

# EXPORT *America*<sup>®</sup>

February 2004

Volume 5 Number 2

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THE FEDERAL SOURCE FOR YOUR GLOBAL BUSINESS NEEDS

## Manufacturing in America

A Comprehensive Strategy

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Partnerships for a Healthy and Prosperous Africa:  
Coping with HIV/AIDS

Ask the TIC: Understanding the New Visa Policies

Company Vacuums Up Exports:  
Hong Kong Commercial Service Helps Firm Enter China



# forging new partnerships in emerging europe

INVESTMENT CONFERENCE | MARCH 9-11, 2004 | BUCHAREST, ROMANIA

## OVERVIEW

The Forging New Partnerships in Emerging Europe Investment Conference will be held March 9 - 11, 2004 in Bucharest, Romania, sponsored by the Overseas Private Investment Corporation (OPIC). The purpose of the conference is to highlight investment opportunities in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia and Montenegro, Slovakia, and Slovenia. It will provide a forum for U.S. and local companies to discuss opportunities for regional business cooperation in the region and to consider opportunities for joint ventures between U.S. and local businesses outside the region in new markets, including Afghanistan and Iraq. Included in the conference will be presentations by officials from each government, investment overviews from businesses, and one-on-one matchmaking meetings.

## THIS EVENT INCLUDES:

- Sessions presenting the leading investment opportunities in each of the 15 invited countries.
- Sessions on accessing financing available from the private sector, multilateral institutions, OPIC, Ex-Im Bank and USDA.
- Overviews of the regional investment climate with leading experts on the region.
- Private sessions with senior government officials from the region, as well as key decision makers from OPIC, Ex-Im Bank and USDA, who will be available to discuss financing opportunities in the region.
- Meals, Receptions, Networking Events, Conference Handbook, and One-on-One Matchmaking Opportunities



## REGISTRATION FEES:

For individuals from locally-owned companies and financial institutions in the 15 target countries : US\$100; For individuals from U.S. and other companies and financial institutions: US\$ 225



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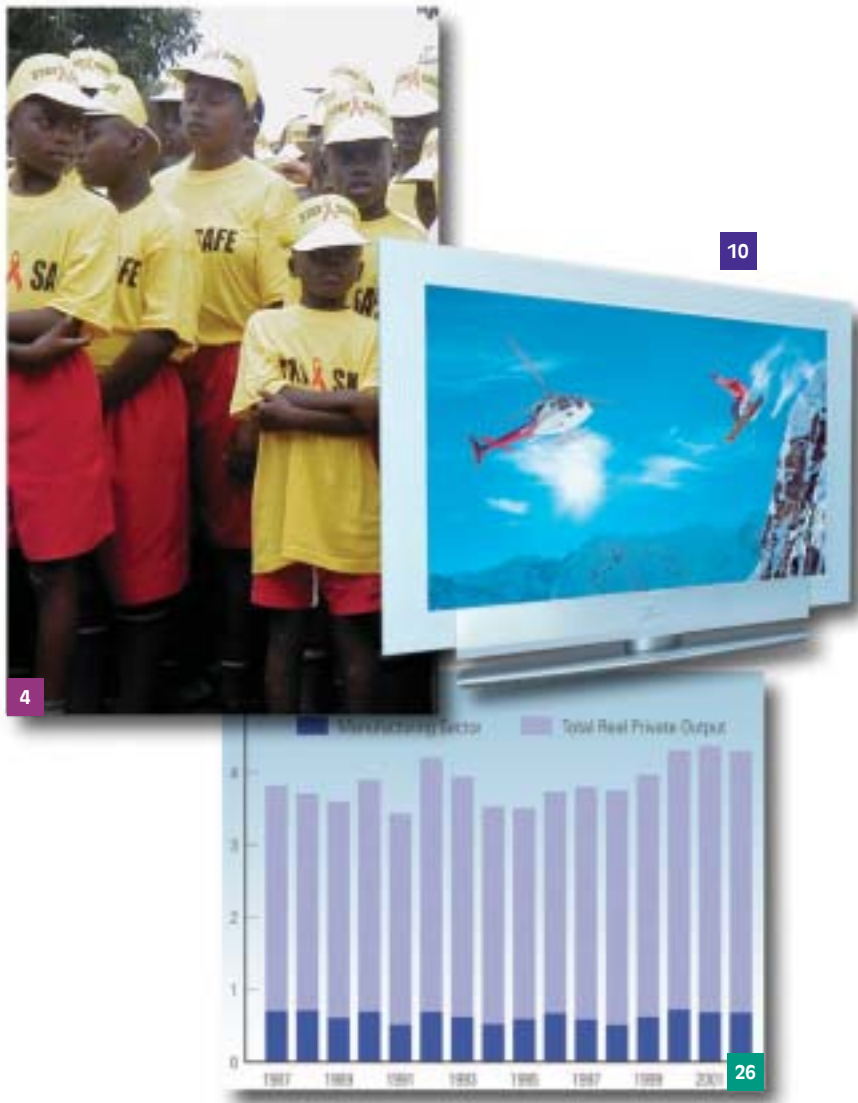
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## MEMO



**Innovation and invention drive us forward into new frontiers of technology. Some of the greatest inventions were a blend of science and engineering: the telephone, radio, microprocessor, and the electromagnetic microscope, to name a few. Much simpler inventions, like the zipper, the paper clip, and the sewing machine, are so integrated into our lives that we hardly think of their significance. Yet all of these inventions, from the paper clip to the microprocessor, came into existence through the imagination of their respective inventors.**

The Alexander Graham Bells and Guglielmo Marconis of yesteryear and today conceived of and created the instruments necessary for their inventions. Each had a vision of filling a need or of solving a problem. This innovative spirit so woven into our American culture is evident as early as grade school science fairs, where one need not look hard to find an ingenious invention with practical applications for a future business.

Inventors, however, rarely conceive of and develop concepts independently. Drawing on the experience or inventions of others enables the inventor to conceive of greater possibilities. Marconi could not have invented the radio if James Clerk Maxwell had not published his theory of electromagnetic waves or if German physicist Heinrich Hertz had not actually generated such waves electrically. As it is, most inventions and technology build upon ideas that have come before. But the imagination of how to apply the innovation in a different way or for a different purpose renews the process of invention.

Innovation and entrepreneurship thrive in the United States. A great deal of this innovation is applied to

manufacturing in the form of enhanced processes, improved materials, better communication, and efficient transportation. The manufacturing industry in the United States has matured from low-wage, low-skilled factory jobs to high-tech, higher paying jobs. My grandfather and my uncle both spent their entire careers working in the steel mill for Ford Motor Company and both made more than a decent living. However, a high school diploma is no longer a sufficient education for modern manufacturing jobs. Complex math, science, and engineering skills are often required to operate in today's factories. Yet most students in high school aspire to attend college and become professionals, not train to work a job in the manufacturing sector.

The manufacturing sector is the focus of this month's feature. The Commerce Department recently released a report that focuses on the challenges facing manufacturers and offers concrete solutions to boost firms as jobs become scarce and competition increases. Now is the time to set aside the conceived notions of factory work and not only look at how manufacturing really works in this technological age but how it could work better.

*Cory Churches*

Cory Churches  
Editor

# Partnerships for a Healthy and Prosperous Africa

## Coping with HIV/AIDS

By **Linda M. Conlin**

*Assistant Secretary of Commerce for Trade Development*

**E**very day, 8,500 people die from HIV/AIDS and another 15,000 people are infected. It is a disease of epic proportions. Currently, an estimated 34 to 46 million people are living with HIV/AIDS, and almost two-thirds of them live in sub-Saharan Africa. In 2002 alone, the AIDS pandemic claimed more than 3 million lives, and 2003 brought approximately 5 million new infections. In some sub-Saharan African countries, adult HIV infection rates exceed 30 percent. In a drastic reversal of life expectancy trends, by the year 2010 the average life expectancy in Zimbabwe will be cut by 40 years—and for South Africans by 30 years.

degree nowadays unthinkable in Europe and the United States. The common thread is poverty. For poverty creates an environment, physical as well as social, highly favorable to the disease. The surest path to [economic] growth is trade and investment.” It is only fitting, then, that the Department of Commerce, with its link to industry, serves as a catalyst for change in Africa by assisting U.S. companies in forming partnerships to provide solutions to the AIDS pandemic.

unabated, will decimate one-fourth of the work force in many sub-Saharan African countries during the next two decades.

