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3 HIF108.170

4 ``H.R.__, THE GLOBAL INVESTMENT IN AMERICAN JOBS ACT OF

5 2013''

6 THURSDAY, APRIL 18, 2013

7 House of Representatives,

8 Subcommittee on Commerce, Manufacturing, and Trade

9 Committee on Energy and Commerce

10 Washington, D.C.

11 The Subcommittee met, pursuant to call, at 9:33 a.m., in

12 Room 2322 of the Rayburn House Office Building, Hon. Lee

13 Terry [Chairman of the Subcommittee] presiding.

14 Members present: Representatives Terry, Lance, McKinley,

15 Pompeo, Kinzinger, Johnson, Long, Schakowsky, McNerney, and

16 Barrow.

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17 Staff present: Charlotte Baker, Press Secretary; Kirby
18 Howard, Legislative Clerk; Nick Magallanes, Policy
19 Coordinator, CMT; Brian McCullough, Senior Professional Staff
20 Member, CMT; Andrew Powaleny, Deputy Press Secretary; Shannon
21 Weinberg Taylor, Counsel, CMT; Michelle Ash, Democratic Chief
22 Counsel; Jacqueline Cohen, Democratic Senior Counsel; and
23 Will Wallace, Democratic Policy Analyst.

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|
24 Mr. {Terry.} So welcome, everybody. Good morning to
25 our panelists and guests. The purpose of today's hearing is
26 to highlight the importance of foreign direct investment in
27 the United States and learn more from our experts on how
28 lowering barriers to foreign investment in our country can
29 have significant benefits for our economy as a whole. I hate
30 to steal the undersecretary's thunder, but his testimony lays
31 out some of the facts that deserve being mentioned more than
32 once.

33 In 2010 U.S. affiliates of foreign firms employed over
34 5.3 million workers--as I understand, that is now 5.6 as of
35 today--and the average salaries are 77,000 per year. These
36 firms accounted for 41.3 billion worth of research and
37 development efforts and 149 billion worth of capital
38 expenditures in that same year. In the manufacturing sector
39 alone, FDI inflows were nearly 84 billion in 2012, according
40 to the National Association of Manufacturers.

41 These statistics tell us a clear story: increasing
42 capital in the form of direct foreign investment has positive
43 effects on manufacturing, increased exports, job creation,

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44 and U.S. competitiveness. It is just that simple.

45 Unfortunately, these rosy statistics fail to tell the
46 whole story. Foreign direct investment in the United States
47 has fallen drastically over the last few years, relative to
48 other nations. According to the testimony we will hear today
49 from the organization for international investment, the U.S.
50 share of foreign direct investment has dropped from 41
51 percent in '99 to 17 percent in 2011.

52 The reality is that, while the U.S. remains an economic
53 leader, the other nations are catching up. The statistic I
54 just mentioned is indicative of that. Companies want to
55 manufacture in a country where there is fair corporate tax
56 code, a high degree of regulatory certainty, and a set of
57 policies that welcome investments into the country.

58 The United States can't rest on its laurels. We need to
59 take a hard look at some of our national policies and assess
60 whether they are stunting our ability to attract companies to
61 the U.S. that have proven they create jobs and will help grow
62 our economy. The legislation that we will be introducing in
63 the following days, the Global Investment in American Jobs
64 Act of 2013, is just the first step in that process.

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65 Given what we will learn in today's hearing from a panel
66 of experts--and we have heard in our last three meetings
67 focused on manufacturing that this should be a no-brainer.
68 Investing in American jobs is not a partisan issue when
69 companies like Toyota and Honda choose to open up
70 manufacturing facilities in Kentucky or Texas or Tennessee or
71 Ohio or South Carolina or Georgia. Notice Nebraska wasn't on
72 there. Neither was Illinois, so there is room for
73 improvement.

74 Ms. {Schakowsky.} Yes.

75 Mr. {Terry.} We heard from some of our executives just
76 last week that when they opened the doors, thousands of jobs
77 were created directly and indirectly. Local, state, and
78 federal tax revenues went up not because marginal rates went
79 up but because the economies in those cities and States grew
80 and more people are working. We heard from these companies
81 and how they helped change the communities they became part
82 of, contributing through outreach programs like workforce
83 training and charitable giving.

84 If our legislation, the Global Investment in American
85 Jobs Act of 2013, can succeed in highlighting what the U.S.

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86 needs to do to and attract more of our great companies to our
87 shores, then it is a win-win for every American and workers.

88 The U.S. can still be one of the most much attractive
89 places in the world to invest capital. We have a large and
90 affluent consumer base, a strong rule of law when it comes to
91 intellectual property, and one of the best and most
92 productive workforces in the world. It is my hope that
93 today's hearing can help us highlight some areas where
94 barriers on foreign direct investment currently exist so that
95 we can build upon the positives I just mentioned and not only
96 compete for but win the opportunities for foreign direct
97 investment.

98 I want to thank all of our panelists for coming here
99 today and especially Mr. Sanchez. Thank you for being here
100 as well. You are a key part of this effort and have done
101 well.

102 So I yield back the rest of my time and now recognize
103 that Ranking Member, Ms. Jen Schakowsky.

104 [The prepared statement of Mr. Terry follows:]

105 ***** COMMITTEE INSERT *****

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|

106 [H.R. ____ follows:]

107 ***** INSERT 7 *****

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|
108 Ms. {Schakowsky.} Thank you, Mr. Chairman. I am hoping
109 that we can keep our run of bipartisan hearings and work. We
110 have got a good string going so far. And I thank you for
111 holding this hearing on draft legislation to attract further
112 foreign investment in the United States.

113 I welcome the witnesses, especially Mr. Sanchez, this
114 morning as our first panelist and look forward to all of the
115 testimony.

116 In the interest of promoting good jobs and overall
117 economic growth, I agree that we should consider ways to
118 increase investment in this country, both domestic and
119 foreign. The United States is the global leader in
120 attracting foreign direct investment. There is more foreign
121 direct investment in America than anywhere else, and we are
122 consistently ranked as number one of the easiest places to do
123 business.

124 There is a strong incentive to invest in America. Our
125 economy is continuing to recover from the Great Recession and
126 we remain the best place on Earth to find talented, motivated
127 employees. In order to access all that our country has to

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128 offer, foreign investors know that they will be required to
129 meet labor, health, environmental, and consumer standards.
130 Strong standards protect workers in the communities in which
131 these foreign investments occur, and they are essential for
132 long-term economic growth in this country.

133 Our economy is built on the middle class and those who
134 aspire to it, and it is imperative that our attempts to
135 expand foreign investment strengthen rather than undermine
136 worker protections, compensation, and job security. Just as
137 the best American companies observe high labor standards, so
138 must foreign investors understand that a well-compensated and
139 well-protected workforce will drive the future growth of
140 their corporations and our overall economy. It is imperative
141 that foreign investors respect our local, state, and federal
142 environmental protections.

143 I believe that climate change is the greatest challenge
144 we face as a planet and as a Nation. Reducing greenhouse gas
145 emissions, protecting our waterways from harmful toxins and
146 chemicals, and shifting toward cleaner energy sources is
147 essential if we are to thrive for generations to come. Our
148 effort to encourage foreign direct investment should align

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149 with our efforts to combat climate change and help us
150 transition to a clean energy future.

151 Finally, it is essential that we maintain restrictions
152 on former foreign investment and industries that are critical
153 to public safety, national security, and a strong domestic
154 workforce. Those restrictions help ensure the safety of the
155 American people and the security of American jobs.

156 I have listed some of the things that I am concerned
157 about on foreign investment, but I look forward to hearing
158 from our witnesses about how we can continue to drive foreign
159 direct investment in the United States that promotes good
160 jobs, a clean environment, and the security of the American
161 people.

162 And I want to yield the balance of my time to Mr.
163 Barrow.

164 [The prepared statement of Ms. Schakowsky follows:]

165 ***** COMMITTEE INSERT *****

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|

166 Mr. {Barrow.} I thank the ranking member for her time.

167 I appreciate it.

168 I cosponsored this bill in the last Congress because it
169 is a step in the right direction to grow American jobs.

170 Every time I go home, I am reminded how investors overseas
171 can spur jobs here at home by tapping into the infrastructure
172 and workforce we have right here in America. Belgian
173 companies like Solvay in Augusta, French companies like
174 Alstom in Waynesboro, and Irish companies like Covidien in
175 Augusta can invest in any country in the world. They are
176 proud to invest in Georgia's 12th District. And the families
177 that work for them take just as much pride in their work.

178 We have the best workers in the world and we like it
179 when companies all over the world compete for workers in
180 Georgia. I will continue supporting job-creating efforts
181 like this, and I look forward to today's hearing.

182 With that, I yield back the balance of my time.

183 [The prepared statement of Mr. Barrow follows:]

184 ***** COMMITTEE INSERT *****

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|
185 Mr. {Terry.} Very good. No other requests for opening
186 statements, so Mr. Sanchez, we will recognize you for 5
187 minutes.

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|
188 ^STATEMENT OF FRANCISCO J. SANCHEZ, UNDERSECRETARY OF
189 COMMERCE FOR INTERNATIONAL TRADE, U.S. DEPARTMENT OF COMMERCE

190 } Mr. {Sanchez.} Chairman Terry, thank you very, very
191 much. Ranking Member Schakowsky, distinguished members--is
192 that better?

193 Mr. {Terry.} Yes.

194 Mr. {Sanchez.} Oh, that is a lot better. Distinguished
195 members of the committee, thank you very much for inviting me
196 to speak to you today about the Department of Commerce's work
197 to attract and retain business investment in the United
198 States.

199 With your permission, Mr. Chairman, I will summarize my
200 statement and submit my full testimony for the record.

201 Mr. {Terry.} Thank you.

202 Mr. {Sanchez.} Thank you, Mr. Chairman.

203 At the outset, I want to thank the committee and the
204 members of the House who have introduced legislation focusing
205 on global investment. This is a clear recognition of how
206 important the role that foreign direct investment plays in

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207 strengthening our economy. Such an effort reinforces a very
208 simple truth: that, as a free market economy, the United
209 States encourages investment from both domestic and foreign
210 sources and that this investment leads to economic growth and
211 job creation.

212 In 2010, which was until this morning the latest
213 available data we had, U.S. subsidiaries of foreign-owned
214 farms employed 5.3 million U.S. workers. As Chairman Terry
215 just recognized, that number now is up to 5.6 million. And
216 what is really important, I think, is that these are high-
217 paying jobs with an average compensation of over \$77,000 per
218 year. And these firms also spend tens of billions of dollars
219 expanding their facilities, purchasing equipment, and
220 investing in research and development that keeps our economy
221 at the cutting edge of innovation.

222 So the bottom line: increasing the investment of
223 attracted and retained investment to the U.S. is absolutely
224 critical to growing our economy. And the good news is that
225 the United States is the world's largest recipient of foreign
226 direct investment. Companies from around the world choose to
227 do business here in the United States and take advantage of

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228 the unparalleled business climate, which includes our
229 innovative and stable market, a skilled and well-educated
230 workforce, strong intellectual property rights protection and
231 enforcement, and a stable regulatory climate.

232 In addition, the United States has trade agreements with
233 20 markets, giving firms with U.S. operations access to a
234 global marketplace. In short, the U.S. is a great place to
235 do business.

236 Nevertheless, as the chairman pointed out, economies
237 worldwide, as they open up and liberalize, we are now faced
238 from these other economies increased competition to attract
239 new investment projects and retain existing ones. Our
240 States, regions, and local communities need a federal
241 advocate to help win new investments because we are now
242 competing with at least 159 countries that have investment
243 promotion programs, and on average these programs spend about
244 \$58 million annually.

245 In this new climate, the U.S. needs to be actively
246 engaged in foreign direct investment, making SelectUSA a
247 valuable initiative. President Obama launched SelectUSA in
248 2011, as a first-ever U.S. government-wide initiative to

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249 promote and facilitate business investment in the United
250 States. SelectUSA's unique services complement States'
251 efforts and provide federal information and ombudsman
252 services to firms seeking to invest, seeking to remain here,
253 seeking to expand or, in many cases now, return to the United
254 States. And this work is generating results.

255 Since June 2011, SelectUSA has responded to over 600
256 investor inquiries, assisted with over 100 ombudsman cases,
257 and counseled nearly 140 U.S. cities, States, and regions.
258 And that is just the start. We aim to build on this momentum
259 in a variety of ways. One vehicle will be for SelectUSA to
260 host an investment summit from October 31 to November 1 right
261 here in Washington D.C. The SelectUSA investment summit is
262 designed to highlight the benefits of the U.S. business
263 climate to investors and help them engage with U.S. economic
264 development organizations.

