

NATIONAL PRESS CLUB LUNCHEON WITH SECRETARY OF COMMERCE PENNY PRITZKER

SUBJECT: EXPANSION OF TRADE AND INVESTMENT OPPORTUNITIES

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THOMAS BURR: (Sounds gavel.) Welcome to the National Press Club. My name is Thomas Burr. I'm the Washington correspondent for the *Salt Lake Tribune*, and the 109th President of the National Press Club. Our guest today is Penny Pritzker, Secretary of the Department of Commerce. I'd like to welcome our C-SPAN and Public Radio audiences. And I would like to remind you, you can follow the action live on Twitter using the hashtag NPCLive. That's NPCLive.

Now it's time to introduce our head table. I will ask each of you to stand briefly as your name is announced. Please hold your applause until I've finished introducing the entire table. From your right, Gene Kuleta, editor, Latin America advisor of Inter-American Dialogue; Alan Schlaifer, chairman, the Third Annual Wharton D.C. Innovation Summit; Michael Norris, CEO of Sodexo USA; Sean McAlister, chief learning officer global markets, U.S. Department of Commerce; Marilyn Geewax, a senior business editor at National Public Radio, and Vice Chair of the Press Club's Board of Governors; Tom Wyler, senior advisor for international economics, U.S. Department of Commerce; Kasia Klimasinska, a breaking news reporter for Bloomberg and the Chair of the Press Club Speakers Committee.

Skipping over our speaker for a moment, Kevin Wensing, retired Navy captain, senior advisor to Powertron Global and the Press Club member who arranged today's event. Thank you, Kevin; Holly Vineyard, deputy assistant secretary of commerce for global markets, U.S. Department of Commerce; Tony Culley-Foster, President and CEO of the World Affairs Council; Ayrich Elhad [?], a journalist from Middle East

Broadcasting Network; and Ralph E. Winnie, Jr., vice president and director of the China program at the Eurasia Center. Thank you all. (Applause)

The Secretary of the Department of Commerce oversees a broad portfolio including the Census Bureau, the National Oceanic and Atmospheric Administration, the Patent Office, and several economic statistic and development divisions. The Secretary also has a very short job description; to be the voice of U.S. business in the President's cabinet. As the 38th U.S. Secretary of Commerce, Penny Pritzker brings 27 years of experience in the private sector to the critical task of energizing the U.S. economy and helping the global economy grow. One of her top assignments is selling Congress on the Trans-Pacific Partnership, the largest regional trade deal in history. The measure has significant democratic opposition including from the presidential contenders Hillary Clinton and Bernie Sanders.

The champions of free trade deal say it will open markets for U.S. exports and helping American businesses compete globally is one of the Commerce Department's priorities. To that end, Pritzker has visited about three dozen countries in her role as secretary including Cuba with President Obama last month.

Under Pritzker's guidance, the department has created programs to insure that American workers have skills that are needed in a 21st century workforce including a \$600 million training and apprentice program. Pritzker is a billionaire entrepreneur and philanthropist. She has long connections to the Obama family and was finance chairman for the President's first campaign. She was nominated and confirmed for the cabinet post nearly three years ago.

Pritzker earned her degrees from Harvard and Stanford Universities before joining the family's extensive business operations which include the Hyatt hotels. Please give a warm National Press Club welcome to Secretary of Commerce, Penny Pritzker. (Applause)

SECRETARY PRITZKER: Thank you.

MR. BURR: Thank you, Madam Secretary, and thanks for being here. To start off today, perhaps you can talk to us about your job? People in this room may understand your role, but for everyone else it's a big department with a big purview. What is it that you do and what have you learned in your job since getting here?

SECRETARY PRITZKER: I have the best job in Washington, first of all. You know, the Department of Commerce, if you think about us, our number one stakeholder is really the business community and our job is to-- and what the President asked me to do-- was build a bridge to the business community and make sure the voice of business is heard within the administration and around the world, and to be the chief commercial advocate for American business globally.

And so, our job, what does that mean? Our job is really to-- we don't create jobs. What we're trying to do is work to create the conditions so that the private sector can grow, our economy can grow so that we can have job growth in our country. And we do that by being a policy voice, but we also provide an enormous number of services that you, Tommy, you referenced. We are the weather service, so we give you your information about weather, all the apps and things that you have are run on our data.

We run the census. And what that means is yes, every ten years we do the decennial census. But we're really the survey organization for the federal government. So we're full of information. We're the International Trade Administration, so what we do is help American companies sell their goods and services around the world, and we help foreign companies that want to invest here in the United States invest here.

If you need a license to sell a good or service outside the United States, for the most part that comes through us, which is what got us involved so deeply in Cuba and the opening up of Cuba. We're also the economic development administration and the minority business development administration. So we give out grants to help communities develop strategic plans for their communities, which serve as a basis for funding for the rest of the grants from the federal government. We also give infrastructure and public works grants through our economic development administration.

