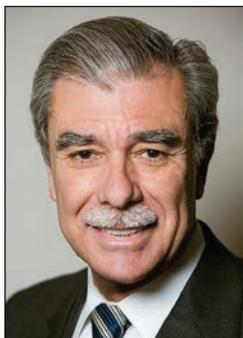


Addressing Global Challenges

An Interview with **The Honorable Carlos M. Gutierrez,**
Chair of the Albright Stonebridge Group, UST Global

EDITORS' NOTE *Carlos Gutierrez is the current Chair for Albright Stonebridge Group. He served as the U.S. Secretary of Commerce from 2005 to 2009 under President George W. Bush, and joined Albright Stonebridge Group from Citi, where he served as Vice Chairman of the Institutional Clients Group and a member of the Senior Strategic Advisory Group. Secretary Gutierrez was born in Havana, Cuba. He joined the Bush administration in 2005 after spending nearly 30 years with Kellogg Company. After assignments in Latin America, Canada, Asia, and the United States, he became President and Chief Executive Officer of Kellogg in 1999. In April 2000, he was named Chairman of the Board of Kellogg Company. As the 35th Secretary of the U.S. Department of Commerce, Secretary Gutierrez was responsible for heading a Cabinet agency with almost 40,000 employees and a \$6.5-billion budget focused on promoting American business at home and abroad. Secretary Gutierrez is Chairman of Republicans for Immigration Reform, the political action group that he co-founded in 2012. He also serves as a National Trustee at the University of Miami and as a visiting scholar at the University's Institute for Cuban and Cuban American Studies.*



Carlos M. Gutierrez

Today, there is much focus on emerging markets but there are substantive challenges as well. Are these systemic problems of concern long term or are they just growing pains that should be expected?

There is a problem in generalizing.

BRICS was the big thing – Brazil, Russia, India, China, South Africa. If you weren't in BRICS, you weren't global, so most companies changed their strategy to be in BRICS.

After the financial crisis when countries were exposed, it became apparent that there was little in common among these countries.

Some emerging markets are strong and others aren't. It's all about picking the right ones – it's not about generalizing and saying we're going to find emerging markets.

Are companies beginning to understand that China is not the only emerging market that should be focused on?

Yes. Companies absolutely were almost like a magnet to China, but Asia is clearly a lot bigger. What is happening now is that the world is regionalizing before it becomes global.

The European Union regionalized first. Asians are now looking at what they call an ASEAN +3 or ASEAN +6 – essentially the 10 Southeast Asian countries, plus Korea, Japan, and China in a free trade agreement.

This is going to happen over the next decade. As we speak, the Chinese are building roads going down into

Southeast Asia. If you look at our side of the world, the Americas are very fragmented – we don't have a competitive region, which is a shame because it's all being driven by politics.

Is the U.S. losing its competitive edge?

We still are, by far, the runaway leader in innovation, and as long as we are, we're going to be ahead of the game. Our competitive advantage is freedom – people are free to open businesses and free to fail, and that continues to be what keeps us ahead of the world.

There is no question that if you look around at the top ten ports in the world, six are in China and none of the other four are in the U.S.

Of the top 10 airports in the world, six are in Asia – only one is in the Western Hemisphere and that is Vancouver.

We have to invest in infrastructure, but part of the problem that the government has is that it spreads itself so thin that it becomes difficult to fund infrastructure because they have taken on so many other things. One of the most rewarding and valuable debates we can have in this country is what is the role of government and how will we limit where government spends its money, because we're not spending it where we should.

Is it hard to be optimistic when you look at how Washington is structured today?

First of all, we should be looking at political reform, because what is happening now is the extremes of both parties have taken over; districts have been gerrymandered so they favor one party over another, so the Democrats are concerned about a competitor from their left and the Republicans are concerned about a competitor from their right – I think we need to find a moderate center.

You're also a leader in the discussion around immigration reform. Are you optimistic that we can achieve true reform?

One of the most misunderstood parts of immigration reform is that everyone thinks it's only about the 11 million undocumented, but the reason we have 11 million undocumented is because we have a legal system that doesn't work. Our legal system penalizes businesses if they hire someone illegally or has them go overseas. We're seeing that with family farms and R&D centers.

The most important part of reform is getting a system that works for the economy. For some reason, we have never been able to admit that we need immigration, that we need a lot of it, so we're always falling short.

The Senate Bill, for example, said we could put a cap on agricultural workers and that cap would be 112,000. Our economy needs anywhere from 700,000 to one million agricultural workers a year, so where do you get the remainder?

For construction workers, there is a quota of 15,000, but we need 15,000 in Miami alone.

We have all of these unintended consequences and we're forcing people to hire illegally, to close down and move overseas, and we're not growing as fast as we could.

How did you get involved in UST Global?

I met the CEO (Sajan Pillai) in Mexico. He was introduced to me by former President Fox. He was training 10,000 Mexican students at the Fox Center to work in the STEM fields and high tech.

I asked if he had ever thought of doing something like that in the U.S., and he came back with the idea of training 1,000 African-American women with a community college degree to work in the software industry. The incredible thing is that he pays them a stipend while they're studying, and when they finish their training, he places them in jobs that are all earning \$30,000 to \$40,000 per year. These women who are so underrepresented in the STEM field all of a sudden have a shot. I give Sajan Pillai so much credit because corporate social responsibility for many companies has been limited to writing a couple of checks.

What UST Global is doing is very hard work but they're committed to it, and I have a great deal of admiration for the company. ●