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“GROWING U.S. TRADE IN GREEN TECHNOLOGY”

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Introduction

Chairman Rush, Ranking Member Radonovich, and Members of the Subcommittee.

Thank you for the opportunity to testify before you today on growing U.S. trade in green technology. As you are aware, this is an innovative and growing sector that has wide-ranging impact, both domestically and internationally. Global climate change mitigation efforts will drive increased world demand for these technologies and for the products and services they help produce. It is clear that rapid deployment of green technologies will be essential to achieve any mandates to reduce carbon emissions that might result from on-going discussions and negotiations in many fora to mitigate climate change effects.

Policies that support the early development and commercialization of green technologies are critical to the competitiveness of U.S. firms and improve their competitive edge in the global marketplace.

At the Department of Commerce we view expanding the opportunities to export green technologies as critical to maintaining the competitiveness of U.S. companies, creating jobs, and generating economic growth.

As the demand for green technologies grows, so do export opportunities for U.S. companies. And exports of green technologies, like any export, will also benefit the U.S. economy by creating and sustaining jobs here at home and by increasing revenues. There is significant potential for increased exports in this sector. Our ability to realize this potential depends on achieving U.S. leadership in the field. The Department of Energy estimates there could be up to \$40 billion/year in increased exports of green technologies, generating up to 750,000 green jobs by 2020.

General Electric CEO Jeff Immelt and venture capitalist John Doerr noted in an August Washington Post op-ed titled “Falling Behind on Green Tech,” that Amazon, eBay, Google, Microsoft, and Yahoo were the leading internet technology companies and that they were all American companies. And yet out of the top 30 alternative energy companies in the world, only six are American.

“Green” Technology: What is it?

There is no one definition of green technology. However, in the broadest sense, the term generally refers to technologies that enhance clean energy solutions such as renewable energy, energy efficiency, and water and natural resource conservation as well as technologies that reduce air, soil, and water pollution. Green technologies can also include engineering and design technologies that support the production of environmentally sound products and services, as well as green buildings and sustainable infrastructure. For example, global investment in energy efficiency and renewable energy reached \$155 billion in 2008. While this number is likely to drop slightly in 2009 due to the financial crisis, governments around the world have provided over \$180 billion in stimulus funding focused on energy efficiency and renewable energy. The United States has provided a significant portion of this, including \$80 billion in clean energy investments through the American Recovery and Reinvestment Act of 2009.

The market for energy efficiency technologies is large and growing. According to the American Council for an Energy-Efficient Economy (ACEEE), over \$300 billion is invested in energy efficiency per year in the United States alone – a number that could grow to \$700 billion by 2030.

ITA’s Role in Supporting U.S. Competitiveness through Exports

Expanding exports is critical to economic growth and U.S. competitiveness. That is why Secretary Locke is leading the Commerce Department in a series of initiatives to further open up markets and provide tangible results to workers and businesses alike. The Department has an array of tools to help American companies at every point in the business cycle – from the birth of an idea, to establishing a company based on that idea, to finding markets once that idea has been transformed into a product or service.

The Department of Commerce’s International Trade Administration (ITA) is the lead export promotion agency in the Federal government. The mission of ITA 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 that enhance the ability of U.S. firms and workers to compete and win in the global marketplace. This mission is critical to enhancing America’s global competitiveness and expanding commercial opportunities for American manufacturers, farmers, and service workers throughout the world.

Three of ITA’s four units are dedicated to expanding export opportunities through a variety of means: 1.) The U.S. and Foreign Commercial Service (CS) designs and executes programs that provide companies with practical advice and assistance for exporting; 2.) Market Access and Compliance (MAC) focuses on opening foreign markets, monitoring and working with the Office of the U.S. Trade Representative to enforce trade agreements, strengthening respect for intellectual property rights, and further reducing or eliminating barriers to trade and investment overseas; 3.) Manufacturing and Services (MAS), the unit that I lead, provides industry expertise, research and policy analysis used by policy makers to develop and implement domestic and international policies that enhance U.S. (export) competitiveness. The fourth unit,

Import Administration (IA), enforces U.S. trade laws that prevent imported products from competing unfairly with U.S. products because of dumping, illegal subsidies, and other unfair trade practices.