I could go on and on. Of our 12 bureaus, all the interesting things we do including one of the coolest parts of the federal government is the National Institute of Standards and Technology. So we set standards for everything from fire hydrants to skyscrapers to nanotechnology which is very much a foundational aspect of how commerce occurs.

MR. BURR: So you listed a lot of organizations. What have you learned? What's the second part of that question? What have you learned since you've been in office about how it works, how it doesn't work?

SECRETARY PRITZKER: Well, let me talk about how we approach this broad array of things that we've done. And what I've learned is we started out as a team, a leadership team, to put together a strategic plan for our department, which really has five pillars; trade and investment, innovation, which is really about advance manufacturing, workforce development, digital economy. Data, because as I said, we produce two or three Libraries of Congress of data a day. Environmental intelligence. Through NOAA, we produce most of your climate science as well as information about-- as I say, we count the fish in the sea and we tell you how many you can catch. We weigh the ocean, we do all kinds of very cool things that allow for protecting our coastlines, but also allow for commerce to occur.

What I've learned is-- we do all of that on our fifth pillar, which is trying to run the place better, pillar of operational excellence. What I've learned is a couple of things. First of all, these large departments can be enormous assets if they know what they're trying to accomplish and what they're trying to do.

And so working with the professional leadership of our department, both career and political appointees, we created a plan. It wasn't Penny's plan or the Secretary's plan, and by virtue of that, then everybody knows what we're trying to accomplish within our building, at the White House, on Capitol Hill, our stakeholders in the business community, or think tanks and others.

And with that, that helps us all be better, right? Your job is to write about or to capture what we're doing in the press. Think tanks want to give us guidance on policy. Capitol Hill wants to tell us what we should be focused on and how much money we should have to do it. By laying out, "Here's what we think we should do," it allows for people to debate. But in essence, it guides the conversation. It also helps you flag your biggest risks. And I think that that's a prudent way to manage in what's a very complex organization.

And the other thing that I've learned is the quality of the people in our department are really terrific. You know, I didn't know what to expect. All I'd heard is what-- you know, I'd been in the private sector and I would take 90 plus percent of the people out of our department and put them in any private sector organization. These are very dedicated people, very knowledgeable in specific areas that are basically public goods. What they know is not something the private sector is going to be able to replicate.

And when I first came in that fall, we closed the government down. And I thought to myself, "This is crazy. What we, the public, are telling the people working in our government is we don't value what you're doing." When the reality is we can't do commerce without some of the inputs that-- patents, you can't protect your innovation we're the Patent and Trademark Office also-- without the work of the Patent and Trademark Office.

So, I've learned enormous respect for the people who work in our organization and how important it is to work with them to create a plan as to what you're trying to accomplish so people know that success looks like.

MR. BURR: Well, I'm not going to ask you how many fish there are in the sea, but let me ask you somewhat of a harder question. How would you describe our country's economic outlook and what dangers are there to our country's economy in the next 5, 10, 20 years?

SECRETARY PRITZKER: I think there are reasons to be optimistic about the state of our economy. If you look at-- we're 26 quarters of expansion and we've created, we being the private sector, have created about 14.4 million jobs and a consistent job creation over 73 months. Today, we have 5.5 million open jobs in our country. That's up a couple million jobs since when I came into office. I'm not taking credit or blame for that, I'm just saying that's a fact that's changed. Unemployment's at 5 percent, and participation is rising. Those are good news, and the labor force is up about 2.4 million people.

But, what are the challenges we face and things we have to focus on? Wage inequality and income inequality, it's uneven. You know, so we have some sectors like finance or technology or aerospace where wages are growing. And we have others where wages are not, or they've been flat for a decade or more. And that's, I think, playing itself out in our federal elections.

But that's not good for America. Manufacturing has been on the rise. Since 2009, about 850,000 jobs have been created in manufacturing. Output is up in manufacturing. Most recently, with the stronger dollar and slower global growth, you've seen-- we've lost about 50,000 manufacturing jobs in the last, you know, six months. But, that's a great source of opportunity, but we've got to invest in advanced manufacturing. We cannot take our manufacturing base for granted.

And then GDP in the fourth quarter was up about 1.4 percent. That's fine. It's not as strong as everyone would like it, but we're still growing. The bright spots in our economy are really housing, we're up about 7 percent year over year growth. The consumer's doing better because oil prices are down. There's some problems with oil prices being down, which is it's hurting not only the oil and gas sectors, but it's also hurting manufacturers and equipment suppliers that supply into that sector.

But consumer spend is pretty solid, and construction is good. We're up about 300,000 jobs year over year. So, you know, one of the things that I think is good about our economy is its diversification. That doesn't mean if you're employed in a certain sector and your sector's not doing well, that doesn't mean you're feeling uneasy. But what it means is-- for probably 15 years before 2009, we had bubble after bubble after bubble. Today, I think-- and I'm not head of the Fed or our chief economist-- but based upon what I read-- and we're not sitting on bubbles today. We're sitting on, I think, solid sectors of our economy.