These statistics are staggering, and they do not even begin to paint the full picture. The number of AIDS orphans has reached a critical level in many countries, not to mention the devastation of the family structure and the impact it has on local economies as well. This ongoing tragedy compels each of us to act.

It has been one of my most rewarding undertakings, as assistant secretary for trade development, to mobilize the resources of the U.S. Department of Commerce to assist in the creation of global partnerships to combat HIV/AIDS. At the Department of Commerce, we believe that healthy societies contribute to economic growth and long-term development.

One of the most recognized international AIDS figures, Yoweri Museveni, president of Uganda, agreed when he said: “The real solution to the defeat of the HIV/AIDS pandemic lies in economic development and trade. In Africa we have a terrain in which HIV, malaria, TB, and other infections thrive to a

For sustainable solutions in the fight against AIDS, creative and comprehensive approaches are needed, and resources must be invested to produce maximum return. For this reason, companies with operations in countries with established or growing HIV/AIDS burdens must recognize that their ventures will be adversely affected by various factors, including rising costs of production, declining markets, threats to the consumer base, increased absenteeism, and staff turnover.

Partnerships between the public sector, the private sector, and civil society can improve access to medicines and preventive treatments. However, the role of the private sector is hardly limited to these traditional sources of assistance. Partnerships can also serve to strengthen manufacturing capabilities through technology transfer and provide essential training to effectively treat life-threatening illnesses. Achieving these goals will not only allow more people to be treated, but will also create



Students participating in the Presidential Initiative on AIDS Strategy for Communicating to Young People demonstration at the Nkumba Primary School in Kampala, Uganda.

Photo courtesy of ITA.

Moreover, the disease attacks the most economically active members of society. About half of all people who become infected with HIV do so before they reach the age of 25, and most will die of AIDS-related illnesses before they reach 35. By some estimates, HIV/AIDS alone, if left



A home-based AIDS care project in Tororo, Uganda, where antiretroviral drugs are delivered to patients in remote areas.

Photo courtesy of ITA.

## INDUSTRY PARTNERSHIP FORUM

To follow up on the December mission and to further our efforts to encourage partnerships, the Department of Commerce and the Global Business Coalition for HIV/AIDS, in collaboration with the Department of Health and Human Services, Harvard University, USAID, the Department of State, and the World Bank, will host an industry partnership forum in March. We are seeking to engage not only the traditional industries, such as pharmaceuticals, medical devices, food and beverages, oil and gas, and mining, which have been actively involved in the fight to date, but also to reach out to other relevant sectors that are now assessing the impact that HIV/AIDS has on their industries and how they can develop programs to assist in the battle against this terrible pandemic.

Using the expertise of a multitude of industries, the forum will yield a set of strategies to address health-care infrastructure challenges in resource-limited settings. Leading CEOs, international AIDS figures, and U.S. government officials will interact with forum participants to help devise such strategies by exploring how businesses can use their core competencies to become actively involved in the fight against HIV/AIDS, and how the business community as a whole can address the pandemic through direct action, partnerships, and other mechanisms.

The private sector has many core competencies to lend to the fight against HIV/AIDS. The U.S. government, with President Bush's Emergency Plan, the creation of the Office of the Global AIDS Coordinator, and initiatives such as the Commerce Department's HIV/AIDS Initiative, is providing a multitude of opportunities for U.S. companies to partner with each other to help in the fight against HIV/AIDS.

For more information on the industry forum, or to speak to someone about how your organization can take advantage of partnership opportunities in Africa, e-mail [lifesciences@ita.doc.gov](mailto:lifesciences@ita.doc.gov). ■

a sustainable industrial base to accelerate the economic development of the affected countries.

### U.S. GOVERNMENT EFFORTS

President George W. Bush has recognized the devastating effects that HIV/AIDS imposes not only on individual families but also on countries as a whole, and has made this fight a priority issue for his administration. In May 2003, President Bush signed the Emergency Plan for AIDS Relief, which will provide \$15 billion over the next five years to fight this disease.

In support of President Bush's strategy to combat HIV/AIDS, during the past two years the Department of Commerce has worked to expand the discussion beyond access to medicines. By promoting a collaborative relationship among all stakeholders through meetings and forums, we will now serve as a clearinghouse for information regarding company leads and opportunities for partnering. It is quite apparent that turning the tide on the spread of AIDS will require a holistic approach, incorporating pharmaceutical and medical equipment products, health-care system improvements, infrastructure development, and capacity building.

This past December, I joined Tommy Thompson, secretary of health and human services, as he led a mission of more than 100 people to Zambia, Rwanda, Kenya, and Uganda. This delegation included U.S. government and

international health officials, members of Congress, and leaders from more than 40 faith-based organizations, private sector groups, and charitable organizations, all of whom had a vested interest in reviewing the impact of national and international responses to HIV/AIDS in Africa.

On this trip I witnessed numerous projects in Africa facilitated by grassroots organizations and corporate entities. I met local caregivers who were delivering antiretroviral drugs to patients in remote locations by motorcycle as part of a home-based AIDS care project, and I learned about countless workplace initiatives. I also visited GlaxoSmithKline's joint venture with the Children's AIDS Fund to build a workers' treatment center in Uganda, and two of Pfizer's partnership projects in Uganda. The first is a collaborative effort with Makerere University to build an infectious diseases institute, where over 100 doctors and nurses will be trained. The second is with the AIDS Support Organization and various government agencies to build an AIDS counseling, education, and support center. These are examples of the type of private sector responses we believe President Bush is promoting under his Emergency Plan for AIDS Relief. There are more than 600 public-private efforts under way in Uganda alone. Both the quality and the abundance of these responses are truly inspiring, but they also underscore the enormity of the task at hand.

**FRANCE**

The market for waste recycling equipment and services had a total value of approximately \$7 billion in 2002, a 7-percent increase over 2001. The market for waste recycling equipment alone is approximately \$115 million. A total of 36.5 million tons of waste were collected, of which 31 million tons were treated. Over the last three years, the total amount of waste recycled has grown by 22 percent.

Waste recycling sectors include scrap iron and scrap vehicles, non-ferrous metals, paper and corrugated paper, textiles, plastics, glass, non-hazardous industrial waste, pallets, automobile demolition, biogas reutilization, electronics, electrical equipment, domestic packaging, and automobile tires.



EU directives and domestic environmental laws promote growth in the waste recycling market. However, the French industry's response to these laws and regulations has created several market opportunities. Sectors such as paper and corrugated cardboard recycling have experienced high growth rates.

**GERMANY**

The plastics sector is one of the pillars of the German manufacturing industry. About 6,610 firms are active in this sector and employ 387,000 people. The majority of these companies are medium-sized. The German plastics industry consists of three main sectors: plastics production, plastics processing, and plastics machinery. The industry's total revenue was 65.2 billion euros in 2002. In 2000, the German plastics market experienced considerable growth, but it has since suffered from the effects of the overall recession in Germany and the uncertain global political and economic situation. Nevertheless, there are market opportunities for producers of new materials, plastic packaging materials, and innovative technologies.

**UKRAINE**

The Ukrainian IT market has demonstrated steady, 30–40 percent annual growth for the past three years. Industry experts estimate the demand for PCs in 2003 was 780,000 units and will be almost 930,000 PCs in 2004. All experts underline a trend for a decreasing market

share of desktop systems and increasing sales of portable systems, as well as servers. Due to higher duties for imported finished PCs, as opposed to imported components, local production from imported components determines market structure. PCs assembled in Ukraine currently account for more than 90 percent of the total PC market. International brands account for 70 percent of the notebook market. Local manufacturers and importers claim equal shares of the server market.