265 In addition, SelectUSA will work to keep pace with the
266 increase in investment, inquiries, cases, and, we hope, many
267 successes. It will also continue to leverage the
268 partnerships and relationships that we have with other
269 federal agencies, as well as creating new ones. The Commerce

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270 Department will continue do all that it can to attract and
271 retain business investment.

272 I want to take a moment to thank the other agencies that
273 have been diligently working to strengthen this initiative,
274 and I want to thank you again for the opportunity to discuss
275 this important topic. I welcome your questions.

276 [The prepared statement of Mr. Sanchez follows:]

277 ***** INSERT 1 *****

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278 Mr. {Terry.} Thank you very much.

279 At this point we will start our questions, and I really
280 do appreciate you being here.

281 Mr. {Sanchez.} Thank you, Mr. Chairman.

282 Mr. {Terry.} It means a lot to us. And so your
283 statement was very strong about the need and the importance
284 of direct foreign investment, and I appreciate the strength
285 of that statement.

286 So you agree that we should take a look at approaches to
287 make U.S. more competitive in attracting these foreign
288 companies to invest here? That is your mission, right?

289 Mr. {Sanchez.} That is part of our mission is to make
290 sure we maintain a competitive business climate.

291 Mr. {Terry.} Does the Commerce Department currently
292 have any expertise in evaluating policies that affect our
293 competitiveness in the world marketplace in attracting
294 foreign investment?

295 Mr. {Sanchez.} One of the things that the International
296 Trade Administration has--and that is the business unit that
297 I have the privilege of overseeing--is manufacturing

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298 services. And it does a lot of outreach to our business
299 sectors. And so we are constantly interacting with them,
300 getting feedback from them on what is working and what is not
301 working. And we try to keep that dialogue going constantly,
302 and as we learn that, share it with relevant agencies.

303 Mr. {Terry.} So with that type of collaboration you
304 feel comfortable that you could provide us a study of where
305 we can improve or remove barriers?

306 Mr. {Sanchez.} Well, we certainly--we are not the only
307 agency that can contribute to that, but we certainly have a
308 lot to say on it and we would welcome the opportunity to be a
309 part of that dialogue.

310 Mr. {Terry.} I appreciate that. Now, if a study like
311 this is undertaken, who would you rely on in your staff to
312 help piece this together?

313 Mr. {Sanchez.} Well, we have a number of--

314 Mr. {Terry.} Is he sitting here today, or she?

315 Mr. {Sanchez.} I think part of that team--

316 Mr. {Terry.} I think the one with the grin is probably,
317 yes--

318 Mr. {Sanchez.} The one who is feeling the weight of the

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319 new task. I am sure part of that team is right here in this
320 room. We would probably draw on a number of people within
321 the International Trade Administration, but I suspect we
322 would want to draw on other relevant business units within
323 the Department of Commerce, including NIST, PTO, Bureau of
324 Economic Analysis, as well as reaching out to other relevant
325 agencies.

326 Mr. {Terry.} Well, I would appreciate that. And 180
327 days, do you feel that that is an appropriate time period?
328 What is your feedback?

329 Mr. {Sanchez.} Mr. Chairman, I probably would want to
330 look at the scope of the study before I gave you a specific
331 number, but we would certainly--if Congress mandated us to do
332 that, we would certainly make every effort to provide a good
333 study within the time requested.

334 Mr. {Terry.} Fair. You went through a series of
335 numbers--or the number of countries that we compete with is
336 what, 160 did you say?

337 Mr. {Sanchez.} Well, there are at least 159 that have
338 active investment promotion programs and the average budget
339 for those programs is about \$58 million.

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340 Mr. {Terry.} So did you have any initial beliefs of
341 where we should focus to remove barriers, or become stronger-
342 -ways to strengthen our ability to attract the foreign
343 investment in the United States?

344 Mr. {Sanchez.} As I mentioned in my testimony, we
345 already start with a good attractive business climate. If
346 you look at indicators that are put out by The World Bank,
347 the World Economic Forum, and other groups, we consistently
348 rank most often in the top 5, perhaps sometimes in the top
349 10, as one of the best places to do business. So we,
350 fortunately, start from a very good place.

351 One of the things that we have to do, and this is why
352 SelectUSA was launched, is we have to recognize that more and
353 more countries are seeking in foreign investment. And so we
354 can no longer just rest on our laurels, we can no longer just
355 say, look, we are a great place to do business; come. We
356 have to actively promote. And I think that is one of the
357 areas that we need to really pay attention to and that is
358 what SelectUSA seeks to do. And your attention to this
359 legislation into this effort is indicative that you and this
360 committee recognize that.

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361 Mr. {Terry.} And in that regard of working in a
362 collaborative way you mentioned in your statement with
363 SelectUSA of working with the States. What do you feel the
364 States' roles are and what have you seen from the experience
365 of trying to attract foreign investment? How are the States
366 doing? What should they be doing better? Who is doing best?

367 Mr. {Sanchez.} Well, I think--and I believe this is the
368 philosophy of SelectUSA--is that the States have the primary
369 role of promoting foreign direct investment. That has been
370 their role; it should continue to be. And SelectUSA should
371 be more of a facilitator, a supporter of those efforts.

372 So there are things that we are able to do that helps
373 them. For example, SelectUSA is leveraging the offices that
374 the U.S. and Foreign Commercial Service have in 72 countries
375 around the world and 100 cities here in the United States.
376 And that is an important value added that we provide. Most
377 States don't have that kind of coverage. In fact, no State
378 that I know of has that coverage. My home State of Florida
379 has 14 offices abroad and I believe that is the largest
380 grouping of offices that any State has anywhere in the world.

381 So presence outside of the United States is very

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382 important, helping them reach out as we get leads, connecting
383 them to the economic development organizations. So I think
384 these are the kinds of things that we play a very good
385 complementary role with the States.

386 Mr. {Terry.} Thank you very much. And my time is
387 expired. And I now recognize the Ranking Member, Jan
388 Schakowsky.

389 Mr. {Sanchez.} Thank you, Mr. Chairman.

390 Ms. {Schakowsky.} Thank you, Mr. Chairman, and thank
391 you, Mr. Sanchez.

392 Before I begin our hearing I want to say
393 congratulations. I understand that you are among a short
394 list of candidates being considered for the United States
395 trade representative and I wish you the very best of luck.

396 Mr. {Sanchez.} You are very kind. Thank you very much.

397 Ms. {Schakowsky.} I have a question about greenfield
398 investment, new investment versus merger and acquisitions.
399 Preparing for this hearing presented us with some conflicting
400 information. On the one hand, we are told that the reason we
401 need to do this study and to promote foreign direct
402 investment is because the United States is losing investment,

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403 as our chairman pointed out, losing investment opportunities
404 to other countries such as Mexico and India, developing
405 countries. I would agree that we should be concerned if that
406 is the case and we need to promote that U.S. is the best
407 place to invest.

408 Now, the other hand, the most recent data available
409 indicates that 85 percent or more of the foreign direct
410 investment occurs through mergers and acquisitions. So if
411 the vast majority of FDI is used to acquire preexisting
412 United States' businesses that were previously owned by
413 Americans, I am less clear about the benefits.

414 In many cases, a large foreign firm is expanding into
415 the United States by buying out smaller U.S. businesses. In
416 these situations, the end result is often either the same
417 number of jobs or even somewhat fewer jobs. In fact, a
418 recent study concluded that despite the productivity gain
419 that is associated with foreign ownership, any dollar of
420 foreign direct investment from merger and acquisition sales
421 has a weaker effect on growth than a dollar of foreign
422 investment that stems from greenfield investment, which
423 occurs when an investor builds a new productive unit from

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424 scratch.

425 So my question is, if you could tell me what the
426 Department of Commerce is doing, what you are doing, your
427 administration is doing to distinguish between these two
428 types of foreign direct investment and what changes could be
429 made to the draft legislation so it focuses more intensively
430 on greenfield investment?

431 Mr. {Sanchez.} Thank you very much, Representative
432 Schakowsky, and again, thank you for your kind words at the
433 start of your question.

434 SelectUSA starts with the premise that the United States
435 has an open investment environment. And I agree with you
436 that new investment that creates new jobs is very, very
437 appealing and we have had the privilege, through SelectUSA,
438 of working with a number of companies that have made those
439 kinds of investments.

440 I would also point out, however, that oftentimes there
441 are investments being made acquiring companies that can use
442 that added revenue, or in some cases if they don't get that
443 revenue, those businesses might shut down. And so attracting
444 foreign direct investment that takes over an existing company

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445 isn't always a net negative. In many cases it is a net
446 positive. And so we look at it more broadly, that we are
447 attracting investment and that that investment does a number
448 of things. They often buy new equipment. They often expand
449 facilities. They then, in turn, often add to our exports
450 because what they manufacture here often then gets re-
451 exported.

452 So we will continue to focus on supporting investment
453 here that, our hope is, will add to the net jobs, as most of
454 the foreign direct investment, I believe, has, though I have
455 not had the opportunity to read this study. And I will do
456 so, and I would appreciate if I could get a copy of that
457 study.

458 But generally, we focus on helping attract this
459 investment that has all this ripple effect net positive
460 activity for our economy.

461 Ms. {Schakowsky.} Let me get one more question. The
462 Bureau of Economic Analysis at the Department of Commerce is
463 responsible for measuring foreign direct investment. BEA
464 used to carry out a survey of businesses that differentiated
465 between growth and greenfield investment and investment

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466 growth from merger and acquisition. In 2008, it had to
467 cancel this survey for budget reasons but the President's
468 2014 budget proposes to reinstate it. Why not get quickly
469 here--the GAO, NBER, and the National Academy of Public
470 Administration have each recommended that BEA expand its
471 foreign direct investment data and that provided specific
472 recommendations to the Bureau on what parts of its efforts
473 would be most viable to expand.

474 So I commend the Department of Commerce for seeking to
475 resume this collection. Yes or no, should the Congress
476 appropriate funding for this survey differentiating between
477 Greenfield investment and investment through acquisitions?

478 Mr. {Sanchez.} As I said, Representative Schakowsky, I
479 have not read this study, though it sounds like you make a
480 compelling argument for taking a hard look at this since we
481 have done in the past through our Bureau of Economic
482 Analysis. And we certainly were closely with the Bureau of
483 Economic Analysis and I would certainly work closely with
484 them to get this information either through their efforts or
485 through other appropriate efforts.

486 Ms. {Schakowsky.} It used to be that regardless of the

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487 policy decision we make as a consequence of having this
488 information would inform how we move forward. So I thank you
489 for that.

490 Mr. {Sanchez.} Thank you.

491 Ms. {Schakowsky.} I yield back.

492 Mr. {Sanchez.} Thank you very much.

493 Mr. {Terry.} The gentleman from Missouri is now
494 recognized for 5 minutes.

495 Mr. {Long.} Thank you, Mr. Chairman and thank you for
496 being here today.

497 And Ms. Schakowsky was making reference to a trade
498 position that you may be up for, and trade was one of the few
499 things that we were able to handle in a very good bipartisan
500 fashion in the last Congress up here. So good luck in that
501 endeavor, and if I can be of any assistance to you, I would
502 love to. We got the Columbia, Panama, and Korea Free Trade
503 Agreements done last year that they had not been able to do
504 for 6 or 8 years.

505 And we also were successful in extending permanent
506 normal trade relations to Russia, which didn't do anything
507 except help our manufacturers. We were already trading with

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508 Russia and a lot of people didn't realize that when Russia
509 went into the WTO last July, that if we didn't change some
510 things and change the old Jackson-Vanik law that dated back
511 to the Cold War era--that we needed to get rid of that so
512 that we could help our manufacturers and farmers here at
513 home.

514 So thank you and good luck on your endeavor there.

515 Mr. {Sanchez.} Thank you very much, Congressman.

516 Chairman, would you invite me to come regularly to
517 testify before this committee?

518 Mr. {Long.} I haven't gotten to the bad part.

519 Mr. {Sanchez.} Yes.

520 Mr. {Long.} I still have time.

521 Mr. {Sanchez.} Oh, no.

522 Mr. {Terry.} You may want to wait.

523 Mr. {Sanchez.} Thank you very much.

524 Mr. {Long.} But what is SelectUSA's function with
525 regards to state and local development organizations, and to
526 what extent are the Federal Government's efforts duplicative
527 of the state and regional economic development organizations?

528 Mr. {Sanchez.} Thank you very much for the question,

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529 Congressman.

530 As I mentioned to Congresswoman Schakowsky, SelectUSA
531 plays a facilitator role and we are very much a demand-driven
532 organization, demand driven largely by state and local
533 governments who seek out our assistance. And so, for
534 example, we have done about 140 consulting engagements with
535 state and local governments in helping them seek out
536 opportunities, work better with the Federal Government on
537 foreign direct investment initiative.

