

Remarks at BIS Update Conference on Export Controls and Policy

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Acting Commerce Secretary Rebecca Blank

Remarks at BIS Update Conference on Export Controls and Policy

Thank you, Eric. Good afternoon everyone. It's great to see so many exporters and leaders in export controls here today.

I want to thank Eric, David, Kevin, and everyone at Commerce's Bureau of Industry and Security for putting this conference together. And I know there are many public servants here from across government—thank you all for helping with this conference as well as for your day-to-day work.

I'm told this is the smartest crowd in the country on the issue of export controls. This isn't a topic that makes many headlines, and some have said that this crowd is perhaps a little on the geeky side.

I was pleased to hear this, since it means that as an economist, I'll fit right in.

But—in all seriousness—I hope you've seen the commitment that this administration has brought to export control reform over the past three years.

The president gets it. I get it. And, in fact, many leaders throughout the administration get it, too.

But before I discuss the national security objectives with respect to the export control reform initiative, I want to say a few words about the president's top priority—which is strengthening our economy and creating more jobs.

The fact is, we are still digging our way out of the biggest recession since the Great Depression. It's easy to forget that at the end of 2008, we were losing about 750,000 jobs every month.

The damage inflicted on the economy by the financial meltdown in the fall of 2008 was enormous.

But, because of the Recovery Act, other administration actions, and—importantly—the indomitable spirit of our private sector, American businesses have now had 28 straight months of private sector job growth, with 4.4 million new jobs for hardworking Americans.

Of course, we have much more work to do before the economy is back to the levels of growth and activity that we all want to see. But I believe that—with your help—we are already building a stronger economic foundation for American competitiveness in the 21st century.

One increasingly important part of that economic foundation is strong levels of American exports. We need to empower American businesses to build it here and sell it everywhere.

Exports have played a central role in our economic recovery. They accounted for over half of our increase in GDP in 2011, a year when we hit an all-time record of \$2.1 trillion in exports.

Notably, about 60 percent of that was manufactured goods from businesses such as many of yours.

We want to build on that momentum by continuing to push forward with the President's National Export Initiative—which is one of our priorities at the Commerce Department.

The goal is to double exports by the end of 2014, because we know that more exports mean more jobs.

Already, we've seen the number of export-supported jobs increase by 1.2 million from 2009 to 2011. And, importantly, these are good jobs that pay 13 to 18 percent higher—on average—than others. So increasing exports translates to stronger economic security for middle class families.

Make no mistake. Given the economic slowdown in places like Europe, it will be challenging to keep our exports growing strongly in the near term.

But we have achieved a couple of important wins—especially in the past few months—that will help to boost the competitive position of our exporters.

For example, I'm very pleased to say that the Korea and Colombia trade agreements are now in effect. About 80 percent of the tariffs on goods exports of consumer and industrial products to both countries are now zero. Nada. These agreements will drive billions more in annual U.S. exports and create tens of thousands more jobs here at home. That's good news.

In addition, the Commerce Department pushed hard to reauthorize the Export-Import Bank—one of our key partners. This was important because Ex-Im supported over \$40 billion in exports last year. I know that some of the businesses here today have worked with Ex-Im to get deals done.

Now I want to ask your help with something. We need to get the word out to businesses—both small and large—that these new trade deals are now in effect, and that agencies like Commerce's International Trade Administration and Ex-Im are highly-motivated to help businesses that want to take advantage of these new opportunities.

But we can't stop there.

Through the NEI, we continue to think strategically about which sectors and markets give American firms a comparative advantage in the global marketplace. From infrastructure in India—which was the focus of one of our recent trade missions. . . to energy in Eastern Europe—where I just went. . . to aviation in Brazil, and much more.

And—this is a crucial point—when new opportunities arise, we need to make sure that American businesses can compete on a level playing field. We can't afford to leave any jobs on the table.

That's why, right now, it's critically important that Congress repeals the Jackson-Vanik amendment in order to establish permanent normal trade relations with Russia.