Computer manufacturers represent less than 10 percent of approximately 700 companies currently operating in the local computer market. Although there are dozens of small PC assemblers in Ukraine, only a small number of companies determine the profile of the local computer manufacturing industry.

Brand-name recognition of major U.S. computer manufacturers is strong, but pricing is still the key consideration for the Ukrainian purchaser. U.S. companies can access the Ukrainian market by tapping into an increasingly sophisticated network of local agents and distributors, who are able to reach a wide range of clients.

**THAILAND**

The banking sector in Thailand is an integral part of the financial services industry. The sector started to grow in 2002, after a setback during the Asian economic and financial crisis in the late 1990s. In the early 1990s, Thailand's banking sector was growing between 15 and 20 percent yearly, but it contracted sharply in 1998 due to problem loans. Recovery in the Thai banking system came after the sector began to extend more loans to individuals and profitable business sectors in 2001 and 2002. A vital sign of growth was the 5-percent increase in credit extensions in 2002. Problem loans have also declined. These non-performing loans represented 50 percent of total loans in 1999, but have now been reduced to 10 percent. Growth



in the Thai banking system is expected to be 3.5 to 4 percent in the next three to five years.

The size of the Thai banking system is \$155 billion in assets. There are 31 commercial banks operating in Thailand. The market leaders are private Thai banks, which include Bangkok Bank, Thai Farmers, and Siam Commercial Bank. State-owned banks such as Krung Thai Bank are reorganizing to be more competitive in anticipation of privatization.

Opportunities for U.S. companies in this sector include retail and consumer banking, banking automation, and distressed assets management services. Licenses to operate banking businesses can be obtained from the Ministry of Finance and the Bank of Thailand, the main regulatory bodies of the Thai financial system.

## SINGAPORE

The U.S.-Singapore free trade agreement, America's first in Asia, entered into force on January 1, 2004. The agreement includes extensive coverage of services. The agreement includes significant new market access in the banking and asset management sector, including access by U.S. banks to the local Singapore ATM network and liberalized procedures for selling asset management products. There is also increased market access in the insurance sector, including an end to the prohibition on U.S. firms supplying certain insurance products to Singapore.

The agreement also provides a secure, predictable legal framework for protecting U.S. investments in Singapore, including a basic set of substantive protections. These investor rights are backed by an effective, impartial procedure for dispute settlement. The agreement prohibits certain performance-related restrictions on U.S. investors, such as limits on the number of locations.

## SOUTH KOREA

During the two decades that preceded the South Korean financial crisis of

1997-98, South Korea's heavy electrical equipment industry witnessed unprecedented growth. Since then, the market for electrical equipment has been going through structural changes on both the supply and demand sides. Deregulation and privatization of the local electric power industry, once a virtual monopoly of the state-run Korea Electric Power Corporation (KEPCO), have begun.

When the financial crisis hit the nation, South Korean industry and government realized that industry could not survive unless it properly adapted to fast-changing, global market conditions. Thus, there has been a major effort to upgrade South Korea's technological infrastructure and to improve industry's ability to be responsive to the changing business climate. At the same time, the South Korean government has also sought to restructure related industries to make them more competitive. More emphasis is being placed on export sales, as the growth potential of the local market is becoming smaller. Attracting foreign companies is another strategy to stimulate competition in production, sales, and technological development.

## CHILE

The industrial chemical industry represents 7 percent of Chile's GDP. Imports accounted for 30-percent of total demand in 2002. Demand is projected to grow to \$5 billion by 2005. Industrial chemicals constituted 7 percent of all Chilean exports in 2002, compared with only 3.4 percent in 1995.

This industry has grown, on average, 12 percent annually for the last five years, which is nearly three times GDP growth for the same period. The production and exports of methanol, iodine, potassium nitrate, lithium carbonate, and rock salt spur most of this growth. Half of all the industry's imports are organic pigments and colorings, plastic resins, herbicides, fungicides, insecticides, acrylic resins, inks, ammonia, latex and synthetic rubber, and adhesives.

Latin American and European suppliers dominate the industrial chemicals market in Chile, holding 38- and 27-percent market share, respectively. Asian suppliers, mostly from South Korea and China, account for only 5 percent of the market. The United States was the largest single supplier of industrial chemicals in 2002, with a 35-percent market share.

U.S. firms should consider taking advantage of the recently signed free trade agreement between the United States and Chile. Most U.S. made products will enter Chile duty-free by 2007. A large number of industrial chemicals enter Chile duty-free now, since the agreement took effect on January 1, 2004.

The chemicals industry in Chile consists of nearly 130 manufacturing companies, producing 350 industrial chemical products, which are distributed by 200 firms solely devoted to marketing and distribution. Despite the large number of companies in this industry, it is highly concentrated. ■

### NEED MORE DETAIL?

Ask a commercial officer at one of the Department of Commerce posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E), or visiting [www.buyusa.gov](http://www.buyusa.gov).

# Company Vacuums Up Exports

## Hong Kong Commercial Service Helps Firm Enter China

By the U.S. Commercial Service, Hong Kong

**P**aul Fuhrmann has always been good at marketing products, and now he's even vacuuming up export markets. His most recent accomplishment? Through the help of the U.S. Commercial Service in Hong Kong, Fuhrmann's employer, an Illinois-based manufacturer of vacuum waste systems, has entered the Chinese market with projected sales of \$50 million over the next 20 years.

Fuhrmann, as director of Asia-Pacific development for Evac Environmental Solutions, or Evac, markets the firm's vacuum waste systems, which are used in restrooms in airplanes, trains, ships, and buildings.

"Vacuum technology, first used in aircraft in the mid-1980s, revolutionized the

way wastewater is transferred, being much superior to the older systems, which essentially reused the same untreated water," says Fuhrmann. "Vacuum technology is much more hygienic and efficient, and makes for a much more pleasant travel experience while reducing odor, fresh water usage, and operating costs."

How does vacuum technology work? In older aircraft toilet systems, gravity is needed to flush the toilet. As such, the holding tank must be located right below the toilet, and the same untreated water is reused with just a blue-colored deodorant added. In vacuum waste systems, no gravity is needed, so the waste is actually sucked out to a separate holding tank located elsewhere in the aircraft, and fresh water replenishes the toilet after each use. And if you are on a long flight, well, let's just say the newer technology is very much appreciated.

Evac, with 100 employees in Rockford, Ill., and 250 worldwide, has been designing and manufacturing vacuum waste systems for commercial aircraft and business jets since 1987. All new Boeing commercial aircraft use Evac toilets.

### MAKING THE CONNECTION

Evac's efforts to do business in China began in November 2001, when Fuhrmann contacted the Commercial Service in Hong Kong for assistance. At the time, the company was looking for aviation trading companies and end users in Hong Kong and mainland China.

Picking up the phone, the Commercial Service staff in Hong Kong established close contact with local companies and quickly identified several appropriate potential partners for Evac. Among them was V-Mark, a leading Hong Kong aviation trading company.





“We found that V-Mark had the perfect profile and record to partner with Evac,” says Elanna Tam, of the Commercial Service, who made the match. “In a short time, V-Mark was promoting Evac’s system to Shenzhen Airlines, a China-based airline, with good results.”

In April 2003, Shenzhen Airlines specified Evac’s system for its purchase of 10 Boeing 737-900 aircraft, and soon thereafter, V-Mark promoted Evac’s products to AVIC I Commercial Aircraft Company, one of the main Chinese aircraft manufacturers. This past September, AVIC I selected Evac potable water and vacuum waste systems for installation in all of its ARJ21 aircraft, the first regional jet to be developed by China. V-Mark also assisted Evac in winning business with Air China and China Southwest Airlines.

“I truly appreciate the assistance from the U.S. Commercial Service, as V-Mark has turned out to be one of our top representatives,” says Fuhrmann. “Although we already had a considerable amount of business in Hong Kong, V-Mark has helped us expand our business in China. A year ago China was a dream; now we are there for the long term.” ■



SUCCESS  
STORIES

## U.S. Commercial Service in Hong Kong

### YOUR GATEWAY TO ASIA

Although Hong Kong has a population of only 7 million, it serves as a regional hub and a gateway for small and medium-sized U.S. businesses looking to enter the Chinese market, according to Barry Friedman, senior commercial officer in Hong Kong.