What should we worry about? Global growth is obviously something to be concerned about, and something that our administration works on, particularly our Treasury Department, the President and others. We should worry about barriers being put up for trade. You know, we have a significant amount of our growth and jobs, we have about 11 ½ million jobs that depend on our ability to sell outside the United States, which is where 80 percent of the buying power is and 95 percent of the customers-- we need to make sure we have access to those markets.

And I think we should not take the United States leadership position for granted. Our leadership position is based upon us having good leaders and that's something that we need to, as we go into election season, make sure that we assure not just at the federal level but at the local level, that we have good leadership and responsible leadership that's balancing the issues between trade and commerce and wages and national security and innovation. Innovation's a big opportunity for our country and we invent at the Department of Commerce in innovation through our Economic Development Administration.

Our posture of training many, many immigrants in our STEM fields, probably 50 percent of our Ph.D.s and our master's degree students, are immigrants and then not welcoming those people to stay in our country, but instead insisting they leave is a problem. It's a problem not only for existing companies, it's a problem for our economy writ large. We're built on constantly reinventing ourselves and so it's very important that we have that kind of reinvention.

MR. BURR: Let's stick on the trade issue for a second. We're hearing a lot these days about trade and potential trade wars that are suggested by various candidates on the campaign trail. Can you give us your perspective on the trade and trade agreements, in particular, and any fears about possible trade wars that have been talked about?

SECRETARY PRITZKER: Well, let's step back for a minute. The strength of a country is measured on a number of things. But one way the strength of a country is measured is on the strength of its economy. And as I said earlier, 95 percent of customers are outside the United States and 80 percent of the purchasing power. And we have great companies and great people working in our country producing goods and services that are-- that the world wants. I've been to almost 40 countries. I've yet to meet with a leader of any of those countries that doesn't want American companies present and American products, and doesn't want to see policies that also support American workforce.

We should not-- as it relates to Transpacific Partnership, lots of rhetoric out there about this deal. First of all, any deal with-- all of you have negotiated deals. Deals don't happen when it's all one sided. But this is a very good deal. It's a very good deal for America, it's a very good deal for the 12 countries that are participating in it. And we should remember that there have been about a hundred free trade agreements negotiated in the Asia Pacific since 2000. So other countries, their companies have the ability to access those markets without paying the tariffs that we're paying. I mean tariffs like 40 percent on, I think, manufactured goods, and up to 70 percent on autos.

But this is an agreement that allows for greater digital trade. About \$400 billion of our services exports and the fastest part of our exports, services exports, are digital products. We dominate the world in digital products. For the first time, there's now a chapter on protecting against data localization, creating opportunities for our companies, chapters on small and medium sized enterprises.

So, these are really, really important agreements. I think the thing to remember is, as I said, 11 ½ million Americans jobs, and this are good jobs, depend upon our ability to export. Now, let's not forget we live in a time of globalization and rapid technological change and disruption. And that is affecting our workers. And this administration has not ignored that. That's why the Department of Commerce has made workforce training a priority. That's why we're partnered with the Department of Labor and the Department of Education so that not only young people are being prepared for the jobs of the future, but if you're in an industry that's being affected by the global forces, that you have the capacity to be retrained or re-skilled into equivalent or better jobs.

And I was in Houston ten days ago meeting with workers and local leaders from the petrochemical industry. You know, the oil and gas industry is struggling. Petrochemical industry is thriving right now. And so you're seeing a lot of re-skilling and retraining going on. And it's fabulous to see. Let's say that's just one example of an effort that we have at the Department of Commerce of really saying okay, there's impacts of trade, of globalization, of technology and technological disruption. We need to make sure that the people in our country are not left behind in that change.

MR. BURR: So you mentioned TPP. What is the future? What's going to happen?

SECRETARY PRITZKER: Well, I'm a believer that this deal gets done because now is the time to do it and because it's good for America.

MR. BURR: You say now is the time, before the election?

SECRETARY PRITZKER: I think it'll get done this year. I don't know the exact-- I'm not here to predict before or after the election or this week or that week. I'm really here to say this year, this is important that we get done. You know, if you look at all the data, start with the data, the data says the cost to the country of not doing this is like \$94 billion just in one year alone. But let's talk about the arguments that are being made about implications for either U.S. companies or U.S. workforce. If we're not selling our goods, if our workers aren't able to produce services or goods that we sell into the fastest growing marketplace in the world, both our companies and our workforce is going to get left behind because the world's not standing still. Someone will provide those goods and services. We're leaders. We shouldn't step behind and wait, we should engage.

And what the Transpacific Partnership does is it sets the rules for what are labor standards, what are environmental standards? What are the rules of the road for small and medium sized businesses? That's who's really going to benefit from this deal; small and medium sized businesses who are struggling today with variable customs rules or arbitrary tax rules or procurement that's being affected by corruption, all of which will be positively impacted by the Transpacific Partnership.

