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4 MARKUP ON H.R. 2052, THE ``GLOBAL INVESTMENT IN AMERICAN JOBS

5 ACT OF 2013''

6 WEDNESDAY, MAY 22, 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 4:03 p.m., in

12 Room 2123 of the Rayburn House Office Building, Hon. Leonard

13 Lance [Vice Chairman of the Subcommittee] presiding.

14 Members present: Representatives Lance, Bilirakis,

15 Schakowsky, Butterfield and Barrow.

16 Staff present: Kirby Howard, Legislative Clerk; Peter

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17 Kielty, Deputy General Counsel; Nick Magallanes, Policy
18 Coordinator, Commerce, Manufacturing, and Trade; Brian
19 McCullough, Senior Professional Staff Member, Commerce,
20 Manufacturing, and Trade; Gib Mullan, Chief Counsel,
21 Commerce, Manufacturing, and Trade; Shannon Weinberg Taylor,
22 Counsel, Commerce, Manufacturing, and Trade; Michelle Ash,
23 Democratic Chief Counsel, Commerce, Manufacturing, and Trade;
24 Jen Berenholz, Democratic Chief Clerk; and Will Wallace,
25 Democratic Policy Analyst.

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|
26 H.R. 2052
27 Mr. {Lance.} Good afternoon. The subcommittee will
28 come to order. I would like to give an opening statement.
29 Chairman Terry is leading the Keystone pipeline effort. That
30 is his legislation on the Floor of the House, and so I have
31 the honor of chairing the subcommittee this afternoon. Thank
32 you all for attending today.

33 Welcome to the subcommittee's markup of H.R. 2052, the
34 Global Investment in American Jobs Act of 2013. This is a
35 bipartisan piece of legislation that instructs the Department
36 of Commerce to conduct an interagency review that identifies
37 barriers to foreign investment in the United States and makes
38 recommendations on ways to lower or eliminate these
39 unnecessary barriers.

40 Foreign firms have a positive direct investment presence
41 in every State. For example, in 2010, U.S. affiliates of
42 foreign firms employed an estimated 5.6 million Americans,
43 workers who made, on average, \$77,000 per year. These U.S.
44 subsidiaries invested \$41.3 billion in research and
45 development efforts and \$149 billion in capital expenditures

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46 that same year. In the manufacturing sector alone, FDI
47 inflows were nearly \$84 billion in 2012 according to the
48 National Association of Manufacturers.

49 The United States should be a leader, in my judgment,
50 the leader, in attracting foreign investment. We have a
51 stable government, safe working conditions, and the most
52 skilled workforce in the world. Unfortunately, according to
53 the testimony of the Organization for International
54 Investment at our legislative hearing last month, the United
55 States' share of foreign direct investment dropped from 41
56 percent in 1999 to 17 percent in 2011. We are here today to
57 begin reversing the trend. Our long-term global
58 competitiveness and economic success as a Nation are directly
59 tied to our ability to attract foreign investment.

60 In my home State of New Jersey, foreign firms employed a
61 quarter of a million people as recently as the beginning of
62 2011. This accounts for nearly 7 percent of total private-
63 sector employees in an age of more than 8 percent statewide
64 unemployment.

65 The capacity to support further foreign investment is
66 great, as New Jersey's advanced distribution network of

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67 planes, trains, ships and automobiles sits in the heart of
68 the East Coast corridor. The State of New Jersey is working
69 continually to attract new foreign firms, but more can be
70 done at the federal level to support these efforts and
71 similar efforts by other States. In the interest of New
72 Jersey and, indeed, of the entire country, all opportunities
73 to improve the investment climate should be pursued, and I am
74 confident they will be once the Global Investment in American
75 Jobs Act becomes law.

76 When considering new rules and regulations, this
77 subcommittee wants Congress and regulatory agencies to
78 remember any potential impact on the ability of the United
79 States to attract foreign direct investment. There are a
80 number of areas in the purview of the federal government
81 where we can improve the domestic climate for foreign direct
82 investment. It is my hope, and that of Chairman Terry, and I
83 believe also of Ranking Member Schakowsky, and the rest of
84 our subcommittee, that the report at the heart of this
85 legislation will highlight those areas, both for the
86 Administration, where it can act on its own authority, and
87 for Congress where the Administration lacks the authority to

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88 act of its own accord.

89 Creating high-paying job opportunities, putting
90 Americans to back to work, and incentivizing companies to
91 come to our shores are all bipartisan priorities. This
92 bipartisan legislation will help us identify changes we can
93 make to achieve these goals.

94 I am pleased to report that our subcommittee has worked
95 closely in a bipartisan fashion to craft this legislation. I
96 extend on behalf of Chairman Terry thanks to Congresswoman
97 Schakowsky for her effort. I also thank the Majority Chief
98 Deputy Whip, Peter Roskam of Illinois, and Congressman John
99 Barrow of for joining us in crafting this bipartisan
100 legislation to promote job creation. We are pleased to have
101 these three outstanding legislators join Chairman Terry as
102 original cosponsors today. That is my opening statement.