“Hong Kong people speak the language of the mainland and share the same culture,” Friedman says. “But they also have a business and legal system that’s just like ours. For a company like Evac Environmental Solutions, operating from a base in Hong Kong makes the most sense.”

The Commercial Service in Hong Kong offers a number of services to U.S. companies, including providing market information, finding agents and distributors, and arranging business appointments. For more information about opportunities in Hong Kong, contact your local Export Assistance Center or visit [www.buyusa.gov/hongkong/en](http://www.buyusa.gov/hongkong/en).

# Common Digital TV Standard Urged for Western Hemisphere

## U.S. Industry Hopes to Benefit

By Linda Gossack Astor

*Office of Telecommunications Technologies, Trade Development*

**O**n October 24, 2003, the Inter-American Telecommunications Commission (CITEL), which is part of the Organization of American States, adopted a resolution to move ahead in implementing terrestrial digital television (DTV) broadcasting using a common transmission standard throughout the Western Hemisphere. This is a major step toward creating the first hemispheric DTV marketplace.

A hemispheric DTV standard will facilitate the emergence of a huge market of 830 million people for U.S. companies, virtually tripling the current U.S. DTV market. The associated economies of scale will not only stimulate production of equipment from current and new suppliers at lower prices, but also encourage further cooperation and investment in research and development and hasten the delivery of innovative, high-value services throughout the region.

### NEW BROADCAST STANDARDS

The Advanced Television Systems Committee (ATSC) is an international, non-profit organization that develops voluntary standards for digital television. The ATSC Forum is an affiliated organization that has assumed responsibility for education and advocacy activities conducted on behalf of the ATSC. The ATSC Forum estimates that hemispheric adoption of the ATSC standard for digital television, which is used in the United States, will result in nearly \$8 billion in U.S. exports: \$800 million in exports of broadcast transmission equipment, \$6 billion in exports of components for digital television consumer products, and \$1 billion in programming and other content exports within the first

10 years following adoption. Although the CITEL decision sets the stage for introducing this new technology in the entire region, it is non-binding. The ATSC Forum must now focus its efforts on responding to the interest in DTV expressed by governments and broadcasting companies throughout the Americas, which are beginning to plan transitions to digital broadcasting. The ATSC Forum is continuing to work through CITEL to assist countries in the Americas in implementing DTV broadcasting using ATSC standards by developing a step-by-step guidebook, and will host a DTV seminar at a CITEL meeting later this year. This is an example of one of the many activities included in the ATSC's work plan, considered vital since many countries in the region look to CITEL for direction on policy issues.

The ATSC Forum educates broadcasters, manufacturers, and policy-makers throughout the world about the benefits of digital television technology, and it advocates adoption of ATSC standards in order to achieve these benefits. The ATSC consists of approximately 140 entities ranging from small firms to large companies, most of which are either U.S. corporations, such as Motorola, Harris, Dolby Laboratories, Microsoft, Sun Microsystems, and Broadcom, or U.S. subsidiaries of foreign

companies, such as Zenith, Phillips, Sony, and Panasonic, which employ thousands of Americans. The ATSC Forum seeks to identify and educate smaller companies that could benefit from the adoption of a hemispheric standard, and inform them about opportunities to participate in the forum's events.

The ATSC Forum recently received a partnership grant from the U.S. Department of Commerce through the Market Development Cooperator Program (see sidebar). The goal of the grant is to promote the adoption of the ATSC standard for digital television throughout the Western Hemisphere. The ATSC Forum will partner with the International Trade Administration to achieve this and other goals. The forum's three-year MDCP agreement includes an aggressive program of adoption of the standard as well as post-adoption implementation efforts that incorporate a series of policy missions, technical seminars, and DTV exhibitions.

### WHERE TO BEGIN

Brazil is the fourth-largest television market in the world. Brazil has already tested various DTV standards and is carefully weighing technical issues as well as the economic and social implications in its choice of a standard. Brazil's decision, anticipated in 2004, is expected to have a significant impact on the decisions of other countries in the region. As a result, Brazil has been and continues to be a major focus of the ATSC Forum's efforts. Other countries of emphasis include Mexico,

Chile, and Argentina. While Chile is supportive of the ATSC standard, DTV is not currently a high priority. Argentina adopted the ATSC standard in 1998, but its weak economic conditions have delayed implementation. Mexico is expected to announce its DTV policy and transition plan soon, including specification of the ATSC standard. Latin American countries vary in progress in planning for the transition to DTV. Commercial DTV services based on the ATSC standard are also deployed extensively in Canada and South Korea. The International Trade Administration is supporting the ATSC Forum's advocacy trips to Latin America both through the Commercial Service offices in each country, as well as ensuring that senior officials traveling to the region are made aware of the importance of a common DTV standard.

Although the International Trade Administration typically advocates for "technological neutrality" in foreign countries, broadcasting is considered to be unique because of its method of delivery. The ATSC standard—which is the DTV standard in the United States—was developed through an open standards-setting process under the auspices of the Federal Communications Commission, and was adopted by the FCC for digital terrestrial broadcasting in the United States in 1996. DTV broadcasting using the ATSC standard began in 1998 in the United States, and more than 1,200 DTV stations are now on the air. Competing, alternative standards have been developed in Europe (DVB), Japan (ISDB), and China, which are based on technology pioneered in the United States. None of the competing standards are compatible with the U.S. standard. Effective advocacy is therefore critical to achieving the desired benefits, as European governments and the Japanese government are actively interceding on behalf of their respective competing standards throughout Latin America. While the transition to terrestrial DTV broadcasting is steadily advancing in the United States, adoption of a DTV standard throughout the Americas is essential to preserve U.S. leadership in DTV technology.

The ATSC DTV standard supports high definition (HDTV) as well as other video formats. Because DTV provides a

huge data pipeline (almost 20 million bits per second) into the home, it can support a broad range of applications and services that benefit consumers. For example, while broadcasting HDTV signals, digital broadcasters can simultaneously deliver enhanced services, such as closed captioning and other services for the disabled, emergency information, and blocking codes to allow parents greater control over the Internet content. Thus, in addition to dramatically improving the technical quality of television, the ATSC standard also represents a fundamental advance in the information infrastructure of the nations that implement it.

In addition, the ATSC Forum makes a strong case for the technical advantages of the ATSC standard for the delivery of DTV services to the Americas. Most notably, the ATSC standard offers significantly better signal coverage capability compared with competing standards (which require more than twice as much transmitted power to achieve the same coverage), and it is less prone to interference. Europe and Asia employ wider bandwidth television channels than in Latin America, so DTV equipment built to the competing standards could not be utilized in Latin America without substantial, and costly, modifications. Moreover, work already done in the United States will provide the countries of Latin America with assistance and a head start in frequency planning for DTV.

In addition to helping small and large ATSC members export, the adoption of a hemispheric standard will help to realize the Bush administration's goals for regional integration and growth. A regional DTV standard offers the countries of the Western Hemisphere the opportunity to "bridge the digital divide" by expanding availability of the Internet and information services to consumers who otherwise would not have access to personal computers. To continue the momentum resulting from the CITEL resolution, the ATSC Forum conducted a demonstration at the private sector forum at the January 2004 Special Summit of the Americas held in Monterrey, Mexico. The demonstration showed how DTV broadcasting makes a variety of useful information services available to all socioeconomic groups within the Americas. ■

## Market Development Cooperator Program

The Market Development Cooperator Program is a competitive, matching grants program administered by the International Trade Administration that builds public-private partnerships. Through the program, monetary assistance and personnel support is provided to state economic development agencies, trade associations, chambers of commerce, world trade centers, and other non-profit entities that are particularly effective in reaching small and medium-sized enterprises.

