.]

President's Export Council Chairman W. James McNerney, Jr. Listen, thank you very much, Mr. President. If you look historically at the PEC, there has never been a time in its history where the administration, you personally, and the people on your Cabinet have supported this group to a greater extent. And we feel that engagement, and your presence here today once again makes that point. It energizes us, and I think it moves the agenda along.

What we did today, we focused heavily on trade with Ambassador Froman. I'd like to maybe come back and get your perspective on how we're going to move that forward. Everybody in the room is leaning forward in every kind of way to get that done.

I think we reported out on the basis of six of our subcommittees' recommendations we're going to send to you, which you will get in due course. I think the other thing we talked about was a fact-finding trip we made to Turkey and Poland, which I think gave everybody in this group an on-the-ground understanding of the leadership—the impact of the leadership of Penny and Mike and others on furthering our—on furthering things along.

But I think if there were two things I would just sort of tee up—and I know we have limited time with you—one would be getting these things done. We all think it's the right time, and you've suggested that to us at the BRT and some other places. Any comments you'd have for us to help you get it done.

And then the other thing that came up is China. You've spent a lot of time with President Xi personally connecting. Penny is going to take the leadership role, starting in Chicago next week, JCCT. We're trying to engage. But any comments on China would be—those are sort of the themes that came out of the group this morning.

The President. Yes. Well, if you heard from Mike Froman, then you heard from—

Chairman McNerney. The Oracle. [Laughter]

The President.—the guy who's in the trenches on these trade negotiations. I'll just give you a couple of quick top lines.

First of all, I'm much more optimistic about us being able to close out an agreement with our TPP partners than I was last year. Doesn't mean that it's a done deal, but I think the odds of us being able to get a strong agreement are significantly higher than 50–50, whereas last year I think it was still, sort of, up for grabs.

The question then becomes, assuming we are able to get the kind of agreement that is good for American workers and good for American businesses, how do we proceed in Congress? I think that despite the fact that we had an election I did not—I wasn't that happy with—[laughter]—the dynamics really don't change in terms of the number of votes in the House and the Senate that are there to be gotten for a good trade deal. But we have to make the case. And I think we can make a very strong case that what we're doing here is really setting a higher bar that will give us more access to markets, will give us greater IP protection, will make sure that U.S. companies both in goods and in services are less disadvantaged by nontariff barriers and state support and procurement practices in these countries than they've been in the past.

The pushback that we're going to get domestically derives from a couple of sources. One is from not just labor—not just organized labor, but a public perception generally that trade has resulted in an erosion of our manufacturing base as companies moved overseas in search of lower wage labor. And my essential response to those arguments is not to deny that there have been some consequences to China's accession to the WTO and offshoring, but rather, that that horse is out of the barn. We are now in the worst of all worlds where they have access to our markets, much of that shift in search of low-wage labor has already occurred, and yet we don't have the access to those markets that are growing and no levers to force these other countries to increase their labor standards and their environmental standards.

So that instead of fighting the last war, what we need to be doing is looking forward. And there's no doubt that what Mike is negotiating creates higher labor standards and greater access than the status quo. And that's what we should be measuring against.

I'll give you just one very specific example, and that's Vietnam. I mean, Vietnam is probably the most interesting country involved in these negotiations: A, it's still a one-party system that provides workers very few rights, if any; and yet, in order to be part of TPP, they're having to make some pretty radical shifts in how they treat workers. Now, it's—they're not going to

suddenly have the same labor standards as Germany does, but there's going to be an improvement. And by us establishing a baseline for labor rights even in a country that has traditionally had no labor rights, we're improving our position, not deteriorating our position.

The same is true for the other set of critics that we may receive, and that is from the environmental community, although, there's a—divisions between the large environmental groups. As I said at the BRT, I don't know exactly what Malaysia's environmental rules are, but I guarantee you, they are lower than ours. [Laughter] And it—for us to be able to include in a TPP agreement basic environmental standards is a win for us. It puts us not at a disadvantage, it puts us at more of an advantage.

The final criticism—not the final, but another criticism that we're going to receive domestically is this issue of—what's the term of art in terms of lawsuits?

Q. [Inaudible]

The President. Right. And we've looked at the facts, and generally speaking, I think the language that's being used allows every country to maintain its public health and safety and welfare provisions. Really, what we're trying to get at here is making sure that foreign companies are not treated differently than domestic companies. That's the primary concern, is a discriminatory application of rules in ways that are arbitrary. And I think that that's something that all of us should agree on.

The big bugaboo that's lifted up there is tobacco companies suing poorer countries to make sure that antismoking legislation is banned or at least tying them up with so much legislation—or so much litigation that ultimately, smaller countries cave.

Those are issues that I think can be negotiated. There are some areas of particular sensitivity or concern. But overall, the principle that we should make sure that U.S. companies, when they invest or export to other countries, are abiding with their safety rules, but that those public health and safety rules are not being discriminatorily applied or a ruse in order to keep us out. That should be something everybody is in favor of.

