

Introduction

Good afternoon my name is Ryan Douglas and I work in the Office of Intergovernmental and Legislative Affairs for the International Trade Administration. I appreciate the opportunity to speak before you today about how export promotion strengthens America's economy and supports U.S. jobs. Before I get started can I see a quick show of hands of how many of you have participated in an International Trade Mission?

My work experience has brought me full circle in the export = jobs equation. I have worked for a U.S. textile company, a State trade office in Vermont, served as a Brookings' Fellow on the Senate Commerce Committee, and for the past 6 years I have been working in the International Trade Administration at the Department of Commerce. I have seen firsthand how exports equate to real U.S. jobs and how each level of government plays an important role.

The International Trade Administration's mission is to create prosperity by strengthening the competitiveness of U.S. industry, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements. Secretary Gary Locke, Undersecretary Francisco Sanchez and our entire team are dedicated to helping U.S. companies, especially small businesses compete and win in the global economy.

Exporting is important to our economy – in 2009, it accounted for 11 percent of our GDP and supported over 8.5 million U.S. jobs. I welcome your interest in this topic and look forward to outlining the International Trade Administration's efforts to promote U.S. exports.

Launch of the NEI

America's economic recovery and long-term economic growth requires that we continue to reach beyond our borders and sell American products, agricultural goods, and services to the 95 percent of the world's population that lives outside the United States. Exports are already critical to America's overall economic health.

And for certain states, like Kentucky, this is especially true. Kentucky exports totaled \$17.6 billion in 2009 ranking the state 19th nationally in total exports. With approximately \$8 billion in export sales through May 2010, Kentucky exports are up 22.8% over similar YTD 2009 numbers. Of Kentucky's roughly 215,000 manufacturing jobs in 2009, 15% of those are directly supported by international trade.

In 2008, Kentucky total manufacturing GDP was \$29 billion of which \$4.6 billion was manufactured exports. 97% of all Kentucky exports are manufactured goods.

Nationally, one in five manufacturing jobs is supported by exports. The United States exports more in services than any country in the world. And, we know export-supported jobs overall pay higher wages than the average.

Recognizing the importance of exports to America's economic growth, President Obama announced the National Export Initiative (NEI) in his State of the Union Address and set the ambitious—but attainable—goal of

doubling U.S. exports over the next five years to support two million jobs.

We know that only one percent of U.S. small and medium-sized businesses currently export. And of the companies that do export, 58 percent export to only one market.

The primary purpose of the NEI is to develop this untapped potential.

To that end, the NEI is focused on three key areas:

- increasing trade promotion through export education efforts, directly connecting U.S. businesses to customers and partners overseas, and advocating more forcefully for their interests;
- reducing trade barriers, expanding market access, and vigorously enforcing U.S. trade laws and international trade agreements; and

- increasing access to credit for U.S. businesses, especially small and medium sized enterprises, to help them develop and expand their export activities.

There have been previous endeavors by the federal government to elevate the importance of exports. However, this effort marks the first time the United States has a government-wide export-promotion strategy with focused attention from the President and his Cabinet. As part of the NEI, President Obama established an Export Promotion Cabinet that includes the Secretary of Commerce, Secretary of State, Treasury Secretary, Secretary of Agriculture, the Small Business Administrator, the U.S. Trade Representative, the Export-Import Bank Chairman, and other senior officials.

ITA and NEI

Trade Promotion

Commerce Secretary Locke has clearly stated the purpose of the new strategy: “Prior to the NEI, export promotion may have been a some-of-the-time focus for many U.S. cabinet agencies and departments. The

NEI makes it an all-the-time focus.” The International Trade Administration (ITA) has taken this charge seriously and the President’s fiscal year 2011 budget includes an increase of \$78.5 million for ITA’s contribution to the NEI.

ITA is dedicated to helping U.S. companies, especially small and medium sized businesses, compete and win in the global economy. We have a global network of trade professionals based in the nation’s capital, in 109 U.S. communities just like the ones here in Louisville and Lexington or Montpelier, Vermont, or Fargo, North Dakota. In addition we have trade professionals in 77 foreign countries providing export promotion support to U.S. companies. We guide companies through every step of the export process, from shipping and logistics, to identifying relevant foreign regulations, to finding solutions when they encounter trade barriers overseas. We provide a wide range of services, including trade counseling, advocacy, and market research. In 2009, the ITA team supported more than 12,000 export successes valued at \$24 billion in nearly 200 markets around the world.

To illustrate this, I would like to highlight one of our recent successes. BFW Inc. is a woman-owned, family business located in Louisville, Kentucky that produces advanced lighting equipment for medical applications. Understanding the importance of growing their international business, CEO Lynn Cooper worked closely with the U.S. Department of Commerce, Commercial Service to locate distributors and showcase her products in several countries. She participated in our CEO program at MEDICA 2009, the world's leading trade fair for medical and health care technologies which takes place every year in Duesseldorf, Germany. Our team of trade specialists from the region assisted with appointment-setting and introduced BFW to potential trading partners at the show. They counseled Ms. Cooper on doing business in global markets, how to work with local distributors, and explained the regulatory environment. As a result, she substantially increased her sales to distributors in the region.

Ms. Cooper is also considering using these Gold Key Services to locate new distributors in other countries and may hire another employee due to her success with exports. She was recently invited to the White

House for President Obama's export event. We want to encourage more small businesses like Ms. Cooper's to use the resources available through our trade promotion programs.

This is but one of the many examples of how ITA and its dedicated team of international trade specialists has helped U.S. companies expand into new markets. I know there are equally impressive export successes in each of your respective states and local communities. I urge you to stop by your nearest U.S. Export Assistance Center and get to know these folks, as they are there to assist your constituents.