MDCP awards help to underwrite the start-up costs of innovative, export marketing ventures. An applicant must match each dollar of federal funding requested on a two-to-one basis. The individual awards cannot exceed \$400,000. Funds may be used over the period of time required to complete a project, but the period cannot exceed three years. Working together, the private and public sectors bring their particular assets to bear to develop a comprehensive, strategic plan to win or retain market share in a particular market or selected markets. The MDCP has generated more than \$2 billion in exports since its inception in the fall of 1992. In 2003, 54 organizations submitted applications, and seven organizations won MDCP awards. Applications for the 2004 awards will be available via [www.export.gov/mdcp](http://www.export.gov/mdcp).

NEWS FROM  
COMMERCE

# Ask the TIC

## Understanding the New Visa Policies

By **Melissa J. Kopolow**

*Trade Information Center, Trade Development*

**T**he U.S. government has revised its visa policies to ensure that tourists, students, and business-people who travel for legitimate purposes are allowed access to the United States, while providing a higher level of security to U.S. citizens. Visa applicants of all types—those planning to participate in trade shows, consult with business associates, view and purchase products, travel, or attend universities—are all subject to the same scrutiny and visa policies. The following information may help your company facilitate visits of foreign customers to this country for business purposes.

### Q WHAT IS A VISA?

**A** A visa, issued by the U.S. Department of State and affixed in a traveler's passport, is permission to apply to enter the United States. U.S. immigration law delegates the responsibilities for issuance or refusal of visas to U.S. consular officers abroad, giving them final say in all visa cases. However, a visa does not grant entry; it simply indicates that a consular officer has determined the visa holder's eligibility to travel to a U.S. port of entry for a specific purpose. At the port of entry, an immigration officer of the U.S. Department of Homeland Security has the final decision on granting entrance into the United States—and for how long an individual is permitted to remain in the country.

### Q WHAT ARE THE NEW VISA POLICIES?

**A** Consular officers carefully scrutinize all visa applications. Most applicants are required to have a personal interview as a standard part of the visa process. The relevant U.S. embassy or consulate has the authority to waive the interview without approval from headquarters in Washington, D.C., in certain, very limited circumstances. All applicants' names, regardless of nationality, are checked against a government database for possible criminal or other disqualifying information.

Visa applicants may need to undergo an extra review process if they seek to engage in a commercial exchange or academic pursuit involving certain fields of advanced technology.

Additionally, all nonimmigrant tourist and business visa applicants between the ages of 16 and 45, regardless of nationality, must now include supplemental information on an additional visa application form (DS-157). Consular and border officers have the authority to require any visa applicant or applicant for entry from any country to complete supplemental forms if they are needed to help determine eligibility for a visa.

### Q HOW LONG DOES IT TAKE TO GET A VISA?

**A** The new policies and procedures may increase the length of time to process visa applications. Consequently, applications should be submitted as early as possible. Exact processing times are difficult to predict, but most applications are processed within 30 days.

Visa applications are reviewed on a case-by-case basis, each on its own merits. Since each person's circumstances are different, individuals applying for the same class of visa may be asked different questions, required to submit different supporting documents, and may have to wait varying lengths of time before a final decision is made on the visa application. Additionally, certain visa applicants may be required by law to undergo additional administrative processing. As a result, it is critical that groups hoping to travel together submit their visa applications well in advance of planned travel dates.

### Q WHAT CAN A U.S. COMPANY DO TO ASSIST FOREIGN BUYERS WHO NEED VISAS?

**A** Although every effort has been made to inform the public of these new visa policies, travelers may not know about the requirements and changes. U.S. companies can assist the Department of State by letting their foreign buyers know what to expect when applying for a visa.

An applicant can facilitate the visa application process by presenting a letter of invitation or support from a U.S. company. Although this does not guarantee visa issuance to a foreign national, it may help to establish legitimacy of intent and the reason for the intended visit. Consular officers do not maintain files on applicants prior to receipt of the formal applications; letters sent in advance of applications rarely come to the attention of consular officers at interviews. Rather, the applicant should submit any supporting

letters during the interview. The State Department's Web site, <http://travel.state.gov/links.html>, provides links to pages maintained by U.S. embassies and consulates.

U.S. companies can also help foreign customers by making sure to plan events as far in advance as possible to give individuals sufficient time to submit their visa applications and appear at an embassy or consulate for interviews. In addition, U.S. companies must adhere to their established schedules. Remaining in the United States beyond the time authorized at the time of admission may make a foreign national ineligible for readmission to or a visa for the United States.

### **Q WHAT ARE THE NEW POLICIES FOR FOREIGN NATIONALS OF VISA WAIVER COUNTRIES?**

**A** The Visa Waiver Program enables citizens from certain countries to visit the United States for either business or tourism without first obtaining visas. To come to the United States under the Visa Waiver Program, a traveler must be a citizen of a VWP country, must have a passport from such a country valid for six months beyond the intended stay, must be traveling for business or pleasure under what would be visa class B1/B2, and must remain in the United States for 90 days or fewer. VWP travelers cannot extend their visits or change to another visa category once they enter the United States. VWP requirements and the 27 current VWP countries can be found at <http://travel.state.gov/vwp.html>. Representatives of the foreign press and of foreign radio, film, or other information media traveling in their occupational capacity require nonimmigrant media (I) visas and cannot travel to the United States using the Visa Waiver Program.

The USA Patriot Act of 2001 mandated that a VWP traveler must present a machine-readable passport, or MRP, at the U.S. port of entry to enter the United States without a visa. An MRP is a passport with two typeface lines printed at the bottom of the biographical page, which can be read by a special machine. When read, these lines electronically provide identical information to that contained on the biographical page.

This requirement was to go into effect on October 1, 2003. However, U.S. Secretary of State Colin Powell granted 22 VWP countries a postponement until October 26, 2004. Five countries did not request postponement, and therefore, effective October 1, 2003, visa waiver travelers from Andorra, Brunei, Liechtenstein, and Slovenia must present either MRPs or U.S. visas. Citizens of Belgium have had to present MRPs since May 2003. If VWP travelers do not meet the MRP requirement, they will be required to obtain a nonimmigrant visas to enter the United States.

Additionally, all U.S. visas issued after October 26, 2004, must include biometric information. A combination of index fingerprints and digital photographs will be the biometric means for identifying visa applicants and matching their

records when they arrive at a port of entry in the United States. Many U.S. embassies and consulates around the world now take an inkless, electronic fingerprint scan of the right and left index fingers of every visa applicant. By October 26, 2004, electronic fingerprinting of all visa applicants will be done in all visa-issuing posts.

### **Q ARE THERE OTHER REQUIREMENTS FOR ENTRY INTO THE UNITED STATES ONCE A VISA HAS BEEN OBTAINED?**

**A** As of January 5, 2004, visitors to the United States who are traveling on visas must be digitally photographed and have their index fingers scanned electronically. Currently, 115 U.S. airports and 14 U.S. seaports are equipped to collect information from travelers. Entry and exit enhancements at land borders will be phased in throughout 2004 and 2005. The Department of Homeland Security compiles visitor information and cross-checks it against information provided during the visa application process to ensure documents have not been stolen or altered. The information is also checked against other databases maintained by law enforcement agencies to ensure that entrants are fully screened before they are allowed entry into the United States.

### **Q WHERE CAN I GET FURTHER INFORMATION?**

**A** Individuals or companies with questions concerning visas should review <http://travel.state.gov>, <http://UnitedStatesVisas.gov>, or the consular section in the country of application at <http://travel.state.gov/links.html>. The State Department's Consular Affairs Public Inquiries Division can be reached directly via e-mail at [usvisa@state.gov](mailto:usvisa@state.gov) and fax at (202) 663-3899.

The Homeland Security Department's Web site is [www.dhs.gov](http://www.dhs.gov), and its Web site for U.S. visitors is [www.dhs.gov/us-visit](http://www.dhs.gov/us-visit). ■

*Special thanks to Stuart Patt, Consular Affairs Bureau of the U.S. Department of State, and Helen N. Marano and Linda Harbaugh, Office of Travel and Tourism Industries, International Trade Administration, for their contributions and expertise on this topic.*

#### **FOR MORE INFORMATION**

The International Trade Administration of the U.S. Department of Commerce operates the Trade Information Center (TIC) for the 19 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. government's export promotion programs and activities. You, too, can "Ask the TIC" by calling (800) USA-TRADE (872-8723), toll-free, Monday through Friday, 8:30 a.m. to 5:30 p.m. EST. Or visit the TIC at [www.export.gov/tic](http://www.export.gov/tic).