Overview of Green Technology Programs and Activities in ITA

President Obama called for new policies to “advance a cleaner environment, a stronger response to the challenge of climate change and more sustainable natural resources and energy supplies.” One of Commerce Secretary Locke’s priorities is to enable new businesses to enter the market and increase the number of U.S. businesses that produce green products and services, with particular emphasis on manufacturing. ITA administers a series of programs designed to support these goals and priorities to enhance the competitiveness of U.S. industries and firms. We address industry competitiveness issues and opportunities related to climate change mitigation. Recent examples include:

- “ITA’s Energy Efficiency Initiative” to assist U.S. manufacturers to improve the energy efficiency of their operations as well as to deploy energy efficient technologies;
- United States-Indonesia Clean Energy Policy Mission on July 27-29, to Jakarta to promote U.S. exports;
- Industry events on low carbon energy sources and fuels to improve the domestic and international competitiveness of U.S. clean energy companies; and

Policy

On the policy front, we work very closely with the Departments of Energy, State and Treasury, and the Environmental Protection Agency, to ensure that our programs and activities are complementary and move our country towards the same goals and vision of improving energy security, increasing domestic prosperity, and addressing climate change through an expanded use of low carbon technologies. We also work with the Office of the U.S. Trade Representative to address problems often faced by companies in this sector when trying to enter foreign markets. These problems include weak intellectual property rights protection and enforcement, lack of financing for large and small projects, regulatory uncertainty, local content requirements, preferences for local ownership, and burdensome testing and certification requirements.

In addition to facilitating discussion on these issues, a critical part of ITA’s role is to educate our interagency partners on industry positions and trends. Last week for example, I hosted a roundtable focusing on the new and unexpected types of entrants in the environmental industry.

To ensure that U.S. companies in this emerging sector have meaningful access to markets abroad, ITA is working with its trading partners to ensure that protection of intellectual property rights (IPR) is available for green innovations. The protection of IPR is essential to encouraging innovation and competitiveness. This is particularly important in driving today’s growing green technology industry, as both U.S. industry and our global community stand to see great benefits

from new technologies and methods for addressing climate change. In addition, ITA provides via the Stopfakes website <www.stopfakes.gov> a broad set of products available to assist U.S. firms, particularly small and medium sized enterprises, to recognize their intellectual property and to take appropriate steps to register and enforce it.

Export Promotion Programs

With the rest of the world hungry for concrete climate change solutions, they are looking to the United States to act as an incubator of innovative technologies. ITA is actively promoting U.S. technology solutions to address government mandated requirements on climate change. The markets that are currently showing growth in this area are China; India; Scandinavia; the United Kingdom; Germany; France; Italy; South Africa; and parts of the Middle East. ITA's country and regional commercial strategies include promoting green technologies in these markets.

- ITA has held trade events and foreign buyer programs at major renewable trade shows and brought delegations from all over the world to these events.
- ITA has over 300 trade specialists located in U.S. Export Assistant Centers throughout the United States who provide in-depth, value added counseling to local companies to help them realize their export potential.
- Companies can work with ITA and its 126 offices overseas for country-specific information and assistance in resolving commercial issues.
- Companies can also call our Trade Information Center (TIC; 1-800-USA-TRADE), which is staffed by a team of trade experts who serve as a single point of contact to all potential exporters. The TIC provides basic export counseling and information on all U.S. Government export assistance programs. In fiscal year 2009, the TIC gave personal assistance to more than 36,000 inquiries, 75 percent of which were from small and medium-sized businesses.
- ITA is sponsoring a trade mission, scheduled for March, to Senegal and South Africa that is open to businesses in any sector, with an emphasis on those that provide green technologies. We have begun to accept applications for this trade mission.
- Companies competing for foreign tenders can engage ITA's Advocacy Center which, upon determining that the company qualifies for assistance, will work with relevant agencies to devise an appropriate advocacy strategy on behalf of the company.