538 Mr. {Long.} And you have done that through SelectUSA?

539 Mr. {Sanchez.} Yes. SelectUSA, which was stood up in
540 June of 2011, and we have worked with state and local
541 governments from the very start. It really is the
542 cornerstone of how SelectUSA works.

543 Mr. {Long.} Well, I have a personal friend, good
544 friend, that works for the State of Louisiana--I am from
545 Missouri--but State of Louisiana in this type of economic
546 development. And my thought was it might be better to allow
547 them to compete than for businesses to handle the promotion
548 and leave the Federal Government out of it. The Federal
549 Government is always overreaching, always trying to do too

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550 much. We have the sequester going on and I just question
551 whether this is necessary.

552 Mr. {Sanchez.} Well, first of all, the State of
553 Louisiana has been a great partner with us. We recently
554 worked on an investment by a South African firm by the name
555 of Sasol that is going to make a very, very important
556 investment in the State of Louisiana. And at the request of
557 the State of Louisiana, we worked very, very closely with
558 them in a number of ways.

559 One thing that we are doing in that particular example
560 is introducing that company to the relevant federal agencies
561 that they are going to have to interact with. So just a few
562 months ago, after the announcement, we put together a meeting
563 with all of the relevant federal agencies at the Department
564 of Commerce. They all came. The CEO of the U.S. subsidiary
565 had a chance to present their project to these federal
566 agencies. So that is one example of how we are working at
567 the request of the State of Louisiana to support their FDI
568 promotion efforts.

569 And again, as I mentioned in an earlier response to
570 question, through the U.S. Foreign Commercial Service we have

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571 offices in 72 countries around the world. No State has that
572 kind of reach outside. The State of Florida has 14 and that
573 is the most of any State. And we are able to leverage those
574 offices to identify potential companies, potential targets.
575 And we are going to continue to play the facilitator role,
576 not the lead role, but the facilitator role.

577 One more thing, Congressman, is that we are competing
578 against 159 other countries that use the full weight of their
579 efforts of their governments to advocate on behalf of
580 investment in their country. And when we are competing, say
581 against Mexico or Canada or perhaps a country in Europe
582 versus United States, it really does help to have a federal
583 advocate supporting that investment right here in the United
584 States.

585 Mr. {Long.} Wouldn't you agree that it would go a long
586 way is if we tried to make this the best place in the world
587 to do business?

588 Mr. {Sanchez.} It is and I am all for that.

589 Mr. {Long.} I think we have got some work to do there
590 and I yield back.

591 Mr. {Sanchez.} Thank you.

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592 Mr. {Terry.} Thank you, Mr. Long. I now recognize the
593 gentleman from California, Mr. McNerney, for 5 minutes.

594 Mr. {McNerney.} Thank you, Mr. Chairman.

595 Mr. Sanchez, I appreciate you coming to my district a
596 year or two ago. It was a very successful event and we heard
597 a lot of positive feedback from that.

598 Mr. {Sanchez.} Well, thank you. We did an export
599 promotion event as I recall.

600 Mr. {McNerney.} That is right. I appreciate that.

601 I am also interested in ensuring that the American firms
602 are able to find local talent to fill skilled labor
603 positions, and I support the SelectUSA initiative.

604 I am also curious about any partnerships you may have
605 with educational institutions. Does the initiative include
606 efforts to address deficiencies in our educational system to
607 make sure that our workers are attractive to businesses as
608 they move into this country?

609 Mr. {Sanchez.} We are very much aware that, while we
610 have a very well-educated workforce, we have some gaps in
611 technical training. And although the Department of Commerce
612 does not itself have programs that are focused on education

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613 or technical training, we are working very closely with the
614 Department of Labor, with the Department of Education, with
615 the Department of Defense that has programs in place of
616 finding jobs for returning military personnel, as well as
617 spouses of military personnel.

618 So we certainly provide feedback and look for ways to
619 work with our federal agencies in identifying ways that we
620 can help with this gap in technical training.

621 Mr. {McNerney.} But you don't have the relationships
622 with universities, say, or technical schools to give them
623 guidance in what would be useful to employers?

624 Mr. {Sanchez.} The Department of Commerce certainly
625 interacts regularly with educational institutions, but we
626 defer to our sister agencies who have a more direct role in
627 education, whether it be the Department of Labor or the
628 Department of Education.

629 Mr. {McNerney.} Well, you know, you have been around
630 many districts in this country and seen a lot of what the
631 local governments do to attract investment and businesses to
632 come into their communities. Could you give us just a couple
633 of little examples of how that has been helpful or hurtful to

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634 the effort of local communities, some of the things that the
635 local communities have done that have been helpful, if you
636 could, and some that if been hurtful, just to give us an idea
637 of what might be useful.

638 Mr. {Sanchez.} Well, I would say the first thing is
639 just showing up. And that is actually having a presence in
640 the market, letting the world know that they are open for
641 business, they want to attract foreign direct investment.
642 And so those communities and those States that really make
643 this a priority, really put together a robust promotion
644 program, are going to do better. And so I would encourage
645 States to take an active role. And part of the role of the
646 SelectUSA is helping States and helping local communities put
647 together robust export promotion programs.

648 Mr. {McNerney.} So, for example, right now, Governor
649 Brown, the Governor of California, is in China promoting
650 California as a place to do business and you are suggesting
651 that that is helpful and positive.

652 Mr. {Sanchez.} Increasingly, governors and other local
653 leaders are going overseas to attract foreign direct
654 investment, and I think that that effort should pay

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655 dividends. It seems to in a number of States, and I am sure
656 it will pay for California to be active internationally.

657 Mr. {McNerney.} What about the negative side? Are
658 there things that some of our local governments are doing
659 that are detrimental to our trade attractiveness?

660 Mr. {Sanchez.} Well, I believe that just like the
661 United States needs to be attractive, create a good business
662 climate--and generally we do that, at least as evidenced by
663 the indicators of the World Economic Forum, the World Bank,
664 and other indicators, so do local communities and state
665 governments. So to the extent that they create attractive
666 business climates, there are going to do well. And to the
667 extent that they don't compete as effectively with other
668 communities--and I would say I am using the term communities
669 not just within the United States, but they are now competing
670 with communities around the world. I would say communities
671 need to measure themselves against communities worldwide.
672 And that to me is an important effort for States and
673 communities that want to be serious about attracting
674 investment.

675 Mr. {McNerney.} Well, you know if I was a Beijing

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676 businessman and I was breathing the air in Beijing day in and
677 day out, I would look at the San Francisco Bay Area and say,
678 hey, this is a much cleaner place. I would like to go there.
679 Does that come in to the calculations at all for those folks,
680 do you think?

681 Mr. {Terry.} May I suggest Omaha's air is even cleaner
682 than San Francisco's.

683 Mr. {McNerney.} I yield back.

684 Mr. {Terry.} All right, the gentleman from West
685 Virginia, Mr. McKinley, you are recognized for 5 minutes.

686 Mr. {McKinley.} Thank you. Secretary Sanchez, at the
687 risk of ending the kumbaya questioning that have occurred
688 here, I have got two questions that I am curious where you
689 may be coming from on. The easier one, perhaps, first is, we
690 of numbers of businesses in our district that they are small
691 companies that have been victims of dumping, and Commerce has
692 told them that they can file an action and they have pursued
693 that but they find out it is going to cost, for example, in
694 this one 1.2 million to file an action. These small
695 companies can't afford \$1.2 million to fight that, so they
696 are giving in. And as a result, we are seeing more dumping

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697 occurring here in this country.

698 Is there a role for the government, perhaps, to step in
699 for companies that are undervalued or have the inability to
700 come up with \$1.2 dollars to fight? Is there someplace that
701 we might be able to help them?

702 Mr. {Sanchez.} Congressman, I share that frustration.
703 I have, under the--

704 Mr. {McKinley.} What is the solution? I don't want the
705 whining because that is what I am doing.

706 Mr. {Sanchez.} Yes.

707 Mr. {McKinley.} I am trying to find what is the
708 solution?

709 Mr. {Sanchez.} We make every effort to help companies
710 prepare for an antidumping petition. Within the budget
711 constraints that we have, within the staffing constraints
712 that we have, we make every effort to provide advice and
713 counsel for them. That has its limits, but we do everything
714 that we can to help small and medium-size companies that feel
715 that they are being hurt by companies that are dumping. And
716 so within those constraints, we do everything that we
717 possibly can and I suspect that we are not able to do all

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718 that we could or all that would like to--

719 Mr. {McKinley.} We really you don't have--other than
720 maybe giving some help, there is no way to help pick up that
721 cost for them?

722 Mr. {Sanchez.} Within the existing budget that we have,
723 we do what we can.

724 Mr. {McKinley.} Okay. Second question is further to do
725 with dumping. We know that foreign companies, their dumping
726 doesn't all occur in one; it can be spread out over different
727 businesses. But one company may be--so it is called, as you
728 know, is targeted dumping. And this administration has just
729 come out in supporting that--some recent determinations on
730 targeted dumping, particularly about Fu Fang Biotechnical.
731 And that decision or that report has just come out early
732 March. Are we revisiting that or is this something that--
733 because we know that Fu Fang had 68 percent of its sales
734 varied among different customers, so they can dump on one and
735 then charge more in another, and that avoided their dumping
736 charge. How can we protect that if the administration is
737 saying I will support that? And they have that--he signed
738 off on this on March 4, said he agrees with that process.

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739 Mr. {Sanchez.} Congressman, I need to review that
740 particular case before respond on that. I do know that as we
741 do, I believe, a very good job within the constraints that we
742 have of enforcing our trade laws, we also do it in compliance
743 with our international obligations. And I would need to look
744 at this little more carefully, and I would be happy to do so
745 and get back with you.

746 Mr. {McKinley.} I hope you can, because we are seeing--
747 just 20 some years ago we had a very vibrant steel industry
748 in the northern section of West Virginia with 30,000
749 steelworkers. We now have less than 1,000 steelworkers.
750 Now, think about that. Primarily, they will say up and down
751 the line that this had to do with trade and dumping. And I
752 hear a lot of people talking about trying to help but I don't
753 see the activity. I don't see where that has really stepped
754 in. People said we will look at it. We will reconsider
755 that. But in the meantime, nearly 30,000 steelworkers have
756 lost their jobs.

757 And here it is again where people are saying they can't
758 come up with \$1.2 million to fight back against these
759 agreements and then the administration coming out and saying

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760 they are going to support this decision. I just wanted to
761 question you about that. If you can find it--I don't see a
762 number on it, but I will be glad to give you my copy.

763 Mr. {Sanchez.} Thank you. I promise to look into it
764 and get back to you.

765 Mr. {McKinley.} Okay. Thank you very much.

766 Mr. {Sanchez.} Thank you, Congressman.

767 Mr. {Terry.} Thank you, Mr. McKinley. Mr. Pompeo of
768 Kansas, you are recognized for 5 minutes.

769 Mr. {Pompeo.} Thank you, Mr. Chairman. Good morning,
770 Mr. Secretary.

771 In your written testimony you expressed that one of the
772 concerns foreign companies often have in considering direct
773 investment is their difficulty entering and exiting at U.S.
774 borders. A major employer in my district, Learjet, has a
775 major foreign direct investment from a company called
776 Bombardier in Canada. They are a great employer in our
777 district. They have done a phenomenal job of taking care of
778 our team in Kansas and building a great airplane.

779 They have a shuttle in which they fly employees back and
780 forth from different facilities in Mexico and Canada. They

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781 bring team members; they bring parts back and forth. They
782 have been prevented from flying directly in to Wichita
783 because of the Customs and Border Protection folks said they
784 don't have the requisite staff on site. It forces Bombardier
785 to clear customs someplace else late at night. It is very,
786 very challenging and costly and, I think, discouraging to
787 them to continue to grow their asset in Kansas. I know the
788 company has worked very hard to try and coordinate with
789 customs. Our offices have tried to do the same. We have
790 engaged your folks, the ombudsman's office, in that process.
791 But we have had little success, to be honest with you,
792 getting CBP to become engaged.

793 Thoughts on how that process may be strengthened so that
794 companies that do put their capital risk in America can get
795 in and out and do the things they need to do, both to be
796 successful in their endeavors but also to grow jobs in
797 America?

798 Mr. {Sanchez.} Well, Congressman first of all, thank
799 you for reaching out to SelectUSA to let us work on that.
800 Bombardier has been a great source of foreign direct
801 investment. They spent a lot of money here, created a lot of

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802 jobs, and I believe we are still working on that case. What
803 I can tell you is that I will personally follow up with our
804 team and also reach out to Customs and Border Patrol and see
805 what options that might exist.