So I think that the support for TPP In Congress is stronger than what is being reported in the press. It's very politicized, as we all know, right now. But I think the window is this year.

MR. BURR: Is that where-- I assume you've been on the Hill lobbying. Is that what you tell senators about this? Is that what you say? You pitch that this has to happen this year?

SECRETARY PRITZKER: Yes. And I also don't pitch it alone. I'm there with small and medium sized businesses, as well as large corporations. And we've gone to dozens and dozens of districts around the country where we're meeting with companies and workers whose jobs, whose existence depends upon access to these markets.

Remember, these are markets where China and other countries have no tariffs, no barriers. We're sitting in a disadvantage today. These are countries in the Asia Pacific where-- I guess I was-- take World Art Group. They make original art posters. They employ 25 people, they're based in Virginia. They sell into the Asia Pacific, but their posters have a 30 percent tariff. And the CEO says to me, and we'll walk through the factory floor and he says to me, he says, "I could hire another five workers if this deal gets done."

There are thousands and thousands-- Concept One is a cosmetic company that sells mostly outside the United States. Again, employs about 25 workers. Talks about, "I can hire another five or ten workers if we can have these-- if I can have access without the kind of impediments that I'm facing today." You know, there are thousands of stories like this around the country. And that's why I think at the end of the day, we'll do the right thing.

MR. BURR: Another question from the audience with amazing penmanship, by the way. Speaking of TPP, is there any cooperation with the Department of Education to insure that current students will enter into a post-TPP market with the necessary 21st century skills? And what new skills are there that need to be-- that are necessary?

SECRETARY PRITZKER: Well, this is an effort that's not just with the Department of Education, it's also with the Department of Labor. So, addressing the 21st century skills that our young people, as well as our workforce writ large need, is something that we have to acknowledge there's been a ton of change, right? I mean, I find that I'm constantly having to learn about new things in order to do my job. And that's true in general as we live in this disruptive age where technology is playing an enormous role alongside our workforce.

And we've got to work with technology, which means we have to understand how to take advantage of it. So the skills that are needed, the coding skills or the basic math or fundamental communication skills that are necessary in order to be successful, as well as middle skills. There's an enormous opportunity in middle skilled jobs in manufacturing and in other areas for young people.

What has to happen, and this has been the way that we at the Department of Commerce have worked with the rest of the federal government is to say skilling, whether it starts in K-12 or it goes all the way through community college, university or other training organizations, has to start with the business community taking a leadership role. And the reason that I say that is we need to understand the jobs and the skills that are needed first.

Second is it's local. You can't sit in Washington and say we need X number of petrochemical workers. The folks in Houston know how many petrochemical workers they need and how many construction workers they need over the next three to five years. They then come together, and that's what we're doing at the department. We've not only created a checklist so that grants that are given locally meet the need of being both

business driven and-- business lead and job driven, but also then we're working with local communities and our communities that work partnership to say what are the best practices in the local communities so that you can be training the folks living in your community for the jobs that exist, and will exist, in your community.

And the sectors that are strong in Houston are different than San Francisco or different than Georgia or different than New York City. And so that's why it needs to be a local endeavor. But the fundamental premise of bringing together the business leadership with the local leadership with your K-12 and your community college and your university and your social service organizations is necessary in order to address creating the workforce that's ready for 21st century. Breaking down those silos is something that we at the Department of Commerce are working on.

MR. BURR: Let's talk about another part of-- the other side of the country. Do you think the next administration, either Democrat or Republican, will continue to work on deals with the European Union? And on that point, is it smart to continue working on trade deals with the EU when it may be better to focus on partners where economic growth may be much faster? In Africa, for example?

SECRETARY PRITZKER: Well, it's not an either/or, first of all. I mean, we're working hard on strengthening our economic relationship with different countries in Africa. But we're also working on Europe and we'll go this week to-- the President goes to the U. K., and then later in the week, he'll be in Germany at Hannover Messe which is the largest trade fair in the world. About 200,000 people go to this trade fair. And we, for the very first time in the history of this fair, which is 47 or 48 years old, the United States is what's called the partner country.

And the point being why would we step up to be a partner country at a trade fair, why would Germany ask us to do it? It's because trade between the United States and Europe is extraordinarily important, both for goods as well as services. And so we have to invest in both TTIP, having free trade agreement with Europe, but we also need to invest in making sure that we have what's called now the US/EU Privacy Shield. We do about \$260 billion a year of digital trade back and forth between Europe and the United States. All of that has been called into question with a court case in Europe that questions the ability for data to move back and forth. Has it got enough privacy protections in it?

We have negotiated what's called the US/EU Privacy Shield with European Commission. That's another thing we need to make sure that we have so that trade not only-- the trade that we do today is protected, but also so that our digital trade can thrive and grow.