103 [The prepared statement of Mr. Lance follows:]

104 ***** COMMITTEE INSERT *****

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|
105 Mr. {Lance.} It is now my honor to recognize the
106 ranking member, Ms. Schakowsky, for an opening statement.

107 Ms. {Schakowsky.} I thank the vice chairman for
108 yielding and for all of his support. Let me also begin by
109 thanking Chairman Terry and his staff as well as the
110 committee Democratic staff for working so diligently and
111 collaboratively to come to an agreement on the legislation
112 that will help guide American jobs and economic growth. The
113 Global Investment in American Jobs Act is a bipartisan piece
114 of legislation that we can all be proud of.

115 I am going to take a point of personal privilege to
116 point out another thing I am proud of today, the birth of
117 grandchildren number five and six, twins Alice and Aiden, and
118 I welcome them to the world. Thank you.

119 There is a strong incentive to invest in America. Our
120 economy is continuing to recover from the Great Recession and
121 the United States is still by far the world's largest and
122 safest economy. This has allowed us to remain the best place
123 on earth to find talented, motivated employees. Those
124 talented, motivated employees, if adequately compensated, are

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125 also great consumers for products that companies, both
126 foreign and domestic, make and sell here in America, and the
127 topnotch products made in America are shipped to destinations
128 around the globe. Investments in this country by foreign
129 companies have created good jobs for many Americans. We
130 simply need to determine the best way to attract further
131 responsible foreign direct investment, and this legislation
132 will help guide us toward that end.

133 My home State of Illinois, which has a strong regulatory
134 structure, is a leader in attracting foreign direct
135 investment, ranking number one in the Midwest in that
136 category. Illinois's large share of foreign direct
137 investment is a result of its central location and
138 transportation infrastructure, its diversified economy, its
139 productive workforce and its cultural diversity and
140 attractions. The nearly 1,600 foreign-based firms with
141 operations in Illinois employ more than 300,000 Illinois
142 residents. The Illinois story proves that strong labor,
143 health and environmental standards do not deter foreign
144 investment and that we can and should maintain strong
145 standards for companies wishing to invest here.

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146 In our hearing on this topic last month, I identified
147 several issues that needed to be addressed in order for me to
148 support the bill. I wanted to ensure that the strong labor,
149 health care and environmental standards were deemed by the
150 study is essential. I also sought a more detailed analysis
151 of the various types of foreign direct investment and their
152 relative impact, positive or negative, on the sustainability
153 and growth of good jobs in the United States. This
154 legislation has incorporated those and other strengthening
155 provisions, and I am very grateful for that.

156 Again, thanks to Chairman Terry for working
157 collaboratively on this bipartisan bill. I am pleased the
158 subcommittee has continued to function so well, and I believe
159 that we will continue to do that. I look forward to a quick
160 markup of this legislation tomorrow, and I hope we can
161 swiftly move H.R. 2052 to the full Committee and the House
162 Floor for consideration, and I yield back, Mr. Chairman.

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

164 ***** COMMITTEE INSERT *****

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|
165 Mr. {Lance.} Thank you very much, Congresswoman
166 Schakowsky, and congratulations on the birth of your latest
167 grandchildren. I am a twin, and so I certainly favor twins
168 in the world, and I hope that mother and both children are
169 doing well.

170 Ms. {Schakowsky.} Thank you.

171 Mr. {Lance.} The chair reminds members that pursuant to
172 the Committee rules, all members' opening statements will be
173 made a part of the record.

174 Are there further opening statements? Mr. Bilirakis,
175 you are recognized.

176 Mr. {Bilirakis.} Thank you, Mr. Chairman. I appreciate
177 it very much. I want to congratulate the Congresswoman too
178 on her grandchildren. I look forward to that one day. Thank
179 you very much for recognizing me.

180 From my perspective as a Floridian, this is an excellent
181 topic for the subcommittee to address. Florida is a global
182 hub for commerce and an exceptional attraction for foreign
183 direct investment. Florida ranks among the top States in
184 employment by foreign-owned firms. In fact, more than

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185 220,000 Floridians are employed by international employers.
186 This is due in part to Florida's diverse workforce, the
187 State's proximity to Latin American and the Caribbean, and
188 its infrastructure.

189 Foreign direct investment is an important indicator of
190 the global competitiveness of a country's economy. According
191 to OECD, the strength of the United States economy has
192 attracted the greatest foreign investment for many years.
193 However, in 2012, we were passed by China. This diminishing
194 American attractiveness is cause for concern. I am pleased
195 that the subcommittee is taking proactive steps to address
196 our economy. The legislation before us would initiate a
197 review of foreign direct investment trends in the United
198 States so that we can address efforts to improve the
199 investment climate in the United States.

200 I applaud the chairman and the vice chairman and the
201 ranking member's work on this particular bill, and I look
202 forward to voting for it tomorrow. I yield back.