806 I know that over the last several years they have made a
807 special effort to balance the needs of security at the border
808 with making sure that they don't impede legitimate business.
809 And I applaud them for that effort and we are going to
810 continue to work with them more broadly on policies that make
811 it easy for businesses like Bombardier to invest here. And I
812 will personally look into this one in particular.

813 Mr. {Pompeo.} Thank you, I appreciate that. Actually,
814 this is happening in districts all costs country, the same
815 issue. And so it is just very important that these folks can
816 get in and do the business they need to do here or they will
817 ultimately be discouraged from those investments.

818 Changing topics just a little bit, we had a long hearing
819 on the Keystone XL pipeline yesterday, lots of different
820 views, but I would be interested in your take. Do you think
821 that this kind of highly visible, highly politicized
822 discouragement of foreign direct investment is being observed

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823 by other folks who may want to bring capital to America and
824 has an impact on their decisions to invest here in the
825 country?

826 Mr. {Sanchez.} Well, Congressman, I think that
827 everything that we do, particularly from an investor's point
828 of view, gets looked at. I will say this: that in general,
829 this case I know there are a lot of strong opinions on both
830 sides. One of the good things that we do have going for us
831 is that energy costs here are going down. And that is
832 increasingly becoming an attractive incentive to bring
833 investment to our shores. So we certainly are focusing on
834 ways to highlight that and it is my hope that we will
835 continue on that path and we will be able to use that as an
836 opportunity to bring more investment here to the U.S.

837 Mr. {Pompeo.} Great. I appreciate it. I just think
838 when companies want to come here and do business and follow
839 our laws and all of our processes that to have an
840 administration just make it so difficult and so political and
841 put them through the ringer, I think the world watches when
842 these things happen and I don't think it is productive to
843 what it is that you all are trying to accomplish and what we

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844 are trying to do here through this legislation this morning.

845 You know, the last thing I will say, so we have a piece
846 of legislation we are debating that directs this interagency
847 study--I think there is lots of studies out there. I think
848 we all have a pretty good handle on what folks are looking
849 for when they make capital decisions to decide whether to
850 invest here are not. So I am happy to take a look at this
851 and see what it is going to cost and how much burden it is
852 going to place. But I think we all have a deep recognition
853 of what it is, what folks are really looking for when they
854 are trying to figure out where to spend their money and
855 invest. So thank you for being with us this morning.

856 Mr. {Sanchez.} Thank you, Congressman.

857 Mr. {Pompeo.} I yield back, Mr. Chairman.

858 Mr. {Terry.} Thank you, Mr. Pompeo. And that concludes
859 our questions for you, Secretary Sanchez. I appreciate your
860 time. We tell witnesses after they are finished testifying
861 that we may have written questions that will be submitted to
862 you and I know I have a few. But they are along the same--

863 Mr. {Sanchez.} Great.

864 Mr. {Terry.} --lines of just trying to gather

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865 information to help us guide our efforts here. So if you can
866 respond to those in a timely manner, we would greatly
867 appreciate it.

868 Mr. {Sanchez.} I look forward to receiving your written
869 questions and I thank you and the ranking member and the
870 members of this committee for the opportunity to speak on
871 this very important topic, and I appreciate your interest in
872 this. Thank you very much.

873 Mr. {Terry.} Well, thank you for your efforts.

874 And now, we will take a slight pause as we rearrange
875 chairs for the next panel.

876 Thank you, everybody. I want to introduce this panel.
877 We have Nancy McLernon, President and CEO of the Organization
878 of International Investment; Linda Dempsey, Vice President of
879 International Economic Affairs of the National Association of
880 Manufacturers; Matthew Slaughter, Associate Dean for Faculty,
881 Tuck School of Business, Dartmouth University; Dr. Martin
882 Baily, Senior Fellow of Economic Studies at the Bernard
883 Schwartz Chair of Economic Policy Development with the
884 Brookings Institute; then, last to testify in line would be
885 Celestine Drake with the Trade and Globalization Policy

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886 Specialist with the AFL-CIO.

887 And welcome, all of you. Thank you for coming here
888 today. And we will start right away. Each of you will have
889 5 minutes. At 5 minutes if you are still talking, I will
890 lightly tap and that will mean summarize.

891 So now, Ms. McLernon, you may begin.

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892 ^STATEMENTS OF NANCY L. MCLERNON, PRESIDENT AND CEO,
893 ORGANIZATION FOR INTERNATIONAL INVESTMENT; LINDA DEMPSEY,
894 VICE PRESIDENT, INTERNATIONAL ECONOMIC AFFAIRS, NATIONAL
895 ASSOCIATION OF MANUFACTURERS; MATTHEW J. SLAUGHTER, ASSOCIATE
896 DEAN FOR FACULTY, TUCK SCHOOL OF BUSINESS, DARTMOUTH
897 UNIVERSITY; MARTIN BAILY, SENIOR FELLOW, ECONOMIC STUDIES,
898 BERNARD L. SCHWARTZ CHAIR IN ECONOMIC POLICY DEVELOPMENT,
899 BROOKINGS INSTITUTE; AND CELESTE DRAKE, TRADE AND
900 GLOBALIZATION POLICY SPECIALIST, AFL-CIO

|
901 ^STATEMENT OF NANCY L. MCLERNON

902 } Ms. {McLernon.} Good morning. Chairman Terry, Ranking
903 Member Schakowsky, and distinguished members of the
904 subcommittee, I want to thank you for the opportunity to
905 testify this morning. I applaud your leadership in holding
906 this timely hearing on legislation to enhance the Nation's
907 ability to attract and retain global investment.

908 The Organization for International Investment is an
909 association exclusively comprised of U.S. subsidiaries of

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910 global companies. Our mission is to ensure the United States
911 remains an attractive and the most attractive location for
912 global investment.

913 This hearing comes at a time when the United States is
914 at a crossroads facing serious economic and fiscal
915 challenges. And while the U.S. remains the top location for
916 foreign direct investment, its share of worldwide FDI has
917 dropped significantly over the past decade. This really is a
918 national challenge, one that impacts every State in every
919 congressional district in this country. Simply put, it is no
920 longer enough for the U.S. to merely be open to global
921 investment. We must proactively have a strategy to leverage
922 all the tools within our reach if we hope to remain
923 competitive for high-value FDI. For this reason, my
924 organization and our member companies strongly support the
925 Global Investment in American Jobs Act of 2013.

926 FDI has long been a catalyst for economic growth in this
927 country. U.S. subsidiaries of global companies in-source 5.6
928 jobs to the United States and support an annual payroll of
929 over \$400 billion. Their employees earn an average
930 compensation well above the private sector average pointing

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931 to the high-end nature of the activities that they have in
932 this country. These companies are in high-value fields like
933 advanced manufacturing, life sciences, R&D, and engineering,
934 generating the types of jobs and economic activities that
935 enhance U.S. competitiveness. Furthermore, they reinvest
936 heavily in their U.S. operations and spend heavily on new
937 equipment, upgraded facilities, and new construction, all of
938 which demonstrate a long-term commitment to their U.S.
939 operations.

940 I will give you a few examples: Astellas pharmaceutical
941 R&D facility in Northbrook, Illinois; Case New Holland
942 exporting Unionville tractors from Racine, Wisconsin; Philips
943 Healthcare developing advanced medical imaging technologies
944 in Highland Heights, Ohio; and Rolls-Royce partnering with
945 local Virginia schools to teach STEM education and train
946 manufacturing workers in Prince George County.

947 But in spite of all these vital contributions, the
948 extent of their impact throughout the economy is actually not
949 very widely understood. FDI has traditionally occupied
950 something of a blind spot in U.S. policy. The growing
951 importance of global cross-border investment makes it

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952 essential for FDI to play a more prominent role in U.S.
953 economic policy in the years ahead. And the potential for
954 additional FDI provides a tremendous opportunity for economic
955 growth in the U.S.

956 As I mentioned earlier, the U.S. share of global cross-
957 border investment has dropped. We currently garner about 17
958 percent. There is no reason we cannot grab more market
959 share. Additionally, the United Nations estimates that
960 multinational companies are currently sitting on some \$5
961 trillion in cash in the wake of the global economic downturn.
962 We can give those companies a reason to unleash that
963 investment here.

964 While there are no magic formulas, enhancing U.S.
965 competitiveness for FDI will certainly require progress in
966 key macro policy issues, including reforming our tax code,
967 advancing a more expansive Free Trade Agreement, modernizing
968 America's infrastructure, implementing a program with energy
969 policy, and developing a workforce that can compete for the
970 jobs of the future.

971 But importantly, we must also make sure that once the
972 U.S. wins a new investment that we provide good aftercare and

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973 we ensure that the U.S. subsidiaries of global companies have
974 the ability to succeed and grow their business here on a
975 level playing field with homegrown companies. The U.S. must
976 avoid policies and regulations that disadvantage or
977 discriminate against companies that are headquartered abroad.

978 Given our unique advantages, the U.S. is fully capable
979 of improving its competitive edge for FDI. We have an
980 enormous domestic market, abundant natural resources, strong
981 rule of law, and a culture of innovation and productivity.
982 We need to couple those advantages with a better
983 understanding of what kinds of policies and best practices
984 position the U.S. to successfully recruit global companies.

985 The Global Investment in American Jobs Act seeks to do
986 just that. The legislation recognizes that the U.S. cannot
987 compete for 21st century investment with a 20th century
988 policy mindset. It aims to equip policymakers with a
989 forward-thinking strategic approach to capture new investment
990 in this increasingly competitive, yet opportunity-rich,
991 global environment. The interagency review and
992 recommendations would provide Congress a roadmap for further
993 action to attract global manufacturers, service providers,

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994 and innovators to our shores. If enacted, the legislation
995 will send a powerful message at home and abroad that the U.S.
996 is working to improve its investment climate for FDI in a
997 thoughtful and bipartisan manner.

998 I would like to thank the subcommittee again for the
999 opportunity to testify and I look forward to questions.

1000 [The prepared statement of Ms. McLernon follows:]

1001 ***** INSERT 2 *****

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|
1002 Mr. {Terry.} Well done. Ms. Dempsey, you are now
1003 recognized for your 5 minutes.

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|
1004 ^STATEMENT OF LINDA DEMPSEY

1005 } Ms. {Dempsey.} Thank you. Good morning, Chairman
1006 Terry, Ranking Member Schakowsky, and members of the
1007 subcommittee. I welcome the opportunity to testify today on
1008 behalf of the National Association of Manufacturers, the
1009 oldest and largest industrial trade association in the United
1010 States.

1011 The NAM represents small and large manufacturers in
1012 every industrial sector and in all 50 States, including many
1013 foreign-headquartered companies that manufacture throughout
1014 our Nation. As this subcommittee knows well, manufacturing
1015 is the engine that drives the U.S. economy by creating jobs,
1016 opportunity, and prosperity. A robust international trade
1017 and investment approach are vital to the success of
1018 manufacturing in the United States.

1019 In particular, FDI into the United States plays a
1020 critical role in growing manufacturing. While fluctuating
1021 yearly, foreign investment in manufacturing has shown
1022 substantial growth since 2003, with important benefits for

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1023 the U.S. economy. In 2012, FDI inflows into the United
1024 States in manufacturing equaled nearly \$83 billion,
1025 accounting for nearly half of those inflows.

1026 While the United States has remained the largest
1027 recipient of FDI through 2012, we have heard from my
1028 colleague that global competition for FDI is rising sharply
1029 and the U.S. share of that FDI is on the decline. From the
1030 NAM's perspective, we should be working to help grow FDI into
1031 the United States, which grows manufacturing and jobs,
1032 innovation, and economic opportunities.

1033 The NAM's 2013 Growth Agenda presents four goals for
1034 manufacturing resurgence in America. The NAM's first goal is
1035 very much the subject of this hearing: to make the United
1036 States the best place in the world to manufacture and to
1037 attract FDI. The goal of the legislation before this
1038 subcommittee is an important one: to spur policy improvements
1039 that will help the United States further attract FDI,
1040 including through requiring an interagency review of policies
1041 and best practices with recommendations for further action.
1042 We hope the report will result in concrete proposals and
1043 action and encourage the Subcommittee to continue working on

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1044 this legislation and moving it forward.

1045 We also recommend that the report consider the
1046 recommendations from the President's Council on Jobs and
1047 Competitiveness, which called for a national investment
1048 initiative.

1049 The U.S. open investment policy that this legislation
1050 reaffirms is supported through a number of different aspects
1051 of U.S. law, regulation, and policy. The United States
1052 generally treats FDI on a nondiscriminatory basis, unless
1053 there is a threat to national security as determined by
1054 CFIUS.