And finally, Europe has got a digital single market they're trying to create. We're working to make sure that that's an opportunity for American businesses and not about putting up walls around Europe so that American companies don't have access. All of which is really important.

You know, can I tell you something? I wanted to say today, if you think about a lot of what we're talking about, which is doing trade and business around the world, or exporting, what's really critical is that the Department of Commerce has-- we have foreign commercial service officers in about 75 countries around the world, and we have over a hundred U.S. export assistance centers here in the U.S. These are filled with thousands of people whose job it is, is to help American companies do business around the world and to help foreign companies who want to do business here in the United States. And today, we're announcing the creation of our Commercial Diplomacy Institute, where we're creating-- bringing together the advanced training and development that we do for our key leadership and our foreign commercial service center, our U.S. export assistance center.

We're bringing together our online and our in classroom training. We've got new and internships with industry and fellowships with think tanks for our workforce at the department so they could be better trained to assist American companies doing business around the world.

We're also working with eminent visiting faculty and developing a lecture and speaker series. So I'm very proud of the fact that one of the things that we're doing is investing in our own workforce so they could be ready for the 21st century.

MR. BURR: Could you give any specific examples of where that's being put into practice, which companies, which think tanks, which focused--?

SECRETARY PRITZKER: Sure. So we've got now a fellowship with the Woodrow Wilson Center. We've got internships at-- I don't know the list of companies off the top of my head. But, we're teaching all kinds of training courses so that, for example, we've just created a digital attaché program so that in the ASEAN countries, Brazil, China, Japan, India and the EU, we're going to have experts in the digital economy. Because as I said, our digital services exports are some of the fastest growing exports we have.

And what we want to do is make sure that our people are trained to address the digital economic issues in each of those countries or regions, and that they could advance commercial diplomacy and drive policy change on technological issues and be at the front line for small and medium sized businesses around the world.

MR. BURR: This is probably not as related, but economic diplomacy. You recently traveled with the President to Cuba. Can you tell me, what is the next step and is it on Cuba for the next step to build the economic partnership with the United States?

SECRETARY PRITZKER: Well, first let me explain what economic diplomacy is and then we'll talk about Cuba. You know, if you think about-- I've been to almost 40 countries around the world since I've been in this job. And every country that I've been to wants-- they want to grow their economy, they want the presence of U.S. companies, and they want American goods and services. And commercial diplomacy is

the opportunity for the U.S. government to work alongside our private sector leaders to make the business case to foreign officials of adapting their policies to improve growth within their countries and improve greater opportunity for American businesses.

So for example, working on rule of law, intellectual property protection, trade secrets protection, access to foreign markets. And commercial diplomacy, literally we travel to foreign countries and sit side by side with American business leaders and talk with foreign government leaders about the policies or impediments to doing more trade and to doing more business together, to having the greater presence of American goods and services in their country. And it's really, I think, an essential pillar in our foreign policy tool kit.

Cuba, you asked me about Cuba.

MR. BURR: Yeah, because that obviously is related in some form, right? That's the reason we're--

SECRETARY PRITZKER: Yeah, absolutely. So I was honored to travel with the President on his historic trip to Cuba this past, what, it was about a month ago. It seems like it was just yesterday. But, the goal, the fundamental goal in Cuba, and obviously we're listening to President Castro address his-- he's got a big summit of the government right now, is I think every five years they come together.

You know, President Obama's attitude and the policy change towards Cuba is really simple. Isolation didn't work, let's try engagement. And where we came and got involved and the Treasury Department was in the change of regulations that allows for greater engagement with Cuba. So Treasury licenses affect the ability to pay for goods and services in Cuba and the commercial-- Commerce Department license affect your ability to sell certain goods and services to Cuba. Now, we still have the embargo in place, so there are legal limits as to what can be done. But the new policy has allowed for direct mail, direct flights, more Americans to visit, the sale of and the creation of tractor factory in Cuba and other different types of telecommunications support.

And this engagement with the Cuban people, first of all, we were warmly received. The streets were lined with people excited about the presence of the President of the United States. And this is very important, not only for our relationship with the Cuban people, which is really what the President's interested in, is helping to support the Cuban people and also to demonstrate-- for example, there was for the very first time an open press conference where President Castro took questions from the western press. The Cuban people have never seen that before.

And so there's a lot of exposure that's occurring and the relationship with Cuba will evolve. It's not going to-- this is not going to be an overnight change. As the Cuban government clearly states, they're a socialist government. They have a different structure. But, there is an opportunity for us to engage, there is an opportunity for some commerce

to exist even with the embargo in place. And things will evolve as there's greater and greater connections between our people.

MR. BURR: It sounds like the impediment is on the Cuban side, then? If they were willing to work, then we could have more opportunities for expansion of trade and commerce?

SECRETARY PRITZKER: I think you have to remember, this is a country that we haven't had a relationship with for 55 years and that there's 11 million people. It's a lot of change that's being presented, and at some point they have to absorb it at a rate that they can absorb it.

