



COMMERCE NEWS

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Office of the Secretary
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AS PREPARED FOR DELIVERY

Thank you for the kind words. It's an honor to be here.

Let me begin by congratulating the International Chamber of Commerce on this celebration of its 90th anniversary. You've been a long-time advocate for the power of open markets to unlock human potential across the globe.

And your work has never been more important than it is now.

During previous periods of economic difficulty, many governments, including that of the United States, have succumbed to the false comfort of turning inward and closing off markets.

With that historical lesson in mind, we all need to be vigilant against the forces of protectionism. More than most, both through your professional lives and your work with the International Chamber of Commerce, you have seen how trade can create jobs and growth, speed the delivery of transformative ideas and technology, and hasten democracy and the spread of freedom.

And that is a message all of us have a duty to spread, even if it isn't always popular.

Trade has always been crucial to American prosperity. But it has assumed an even greater significance in the current economic climate, as other sources of growth like consumer and business spending, have deteriorated.

I'm proud that the Department of Commerce is going to play a lead role in helping to revitalize American exports and open up markets for American companies around the world.

A few months ago, I identified five key strategies that I would be pursuing to improve America's trade fundamentals, and this evening, I want to update you on the significant progress we've already made.

The first element of my agenda is to ramp up the Department of Commerce's trade promotion activities across the globe.

Right now, U.S. companies aren't anywhere near maximizing their export potential.

Ninety-seven percent of U.S. exporters are small- and medium-size businesses, but they only account for 30 percent of export value.

Meanwhile, of all the American businesses that export, 58 percent export to only one country.

We can do a lot better.

We're looking forward to working with the Council to help educate U.S. companies about the ATA Carnet system, which allows temporary duty-free, tax-free exports of commercial samples, professional equipment and goods displayed at trade shows.

That's a step in the right direction.

And Commerce also has a lot of untapped potential in a trade promotion office staffed with some 1,500 people, including commercial service officers who go out every day to find new customers for American businesses in foreign countries.

My goal is to get more companies engaged with our commercial service corps.

But I know that part of our challenge is that many businesses don't have the time or the inclination to navigate a government bureaucracy.

That's why earlier this week we launched a new CommerceConnect pilot office in Michigan that will provide a single point of contact for the full-spectrum of Commerce programs, as well as other government services available to business owners.

Whether companies need help with access to funding or greening their manufacturing process or setting up shop abroad, we can help.

Ultimately, we intend to expand the centers and roll them out in metropolitan areas across the country.

The opening of our CommerceConnect office comes on the heels of another major announcement we made last week.

To help leverage the entire federal government on behalf of promoting entrepreneurship in America, Commerce has just launched a new Office of Innovation and Entrepreneurship.

This office will report directly to me and will work closely with the White House and other federal agencies to drive policies across the federal government that help entrepreneurs translate new ideas, products and services into economic growth.

As Commerce seeks to promote entrepreneurship and open up markets for American companies abroad, the United States must also acknowledge that we have room to improve when it comes to increasing the secure flow of goods, services and people across our own borders.

In particular, the United States often makes it too difficult for foreign company executives to enter here to do business – a shortcoming that has had a tangible cost for American businesses by shutting out some of their best customers.

For example, the Association of Equipment Manufacturer Executives has reported that its members lose one in three Chinese buyers invited to attend major U.S. trade shows because their visas are denied – even though many of them have previously visited the United States on buying missions without incident.

And Boeing recently had to delay the delivery of a \$250 million freighter because an inspector from the Chinese aviation authority didn't receive his visa on time.

Historically, processing for these types of visas could be done in a matter of weeks, but recently the time has stretched to as much as four months.

The U.S. government has already made some tentative progress on improving the situation, but I have also created a departmental task force that will keep national security paramount while further improving the business visa process.

Yet another area where red tape is challenging American businesses, and American security, is our export control system.

Earlier this year, Brent Scowcroft, former National Security Adviser to President George H.W. Bush, co-chaired a distinguished panel at the National Academy of Sciences to look into this issue, and they flatly declared:

“The national security controls on science and technology are broken.”