1055 The U.S. open investment policy is also supported
1056 through the U.S. Bilateral Investment Treaty program, BITs,
1057 which began about 4 decades ago. The United States has in
1058 place 38 BITs including, most recently, with Rwanda that
1059 secure reciprocal and open investment frameworks with
1060 interested countries. The BIT program helps secure U.S.
1061 investment abroad, which is also focused on reaching
1062 consumers and is a huge driver of U.S. exports, as well as
1063 R&D and capital expenditures here in the United States. A
1064 robust BIT program, which includes the strong investor state

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1065 enforcement mechanisms, is a vital part of the U.S. open
1066 investment policy.

1067 Yet, given the increasingly competitive environment for
1068 FDI, the United States cannot stand still. From the
1069 manufacturing perspective, the United States faces
1070 significant challenges of our own making. It is 20 percent
1071 more expensive to manufacture in the United States than in
1072 other major industrialized nations. The United States
1073 continues to have the highest corporate tax rates among major
1074 industrial countries, and 2/3 of all manufacturers pay taxes
1075 at the individual rate.

1076 To make the United States the best place in the world to
1077 manufacture and attract FDI, we urge Congress and the
1078 administration more broadly to work together to create a
1079 national tax climate to promote manufacturing and embrace an
1080 all-of-the-above approach to energy, modernize and invest in
1081 infrastructure, ensure that the benefits of regulations
1082 justify their cost, implement commonsense legal reform,
1083 reduce healthcare costs, and ensure robust export
1084 opportunities for manufacturers in the United States,
1085 including through an aggressive trade policy agenda, have

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1086 open markets, and provides competitive export financing, and
1087 works to ensure that our trading partners protect
1088 intellectual property and play by the rules.

1089 By addressing the multitude of these policies that shape
1090 global competitiveness, the United States will be able to
1091 increasingly attract and retain the kind of foreign
1092 investment to sustain and grow manufacturing here in America.

1093 Thank you.

1094 [The prepared statement of Ms. Dempsey follows:]

1095 ***** INSERT 3 *****

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|
1096 Mr. {Terry.} Wow, perfect timing.
1097 Mr. Slaughter, you are now recognized for your 5
1098 minutes.

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|
1099 ^STATEMENT OF MATTHEW J. SLAUGHTER

1100 } Mr. {Slaughter.} Thank you, Chairman Terry, Ranking
1101 Member Schakowsky, and fellow members. Thank you very much
1102 for inviting me to testify on these important and timely
1103 issues of how global investment can contribute to American
1104 jobs and overall economic strength.

1105 In my remarks, I will stress that although the U.S.
1106 subsidiaries of global companies have long made large
1107 contributions to U.S. jobs and overall economic strength, the
1108 past need not be prologue. There recently were some trends
1109 that America's attractiveness to these companies may be
1110 waning. To support the U.S. economy amidst a still-fragile
1111 labor market and overall recovery, policymakers should strive
1112 to sustain an environment in which global firms can thrive
1113 here.

1114 Research for the United States and many other countries
1115 has long documented that globally engaged companies tend to
1116 perform better than purely domestic companies do. The U.S.
1117 subsidiaries of global companies, despite accounting for far

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1118 less than 1 percent of all U.S. businesses, perform large
1119 shares of America's productivity-enhancing activities that
1120 lead to high average compensation for American workers.

1121 For the most recent year of data available, 2010, or as
1122 of this morning, 2011, contributions of these companies
1123 included the following: 5.8 percent of all private sector
1124 output, over 14 percent of all nonresidential private sector
1125 capital investment, almost 18 percent of U.S. exports of
1126 goods, and over 14 percent of the total research and
1127 development perform by all U.S. companies. All of these
1128 activities contribute to millions of well-paying jobs in
1129 America.

1130 In 2011, these U.S. affiliates employed 5.6 million
1131 workers, 5 percent of total private sector employment. In
1132 2010, their total compensation averaged over \$77,000 per
1133 worker, more than 1/3 above the average for the rest of the
1134 private sector. Of these jobs, nearly 2 million were
1135 manufacturing and the U.S. subsidiaries of global companies
1136 have long had relatively high unionization rates. In 2007,
1137 over 12 percent of these firms U.S. employees were covered by
1138 collective bargaining versus just about 8 percent for all

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1139 private sector workers.

1140 And finally, U.S. subsidiaries of global companies
1141 support U.S. jobs through their supply chains. In 2010,
1142 these subsidiaries purchased almost \$2 trillion in
1143 intermediate inputs from other U.S. companies.

1144 Despite these strengths of the past, over the first
1145 dozen years of the 21st century two worrisome trends emerged
1146 regarding the presence and dynamism of U.S. subsidiaries in
1147 global companies. First, although many of their non-
1148 employment activities continued to grow, their U.S.
1149 employment did not. There were about the same number of
1150 Americans working in these companies in 2011 as in 2002.

1151 The second worrisome trend is that the U.S. share of
1152 global foreign direct investment has fallen sharply. The
1153 U.S. share of the world stock of FDI fell from over 41
1154 percent in 1999 to only about 17 percent in 2009.

1155 Taken together, these two worrisome trends of the past
1156 decade suggest that the U.S. economy has become a less
1157 attractive location for global companies to establish and
1158 expand their operations. And these trends have emerged while
1159 a steadily rising share of the leading global companies are

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1160 headquartered outside of America. The options that the world
1161 presents to global companies have expanded dramatically in
1162 recent years due to policy liberalization and related
1163 accelerated economic growth in so many countries. The United
1164 States cannot rest on past success and take the U.S.
1165 engagement of these global companies for granted.

1166 A vigorous optimistic future for inward investment in
1167 America is very possible, but achieving this optimistic
1168 future will require crafting new U.S. policies to boost FDI
1169 inflows and the related employment and other productivity-
1170 enhancing activities of these companies.

1171 An important first policy step would be for the
1172 Secretary of Commerce to oversee an interagency review and
1173 report of America's global competitiveness in attracting FDI,
1174 as specified in the Global Investment in American Jobs Act of
1175 2013. The baseline information from this report would
1176 provide an excellent guide to refining U.S. economic policies
1177 and promotion and ultimately U.S. economic performance.

1178 Let me here recommend second important policy step:
1179 higher-quality U.S. Government data. U.S. Government
1180 statistics currently do not capture the full extent and

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1181 evolution of the U.S. operations of global companies. This
1182 is in no way a fault of the dedicated public servants working
1183 at these statistical agencies. Rather, it simply reflects
1184 the fact that many of the business surveys conducted and
1185 analyzed by these agencies were created decades ago in ways
1186 that today fail to encompass the modern and ever-evolving
1187 complexity of business in America.

1188 Here in the 21st century, if we want to best craft U.S.
1189 economic policies to support American workers and their
1190 families, then we need to find a way to update and expand
1191 many of our key economic statistics on how these global
1192 companies work.

1193 Thank you again for your time and your interest in my
1194 testimony, and I look forward to answering any questions that
1195 you may have.

1196 [The prepared statement of Mr. Slaughter follows:]

1197 ***** INSERT 4 *****

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|
1198 Mr. {Terry.} Thank you. And Dr. Baily, you are now
1199 recognized for your 5 minutes.

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|

1200 ^STATEMENT OF MARTIN BAILY

1201 } Mr. {Baily.} Thank you. Thank you, Chairman Terry and
1202 Ranking Member Schakowsky, and the other members of the
1203 committee for the opportunity to present my testimony today.
1204 I would like to submit the full statement for the record if I
1205 may. And there are a couple of typos in it that I would like
1206 to correct before it gets submitted, which I just discovered.

1207 I do think that making America the location that
1208 attracts good foreign companies is a very important task.
1209 And I think really the same things that attract foreign
1210 companies will encourage American multinational companies to
1211 invest more in the United States. And as one of the earlier
1212 panelists noted, there is a lot of money sitting out there
1213 that we would love to see invested here to improve the
1214 recovery.

1215 There have been quite a few numbers already put out here
1216 and I am going to just comment on them rather than reprise
1217 what is in my testimony. I just want to comment on a couple
1218 of them. One is, I think, it is obviously a concern if our

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1219 share of FDI has gone down. I think there is a certain
1220 thought that it is inevitable with emerging economies
1221 growing. They are much poorer than we are. They are growing
1222 faster than we are. There is going to be more investment
1223 taking place in those economies than in the U.S., so I don't
1224 think we should get down on ourselves too much if we find
1225 that investment elsewhere is growing relative to the U.S. I
1226 think that is just part of life.

1227 And the second point I would make is to note that really
1228 a lot of the investment that comes from overseas is going
1229 into manufacturing. I think that is important. We have
1230 heard that the manufacturing sector is important. It is an
1231 area where we maybe haven't had enough domestic investment.
1232 We would like to see more. We want exports to grow. We want
1233 to get a more balanced trade picture for the United States so
1234 I think it is particularly helpful that foreign investment
1235 comes into the U.S.

1236 One thing, though, to remember, since a lot of the
1237 investment is concentrated in manufacturing and since
1238 manufacturing employment generally has been on a rather
1239 declining trend as a fraction of total employment, we are

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1240 going to see that the employment in foreign companies in the
1241 United States is not necessarily going to look as good as
1242 investments in some other industry just because of the
1243 industry that they tend to be in. And again, I don't think
1244 that is something that we are necessarily going to change
1245 because manufacturing is an area with a lot of productivity
1246 growth, a lot of automation, and so employment growth tends
1247 to be slower there or declining there relative to other
1248 industries.

1249 The other point I would notice on the investment is that
1250 so much of it comes from Europe and Japan, really our friends
1251 and allies, and I think that does make a difference in the
1252 way that we think about it. Many of these companies are used
1253 to operating with environmental regulations. They are used
1254 to operating with their labor standards and so on. So I
1255 think a lot of the companies that are coming in such as from
1256 Germany, from Switzerland, and so on, these, by and large,
1257 are going to be good neighbor companies in terms of what they
1258 do and the practices that they have.

1259 I say a little bit in the testimony about pros and cons.
1260 Since I have only got 2 minutes left, I am going to talk a

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1261 little bit about what I think might be the best ways to make
1262 the United States more competitive.

1263 The first thing I will say is we need to get the
1264 macroeconomics right. I know it is a hard concept to get
1265 across, but I think as long as we have a shortage of national
1266 saving over national investment in our economy, we are going
1267 to be running trade deficits because one is the counterpart
1268 of the other. So while I don't want to balance the budget
1269 tomorrow, I think that would be disastrous in a weak
1270 recovery. I do think that is something we need to do over
1271 the next 10 years. We have to make room for more export
1272 growth, more manufacturing growth, and one way to do that is
1273 to get a better balance between saving and investment.

1274 The second point I would make is on trade agreements,
1275 and I think that is something where, you know, it would be
1276 great to work on a multilateral basis. If not, we do need to
1277 work, as I think you said here, on bilateral agreements.
1278 That is where one of the typos is. One of the major German
1279 auto companies that has invested in the United States to
1280 serve the U.S. market has decided to locate one of its other
1281 plants in Mexico because that is a location where they are

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1282 going to export from primarily. And they feel they have
1283 better trade agreements operating in Mexico than they would
1284 in the United States. So, I think, that is a sign that we
1285 need to do more on the trade agreement side if a company
1286 that, say, wants to wants to export into Latin America
1287 decides to locate in Mexico rather than in the U.S.

1288 On the corporate income tax, I agree with the sentiment
1289 generally. I think, you know, again, we need to get more tax
1290 revenue from somewhere. I don't see how we are going to
1291 balance the budget over 10 years if we don't get more tax
1292 revenue. But we have to recognize that corporations are
1293 mobile. We have to be in step with other countries around
1294 the world, both in terms of what our marginal tax rate is and
1295 whether or not we tax companies on their foreign earnings or
1296 whether we tax them on the activities that they do here in
1297 the United States. So I think basically we need to get our
1298 corporate tax in line with where our competitors' is.

1299 I am running of time here, but just quickly I think we
1300 do need to do a bit more to improve the skills of our
1301 workforce. There are good community colleges that are doing
1302 that. The Department of Defense has shown some tremendous

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1303 ability to give them their soldier skills in short periods of
1304 time, so I think there are a lot of things we can do in terms
1305 of vocational training and technical training to improve the
1306 quality of our workforce. And it is not that the workers are
1307 bad; it is just that they don't have some of the skills that
1308 they need.