# Manufacturing in America

## A Comprehensive Strategy

By **Donald L. Evans**

*Secretary, U.S. Department of Commerce*

**A**merica's manufacturing sector is a cornerstone of the American economy. Throughout the history of our nation, America's manufacturers have embodied the best in American values, and their work is a centerpiece of the entrepreneurial spirit that continues to lead the United States into the 21st century. Our dynamic and vibrant economy is the envy of the world, and our top-notch work force sets the global standard for productivity. However, maintaining and enhancing America's qualitative, innovative, and competitive advantages requires a focused effort by government. We need to understand the challenges that U.S. manufacturers face and implement the right policies to strengthen this vital sector of our economy.

Before becoming president, George W. Bush was a businessman and an entrepreneur. He knows that having a job is central to the American dream, and he knows how tough economic times can make running a business more challenging. President Bush is committed to making sure that every American who wants to work can find a job. Fulfilling that commitment requires that we continue to build a healthy and strong national economy, an economy that provides the right climate for innovation and opportunity that American businesses need to flourish. Additionally, we must reach out to other nations as trading partners and expand the opportunities for American companies to sell across borders. Some might see these two goals as being unrelated to each other, but American

manufacturers understand that achieving both is crucial to succeeding in today's global economy.

By the time President Bush took office in 2001, the nation had entered its first economic downturn in a decade. While the economy as a whole felt the effects of the slowdown, those working in the manufacturing sector were hit hardest. President Bush responded to the sluggish economy by adjusting fiscal policy to stimulate overall growth. The President's policies were the right medicine. The proof can be found in recent positive leading economic indicators, rising business investment, decreasing unemployment, broad strengthening in fundamental areas of our economy, and the stock market's rise since the end of 2003.

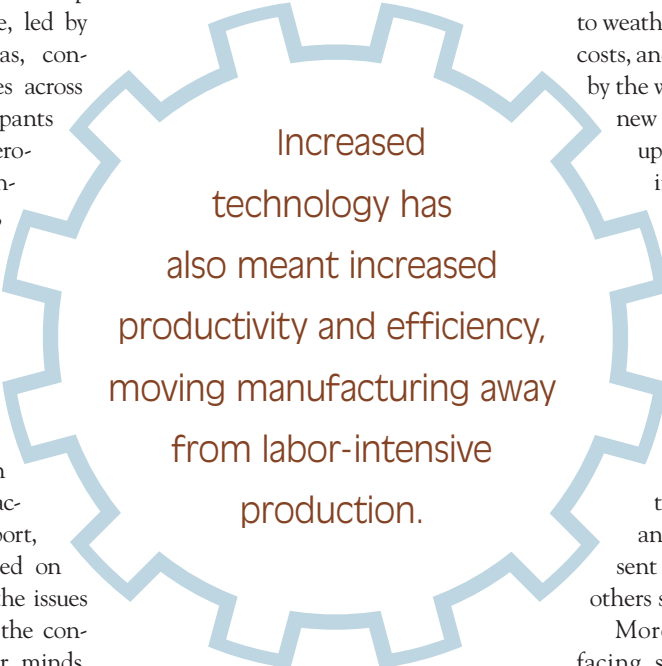
SPECIAL  
REPORT

However, unlike most previous recessions, even though the economy began to expand, U.S. manufacturers continued to experience job losses. The President was very concerned and asked me to determine whether the federal government was doing everything it could to help manufacturers expand business and function at full capacity. That question prompted a nearly yearlong effort to reach out to the manufacturing sector and find out what the government could do to help make America's manufacturers more competitive domestically and internationally.

During 2003, the senior leadership of the Department of Commerce, led by Under Secretary Grant Aldonas, conducted more than 20 roundtables across the country. Roundtable participants included representatives from aerospace, auto and auto parts, biotechnology, semiconductor, chemical, pharmaceutical, plastics, and tool and die industries, among others. Participants identified existing obstacles and brainstormed with Commerce Department staff to develop short- and long-term solutions to the issues facing U.S. manufacturers. The lessons drawn from our discussions with manufacturers are summarized in our report, *Manufacturing in America*, released on January 16. The report discusses the issues facing manufacturers and details the concerns that are foremost on their minds. It includes more than 50 separate recommendations designed to address the challenges identified by U.S. manufacturers. The comprehensive report chronicles the obstacles that manufacturers face domestically and internationally. It also takes stock of the recent growth of the American economy and the continued strength of our manufacturing sector. American workers continue to be the most productive in the world, and our economic future is filled with promise. Increased competition has spurred American workers to innovate and produce better products and has helped

American businesses remain competitive in the global marketplace.

However, in the United States, we often take manufacturers' contributions to our economy for granted. We easily forget that they produce the paper we use to write on, the stoves we use to cook, and the technology we use to power our personal computers. In 2001, the manufacturing sector contributed nearly 14 percent of the nation's GDP. Standing alone, the U.S. manufacturing sector would represent the world's fifth-largest economy—greater than the entire economy of China.



Increased technology has also meant increased productivity and efficiency, moving manufacturing away from labor-intensive production.

Although U.S. manufacturers have many strengths, the Bush administration recognizes that manufacturers are grappling with a changing marketplace. President Bush and the men and women at the Department of Commerce intend to work closely with American workers and businesses to ensure that American manufacturers have the opportunity to compete and succeed, both at home and abroad. There are things that the government can and should change now, and there are seeds we must also

sow today, so that Americans can reap immediate and long-term benefits. It is important to remember that while the manufacturing sector has been having trouble, its problems are not insurmountable. We have heard their concerns, and this administration intends to implement the improvements manufacturers suggested. We are in this together.

### SEEING THE ECONOMY IN CONTEXT

The manufacturing sector is still feeling the effects of the recent economic downturn. Businesses of all varieties attempted to weather the storm by cutting all possible costs, and for many, capital investments fell by the wayside. This meant that orders for new machinery were put on hold, and upgrades in computer programs and infrastructure were postponed. Consequently, manufacturers suffered domestically. Further, American manufacturers were unable to make up declining domestic profits by selling abroad, as many of the United States' trading partners were experiencing sluggish economic growth. For some manufacturers, turning a profit began to seem like an unachievable goal. To cope, some sent manufacturing operations abroad, others shuttered production altogether.

Moreover, our manufacturers are facing structural as well as economic challenges. America's manufacturers know that leadership in innovation and technology is key to their future global competitiveness, requiring higher skills, superior problem solving, and a more thorough knowledge of math, science, or engineering. Increased technology has also meant increased productivity and efficiency, moving manufacturing away from labor-intensive production. Although many technology jobs have remained in the United States, due to our educated and highly productive work force, we cannot rest on our laurels.



Commerce Secretary Donald Evans, Labor Secretary Elaine Chao, and Treasury Secretary John Snow discuss U.S. manufacturing with factory workers at Harley-Davidson's headquarters in Milwaukee, Wis.

Photo courtesy of U.S. Department of Commerce

The global economy has been transformed in fundamental ways for all sectors including—if not especially for—manufacturing. As state-planned economies, such as China, have moved toward market economies, changes have been taking place locally, nationally, and internationally. There is a worldwide shift toward global supply chains, in which final products are comprised of parts from multiple countries. Now, more than ever, there are more companies competing not only to produce similar products, but also to become a part of the global supply chains.

Increasingly, American job seekers will be competing not simply against other Americans, but also against citizens of other nations, such as India, China, and Russia, as those countries prepare their workers for technology-based jobs. As a nation, we must make sure that our students are prepared to compete. We must train the next generation of Americans to maintain our leadership in sophisticated, technologically advanced manufacturing. Increasingly that will require more highly trained workers who are fully prepared to operate increasingly high-tech equipment.