Some are concerned that establishing normal trade relations with Russia is primarily going to advantage them. But, in fact, we need to do this for our benefit. If we don't repeal Jackson-Vanik, our businesses will be at a competitive disadvantage compared to other WTO countries that are geared up and ready to sell to Russia. Congress needs to act now.

So, trade promotion is one side of the coin, if you will. And ITA and our excellent commercial service officers will continue to help our private sector break records in U.S. exports.

The other side of the coin is equally important.

We must have a strong, effective export control system through the powerful partnership between federal agencies like BIS and American companies that sell our cutting-edge products. This is nothing less than a national security imperative.

As you probably remember, the last major changes to export control regulations took place over 15 years ago—and, furthermore, those changes were more organizational than substantive.

A lot has changed since then—in our bilateral relationships, in the global economy, in technology, and much more.

Parts of the export control system still show vestiges of Cold War-era threats and assumptions that are now outdated.

We're changing that through the President's Export Control Reform initiative.

Now, let me be clear up front. This initiative has at its core a continued commitment to national security. We must prevent key goods and technologies from falling into the wrong hands.

In other words, the changes we're proposing over controls on less-significant military items do not mean that key items will be—quote—“de-controlled.” In fact, the departments of Commerce, State, Justice and Homeland Security will continue to aggressively investigate and prosecute illegal exports to countries and end users of concern.

But, the fact is, we can be much smarter about where we focus our resources. And I'm sure you've heard many examples of why a more strategic approach is needed.

For example, controlling the exports of a bolt designed for one of our fighter jets to be shipped to one of our allies who has bought one of those planes – is important. But we shouldn't control that bolt in the exact same way that we would control selling that country an entire jet.

If something doesn't perform an inherently military function—and if it doesn't provide America with a military or intelligence advantage, then our plan is to shift its control from the State Department's munitions list to the more flexible Commerce Control list.

This will allow us to put in place more logical controls on trade with close allies. . . while maintaining strict controls over exports and re-exports to others.

This is just common sense.

I know that many of you in the room this morning have been closely involved in helping to support our export control reform efforts, so let me say thank you.

Over the past year, we have heard from hundreds of people in this community wanting to help make sure we get this right. I know that your comments have been insightful and extremely valuable. This has truly been a herculean effort on the part of both the public and the private sector, and we wouldn't be where we are today without your help.

Looking forward, we are seeing some light at the end of the tunnel on the list review.

Commerce, State and Defense have agreed on all the proposed revisions of categories. And I'm pleased to say that each of the categories is either in proposed rule form or nearing the end of the interagency review and clearance process.

We have some final hurdles. Before any rule is published in final form, Congressional oversight committees must be notified. The State Department plans to start doing this in the fall. And we hope to even have some of the rules published before the year is out—with enough of a grace period for companies to modify their internal compliance systems.

In other words: we are fulfilling what the president promised, we worked with you to make it happen, and my commitment to all of you today is that we'll keep working until we get the job done.

These export control reforms will not only enhance national security by focusing our resources on the greatest threats, but we'll realize other benefits, too. We will increase interoperability with our allies—which is crucial. We will reduce the incentives for foreign companies to avoid American-made parts—thereby strengthening our defense industrial base. And, importantly, we will reduce unnecessary regulatory burdens, expenses and red tape on American exporters.

So it's clear. We can create a 21st century export control system that supports our modern military and our 21st century economy. And, if we do this right, we can increase both the security and the prosperity of the American people.

Other administrations have sought to reform the export control system, but none has gotten as far as we have.

That's because of a strong commitment from the White House as well as the departments of Commerce, Defense, State, Justice, Energy and Homeland Security.

And, of course, that's because of all of you.

We will continue to rely on your efforts in the years ahead—both to increase our exports and to continue to work as partners in our export control reform efforts.

Thank you for everything you do to help America out-build, out-compete and out-innovate the rest of the world.

Thank you for inviting me. I hope you find the remainder of your conference both useful and enjoyable.