1309 And then, finally, I will mention taking advantage of
1310 the energy boom and that has been mentioned here already. I
1311 think this has been a massive change--a game changer--for the
1312 U.S. economy, this discovery of energy sources. I think
1313 there are environmental concerns about it, absolutely. But I
1314 think we can meet those concerns and have cheaper energy,
1315 cheaper natural gas, which will really increase the
1316 attractiveness of the United States, both for domestic
1317 companies and for foreign companies. Thank you.

1318 [The prepared statement of Mr. Baily follows:]

1319 ***** INSERT 5 *****

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|
1320 Mr. {Terry.} Thank you very much, Dr. Baily.

1321 And Ms. Drake, you are now recognized for 5 minutes.

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|

1322 ^STATEMENT OF CELESTE DRAKE

1323 } Ms. {Drake.} Thank you, Chairman Terry, Ranking Member
1324 Schakowsky, members of the committee. Good morning. I
1325 appreciate the opportunity to testify on behalf of the AFL-
1326 CIO on the critical issues of economic development and job
1327 creation. I have submitted written testimony for the record
1328 and will highlight a few key points here.

1329 Any discussion of where our economy is going should
1330 begin with a discussion of where we have been. Between the
1331 Great Depression and 1980, America's economic strategy
1332 centered on policies designed to ensure a virtuous cycle of
1333 rising productivity, rising wages, and increase public and
1334 private investment that led to even greater productivity.
1335 Regulatory policy was critical to this strategy, including
1336 food, product, and workplace safety, a strong minimum wage,
1337 and the National Labor Relations Act giving workers the right
1338 to organize and bargain collectively. This national strategy
1339 led to the period of the highest sustained economic growth in
1340 American history and gave birth to the modern American middle

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1341 class.

1342 Since 1980, the United States has embraced a different
1343 economic strategy, one that has reversed the prior pattern of
1344 shared prosperity. We have sought to maintain our status as
1345 the world's largest consumer market while at the same time
1346 seeking to compete globally by lowering our labor costs. As
1347 part of this approach, the overall direction of regulatory
1348 policy since 1980 has weakened worker protections to reduce
1349 labor costs, left consumers and investors at the mercy of bad
1350 actors on Wall Street, and even promoted consolidation
1351 instead of competition in certain sectors. The result has
1352 been, not surprisingly, a series of financial bubbles and
1353 skyrocketing consumer debt.

1354 As the Committee looks to increase foreign direct
1355 investment as one of the many tools we can deploy to help
1356 restore the American dream, the AFL-CIO would like to be a
1357 partner in that effort. We welcome foreign investment, as
1358 you do, but we caution that the review proposed in the
1359 discussion draft of the Global Investment in American Jobs
1360 Act of 2013 should be performed carefully, lest its
1361 recommendations prove more harmful than helpful.

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1362 While we welcome the changes made from last year's
1363 version of the bill, we continue to have serious concerns.
1364 For example, by not excluding from the review laws and
1365 regulations of general applicability, it is possible that
1366 those performing the review will consider financial services
1367 policies, such as Dodd-Frank, or important worker
1368 protections, including occupational health and safety rules,
1369 as near barriers to investment. Instead, we suggest that the
1370 review regard them as important to providing a good
1371 investment climate that includes a stable financial system
1372 and healthy and productive workforce.

1373 As you know, the U.S. is a premier destination for
1374 foreign investment. In comparison to other countries in
1375 which investors are required to create joint ventures for
1376 nearly every investment or pressured to transfer important
1377 technology or intellectual property, the U.S. has a very open
1378 system. There are, of course, a few important limitations on
1379 foreign ownership and control, such as those in the aviation
1380 and communication sectors. Again, the AFL-CIO encourages the
1381 Committee to ensure the review takes a balanced look at these
1382 limitations and consider their very important public purposes

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1383 before simply categorizing them as barriers to investment.

1384 These policies are designed with important purposes,
1385 including national security and domestic economic growth. In
1386 some cases they may even encourage investment as foreign
1387 enterprises seek to become American enterprises to expand
1388 their reach, which brings me to a final caveat. The AFL-CIO
1389 urges the Committee to ensure that the review recognize that
1390 while FDI can contribute to the creation and maintenance of
1391 high-skilled, high-paying jobs, such an outcome is not
1392 inevitable. State-owned and -controlled enterprises in
1393 particular may not invest with a goal to operate in the U.S.
1394 for the long-term, but instead, could acquire strategic
1395 technology that could, at worst, jeopardize our national
1396 security. They may also engage in predatory or
1397 anticompetitive behavior that our trade remedies cannot reach
1398 to their operations here, or they may operate their
1399 businesses in ways that could reduce average wages, benefits,
1400 and working conditions instead of lifting them up.

1401 Given these risks, we also encourage the Committee to
1402 consider reversing the current policy of providing foreign
1403 investors with extraordinary legal rights through FTAs and

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1404 investment treaties.

1405 In sum, we look forward to working with you to promote
1406 the growth of the American economy through investment that
1407 creates high-wage, high-benefit jobs that restore the path to
1408 middle class. I thank the committee for its time and would
1409 be pleased to answer any questions you may have.

1410 [The prepared statement of Ms. Drake follows:]

1411 ***** INSERT 6 *****

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1412 Mr. {Terry.} Thank you, Ms. Drake.

1413 And now, we go to the question part of our hearing.

1414 And so my first question will be to Ms. McLernon, Ms.

1415 Dempsey--well, we will just go right down the panel. Give me

1416 your opinion in helping us prioritize what is the most

1417 significant barrier/incentive that is either blocking or

1418 helping foreign investment in the United States. In essence,

1419 what is the low-hanging fruit? Ms. McLernon.

1420 Ms. {McLernon.} Great question. So I think what is

1421 really important about this bill is that it seeks to uncover

1422 those very things. We mentioned all the macro issues here

1423 today that, in general, can provide a better business

1424 opportunity. But our policies over the long haul don't

1425 really take a look at the impact that they will have on

1426 companies that are not headquartered outside the United

1427 States, what type of impact it will have on them that it does

1428 not have on companies that are headquartered here.

1429 Mr. Pompeo talked about something that was simple in

1430 terms of getting executives in and out. But there are also

1431 more direct hits in terms of government contracting, access

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1432 to grants. We want a level playing field for these companies
1433 and, as I said, not to just win the investment, but ensure
1434 once they are here that they have every opportunity to
1435 succeed. And sometimes that discrimination is direct and
1436 obvious, but many times it is inadvertent.

1437 And what I think that this legislation and what this
1438 study can do is it puts investment policy front-brain. We
1439 can think about these things before policies are enacted so
1440 that we don't have to go and patch things up afterwards in
1441 order to make it okay for a foreign company to be here.

1442 Mr. {Terry.} Ms. Dempsey.

1443 Ms. {Dempsey.} Thank you. I agree a lot with my
1444 colleague on the FDI side, but I think we cannot lose sight
1445 as this legislation does not, that there are business climate
1446 issues that affect both domestic and foreign manufacturers.
1447 And this legislation, I think, will be important, frankly, to
1448 both. Some of these issues will be foreign investors looking
1449 at the U.S. market. But there are other issues that will
1450 impact, I think, manufacturing more broadly in the United
1451 States and are relevant.

1452 Mr. {Terry.} Mr. Slaughter.

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1453 Mr. {Slaughter.} I echo the previous two comments. I
1454 would add, I think, one of the most immediate things the U.S.
1455 can do to improve the investment climate would be reform our
1456 tax code. On a lot of indicators we have one of the highest-
1457 burden tax codes in the world, both in terms of the statutory
1458 effect of tax rates and the complexity of our tax code. So I
1459 would put that at the top of the list.

1460 Mr. {Terry.} Mr. Baily.

1461 Mr. {Baily.} The three things that I hear most from
1462 companies: number one, that they have to spend a lot of money
1463 on training and skills so that they would like to see a
1464 better job. And that is, obviously, a state and local
1465 function to an extent. The second is taxes, which you have
1466 mentioned. And again, it is not that our corporate tax
1467 collects a whole a lot of revenue, but I think the complexity
1468 and the marginal tax rates are a concern. And then the third
1469 thing I hear is really the complexity of, sort of,
1470 permissions and environmental rules, and it is not--a want to
1471 make clear, I don't want to dismantle our environmental
1472 rules--

1473 Mr. {Terry.} No.

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1474 Mr. {Baily.} --but the speed of getting permissions,
1475 the ability to coordinate across agencies and between the
1476 federal, state, and local government makes for a lot of
1477 complexity and a lot of delay. And that is what I hear is a
1478 concern.

1479 Mr. {Terry.} Ms. Drake.

1480 Ms. {Drake.} Thank you. We think one of the main
1481 things inhibiting investment here is the misperception that
1482 it is too expensive to invest in manufacturing in the United
1483 States. And we hear this from firms that have re-shored and
1484 explained that they thought it was going to be so much
1485 cheaper to invest and produce elsewhere. And when they
1486 really that looked at the numbers and the extra cost of
1487 producing elsewhere and shipping back to the United States,
1488 they found that it is a good deal and there is a good value
1489 here. So I would echo what Undersecretary Sanchez said about
1490 getting the word out and doing promotion.

1491 Mr. {Terry.} Okay. Ms. Dempsey--well, I tell you what.
1492 We can't answer this in 50 seconds so I will put the rest of
1493 my questions in written form to you all.

1494 And at this time, I will recognize Jan Schakowsky for

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1495 her questions.

1496 Ms. {Schakowsky.} Thank you. I wanted to ask Ms.
1497 Drake. A portion of your testimony is rights provided to
1498 foreign investors should not exceed rights of domestic
1499 investors. Can you elaborate on exactly what you mean by
1500 that?

1501 Ms. {Drake.} Absolutely. So a foreign investor, if the
1502 foreign investor is from a country with which the United
1503 States has an FTA, a Free Trade Agreement; or a BIT, a
1504 Bilateral Investment treaty, has certainly legal rights
1505 through the investment chapter and through the process
1506 guaranteed by the investment chapter, which is investor-state
1507 dispute settlement, to have a complaint that may have reduced
1508 the expected profit or somehow didn't provide what the
1509 international law calls the minimum standard of treatment,
1510 and skipped domestic court, so skipped state courts and
1511 federal Article III constitutional courts--go to an
1512 international arbitration panel and pursue this challenge.
1513 And it is, in some ways, similar to the 5th Amendment takings
1514 challenge under the Constitution, but it has got a broader
1515 definition of what property is; it has got a broader

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1516 definition of what a takings would be.

1517 And we hear from small domestic manufacturers that they
1518 simply can't challenge their complaints about local, state,
1519 and federal regulations and laws in the same way. And they
1520 feel that all investors in the United States should have to
1521 go through the same system that respects our democratic
1522 process and democratically enacted laws and regulations.

1523 Ms. {Schakowsky.} So let me ask just a broader question
1524 then. How would you revise, including, I imagine, taking
1525 what you just said into account, that the current draft of
1526 the Global Investment in American Jobs Act to achieve the
1527 goals that will not only attract foreign investment but also
1528 look at our domestic workers.

1529 Ms. {Drake.} For that particular issue, we would add a
1530 provision that asked the Department of Commerce to really
1531 look at the FTAs and BITs that we have made and whether the
1532 extraordinary legal rights given to foreign investors somehow
1533 inhibit or discourage domestic industries and make an unlevel
1534 playing field. So just with that addition of something to
1535 look at, we think it could be very useful.

1536 Ms. {Schakowsky.} In your testimony, Dr. Baily, you

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1537 draw a distinction between greenfield investment and
1538 investment that stems from merger and acquisition, and I
1539 asked Secretary Sanchez about that, too. Do you think there
1540 would be merit in the following one: BEA, once again,
1541 conducting a survey that distinguishes between greenfield
1542 investment to having the review and report and the draft bill
1543 under consideration take this difference into account?

1544 Mr. {Baily.} I would certainly like to see that
1545 additional data. I think it would be very helpful. So yes,
1546 I would. I do think that there are advantages that you can
1547 get from takeovers. There are obviously some takeovers you
1548 don't want and you mentioned those about proprietary
1549 technology and so on. You have to be careful. But in many
1550 cases a company that gets taken over may have been in
1551 difficulty. The new company may bring in investments, and we
1552 have seen that in the steel industry and other places.

1553 So I am not against takeovers, necessarily. But I
1554 agree; it would be helpful to know what is what and what the
1555 data says.

1556 Mr. {Schakowsky.} There was one other section, Ms.
1557 Drake, that was of interest to me that had to do with a

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1558 Chinese company and somehow our, not inability, but making it
1559 difficult for CFIUS to actually secure the information that
1560 we need to make sure that information they get from American
1561 companies isn't used in the wrong way and counter to CFIUS
1562 rules. I wonder if you could talk a little bit about that?