### UNDERSTANDING CHALLENGES

As I traveled across the country, the manufacturing workers and business owners I met repeatedly impressed me. I believe that manufacturers are doing a remarkable

job of innovating processes and products, increasing efficiency, and controlling costs in all the areas they can control. However, it is the areas beyond their control—in government regulation, taxes, tort liability, health care costs, energy supplies, and education—where government must help. I truly believe, as I have said publicly, that American workers can compete with their peers anywhere in the world as long as they are competing on a level playing field. Now, more than ever, it is time to set the rules straight while keeping “our side of the street clean.”

To do that, I am creating a new assistant secretary position within the Department of Commerce. This official will be the point person for the manufacturing sector. The new assistant secretary will coordinate existing government programs while implementing recommendations found in *Manufacturing in America* and any breakthrough ideas that can help the U.S. manufacturing sector surmount the challenges of today and tomorrow.

Keeping our side of the street clean means finding solutions that can be implemented within our borders to help manufacturers, by unburdening them to perform at their best. There are also solutions that could help American manufacturers compete abroad, such as engaging other nations to follow the rules and negotiating trade agreements that provide reciprocal access for U.S. goods. Reducing tariffs and other barriers to trade is also necessary to help our businesses, which

benefit from having the greatest possible number of markets open to them. Expanding foreign markets creates more opportunities for sales and the chance for growth and job creation for American manufacturers.

### STEMMING GOVERNMENT REGULATIONS

American companies are strong global competitors. However, there are a number of areas in which government hinders manufacturers unnecessarily by legislating and regulating in ways that add unnecessary costs. The U.S. Congress, federal agencies, and state and local governments must be mindful of the burdens their actions impose on manufacturing competitiveness. There is no legislating in a vacuum. American businesses must be an integral part of the legislation and rule-making process, because they devote a sizable (and growing) amount of time and money complying with government regulations. These regulations are often more onerous than laws in other nations. The end result is that American companies are facing unnecessary costs and complications.

Workplace rules, environmental regulations, exploding health care costs, and unlimited tort liability all place burdens on American businesses, particularly small and medium-sized businesses, which can be crippled by compliance costs. At present, regulatory compliance costs are equal to approximately 4 percent of GDP. For small businesses, compliance amounts to spending of more than \$16,000 per employee. While some of this cost is necessary for the safety and well-being of workers and business, the costs associated with unnecessary regulations weigh heavily on small firms.

Government could help American businesses by decreasing red tape and eliminating unnecessary and costly regulations. As part of the effort to help manufacturers, the Office of Management and Budget will review federal regulations

## Help with Your International Sales

### INFORMATION STRAIGHT FROM THE SOURCE

#### National Manufacturing Week

February 23–26, 2004

McCormick Place, Chicago

U.S. manufacturers interested in expanding their export sales will learn about markets in Asia, Africa, and the Near East at this year's National Manufacturing Week. Twenty-eight U.S. Commercial Service officers will be on hand to provide export help, including the pros and cons of each market and the best prospects for U.S. manufacturing.

#### Interested in learning about new export markets?

U.S. manufacturing exporters interested in one-on-one meetings with these commercial officers may schedule appointments by registering on-line at [www.buyusa.gov/eme/nmw.html](http://www.buyusa.gov/eme/nmw.html). The officers are based at U.S. embassies and consulates and advocate U.S. interests abroad, most often working with U.S. companies to increase export sales.

#### Visit the U.S. Export Pavilion

The officers' export counseling is joined by the U.S. Export Pavilion, a multi-agency exhibit at booth 4851 that offers help with export financing, shipping, and export regulations. The Commerce Department, the Small Business Administration, and the U.S. Export-Import Bank will be represented.

For more information about export assistance offered by the U.S. Department of Commerce and other agencies, please visit [www.export.gov](http://www.export.gov) or call 1-800-USA-TRAD(E).

with an eye toward examining the impact that these regulations have on manufacturing competitiveness.

### REVIEWING TAXATION

The federal government could also help substantially by examining and revising the federal tax code. The current tax system is overly complex and changes far too often to foster an investment-friendly environment. Businesses are more likely to invest in equipment and hire additional workers if the tax code is predictable and less costly. Government can help our economy create jobs by not taxing businesses in ways that distort investment decisions. Rather, the tax code should help spur investment and growth. The Department of the Treasury intends to address this weakness in our economy by offering proposals to streamline and simplify the nation's tax code.

Manufacturers noted that they appreciated President Bush's 2001 and 2003 tax cuts, which aided 25 million small business owners and quadrupled expensing limits. Small business confidence is now at a 20-year high, and third quarter 2003 GDP boomed at 8.2 percent. However, the manufacturers we met suggested that tax cuts should be made permanent, that additional cuts be made to encourage business investment, and that the research and development tax credit be made permanent to increase the certainty associated with the tax treatment of research expenditures.

### INVESTING IN INNOVATION

Manufacturers remain competitive when they continue to innovate, and innovation depends on research and development spending. It is also a truism of business planning that decision-makers are more likely to allocate money for research and development activities if there is a level of confidence in the stability of the political and economic climate.

Many manufacturers expressed regret that the federal government has placed less emphasis on generic science and engineering research. In a reversal of the equation from 50 years ago, manufacturers now invest more in research and development than the government does. The United States has had a rich history of public-private research sharing. The private sector was able to utilize research at the Department of Defense and NASA for early-stage innovations that propelled the development and improvement of consumer products, such as the personal computer. To encourage more research and development into future innovations and to provide manufacturers with the tools they need to stay ahead of the innovation curve, we plan a thorough review of research and development programs. We also plan to establish a new interagency working group to serve as a forum for resolving issues associated with manufacturing research and development policy and programs.



## KEEPING HEALTH CARE WITHIN REACH

Health care came up repeatedly as a source of worry for many business owners. Manufacturers told us that they prefer to provide health care for their employees, as it creates a work environment filled with more satisfied and healthier workers. However, health care costs are spiraling higher every year. These costs make it ever harder to provide health insurance for all employees. It is instructive to look at the escalation in health care costs since 1988. In 1988, health care was 8.8 percent of GDP. In 2000, it was 13.2 percent, and it is expected to hit the 16-percent mark within five years.

As the cost of insuring an employee becomes increasingly burdensome each year, businesses end up struggling to take care of their employees, let alone retirees to whom they owe compensation. A 2003 Kaiser Family Foundation study found that large corporations are increasingly cutting retiree benefits or increasing premiums as a way to remain solvent. For new employees, the future holds less generous health benefits while serving a particular company and in retirement.

The historic Medicare reform law passed late last year should help businesses, both large and small. Secretary Tommy Thompson and his staff at the Department of Health and Human Services have worked hard to reform this nation's health care system to help all Americans, including those who work in the manufacturing sector. However, more can be done. Enacting association health plans, promoting health savings accounts, and passing medical liability reform are just a few of the recommendations we intend to pursue to make health care more affordable and accessible to more workers.

## REFORMING LEGAL EXCESSES

Manufacturers also pointed to junk lawsuits as a growing expense. President

Bush understands that class-action suits and personal injury cases have increased the cost of doing business for everyone, even responsible employers. That's why the Bush administration has called on Congress to reform and update the current legal system, so that good businesses can stay in business.

Congress could help businesses of all sizes by reforming torts and returning responsibility to individuals. Our legal system places a greater burden on the business community than any legal system in Europe or Asia, making it difficult for American businesses to compete globally. The current system increases insurance premiums for all U.S. businesses, which hurts individual companies and is a growing drag on GDP. Lawsuits currently cost \$809 per year for every American—real money for working parents struggling to make ends meet.

The current system's fabric has loopholes that are used to abuse the system. Rather than ensuring victims are compensated and businesses act responsibly, too often the system serves the needs of trial lawyers.

President Bush proposed, and the U.S. House of Representatives approved, tort reform that would reduce the burden on our courts and businesses. Now it is time for the Senate to take action. The President's reforms ensure that most of the rewards in class-action lawsuits go to victims—not lawyers.

## ESTABLISHING A NATIONAL ENERGY POLICY

Before joining the Bush administration, I spent 26 years working in the oil and gas industry in Texas. I understand the importance of energy to our nation's economic and national security. Businesses cannot plan and grow if they do not have a stable and affordable source of energy.

