

Testimony of
U.S. and Foreign Commercial Service Network Director James Cox
before the Senate Small Business Committee on
"The Role of Exports in Small Business Growth and Job Creation"
August 11, 2011

Thank you Senator Shaheen and Senator Ayotte for the opportunity to testify today on the role of the International Trade Administration's U.S. and Foreign Commercial Service (US&FCS) in supporting the efforts to increase U.S. exports, assisting in small business growth, and creating jobs.

With our reputation for high quality and reliability, the world's consumers value "Made in USA" products and services more than any other. The Obama Administration, in March 2010, announced the National Export Initiative, which set a goal to double exports by the end of 2014. And we are on pace to reach that goal. Overall for the first five months of 2011, exports of goods and services are up 16.4 percent from last year, and in 2010, U.S. exports of goods and services comprised 12.7 percent of our national GDP, an increase from 11.4 percent the previous year.

New Hampshire in particular highlights this success. The total value of goods exports from New Hampshire increased 43 percent in 2010 over 2009 to a record of \$4.4 billion. New Hampshire led the nation in export growth in 2010. Through the first five months of 2011, New Hampshire merchandise exports were 12 percent higher than the same months of 2010.

As the key export-promotion agency, the U.S. and Foreign Commercial Service fosters economic prosperity, enhances job creation, and strengthens national security through a global network of outstanding international trade professionals. The US&FCS global network of approximately 1,450 trade specialists provides comprehensive export-focused business counseling and support to small and medium-sized businesses throughout the United States. Through our 108 U.S.-based Export Assistance Centers, or USEACs, in conjunction with 129 offices located in U.S. Embassies and Consulates in 78 countries, our trade specialists are available to provide export services including business matchmaking and counseling to U.S. businesses looking to expand through exporting. Last year, the US&FCS assisted 5,600 companies in exporting for the first time, of which 85 percent were small and medium-sized enterprises (SMEs). Locally, Director Justin Osowski and International Trade Specialist Taylor Little, of our New Hampshire USEAC located at the University of New Hampshire, counseled local exporters on a range of issues focused on promoting international sales and market development. This team works in collaboration with state agencies like New Hampshire's Office of International Commerce and other local organizations to deliver seamless and complementary services to SMEs.

In addition to our export counseling, in 2010, nearly 900 individual companies participated in the US&FCS Gold Key business matchmaking program; more than 1,100 companies used the International Company Profile background check; and we completed more than 2,500 customized Business Facilitation Services. Thousands of additional matchmaking appointments are arranged through numerous trade missions, shows, and other export-related events frequently coordinated by our offices every day.

One example of a local company that successfully used our services is Sky-Skan. A Nashua-based manufacturer, Sky-Skan focuses heavily on export opportunities for planetarium theater systems. The company learned of a large public tender for the installation of a new theater at the Copernicus Science Center in Warsaw, Poland. By participating in the US&FCS TradeWinds mission to Poland in 2009, Sky-Skan benefited from customized matchmaking appointments arranged by our Warsaw office through the Gold Key program. The meetings included a visit with officials from the Copernicus Science Center and other contacts in the industry. Sky-Skan received support from both the Warsaw and New Hampshire offices. With innovative products and the federal assistance provided, Sky-Skan won the bid and signed a contract for the installation of a new theater system in December 2010. This single success resulted in a sale worth more than \$750,000.

In addition to companies like Sky-Skan, the USEAC in New Hampshire has worked with more than 1,500 exporters through the years. In the last 10 months, the office provided more than 300 individual counseling sessions for exporters, 100 of which have been in partnership with the State of New Hampshire's Office of International Commerce. The New Hampshire USEAC and its partners host regular events attracting both local and national audiences. In April 2010, one such event was a three-day U.S. export controls training held by the Department of Commerce's Bureau of Industry and Security (BIS). Export controls directly impact the ability of U.S. companies to ship abroad. This standing-room-only event was so successful that the office will again host BIS in April 2012. Recently, the office and its partners offered a Value Added Tax webinar focusing on the European Union, which attracted a national audience at limited cost to the participants. More than 90 companies were trained on the complex nuances of product pricing and international tax policy. This is just a small sampling of the many events and programs the office organizes every year.

As we look for more opportunities to increase the competitiveness of U.S. businesses, the Obama Administration has made passage of pending trade agreements with South Korea, Colombia, and Panama a priority. USEACs work with companies and partners in the community to help them realize the benefits of existing trade agreements. The USEAC office here in New Hampshire helps guide local companies through the international documentation process. This counseling proves especially important for Certificate of Origin requirements for shipments to New Hampshire exporters' two largest trading partners, Mexico and Canada.

Last year marked the second best year on record for U.S. exporters, with goods and services exports totaling \$1.84 trillion, an increase of 17 percent from the previous year. In 2010, the US&FCS assisted 18,000 companies in support of their export goals, 16,000 of which were SMEs, the backbone of the American economy. US&FCS helped facilitate 12,300 export successes worth \$34.8 billion in U.S. export sales. When companies succeed globally, workers benefit locally. In the manufacturing sector, wages of employees involved in exporting are 18% higher, on average, than in the sector generally.

To increase the economic competitiveness of our businesses, the U.S. and Foreign Commercial Service is working diligently each day to connect those SMEs with the 95 percent of consumers living outside the United States. American businesses, particularly small and medium-sized enterprises, have the full support of the U.S. government in connecting potential exporters to global partners and markets.

Thank you again for the opportunity to appear before you today. I look forward to answering your questions.