As part of the National Export Initiative, ITA is focusing renewed attention on companies like BFW that are already exporting to one market and companies that export infrequently. As part of this effort, ITA is leveraging its strategic marketing partnerships with UPS, Fed Ex and the U.S. Postal Service. These strategic partners are actively reviewing their customer files to target clients who have consistently sold to one foreign market but have not yet reached out to a second or third market. They will serve as a first line of contact with these

customers, explaining exactly how ITA can help them to export in new markets and grow their bottom line.

We are also increasing our recruitment of foreign buyers to U.S. trade shows and increasing U.S. led trade missions. To date, in fiscal year 2010, 237 companies have participated in a total of 16 ITA-supported trade missions to countries like China, India, Singapore, South Africa and Senegal. We have 6 more missions planned between now and December. In addition, to date in fiscal year 2010, the International Buyer Program has brought over 11,600 qualified foreign buyers to attend 32 U.S. trade shows. As a result the export successes of these International Buyer Programs total over \$645 million dollars in U.S. goods and services.

Reducing Trade Barriers

Further, ITA's service to U.S. companies does not cease after a deal with the foreign buyer or partner is signed. We continue to offer assistance should a U.S. company encounter a problem with foreign customs authorities, irregular regulatory requirements, or other governmental

impediment to trade. Our global team of trade professionals is committed to addressing such market access issues.

ITA is continuously monitoring regulatory changes in overseas markets that may impact the competitiveness of U.S. companies. For example, our team of trade specialists in Germany are actively engaged in the healthcare reform debate taking place there right now to ensure the U.S. medical and pharmaceutical industry continues to have meaningful access to that market enabling them to compete.

A core mission of the NEI is exploring ways to seize opportunities in countries with high-growth potential. China, India, and Brazil are critical countries where our focus and resources continue to be directed. In addition, federal agencies have identified “next tier markets,” including Saudi Arabia, South Africa, and Vietnam, where we aim to develop longer-term commercial engagement strategies to cultivate future opportunities.

Trade Finance

ITA is working closely with its sister agencies across the federal government to expand financing opportunities for small and medium-sized businesses. Access to financing is key to helping businesses begin exporting as quickly as possible. President Obama has requested that the Export-Import Bank increase its financing available for small and medium-sized exporters from \$4 billion to \$6 billion. In addition, the Small Business Administration is requesting increased funding in order to offer loan guarantees aimed at helping small businesses develop or expand their export activities.

ITA's Office of Finance is organizing a series of targeted export finance seminars in cities across the United States. These events bring together exporters and local bankers to discuss financing gaps and provide networking opportunities. To-date, seminars have been held in Miami, New York City, and Houston with more planned in the Mid-Atlantic, Midwest and West Coast.

Sitting here in Louisville, the home of UPS Worldport, the largest fully automated package handling facility in the world, I would be remiss if I didn't mention the Administration's efforts to develop a National Freight Policy to support the NEI – a holistic, integrated approach to how product is moved throughout America and to markets around the world.

I'm delighted to inform you of the newly minted partnership between the Department's of Commerce and Transportation. These two Departments have signed an MOU to work together on improving supply chain efficiency and tightening the nexus between trade and transportation policy. The goal: to improve the operational efficiency of the supply chain by supporting the underlying infrastructure that moves freight and thus, making the United States and U.S. companies more competitive in the process. By lowering the cost of production and we are in essence addressing the silent tax on industry that comes through transportation delay and congestion, which some experts estimate this silent tax at \$200 billion per year.

Conclusion

In these challenging economic times, the Department of Commerce is committed to creating American jobs and strengthening our economy. Exports have an important role to play in this recovery. President Obama, Secretary Locke and federal agencies have acknowledged this—voicing their support for increased U.S. exports. ITA, through our global network of over 225 offices worldwide, is working to help Americans realize the benefits of exporting, including greater stability for firms and higher wages for workers.

States have a huge role to play in helping to expand U.S. exports. Collectively, states have approximately 1,000 employees working on trade promotion. State Governors led more than 18 trade missions in 2009, with state economic development agencies organizing dozens more.

The State of Florida has over 15 international trade shows and missions it is recruiting Florida companies to attend between now and the end of

2010. In Texas in 2009, the San Antonio International Trade Center, part of the Small Business Development Center Network, counseled almost 1,400 companies helping them to make \$117 million in export sales supporting over 1,000 jobs. The Center also offers training for local companies on a variety of export topics about every two weeks. In both these cases, ITA and other Federal agencies work closely with these state programs when their clients travel overseas, helping them to leverage our market research, utilize our business-to-business matchmaking programs, and obtain financing.

A similar relationship exists here in Kentucky, where our U.S. Export Assistance Centers work closely with the state trade program. In many ways, Kentucky can serve as a model for state export promotion programs. However, there is more we can and should do together. Over the coming months, the Department of Commerce will continue to work with the state business assistance communities to develop a plan for expanding how we all work to help companies export.

In short, the economic landscape is showing signs of improvement. U.S. exports of goods and services increased by 15.9 percent during the first quarter of 2010. For companies that already export, the time is now to build on past successes and expand to new markets. For companies that are new to exporting, now is the time to reconfigure business plans to identify real and rewarding opportunities. For those of us in the export promotion business, now is the time for us to increase our focus on collaboration to ensure that all the U.S. companies who can export are exporting and those that do export, export even more. We look forward to working with you and your constituent companies and invite you to be a partner in supporting our efforts in Washington, D.C., in your own states, and abroad.