1563 Ms. {Drake.} CFIUS actually has a very small mandate
1564 and it doesn't really look at greenfield investment. It
1565 doesn't look at equipment sales contracts. And so there are
1566 various ways that it may not be catching all of the
1567 investments or equipment purchases or other contracts here
1568 that could have an impact on our national security. So
1569 consistent with some recommendations made by the U.S.-China
1570 Economic and Security Commission and even the Heritage
1571 Foundation, which you won't find me quoting a lot, we would
1572 recommend that that the Committee take a look at possibly
1573 expanding the mandate of CFIUS so that they can really look
1574 at all of their potential investments that they need to not
1575 with an eye of stopping FDI at all but just to make sure that
1576 we are protecting our national security and economic security
1577 in the way that we need to.

1578 Ms. {Schakowsky.} Things that have dual purpose, for

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1579 example?

1580 Ms. {Drake.} Yes. There is an example in my written
1581 testimony of AVIC acquiring Nexteer and it is this steering
1582 technology that also has a military purpose, and that
1583 transaction has already gone through, but there is some
1584 question now about the technology being transferred to China.
1585 Will it be used for military purposes? And the information
1586 seems to all be in China, and there is no way, at this point,
1587 to really know if it will be used against the United States
1588 in a military way or it won't be.

1589 Ms. {Schakowsky.} Okay. I thank you for your testimony
1590 and your suggestions.

1591 Mr. {Terry.} Thank you.

1592 At this time, I recognize the vice chairman of the
1593 committee, Mr. Lance.

1594 Mr. {Lance.} Thank you, Mr. Chairman.

1595 To Dean Slaughter, in your testimony you indicate that
1596 there are two worrisome trends. First, although many related
1597 to non-employment activities, U.S. employment flat-lined from
1598 2002 to 2010 and then dipped from 2007 to 2010. Would you
1599 elaborate briefly to us on that?

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1600 Mr. {Slaughter.} Sure. So over much of the past 10 to
1601 20 years before the decade of the 2000s the presence of the
1602 U.S. affiliates of foreign multinational companies had grown
1603 on a lot of dimensions, employment being an important one.
1604 Employment had almost doubled over about a 15-year period.
1605 But employment has not been growing, and I think again from
1606 the broad policy perspective that, I think, many of us share
1607 of trying to have good jobs and good wages, one of the really
1608 important things is these global companies tend to have a
1609 whole nexus of productivity enhancing things of investing a
1610 lot in human resources, investing a lot in capital of new
1611 ideas through R&D. So those tend to be good jobs at good
1612 wages.

1613 And so thinking about, per the topic of this hearing,
1614 policies that could try to allow that employment to increase
1615 would be great.

1616 Mr. {Lance.} And Ms. Drake, might you respond to that
1617 as well? I would certainly be interested in the position of
1618 your great organization.

1619 Ms. {Drake.} Thank you very much. The data on, for
1620 instance, the high wage rates paid by foreign investors is

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1621 really good information. We would like to see further
1622 expansion to get down into the weeds on that information
1623 because foreign investment, approximately, it is--roughly 40
1624 percent of all foreign investment is in manufacturing.

1625 Mr. {Lance.} Yes.

1626 Ms. {Drake.} Manufacturing tends to have higher wages
1627 anyway. And in the U.S. economy overall, there is only about
1628 10 percent of the employment is in manufacturing. So there--
1629 I think there are some deeper questions about whether it is
1630 really bringing wages up. And if it is, we should do
1631 everything that we can to promote it. But if we find that in
1632 certain sectors foreign investment is negatively affecting
1633 wages and benefits, we should look at that and see if we can
1634 do anything in a policy way to turn that around so that all
1635 foreign direct investment would be good for workers in
1636 bringing wages and benefits up.

1637 Mr. {Lance.} What sectors in particular are you
1638 referring?

1639 Ms. {Drake.} Well, one particular concern is auto
1640 manufacturing. And there has been a trend for foreign auto
1641 manufacturers to hire a lot of temp workers. And there is an

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1642 article from the Washington Post that I would like to submit
1643 for the record that talks about this use of temp workers.
1644 And what it has done is it makes it less competitive than for
1645 existing American auto manufacturers to not do the same
1646 thing. So as there are competitive forces on wages and we
1647 want those competitive forces to be bringing wages up rather
1648 than down.

1649 Mr. {Lance.} Dean Slaughter, would you comment?

1650 Mr. {Slaughter.} I just echo Ms. Drake on the concern
1651 about measurement, but some of the best academic and policy
1652 work that has been done on this shows that when you control
1653 for industry, you control for location in the U.S. of
1654 manufacturing plants that are part of multinational
1655 companies, they tend to pay consistently about 10 to 15
1656 percent more. And not just for the non-production workers
1657 but for the production workers as well. We can up
1658 measurement on these things. As always, it is really
1659 important and more data would be great. But there is a lot
1660 of evidence that these wages are high.

1661 Mr. {Lance.} And then, Dean Slaughter, you say
1662 secondly, a worrisome trend is that the U.S. share of global

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1663 FDI has fallen sharply. And we are working in a bipartisan
1664 way on this issue. Could you elaborate briefly on that
1665 aspect of your testimony?

1666 Mr. {Slaughter.} Sure. I picked up on something that
1667 Dr. Baily said, which is I think as there is faster economic
1668 growth in China and India and a lot of parts the world, I
1669 think it is inevitable that that faster growth will bring
1670 some decline in the U.S. share of world FDI flows.

1671 Mr. {Lance.} Yes.

1672 Mr. {Slaughter.} But what is striking is how much more
1673 dramatic the fall in FDI shares for U.S. have been compared
1674 to our share of GDP or other economic measures. And so that
1675 gets to the need to have a policy environment that supports
1676 the growth of these companies here.

1677 Mr. {Lance.} And this is a relatively new trend only in
1678 the last decade, your second point, and that is why we are
1679 trying to work through this issue in a bipartisan capacity?

1680 Mr. {Slaughter.} Yes. So in the '90s, it was the
1681 opposite.

1682 Mr. {Lance.} And was that due to the stronger economy
1683 in our country in the 1990s in your judgment?

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1684 Mr. {Slaughter.} So that had a lot to do with it. We
1685 had a strong productivity boom in the second half of the
1686 1990s and that overall strong growth and jobs and incomes was
1687 part of what attracted these companies here.

1688 Mr. {Lance.} And might I respectfully suggest that was
1689 due to bipartisan cooperation, a Democratic president, and
1690 Republican control of the House in the late 1990s.

1691 Mr. {Pompeo.} Do it again.

1692 Mr. {Slaughter.} Absolutely.

1693 Mr. {Lance.} I hope that is possible. Thank you, Mr.
1694 Chairman.

1695 Mr. {Terry.} Thank you, Mr. Lance. Let's see, Mr.
1696 Long.

1697 Mr. {Long.} I am hard to miss. What do you mean let's
1698 see?

1699 Mr. {Terry.} Yes, I meant get out of the way.

1700 Mr. {Long.} Okay. Thank you, Mr. Chairman.

1701 Ms. Drake, you just mentioned temporary workers, hiring
1702 a lot of temporary workers. Describe to me what a temporary
1703 worker is.

1704 Ms. {Drake.} A temporary worker is hired through a temp

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1705 agency and many of them very large the United States. And
1706 the temp agency is then the actual employer of record,
1707 responsible for the wages and taxes and benefits of that
1708 worker. And they can be on a short-term--you know, when
1709 these agencies started, it was your secretary is sick; you
1710 need a temp for the day. As this Washington Post article
1711 describes--and it is not just foreign employers that are
1712 doing that, it is an economy-wide trait--

1713 Mr. {Long.} What date is that? What date was that that
1714 came out?

1715 Ms. {Drake.} Oh, this is an older article. It is
1716 Monday, October 11, 2004. But this is still the pattern.
1717 Temporary workers can be hired from anything to--

1718 Mr. {Long.} I think I was still in high school.

1719 Ms. {Drake.} That makes you younger than me. They can
1720 be hired for 30 days, 90 days. Some are temps for 2 years or
1721 longer in many places. It makes it--typically, the temps are
1722 paid less, have lower benefits than the permanent workers,
1723 and their goal is to someday be hired on as a permanent
1724 employee.

1725 Mr. {Long.} Okay. I am actually, if I decipher and

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1726 tried, 4 or 5 months older than the AFL-CIO. So we both came
1727 along in the same year.

1728 I had a constituent come to me the week before last, I
1729 believe, maybe 2 weeks ago. I was home and they said we are
1730 coming to see Roy Blunt, our Senator; we are coming to see
1731 Claire McCaskill, our Senator; and we are coming to see you
1732 because we want you to understand, Congressman, how onerous
1733 this ObamaCare, Affordable Care Act, whatever you want to
1734 call it. I don't think ObamaCare is a pejorative anymore or
1735 ever was or whatever because the President calls it that.
1736 But anyway, let us call it ObamaCare. And they said we want
1737 you to know what this is doing. And I said, well, what do
1738 you mean? He said, well, we have 53,000--this is a local
1739 employer. Obviously, they have tentacles across United
1740 States. They have places of business in several States. He
1741 said we have 53,000 employees and the best we can decide is
1742 we are going to have to take those employees and go--not have
1743 anyone over 30-a-hour-a-week employee.

1744 Is this of concern to you at the AFL-CIO that--are you
1745 hearing these types of things about complying with ObamaCare
1746 and how we are going to get it done by 2014?

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1747 Ms. {Drake.} I don't work in the healthcare department
1748 but from what I know of we are not hearing those complaints.
1749 We are concerned that those complaints are being made. We
1750 think that the Affordable Care Act was a bipartisan
1751 compromise. I know that there were a lot of Republican ideas
1752 incorporated into the bill and every attempt was made to make
1753 it affordable for employers, for workers, for the country.

1754 And we would hope that employers would do their best to
1755 provide the healthcare for their workers through the system
1756 in the ACA so that they have healthy productive workers.

1757 So we wouldn't want to prejudge that it is going to be
1758 something that is unaffordable or is not to work. We
1759 strongly believe the opposite.

1760 Mr. {Long.} I had you define temporary worker for me
1761 but I don't think I am going to ask you to define bipartisan
1762 because we might have a different understanding of that if
1763 ObamaCare was a bipartisan effort.

1764 But I want to read from an article in the Wall Street
1765 Journal. It wasn't back in 2004; it was the day before
1766 yesterday. A labor union representing roofers is reversing
1767 course and calling for the repeal of the federal healthcare

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1768 law citing concerns the law's cost for ensuring members.
1769 Organized labor was instrumental in getting the Affordable
1770 Care Act passed in 2010 but more recently has voice concerns
1771 that the law could lead members to losing their existing
1772 health plans, which is what my constituent told me. He said,
1773 Billy, we provided much better healthcare. Now, we are going
1774 to have to cut everyone back to a temporary status or less
1775 hours.

1776 The United Union of Roofers, Waterproofers, and Allied
1777 Workers is believed to be the first union to initially
1778 support the law and later call for its repeal. And on the
1779 Republican side, we have tried several different ways, which
1780 debatable whether those will work or not. Whenever you vote
1781 32 different ways to defund the Act and do away with it, and
1782 when you don't have the White House and you don't have the
1783 Senate. But now that it has gotten through the Supreme Court
1784 and they have ruled that it is the law of the land and it is
1785 coming to fruition, I am just going to ask you to be on guard
1786 because when you start having people that employ 53,000
1787 people telling these stories--and they are not uncommon.
1788 This is not some far out there, somebody in a tinfoil hat--I

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1789 hear tapping--

1790 Mr. {Terry.} That is not hearing things.

1791 Mr. {Long.} --that is dreaming these things up. So in
1792 all honesty, I think this is just going to compound until we
1793 find out that we at least need to delay implementation at the
1794 least. When you have roofing unions that supported the thing
1795 saying it is not doable. So I am not trying to pick on you
1796 but I am just--the AFL-CIO, I want to see what you are
1797 hearing. And thank you all for your testimony here today.

1798 Mr. {Terry.} Thank you, Mr. Long.

1799 Ms. Drake, you suggested an article be entered into the
1800 record. Was that already part of your statement that is part
1801 of the record?

1802 Ms. {Drake.} It was not.

1803 Mr. {Terry.} Okay. So ordered.

1804 [The information follows:]

1805 ***** COMMITTEE INSERT *****

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1806 Ms. {Drake.} Thank you very much.