MR. BURR: Switching to another country, it's been a while since the nuclear agreement with Iran has been struck. Yet, it seems the United States is not doing much business with Iran yet. Do you think that will change any time soon?

SECRETARY PRITZKER: That's a very complicated situation because while we've lifted sanctions for their nuclear activities, there's still sanctions in place for the bad actions in terms of supporting terrorism and other things around the world. So, it's a challenge. We're assessing the situation right now and trying to sort out kind of what direction this should go.

MR. BURR: Switching back to-- there's a lot of TPP questions, so we'll go back to that one if we can for a second.

SECRETARY PRITZKER: Sure.

MR. BURR: How do you expect the TPP, the deal, to affect immigration?

SECRETARY PRITZKER: I don't know that TPP has any kind of specific effect on immigration. I think what it will do, though, is increase people to people engagement, which will affect more and more students traveling here. One of the things we know is, and you see it around-- with countries around the world where we have really active relations-- that leads to more and more people engagement, that leads to more and more students studying in both countries, which leads to greater understanding and greater engagement. So, I think it'll have a positive effect on immigration, but I don't know specifically-- I don't think the TPP per se, it certainly doesn't affect our immigration laws.

MR. BURR: We've kind of touched on this, but there's been so much negative rhetoric in the United States presidential campaign about trade accords such as TPP. Have trade accords not worked well for Americans?

SECRETARY PRITZKER: No. You know, as I said, 11 ½ million people have jobs in our country, and these are good jobs that pay above the average job in the country because we're able to export. Our ability to export is often dependent upon our-- a

significant amount of our trade is with our free trade partners, I forget the exact data, but that creates opportunity. Now, it would be naïve to say that there aren't impacts. There are impacts on certain sectors of our economy. That's why you have to constantly-- but it's not just trade. We have to constantly be investing in our workforce in order to make sure that as the evolution of globalization, technology and other effects, so that our workforce can remain not only as productive as it is, but as employed as it is.

MR. BURR: A few questions on cyber security, which you've touched on a bit earlier today. What is the impact on cyber attacks on U.S. businesses, and what is the Commerce Department doing with the U.S. and international partners to combat the cyber threat to the United States businesses?

SECRETARY PRITZKER: Well, the cyber threat is a day to day war and we should not-- with our businesses. I mean, if you're running a business today in the United States of any size, you are under constant attack. And so that's a challenge. What we've done at the Commerce Department is, first of all, we created what's called the cyber security framework, which is used-- it was originally developed for critical infrastructure so that there was a framework not only for managers or technicians to be able to know if they're doing a comprehensive job on cyber security. But it creates a vocabulary and a framework for a board or outside evaluation of the quality of cyber security protection at a company or, frankly, if you're running a department of the government, et cetera.

The second thing is on Thursday of last week, we kicked off a presidential commission where we at the Department of Commerce or the secretary, I'm working very closely-- the president's cyber security commission. It's actually a nonpartisan or bipartisan effort. Leaders in Congress have also appointed members to this commission that are putting together a blueprint for our government. Going forward, they'll produce the report in December on not just the state of cyber security, but what do we need to do to continue to be at the cutting edge of cyber security protections for our government, for our businesses, for our national security.

MR. BURR: Somewhat related, speaking of data, intellectual property of U.S. businesses in many forms; music, movies, have been stolen and stolen frequently. How much does this cost American businesses?

SECRETARY PRITZKER: I don't have the exact number in front of me, but a lot. And it's a big issue and it's a big problem. And it's something that we spend at the Department of Commerce an extraordinary amount of our diplomatic engagement on intellectual property and trade secret protection. It's absolutely essential that-- and that's one of the reasons why you want the Transpacific Partnership. It solidifies the agreement between 12 countries on what is the highest standard of intellectual property protection.

MR. BURR: You talked about income inequality earlier. Good question from the audience. What can you say about the position of women in America? Do you believe they are treated fairly and have as many chances as men to climb to the top?

SECRETARY PRITZKER: Well, you know, look, the data speaks for itself. We have to work, you know, how many days into the year, it seemed, until we're being the equivalent of what a man earned last year? That doesn't seem fair. We only have, I think, 25 or 30 women leading the Fortune 500 companies. Our boards don't-- I think less than 19 percent comprised of women. So we need more women in leadership positions. And frankly, I think that the revelation that women control, I think, two-thirds of the buying power in the world and makes 72 percent of the purchase decisions in the United States, that women are-- more women are graduating from college than men. I think that we ought to apply the Rooney rule, if you will, and for every job opening you ought to interview at least one woman. Give her a chance. You might be surprised. But, the reality is that we're doing better, but we're not where we need to be.

MR. BURR: Somewhat related on that, innovation has obviously played a large role in the U.S. economy over time. What should the nation do to put more emphasis on innovation; i.e., STEM education and specifically STEM education for women, minorities, immigrants?