ITA has an aggressive green technology promotion program with over 90 trade events planned worldwide for this year and 2010. These are in addition to the day-to-day services we offer U.S. companies, such as export counseling, Gold and Platinum Key programs, International Company Profiles, and International Partnership Searches. Clean technology and alternative energy are the central themes of several ITA initiatives, such as a Green Building event in Europe, a solar technology mission to India, an energy efficiency mission to India, and promoting best practice principles and sharing of experiences with regional trading partners to facilitate the deployment of U.S. clean energy technologies in regional fora like the Asia Pacific Economic Cooperation.

In November, we are organizing a five-city Green Build Road Show -- to Pittsburgh, Denver, San Francisco, San Jose, and Phoenix -- to help U.S. companies take advantage of the \$975 billion annual construction market in Europe. In addition, on April 12-16, 2010, Commerce will assist with a FedEx-organized certified trade mission to Europe. We have just launched a new Green Tech website that aggregates all of our promotion programs in a single place, providing easy access for industry.

Several of our trade promotion programs related to green technology are linked to the upcoming United Nations Framework Convention on Climate Change negotiations in Copenhagen this December. These promotion programs are central to the strategy of taking leadership in providing solutions to climate change challenges. Twenty-five U.S. companies are already committed to participate in the Bright Green Trade Show in Copenhagen, where we will highlight U.S. industry solutions to climate change to an international audience, including foreign delegations to the negotiations and international media.

Industry Outreach, Information Sharing and Best Practices

We have ramped up our efforts to promote the commercialization and export of green technologies through increased outreach to industry on best practices and markets, technical assistance and capacity-building events, and helping develop trade policies that favor cleaner technologies.

On July 16th, Commerce launched a concerted outreach effort that seeks to inform U.S. industry of developments in international negotiations on climate change, encourage industry to get more involved in discussions on climate change, analyze industry's related concerns, and highlight associated commercial opportunities. The July 16 event was held in Washington, D.C., as an industry roundtable discussion; we held similar events in Milwaukee and California (San Francisco, Fresno and El Centro), and are now organizing a national webinar for later this fall.

We are promoting sustainable construction by facilitating a dialogue between green building standards developers and building material producers. This dialogue will help to ensure that the metrics of green building improve the competitiveness of U.S. building materials suppliers and service providers in overseas markets and provide inroads to the export of green building materials and services.

In addition, in 2008, ITA released the second edition of the *Trade Finance Guide: A Quick Reference for U.S. Exporters*, which serves as a useful trade finance resource for small- and medium-sized enterprises (SMEs) in the green technology industry. This guide is designed to help U.S. SMEs learn the basic fundamentals of trade finance, so that they can turn green-tech export opportunities into sales.

We also published clean energy exporters' guides for China and India, providing valuable planning information to companies interested in exporting green technologies to these growing markets. The guides contain market overviews, analyses of the clean energy markets in these

countries, market opportunities for trade and investment through 2020, and resources available to U.S. businesses to help enter these markets.

Bilateral and Regional Dialogues

ITA has also been active in organizing events to spur the exchange of best practices with foreign governments and foreign industry. Such programs have ranged in focus from helping trading partners reduce greenhouse gas emissions in cement manufacturing to explaining what investment framework has been developed to attract investment to the renewable energy and energy efficiency sectors.

ITA has worked on climate change-related issues under the U.S.-EU Framework for Advancing Transatlantic Economic Integration and the U.S.-Brazil Commercial Dialogue, and assesses the impact of foreign regulations, such as the European directive on energy-using products, on U.S. interests.