Because most military production in the United States is now based in the private sector, control measures that unnecessarily hurt the profitability of U.S. companies and restrict their ability to pursue costly and risky research cut our military off from information and technologies that are central to battlefield success.

And as more advances in science and technology occur in places like Europe, Russia and Asia, we are running the risk of preventing U.S. companies from participating in promising avenues of growth. And that means more high-tech, high-paying jobs going abroad.

The challenge we face is to design a new system that keeps us safer by increasing export control measures on the items and technologies most critical to our national security and freeing American companies from an out-dated set of rules that often prevents them from selling items that are readily available from non-U.S. companies.

That's why in August, President Obama called for a broad-based interagency review of both the defense trade processes administered by the State Department as well as the dual use exports, which are items designed for civilian purposes that may have military applications, that are administered by Commerce.

The Commerce Department is already working with our colleagues within Defense, Energy and State to support the President's initiative, and we will be working diligently with the Congress to shape this reform in the months to come.

And last week, I proposed that the Commerce Department, working with counterparts in the federal government, immediately explore pursuing two reforms:

One: Eliminating dual-use export license requirements for allies and partner nations; and
Two: Implementing a fast-track procedure for the review of dual-use export licenses for other countries that do not pose a significant proliferation concern.

In short, we need to re-allocate resources to focus more targeted controls on highly sensitive items, and to reduce controls elsewhere where they serve no useful security purpose and make no sense.

These reforms could have an immediate and positive impact for American economic competitiveness while strengthening U.S. national security, and I urge all of you to stay engaged in this issue in the months ahead.

Of course, Commerce is not just concerned with helping American companies get their products into foreign markets.

Once they get there, we want to ensure they receive the same rigorous intellectual property protections that they would at home.

Despite America's remarkable dependence on innovation for future growth, the current system for protecting U.S. intellectual property – both domestically and internationally – is fraying at the seams.

Every year, American companies in fields as diverse as energy, technology, entertainment and pharmaceuticals lose between \$200-\$250 billion to counterfeiting and piracy.

That is simply unacceptable.

There are a series of steps the Commerce Department can and will take to improve America's IP regime, from reforming the U.S. patent office to helping shape upcoming congressional intellectual property legislation.

But fundamentally, our efforts need to begin with better enforcement.

And that is why the United States is fortunate to have such a talented and tough negotiator in our U.S. trade representative, Ron Kirk. Ron and I will be working closely together on this issue for a long time to come.

Enforcement of trade agreements is a key element in the plan to rebuild support for trade.

We must ensure that U.S. stakeholders reap the full benefits of these agreements, and that our exporters know that we will protect their interests. Commerce's Trade Agreements Compliance Program will play an important role in this monitoring and enforcement work.

There is one final step that must be taken in order to increase the amount of goods and services that America sends to foreign markets:

We need to use every lever of the U.S. government to promote our exports.

Whether that involves our State Department writing a letter on behalf of an American company that wants to do business in Russia, or our Department of Energy helping to facilitate renewable energy partnerships between U.S. companies and the Chinese government, every federal department has a role to play in promoting American business.

As the Secretary of Commerce, I am the chairman of the Trade Promotion Coordinating Committee, which has worked for over 15 years to unify the export promotion and export financing activities of the U.S. government.

Over 20 different federal agencies have representatives on this committee, and I am planning to enlist all of them to promote U.S. trade. We will be meeting for the first time on October 23, and I'm expecting to move forward on a very aggressive agenda.

The trade priorities I've discussed tonight – business visa and export controls reform, intellectual property protection, intergovernmental cooperation and trade promotion – will help U.S. companies increase exports, while setting the country on a path to long-term, sustainable growth that creates jobs here at home.

And with the federal government fully engaged in promoting American exports and trade, I am confident that our businesses will be able to capitalize on emerging opportunities across the globe.

Looming problems from climate change to aging populations demand all the ingenuity that we can muster.

No one country has a monopoly on the knowledge we need, so we must make it easier for our entrepreneurs and innovators to cooperate and collaborate with one another no matter where they live.

That task is a little easier thanks to the Council and its members. Thank you for having me, thank you for the great work you do, and again congratulations to the International Chamber of Commerce on its 90th anniversary.

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