SECRETARY PRITZKER: I think one of the biggest challenges that we have to do is, one, education of parents and of guidance counselors and, frankly, of middle school leaders. Which is if you don't get on a STEM path by middle school it's too late. Your opportunity to become an engineer becomes more and more difficult the longer you want to really invest in your math and your science education. And that's something that I didn't really appreciate until I became a parent myself and I think that we owe young people that kind of guidance.

But we need to make these jobs come alive. And one of the things that we've done is we have started something called manufacturing day. I think it's October 6th or 7th this year. Where last year, 2,500 companies opened their doors to young people from their local schools to see what manufacturing looks like, to see what STEM looks like. And not everybody has to have a Ph.D. in order to go into a STEM field. There are great careers available in manufacturing.

But we need to show folks what do those careers look like? What is that opportunity? And it was very exciting. I went to Delaware last October for manufacturing day and I met a number of young folks who had gone to high school and then gone on-- they'd gone to a technical high school and then gone on to community college. They were working in-- doing really exciting things with both programming and manufacturing. And they were sitting there with no college debt, they were homeowners, they owned their own cars, they were thriving in their careers.

And in fact, some had gone back to finish up and get their undergraduate degree or their associate's degree. But, what we're trying to do is make it easier for young people to find multiple paths into the careers that exist. But in terms of greater awareness of STEM, we've got to make it easier and easier for folks to see what those careers look like. And that's something that's happening, you're seeing it online.

MR. BURR: Going back to trade for just a few minutes. Sorry for bouncing around, but a lot of different topics today.

SECRETARY PRITZKER: It's the Commerce Department. We have a lot of different things we do.

MR. BURR: Do you believe that China is manipulating its currency to gain a trade advantage, and do you see any other countries doing that?

SECRETARY PRITZKER: Well, currency manipulation's really the purview of the Treasury Department so I don't want to get out of my depth here. But I would say that, you know, the challenges that we deal with China are, at the Department of Commerce, are less around currency and more around things like intellectual property protection. Or, frankly, one of the biggest issues that we're dealing with is steel and overcapacity of steel. And that's a very, very big concern for us at the Department of Commerce right now. There's an OECD meeting going on right now, and frankly, you know, the Chinese government needs to decide whether they're going to pursue the reform agenda that they have laid out. They're really at an inflection point. And this idea of constantly reinvesting in steel when they have-- I think they use about 840 million tons of steel a year, but they have capacity for about 1.2-plus billion tons of steel a year, is totally distorting the world marketplace, is affecting jobs here in America. Is affecting jobs in London, or in England, and is affecting jobs all over the world.

And the Chinese have made it-- they've said we're going to export our excess capacity, Premier Lee told me that. And it's not fair to the global economy. So that's a challenge that we at the Department of Commerce are dealing with, with China.

MR. BURR: On the campaign trail, Hillary Clinton has said that she wants to shut down the U.S. coal industry. If she's elected, and successful, how would that affect the U.S. economy?

SECRETARY PRITZKER: Well, I think that we're in an energy transformation and I think that the coal industry has been significantly impacted by our transition to renewables. That's positive for our environment and that's a positive trend. But I think the idea of just abruptly shutting down any one form of energy is probably-- I think this administration has a different approach, which is really one of transformation into an energy portfolio that's far more driven by renewables without abruptly just saying we're going to turn off one source of energy one day. I'm not sure that is doable.

MR. BURR: I believe Secretary Clinton's also had some concerns about TPP and Donald Trump on the other side of the aisle has said that U.S. trade policy isn't smart. Some of the presidential candidates also are criticizing trade deals. What are you hearing from your partners around, your colleagues around the world? Are they concerned the next head of the United States might walk back some of the progress that has been achieved by the Obama Administration on fair trade bills?

SECRETARY PRITZKER: I think that the first thing that I'm hearing is how important it is that we do have these fair trade agreements. And that's exactly what we've negotiated, which is fair trade. And I think it's unrealistic to think that any deal is going to be perfect. That's not-- so you can always pick in a deal, I don't care who you're negotiating with or what the subject is-- you can always find something that you don't like in it. The question is overarching, do you think it's good for the United States and absolutely I think these trade deals are good for the U.S. and good for American leadership. And you've seen it not just in terms of economic leadership, but also national security leadership. And the presence of the United States in the fastest growing economic region in the world, and also a region where it's extremely important-- so much-- our supply chains are intertwined. We need to acknowledge that.

So I think that one needs to put some of this rhetoric in perspective and recognize how many jobs in our country depend upon our ability to access these markets. How much of our economy's well being depends on access to these markets? So I think it's more nuanced.

MR. BURR: We've added nearly \$10 trillion to the U.S. debt in the last seven, eight years. Is this a ticking time bomb for the U.S. and the global economy?