1807 Mr. {Terry.} At this point, the gentleman from West
1808 Virginia.

1809 Mr. {McKinley.} Thank you, Mr. Chairman.

1810 In Ms. Schakowsky's earlier remarks she was talking
1811 about the jobs in our manufacturing and how important it is
1812 for our middle class. And if you were here during my
1813 comments with Secretary Sanchez was the concern about the
1814 loss of our steel industry in northern West Virginia. We
1815 have, indeed, both of those were owned--they were foreign
1816 investments, major foreign investments. One of the prime
1817 reasons that we lost both of those 30,000 jobs was because of
1818 trade. So I am just curious. Ms. Dempsey, maybe you can--
1819 and Ms. Drake, you can ply into this.

1820 But in some consideration to try to encourage more
1821 further investment in America, how conceivable would it be,
1822 and what would be the effect for people considering
1823 investment if they were made aware that through a trade
1824 agreement or a trade settlement that a company is found to be
1825 coming in inappropriately putting business out? As I

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1826 understand, that money, those penalties now go to the U.S.
1827 Treasury. What would be the message if we could put it in
1828 this bill or in this study to see that that money goes back
1829 to the individual companies that are aggrieved, and not only
1830 the companies that are aggrieved but also to the employees
1831 that have lost their job as result of this. I think it is
1832 far more helpful to our middle class if we are helping the
1833 people that have been hurt rather than the Federal Government
1834 getting the largess of that.

1835 What would be the effect of that, do you think, if
1836 investors knew that their companies could be protected?

1837 Ms. {Dempsey.} Perhaps I can start, Congressman. Thank
1838 you. You know, I started my career as a trade remedy lawyer
1839 bringing it cases for the last U.S. fan manufacturer here in
1840 the United States for the U.S. steel industry in the 1990s.
1841 And these are important issues and we at the NAM take
1842 enforcement of our own trade laws just as importantly as we
1843 take enforcement of other countries' obligations and trade
1844 agreements and everywhere else.

1845 The issue you raise about where the disbursement of the
1846 funds goes is something that had been tried in the United

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1847 States and we lost the WTO ruling on this. It is not
1848 something that is viewed in the international rules as a way
1849 forward.

1850 I will say that I believe that the strong enforcement
1851 you generally see in the United States for our trade remedy
1852 laws--not that it is perfect--but the strong enforcement is
1853 something that attracts companies here, that they know that
1854 there is a better chance that they will be operating on a
1855 level playing field, that the competition from imports will
1856 be on a level playing field. The one issue we have heard the
1857 most, though, from our companies right now is an issue that
1858 is before the Ways and Means Committee which is if there is
1859 circumvention of those anti-dumping and countervailing duty
1860 orders, they take too long to get enforced. And so we
1861 support something called the Enforce Act so that those rules
1862 are enforced.

1863 But the issue of the payments back is a complicated one.
1864 I think there are other things in terms of domestic
1865 manufacturing we need to do to improve the opportunities for
1866 those companies, as well as the manufacturing community at
1867 large.

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1868 Mr. {McKinley.} Ms. Drake.

1869 Mr. {Baily.} Can make a quick comment on that? Would
1870 give me 30 seconds? No, you want to talk to her.

1871 Mr. {McKinley.} After her.

1872 Mr. {Baily.} Excuse me.

1873 Ms. {Drake.} Thank you. I think your idea on remedies
1874 is a good one. And as the AFL-CIO tends to disagree with
1875 many of the strictures sent down by the WTO--so, you know,
1876 maybe that is something that can be addressed with WTO
1877 reform.

1878 To get to your earlier question to Undersecretary
1879 Sanchez about who can bring a case and is there adequate
1880 assistance for cases, we would support a broader definition
1881 that cities and communities could bring cases, that workers
1882 could work together with cities and communities and the
1883 employers to get the resources needed because these cases are
1884 very expensive. And we would support the Department of
1885 Commerce providing additional assistance beyond what they are
1886 currently doing.

1887 And I think one other thing with regard to your dumping
1888 concerns, with these state-owned enterprises investing and

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1889 operating in the United States, it is possible that they are
1890 getting subsidized inputs, tax rebates, no-cost financing so
1891 that they can be here essentially producing what would be a
1892 dumped product if they made it in their home market, but they
1893 are producing here and our current trade remedy laws can't
1894 reach them.

1895 Additionally, there has been some recent investments by
1896 Chinese state-owned Corporations, SinoPac, for instance, in
1897 oil investment. And I am not a practicing trade remedy
1898 lawyer but I spoke to some before this hearing and it is not
1899 clear that if they import what would be dumped product to
1900 themselves that our trade remedy laws could get at that
1901 because if it is within the same company, it may not enter
1902 commerce, and it may not be subject to our anti-dumping laws.

1903 So there are a lot of interesting things to look at here
1904 in order to make sure that competition is level and balanced
1905 and that domestic companies and domestic jobs are really
1906 strengthened rather than put at risk.

1907 Mr. {McKinley.} Thank you.

1908 Mr. {Terry.} I would request, respectfully, a unanimous
1909 consent for an additional minute so that Mr. Baily can

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1910 answer.

1911 Mr. {Baily.} Thank you so much.

1912 While it is clear that we need to enforce our trade laws
1913 and it is true that trade has been an important issue in the
1914 steel industry, with all due respect, I would say that I
1915 doubt if the loss of almost 30,000 jobs is really
1916 attributable to trade, because if you look at a steel plant
1917 today compared to one some years ago, now you see, you know,
1918 four people and some computer monitors, whereas before, you
1919 saw lots of people down on the production lines. It has
1920 become a very automated company that doesn't hire a lot of
1921 people.

1922 And the second thing is, is that we have had a terrible
1923 recession so that the demand for steel, it really collapsed
1924 in the recession. It is coming back now, but I don't think
1925 it is where was. So I think there are some domestic issues
1926 also associated with some of those jobs.

1927 Mr. {McKinley.} When China is producing six times the
1928 amount of steel that we have, and just a few years ago we
1929 were both producing the same quantity of steel, it tells me
1930 something is going on in China, whether it is currency

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1931 manipulation or what.

1932 Mr. {Terry.} All right. Thank you, Mr. McKinley.

1933 And now, Mr. Johnson of Ohio is recognized for 5

1934 minutes.

1935 Mr. {Johnson.} Thank you, Mr. Chairman.

1936 Dr. Baily, before I ask my question, I am not sure--I

1937 live in steel country, as Mr. McKinley does. I don't know

1938 what steel plants you go to where you have got four, five

1939 people running computers that produce steel. That is not the

1940 way it is produced along the Ohio River in the plants that

1941 are in my district. You have got hundreds and hundreds and

1942 hundreds of people that are employed in those.

1943 But let me get to my question. I like trade also. I

1944 believe in fair trade. You know, the idea of free trade to

1945 me is a vernacular that troubles the American people. You

1946 say the term free trade; it conjures up ideas of Chinese

1947 ships pulling up to docks and offloading technology and

1948 products that disadvantage of our workers back here at home.

1949 I have advocated for a while changing the vernacular to talk

1950 about export optimization agreements rather than free trade

1951 agreements, because that is really what we are trying to get

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1952 to. We make it here, we innovate here, we sell it there.

1953 So with that in mind, you recommend that the U.S. enter
1954 more free trade agreements. Where do we stand relative to
1955 similarly situated nations in terms of the number of trade
1956 agreements enforced?

1957 Mr. {Baily.} I will make a quick comment and then I am
1958 going to defer to my friend Matt Slaughter, who can probably
1959 give you a much better answer than I can. Yes, to say it is
1960 only four people, obviously, that was a bit of an
1961 exaggeration. But productivity really has gone up.

1962 Mr. {Johnson.} Oh, I agree with that. I agree with
1963 that.

1964 Mr. {Baily.} And you got the electric arc furnaces and
1965 so on--

1966 Mr. {Johnson.} I am sorry. I have got 5 minutes so
1967 let's go to the free trade questions.

1968 Mr. {Baily.} So let me defer the answer to the free
1969 trade question if I may to--

1970 Mr. {Johnson.} Okay.

1971 Mr. {Baily.} --Dean Slaughter.

1972 Mr. {Slaughter.} So the U.S. has about 23 trade

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1973 agreements enforced with other countries in the world. Many
1974 of them are older, many of them are--no disrespect to our
1975 trading partners--with relatively small countries for which--
1976 and you want to talk about export optimization; they are not
1977 large markets. So part of how we ideally get out of the
1978 world financial crisis is build more jobs and activity in
1979 America, link to selling things to the rest the world. I
1980 think there is a tremendous opportunity for the United States
1981 to expand the free trade access that we have to a number of
1982 other growing countries.

1983 Mr. {Johnson.} And in terms of export, increasing
1984 exports, right?

1985 Mr. {Slaughter.} Absolutely.

1986 Mr. {Johnson.} Yes.

1987 Mr. {Slaughter.} Imports have a lot of values as well
1988 but absolutely on growing exports.

1989 Mr. {Johnson.} We are on the same page. The
1990 administration is currently engaged in TPP negotiations and
1991 plans to enter negotiations with the EU this summer. Are
1992 there other glaring omissions other than TPP and EU in our
1993 stable of free trade agreements in your mind?

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1994 Mr. {Slaughter.} Sir, what I will add, I guess, is we
1995 can think about organizing not only on country lines but
1996 industry lines as well.

1997 Mr. {Johnson.} Um-hum.

1998 Mr. {Slaughter.} So if we think about manufacturing
1999 deftly managed through United States, but we have a lot of
2000 large and growing industries and services for which there is
2001 a lot of barriers in trade and investment around the world.
2002 So as a complement to think about negotiating with countries,
2003 I think there is great value in thinking about finding
2004 industries in which a lot of Americans work throughout a lot
2005 of districts where we could open up foreign markets.

2006 Mr. {Johnson.} Sure. Dr. Baily, you also testified
2007 that we should take advantage of the natural gas energy boom,
2008 and I certainly agree with that. Much of that steel
2009 manufacturing that I talked about in eastern and southeastern
2010 Ohio is a result of that. If production were to slow or to
2011 be stopped altogether in oil and natural gas, in your
2012 opinion, how would that impact our ability to attract or
2013 retain FDI?

2014 Mr. {Baily.} It feels a little like a leading question

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2015 but I think there is no question as to the answer, which is
2016 that if it were--

2017 Mr. {Johnson.} She mentioned lawyers earlier. A lawyer
2018 doesn't ask a question they already don't know the answer to,
2019 right?

2020 Mr. {Baily.} But it certainly would make the U.S. less
2021 attractive for investment for both domestic companies and
2022 foreign companies.

2023 Mr. {Johnson.} Great. Great. What do you think, as it
2024 relates to trade, as it relates to manufacturing, if you
2025 could name three things that we should do to bring
2026 manufacturing back here to America--I met with a bunch of
2027 labor folks this morning that are concerned about their jobs
2028 being outsourced. If there were anything that we could do,
2029 two or three, what would be the top three things that you
2030 would recommend we do to improve our position where our trade
2031 is concerned and retain manufacturing?

2032 Mr. {Baily.} Well, Chairman Terry asked us a somewhat
2033 similar question and I think I give the same answer here. I
2034 think we do need to do more to make sure we have the skills
2035 in the production workers. We have the finest universities

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2036 in the world, but many particularly of our young men are not
2037 going to--

2038 Mr. {Johnson.} So workforce development?

2039 Mr. {Baily.} Workforce development. Number two is
2040 harmonizing our corporate tax with the rest of the world so
2041 that it is less complex and the marginal rate is lower.

2042 Mr. {Johnson.} We are on board.

2043 Mr. {Baily.} And then the third is around--as I said, I
2044 am strongly in favor of our environmental standards; we need
2045 those. And I am concerned about global warming but we need
2046 to make sure that you can get permissions and there is
2047 coordination between States and the Federal Government and
2048 among federal agencies and that that process can move more
2049 quickly.

2050 Mr. {Johnson.} Thank you, Dr. Baily.

2051 Mr. Chairman, thank you for the time.

2052 Mr. {Terry.} Thank you, Mr. Johnson.

2053 And that concludes the members from asking questions.

2054 No one is left.

2055 So I want to thank all of our panelists for your
2056 incredible testimony and help today. It really has been a

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2057 great assistance to us. You gave us more to think about
2058 including, Ms. Drake, where I think you turned around a few
2059 conceptions. We were under the impression that we should be
2060 exempting from any consideration of labor laws, and I think
2061 you are suggesting that we need to have that discussion in
2062 this. So we will have to vet through that, which means we
2063 also have the opportunity to submit written questions to you,
2064 which my members will have only 10 days to get to you.

2065 So that is my admonition to my colleagues is they have
2066 10 days to get their questions put together. We would
2067 appreciate a quick turnaround in your answers for those
2068 questions.

2069 And at that, that concludes this hearing.

2070 [Whereupon, at 11:27 a.m., the Subcommittee was
2071 adjourned.]