Multilaterally, ITA works within the G-8, G-20 and the Asia-Pacific Economic Cooperation forum to represent the interests of U.S. industry, where climate change is becoming a priority, and represents Commerce on the U.S. delegation to the WTO Doha Development Agenda negotiations to conclude an agreement to liberalize trade in environmental goods and services. ITA monitors foreign government climate- and energy-related programs and proposals for potential countervailable or WTO-inconsistent subsidies.

Collaboration with DOC Science Agencies

Within the Department of Commerce, ITA joined forces with the National Oceanographic and Atmospheric Administration (NOAA) to inform industry of the breadth of NOAA's climate data resources, which are available to help U.S. businesses factor climate change into their short and long-term business planning to mitigate its impact. Together, NOAA and ITA have initiated a series of conferences on climate data around the country.

On technical issues, ITA coordinates very closely not only with standards development organizations but also with our sister organization, the National Institute of Standards and Technology (NIST), to ensure that standards and measurements that are developed do not unnecessarily harm U.S. industry. An example of ongoing technical collaboration between ITA, NIST, and industry is our joint work on standards for smart grid.

Sustainable Manufacturing Initiative

And, finally, ITA's Sustainable Manufacturing Initiative, which I mentioned earlier, addresses green technology implementation as a component of business competitiveness. The Initiative encourages U.S. companies to use sustainable practices that improve their bottom line. This can make them more competitive in the global marketplace, and therefore, potentially more interested in exporting. We are currently working on creating a searchable online database of government and private programs and resources that support sustainable business. We do this because we have found that although there are significant governmental and private sector

resources available to help companies implement more sustainable business practices, many manufacturers are unaware of these resources or have had difficulty determining which ones they need.

Another project of the initiative is SMART – Sustainable Manufacturing American Regional Tours. Many companies, particularly smaller companies, may not know where to begin the process of becoming more sustainable. They may be unclear regarding the economic benefits of sustainable manufacturing. Through SMART we try to show manufacturers firsthand how their neighbors have been able to find success through sustainable manufacturing. We also try to show companies that becoming sustainable is a process that takes time and effort and that there are relatively simple changes they can make to start going down that road. So these tours really provide a venue for sharing best practices.

We are working with our trading partners through the OECD to develop metrics for sustainable manufacturing. The goal is to produce a toolkit, which any company can use to measure its sustainable progress. The first draft of the toolkit will be completed by the end of the year.

Conclusion

We expect there will be increasing opportunities for exporting U.S. green technologies, as well as green products and services due to the increasing attention to climate change and the need to find ways to mitigate the negative impact of greenhouse gas emissions and adapt to those challenges.

So, how do we ensure that U.S. industries can make use of those opportunities?

The best thing we can do to encourage green technology exports is to build up our own market. You can't export what you don't manufacture.

For example, manufacturing investment was deterred by the yearly boom-and-bust cycle that characterized the U.S. wind market from 1999 through 2004. However, as a result of the continued expansion of U.S.-based wind turbine and component manufacturing since 2005, the American Wind Energy Association estimates that the share of domestically manufactured wind turbine components grew from less than 30 percent in 2005 to roughly 50 percent in 2008. As a result, that Association has approached ITA about partnering to develop overseas markets. Prior to 2008, the Association was focused solely on the development of the U.S. market.

Building up the U.S. domestic market will require effort by both industry and government. My remarks describe some of the programs that the International Trade Administration and the Department of Commerce are currently undertaking to encourage the competitiveness of U.S. industry in the development and deployment of green technology and to promote their export.

In implementing President Obama's call to “advance . . . a stronger response to the challenge of climate change and more sustainable natural resources and energy supplies” and Secretary Locke's priority to enable new businesses to enter the market and produce innovative solutions, Commerce will continue to give priority to improving U.S. competitiveness in this sector, to

aggressively promote U.S. exports, and to provide the support needed to develop policies that will enhance the U.S. capacity to export green technologies, products, and services.

In closing, I would like to thank you Chairman Rush, Ranking Member Radonovich, and Members of the Subcommittee for the opportunity to highlight what the ITA is doing to help U.S. companies compete in this area and I look forward to answering any questions you may have.