SECRETARY PRITZKER: I think our debt to GDP has come down dramatically, and I think that if you look at the U.S. financially, we're sitting in a pretty good position. But I would defer to our Treasury Secretary to talk about the U.S. balance sheet.

MR. BURR: Okay. We talked about energy a few minutes ago. The United States has been approaching energy independence, but the Keystone pipeline was not approved. Has this affected U.S./Canadian relations and America's aim for energy independence?

SECRETARY PRITZKER: So, when Prime Minister Trudeau was here, I think relations, as you saw from all of the publicity around that visit, are very positive. I know on a working level, my relationship with my counterparts, the two ministers that I work, is a very positive and constructive one. So, we're moving forward addressing lots of issues and trying to make the North American platform the most globally competitive platform for commerce and trade in the world.

MR. BURR: I believe this is one of your predecessor's ideas, but what happened to the National Export Initiative? It was supposed to, I believe, supposed to double exports in five to seven years, as promised?

SECRETARY PRITZKER: So exports have grown dramatically as the world is slowing-- as global growth has slowed over the last year or so. That's affected some exports to a modest extent. But, the trajectory, the long-term trajectory's, very positive. Look, the notional direction of growing exports is very important to our economy. It's

very important to jobs, it's very important to helping American-- the average American's income.

And so it is, you know, whatever a target is for five or six years isn't what's important. What's important is we're continuing at the International Trade Administration to put in place policies that encourage the ability for American workers and American companies to be able to sell the products and services that they make all over the world. Not just here in the United States, even though we have a great marketplace. But as I said, 95 percent of consumers and 80 percent of purchasing power is outside the U.S. Why not have both?

MR. BURR: Do you anticipate the U.S. trade relationship with Russia changing at all in this administration? Will the current sanctions remain in place? Will more be added?

SECRETARY PRITZKER: Well, obviously the decision about sanctions is evolving depending upon the behavior of Russia. And I think what the United States would like to see is you'd like to see resolution of the conflict in Ukraine, resolution of Crimea to- that would lead to a changing posture on sanctions. You know, but having said that, President, you know-- we still engage-- we have to engage with Russia on many national security issues, which is continuing to go on, because that's a purview where there's overlap of certain responsibilities with Russia. Not our national security, but third party situations like dealing in Syria or dealing with ISIL.

MR. BURR: I'm back to the presidential trail again real fast. It's been a somewhat divisive year out there. Do you think foreign investors are hesitant to invest in the United States right now due to the political uncertainty related to the presidential election?

SECRETARY PRITZKER: I'm not seeing that. You know, we run an effort called Select USA, which is the very first time, it's an initiative created by President Obama, and we at the Department of Commerce have built the organization to support this to attract foreign direct investment in the United States. And the reason is we know that about 5.6 million Americans are employed in foreign owned American companies. And these are good jobs, and they are well paying jobs.

So, we're working hard to attract foreign direct investment. We'll have our next summit in June. We do all kinds of initiatives to attract foreign direct investment. I'm not seeing a reluctance by those companies. There's a great interest in the United States. And the reason for that is multiple issues. First of all, the respect for rule of law in our country. The protection of intellectual property and trade secrets. The investment that we make in our universities, the commitment to research and development, the productivity. We have the most productive workforce in the developed world. And we have abundant energy resources. You put all that together, and many other assets, the United States is an attractive place to invest for both selling goods and services here, but also as an export platform.

MR. BURR: Before I ask the final question, I have a few announcements. A quick reminder: the National Press Club is the world's leading professional organization for journalists, and we fight for a free press worldwide. For more information about the club, please visit our website at Press.org.

I would also like to remind you about some upcoming programs. A week from today, Dr. Tom Frieden, Director of the U.S. Centers for Disease Control and Prevention, will address the zika virus outbreak at a National Press Club luncheon. On May 16, Labor Secretary, Thomas E. Perez, a possible running mate if Hillary Clinton becomes the democratic nominee, will speak at a luncheon. And the Girl Scouts of USA CEO Anna Maria Chavez, will discuss changes she is bringing to the venerable organization on June 13. And I hope bringing some cookies.

Now, I'd like to present our guest with the National Press Club mug.

SECRETARY PRITZKER: Oh cool, thank you very much. (Applause)

MR. BURR: And my last question for you, ma'am.

SECRETARY PRITZKER: Thank you.

MR. BURR: I understand you are a marathon runner. I would like to know, and our audience, I think, would like to know, what is the secret for training for a marathon?

SECRETARY PRITZKER: Okay, so I have run a bunch of marathons in my life. I'm sort of transitioned to running triathlons now. What's the secret to training is you have to do it every day. And there are great programs online, so if you're interested in a triathlon or a marathon, get one of the programs and just follow the directions. You've got to do your long runs on the weekends and then get enough base down. But, you can also over-train, so don't over-train.

MR. BURR: Well, we all have now homework. Thank you very much, Madam Secretary.

SECRETARY PRITZKER: Thank you. (Applause)

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