So in terms of timing, how TPP happens versus TPA, I think regardless of the sequence, we're going to have to make the sale, and it's going to be very important for business to be out there and champion this and show that this is ultimately good for you, for your suppliers, for your workers. And if you look at all the major exporters, you take a Boeing, presumably in every congressional district, you've got to find—

Chairman McNerney. A bunch of suppliers.

The President. —a bunch of suppliers who are making the case, and their workers are making the case. So it's not just a bunch of CEOs calling, but it's people who understand that they've got a stake in it.

So I think that's on the labor front. On China, all of what we're doing with TPP has a direct application to China. China is actually not that complicated. They will take whatever they can get. They will exploit every advantage that they have until they meet some resistance. But they have a great interest in the relationship with the United States and recognize the interdependence that has evolved between our two economies.

And so the key with China, I think, is to continue to simply press them on those areas where trade is imbalanced, whether it's on their currency practices, whether it's on IP protection, whether it's on their state-owned enterprises. The business investment treaty that they have shown an interest in negotiating could end up being a significant piece of business. We actually saw some movement during my last trip on issues surrounding technology. And I think that it's indicative of their interest in trying to get this right.

And by the way, if we get—there's been some suggestion that by doing TPP we're trying to contain or disadvantage China. We're actually not. What we are trying to do is make sure that rather than a race to the bottom in the region, there's a reasonable bar within which we can operate. And we hope that then China actually joins us in not necessarily formally being a member of TPP, but in adopting some of the best practices that ensure fairness in operations.

So—and the climate change announcement that we made was very significant. For those of you who are impacted by the power plant rule that the EPA is initiating here, it's good to know that one of the arguments that's always been made about us dealing with climate change or environmental issues generally here in the United States is, well, it puts us at a disadvantage with China. Well, we're trying to take away that excuse by making sure that China is also abiding by higher standards and in a verifiable way. So we're going to be focused on that. Okay?

Chairman McNerney. Do you have time for one more question?

The President. One more question.

Chairman McNerney. I think one of the things we talked about this morning with Vice President Biden was Russia sanctions. And I think, by and large, the business community, while there's some debate about exactly to what degree this, that, or the other thing, that these have been implemented very successfully and very methodically, worked well with the business community to maximize impact, while minimizing impact to us.

And so there was a pretty robust discussion that I think many of us in the room ended up saying, whether we're in the third inning or the eighth inning, just keep moving. And then, there's a lot of support in the business community for what you're doing, keeping Europe lined up, which is our biggest concern. Merkel seems to be hanging in there. And anyway, the Vice President gave us a very robust discussion. Any views from you? I know you've talked to a lot of your peers on the subject.

The President. Joe has been very close to this, so he probably gave you a pretty sound overview. I think you identified what's been important in this process, and that is our ability to keep Europe in lockstep with us. There may be some movement out of Congress for us to get out ahead of Europe further. We have argued that that would be counterproductive. And we may need some help from the business community in making that argument to the soon-to-be chairman of the Senate Foreign Relations Committee and others.

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

Where Putin will succeed is if it creates a rift in the transatlantic relationship. If you start seeing Europe divided from the United States, that would be a strategic victory. And I'm intent on preventing that. And the way to prevent it is making sure that we are taking into account the very real economic impact on Europe from these sanctions, being measured in terms of how we apply them, and having some strategic patience.

The notion that we can simply ratchet up sanctions further and further and further, and then, ultimately, Putin changes his mind I think is a miscalculation. What will ultimately lead to Russia making a strategic decision is if they recognize that Europe is standing with us and will be in it for the long haul and we are in fact patient. And if they see that there aren't any cracks in the coalition, then, over time, you could see them saying that the costs to their economy outweigh whatever strategic benefits that they get.

So you've got, I'm sure, everything about Ukraine, soup to nuts, from Joe. I'll just emphasize as a takeaway for the business community that we are being—we have been successful with sanctions precisely because we've been systematic about it and made sure there wasn't a lot of daylight between us and the Europeans. That should continue. And even though sometimes, it's tempting for us to say we can go further, it won't benefit—it won't do us any good if it means suddenly, Europe peels off and then are backfilling various things that U.S. companies are obliged to abide by.

All right?

Chairman McNerney. Terrific. Thank you very much.

The President. Thank you for the great work you're doing. Keep it up.

NOTE: The President spoke at approximately 11:30 a.m. in the Dwight D. Eisenhower Executive Office Building. In his remarks, he referred to Sen. Robert P. Corker, Jr., ranking member, Senate Committee on Foreign Relations; and President Vladimir Vladimirovich Putin of Russia. Chairman Mc너ney referred to Secretary of Commerce Penny S. Pritzker; and Chancellor Angela Merkel of Germany. He also referred to the U.S.-China Joint Commission on Commerce and Trade (JCCT).

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