

# Remarks at White House Jobs and Competitiveness Council Listening and Action Sessions, Minneapolis, Minnesota

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**Commerce Secretary Gary Locke**

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Hi, everyone. I'd like to thank Mayor Kautz for the kind welcome, and Darlene Miller for the generous introduction.

I would like to acknowledge Congresswoman Betty McCollum who is participating in the event today. Congresswoman McCollum represents Minnesota's 4<sup>th</sup> Congressional District which includes St. Paul. We are excited she is here.

Congresswoman McCollum has been a strong supporter of helping businesses export to create jobs in Minnesota.

I would also like to acknowledge some elected officials who could not be here today – Senators Amy Klobuchar and Al Franken and Congressman John Kline and Congressman Keith Ellison.

Each has a strong voice in Washington on behalf of their constituents.

In particular, I have gotten to know Senator Klobuchar as Chair of the Senate Subcommittee on Competitiveness, Innovation, and Export Promotion, where she has been pushing an innovation agenda that can help businesses grow and create jobs in America.

She's also authored legislation to help small businesses tap into new markets abroad, and it's been a privilege to work with her and my other friends in the Minnesota delegation. I am grateful for her work in the Senate to grow exports which will benefit the economy in Minnesota and the nation.

I would also like to thank both Senators Klobuchar and Franken for their recent support of the America Invents Act which represents the most sweeping reform of our patent system in decades.

This legislation will help move our economy forward by enabling businesses to become more innovative at home so they can be more competitive abroad.

I'm hopeful Congress will complete action on that legislation soon so we can modernize our patent system and keep our economy moving forward

It's great to be in Minneapolis again – I was here last February to kick-off our New Markets/New Jobs tour – and to have had the opportunity to tour a manufacturing company that is setting the bar for quality and service.

And I want to thank Darlene and her team for the great tour of Permac Industries. It really is amazingly choreographed – pretty impressive.

Permac represents the best that American business and American workers have to offer.

This is a company that has grown from a simple screw machine shop into a state-of-the-art facility that manufactures precision parts for customers worldwide in virtually all industries.

But Permac, like its competitors wants more work. And that's what I want to talk with you about today: How do we help Permac and companies throughout Minnesota and across the country expand and create new jobs? How do we help you, help America, win the future?

In his State of the Union address in January, President Obama said the most important contest our nation faces is not between Democrats and Republicans, but between America and countries around the world that are competing like never before for the jobs and industries of the future.

And the primary goal of the Obama administration is to give businesses like yours the tools you need to win in the global economy.

On the one hand, we're aggressively incentivizing investment here in America.

That's why President Obama insisted on two key provisions in the December tax package he signed that will directly help Minneapolis companies and their customers.

It featured a new expensing benefit, which will allow companies to write off 100 percent of their machinery and equipment purchases made in 2011. That is the largest temporary investment incentive for businesses in the history of the United States.

But the expensing measure will do more than just help the companies that take advantage of the benefit. It will create demand for new equipment and that will mean factory orders for manufacturing companies like Permac and across the country.

And new factory orders mean companies will need to hire more workers to meet new demand.

The package also contained a payroll tax cut that will put as much as an extra \$2,000 in the pocket of a Minnesota family making \$100,000 – helping to drive new business to local companies, stores and restaurants. Soon some of them will need to hire more people to keep up with the new business.

Of course, the measures I've described are temporary, and they are temporary because we need to keep one eye on the long-term deficit as we work on the recovery.

But to make sure we're in a better position to create the industries and jobs of the future, we need comprehensive reform of our business tax system.

And in his State of the Union address, President Obama called for comprehensive corporate tax reform. He said he wants to work with Congress to get rid of the loopholes, level the playing field and use those savings to lower the corporate tax rate for the first time in 25 years ... without adding to our deficit.

At the same time, the administration is making unprecedented efforts to help companies grow by breaking into new foreign markets.

That's why early last year President Obama announced his National Export Initiative, which mobilizes departments throughout the federal government to help double U.S. exports by 2015 and support millions of jobs.

Why exports? Because what we know is that the more you export, the more you produce, and the more you produce, the more people you need. And that means jobs!

Consider that exports directly support nearly 10 million U.S. jobs, including an estimated 6 percent of Minnesota's total private sector employment and nearly one-fifth of all manufacturing workers in the state.

And export-supported jobs are good-paying jobs that pay 15 percent more than the typical wage in America ...

...exactly the type of jobs we need a lot more of.

We're already off to a good start.

Exports today account for 12.8 percent of all U.S. economic output, which is the biggest portion of our economy since the Commerce Department began tracking this figure in 1929.

That success is even more impressive when you remember where we were just two years ago ... in the midst of the worst recession any of us had ever seen.

Exports have become a key driver of America's economic recovery, accounting for nearly half of U.S. economic growth since mid-2009.

And I want to thank the folks here for their contributions to U.S. global sales. Here in Minnesota, total exports last year are estimated at \$31 billion.

And Minnesota manufacturers increased exports 17.3 percent over 2009 for a total of \$17.2 billion in 2010, according to reports.

But there's still plenty of room to grow.

If we want to continue that success, we'll need more participation from small to medium-sized businesses, which often aren't exporting nearly as much as they could.

Although the United States overall is a strong exporter, only one percent of our companies export, and of those that do, 58 percent sell to one market, typically Canada or Mexico.

We can and must do better.

Now, of course it's important to sell more within the United States.

But in a global economy where 95 percent of the world's consumers live outside U.S. borders, you've got to go where the customers are.

The more markets you are selling in, the more diversified your customer base is.

That's why U.S. companies that exported a lot generally held up better during the recession than companies that didn't.

And the truth of the matter is that your "made-in-the-USA" goods and services are highly valued and greatly desired throughout the world!

Still, there are plenty of reasons why many U.S. companies don't export:

- They may have trouble getting the financing they need to produce more of their goods; or
- They may be worried about getting timely payment from an unfamiliar customer.
- They may have difficulty understanding and navigating foreign customs and regulations; or
- They may not have the networks to get meetings with potential distributors, customers or foreign government decision-makers.

The National Export Initiative, or NEI, is designed to help more companies overcome these hurdles.

We understand that when you're running a small business, you've got:

- Payroll to meet;
- Orders to fill; and
- Customers to serve.

You might not have time to go searching for government services that can help your business. So we're working to make it as easy as possible for you.

You can go online to [export.gov](http://export.gov), or call 1-800-USA-TRADE, to get information about the full range of federal export services – or to contact one of our trade specialists at the Commerce Department.

We've got representatives from our International Trade Administration, which advocates for U.S. businesses in 77 countries around the world, and has outreach teams in over 100 cities across America. They can:

- Work with you to design and implement a market entry or expansion strategy;
- Conduct an international search to find potential agents or distributors for your unique business; and
- Contact potential overseas businesses.

Think of it as match-making for exporters. We'll keep searching for partners and customers for you until you find the right fit.

One of our great export teams is right here in Minneapolis, and they've got a proven record of connecting Minnesota businesses to those foreign markets.

We know government can't solve all the problems facing our country.

What we can do is create smart incentives so that businesses like Permac Industries in the Minneapolis area – and all around America – can build something special.

That's how we ensure that U.S. companies compete and win in the global economy and create new American jobs. And that's what the Administration is focused on like a laser.

Thanks for sharing your day with me, and please know that we always welcome your thoughts and recommendations on what we can do better to help you grow your businesses and create jobs.