203 [The prepared statement of Mr. Bilirakis follows:]

204 ***** COMMITTEE INSERT *****

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|
205 Mr. {Lance.} Thank you very much. Are there other
206 opening statements? Mr. Butterfield, you are recognized for
207 3 minutes.

208 Mr. {Butterfield.} Thank you very much, Mr. Lance, and
209 let me too go on record congratulating my friend from
210 Illinois for this great bundle of joy that has come into her
211 family today.

212 I want to go on record also saying that I have some good
213 news that happened to me today. At about 12:01 a.m., Mr.
214 Chairman, I received my first Social Security check.

215 Mr. {Lance.} If the gentleman would yield, I intend to
216 investigate this because the gentleman is not old enough to
217 receive a Social Security check.

218 Mr. {Butterfield.} This is a day I have been living for
219 all of my adult life, and so it is a happy day as well.

220 But Mr. Chairman, I support this legislation. I urge my
221 colleagues to do the same. The United States is a desirable
222 destination for many foreign direct investors. Our stability
223 and high standard of living and reputation as a world leader
224 make the United States an ideal location to expand business

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225 by those living abroad. My home State of North Carolina
226 provides an especially ideal location for global firms to set
227 up U.S. operations, companies like DSM, Electrolux,
228 Bridgestone, Firestone, GlaxoSmithKline and others, all
229 located in or close by my Congressional district. They have
230 enabled North Carolina to rank number 10 for employment
231 supported by foreign direct investment. North Carolina is
232 home to Research Triangle Park, the largest and one of the
233 most prominent high-tech research and development centers in
234 the world. RTP, as we call it, hosts some 170 companies
235 employing nearly 55,000 people across the biotechnology,
236 aerospace, financial services, automotive and appliance
237 industries. The key to our State's success in attracting
238 foreign direct investment is its educated, hardworking and
239 driven workforce. Beginning in kindergarten through college,
240 North Carolina's public education system and world-class
241 colleges and universities like North Carolina Central and
242 East Carolina and Elizabeth City State and Duke and others,
243 they shape tomorrow's high-tech workforce demanded by the
244 world's largest businesses.

245 We live in a world economy where everyone is competing

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246 for a piece of the pie. It is vitally important that we
247 support efforts to strengthen our global economic position so
248 that we can continue to recover from the recession and create
249 jobs. Should this bill become law, I encourage the Secretary
250 of Commerce to look to my home State and to the North
251 Carolina Department of Commerce's Thrive in North Carolina
252 Initiative as a model of attracting and retaining foreign
253 direct investment.

254 As I said, Mr. Chairman, I support the bill and I look
255 forward to its favorable passage. I yield back.

256 [The prepared statement of Mr. Butterfield follows:]

257 ***** COMMITTEE INSERT *****

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258 Mr. {Lance.} Thank you very much, Mr. Butterfield. The
259 chair recognizes Mr. Barrow of Georgia.

260 Mr. {Barrow.} I thank the chair. I am proud to be an
261 original cosponsor of the Global Investments in American Jobs
262 Act because it is a commonsense way to bring good jobs
263 headquartered overseas here to America.

264 While other countries have seen their share of global
265 investments go up, ours has gone down. When I go home to
266 Georgia, I am reminded of how all sides can win when overseas
267 investors tap into the talent of America and create jobs in
268 our communities. We need more Dutch companies like DSM
269 making chemicals in Augusta, French companies like Alstom
270 making transformers in Waynesboro and Irish companies like
271 Covidien providing health products from Augusta. America has
272 the best workers in the world, and they deserve to have more
273 opportunities to offer their skills to companies looking to
274 expand.

275 I urge my colleagues to support this bill and I look
276 forward to building a stronger future for American workers by
277 passing H.R. 2052, and with that, Mr. Chairman, I yield back.

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

279 ***** COMMITTEE INSERT *****

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|
280 Mr. {Lance.} Thank you very much, Mr. Barrow. Are
281 there any other opening statements?

282 Seeing none, the chair calls up H.R. 2052 and asks the
283 clerk to report.

284 The {Clerk.} H.R. 2052, to direct the Secretary of
285 Commerce in coordination with the heads of other relevant
286 federal departments and agencies to conduct an interagency
287 review of and report to Congress on ways to increase the
288 global competitiveness of the United States in attracting
289 foreign direct investment.

290 [H.R. 2052 follows:]

291 ***** INSERT 1 *****

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|
292 Mr. {Lance.} Thank you very much, Madam Clerk. Without
293 objection, the first reading of the bill is dispensed with
294 and the bill will be open for amendment at any point. So
295 ordered.

296 For the information of members, we are now on H.R. 2052.
297 The committee will reconvene at 9 o'clock tomorrow morning.
298 I remind members that the chair will give priority
299 recognition to amendments offered on a bipartisan basis. I
300 look forward to seeing all of you tomorrow.

301 Without objection, the committee stands in recess.

302 [Whereupon, at 4:19 p.m., the Subcommittee recessed, to
303 reconvene at 9:00 a.m. on Thursday, May 23, 2013.]