For years, we have depended upon a patchwork solution to our energy needs. But as our consumption has grown—and outpaced our production—it has become

imperative to design and implement a national energy policy.

This is especially true where it concerns manufacturers. They are among America's largest users of energy—consuming 40 percent of natural gas used in the United States, and 30 percent of electricity. So, when there is a glitch in energy delivery, manufacturers are hit hard. For example, last summer's blackout in the Northeast forced automakers in Detroit to junk 1,000 cars due to blackout-related quality concerns.

President Bush has proposed a national energy plan to upgrade America's electrical grid, promote energy efficiency, increase domestic energy production, and provide enhanced conservation efforts, all while protecting the environment. President Bush's plan expands research and development of alternative fuels and renewable energy sources, as well as expanding natural gas production. Congress must help America's manufacturers by passing the President's comprehensive energy plan.

## TRAINING A WORLD-CLASS WORK FORCE

America's manufacturers compete in a global marketplace. Businesses regularly operate across borders and time zones, selecting the best employees from anywhere in the world. For the United States to remain competitive, we must continue to train a world-class work force for the 21st century.

Modern manufacturing jobs require workers to have a high-level of problem-solving skills. A high school degree is no longer sufficient for many manufacturing jobs. America's public schools need to do a better job of preparing students. Colleges and universities should be turning out more students with science and engineering degrees if we are to continue to compete on the global level and succeed.

To strengthen our work force, in his State of the Union address, President

## Manufacturing in America:

### THE FULL REPORT

On January 16, at an event held at Lincoln Electric Co. in Cleveland, Ohio, Secretary of Commerce Donald Evans announced the release of *Manufacturing in America: A Comprehensive Strategy to Address the Challenges to U.S. Manufacturers*. This 88-page report examines the current state of the U.S. manufacturing sector, reports on the views expressed by participants at the more than 20 manufacturing roundtables that were held throughout the country in 2003, and outlines the Bush administration's plans for supporting growth in this vital sector of the economy.

The full text of *Manufacturing in America* is available for downloading as an Adobe Acrobat file from the Commerce Department's Web site at [www.commerce.gov/DOC\\_MFG\\_Report\\_Complete.pdf](http://www.commerce.gov/DOC_MFG_Report_Complete.pdf). Printed copies of the report are available for purchase from the U.S. Government Printing Office for \$12 each, including shipping. To purchase a copy, visit the U.S. Government Online Bookstore at <http://bookstore.gpo.gov> or call the GPO sales desk toll-free at (866) 512-1800 (from the District of Columbia, call (202) 512-1800). Ask for publication number 003-009-00732-1.

Bush announced his initiative, Jobs for the 21st Century initiative—a comprehensive plan to better prepare workers by strengthening post-secondary education and job training and improving high school education. The plan includes more than \$500 million in new funding for education and job training programs.

The President is also improving America's elementary schools thanks to the No Child Left Behind Act of 2001. The No Child Left Behind Act increases federal funding for education and mandates standardized testing to ensure that every child in America is learning. The Bush administration has additionally proposed \$1 billion in targeted spending to expand and enhance math and science education over the next five years.

The Department of Commerce is collaborating with the Department of Education and Department of Labor to address education for students who are still in school, as well as continuing education and worker training and re-education efforts. Commerce Department staff will work with the Department of Labor to ensure that comprehensive employment centers address the needs of the changing work force. We will also work with the Department of Education to make sure that Americans are equipped with the educational tools they need to succeed in the changing workplace.

### ENGAGING THE WORLD

American workers are the best in the world—we can succeed in any global market, as long as we are able to compete on a level playing field. NAFTA and the World Trade Organization have opened markets for Americans. But more must be done. Under President Bush's leadership, the Commerce Department is working with U.S. Trade Representative Robert Zoellick to negotiate bilateral and multilateral trade agreements. Opening markets to American products

benefits our manufacturers, who see foreign markets as having great potential for their growth.

Going forward, the Department of Commerce will also put more vigor into monitoring and enforcing trade agreements and cracking down on unfair trade practices to make sure barriers are not levied against American products. We must be especially vigilant with intellectual property laws—the lifeblood for successful manufacturers. Loose adherence to laws protecting such innovations harms American businesses and discourages innovation.

Fair competition benefits everyone, because it leads to innovation, which leads to greater productivity, which leads to higher standards of living. When market forces are allowed to operate freely, high quality products will be sought after and properly compensated. However, when a government interferes with markets, competition suffers.

### PLANNING THE NEXT STEPS

In addition to the creation of an assistant secretary to serve as the point person for manufacturing and services, the Department of Commerce has also called for the creation of an office of industry analysis, which would support the new assistant secretary and analyze the economic impact of proposed regulations on manufacturers' competitiveness. The assistant secretary would have additional support from a new interagency group, the President's Manufacturing Council, which would be chaired by the Secretary of Commerce. This new council would be a forum for federal agencies to coordinate, brainstorm, and tackle various obstacles that may arise.

American men and women believe in working hard to realize their dreams. They ask only one thing of their elected leaders: don't stack the deck against them.

Strengthening American manufacturing requires an ongoing partnership

between government and business. We must work together to identify burdensome regulations, reduce taxes, and open markets.

At the Department of Commerce, we're working to unleash the entrepreneurial spirit in every American. Soon we will have an assistant secretary to oversee issues of importance to the manufacturing sector. Commerce Department officials are working with our counterparts at the Departments of Education and Labor to make sure that we have a well-trained, qualified American work force that is up to the tasks and opportunities that the manufacturing community offers today and will offer tomorrow. We will work with the Department of the Treasury on tax-related issues, and with the Department of Health and Human Services to manage health care costs, and with EPA Administrator Mike Leavitt to review

American men  
and women believe in  
working hard to realize their  
dreams. They ask only one thing  
of their elected leaders:  
don't stack the deck  
against them.

environmental regulations that affect manufacturers. We will also be working hard to increase and improve America's technological leadership while opening markets and protecting intellectual property. It's time to be creative and face the changing world with new solutions and a stronger determination.

Thanks to President Bush's leadership, manufacturers can look

forward to more markets and less governmental interference. We are in a moment of transition, but I believe that our economy has turned the corner. There are far more opportunities than challenges ahead, and the American work force is strong and ready to compete in the global economy. Now is the time for government to work with our manufacturers, to reduce their costs, increase their resources and markets, strengthen their work force, and sharpen our focus on their success.

I hope you will work with your advocates at the Department of Commerce in the year ahead as we work to unleash American manufacturing might. ■



SPECIAL  
REPORT

# Trade Events

**March–July 2004**

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
March 1	<b>Telexpo 2004</b> Telexpo is Brazil's largest and most important telecommunications and information technology event. The attendees and conference delegates are managers and directors from the telecommunications, IT, and enterprise markets, representing the largest technology buying companies. The Commercial Service in Brazil plans to organize a U.S. pavilion at the event.	São Paulo, Brazil
March 12–16	<b>Internationale Tourismus Boerse</b> ITB is the leading travel trade fair in the world. The U.S. pavilion, with more than 250 exhibitors, makes up the largest foreign delegation at the show. Exhibitors can expect to make contact with trade visitors (tour operators and travel press) from Germany and other European countries.	Berlin, Germany
March 15–19	<b>Microelectronics Trade Mission</b> This mission will center on the widely acclaimed Shanghai exhibition, Electronic China, in conjunction with Semicon China. Centering the mission on a major trade fair will allow participating firms to have individual meetings scheduled for them by the Commercial Service in Shanghai, as well as an opportunity to make additional business contacts at the exhibition.	Shanghai and Suzhou, China
March 15–23	<b>Information and Communications Technologies Trade Mission</b> The mission will target companies from all sectors of the information and communications technology industry. Delegation participants will be matched with potential agents, distributors, representatives, licensees, and joint venture partners in these markets.	Singapore, Malaysia, and Thailand
March 18–24	<b>CeBIT</b> CeBIT is the largest and most influential international trade show for information and communications technology. Nowhere else in the world, in just one week, can a U.S. company reach more than 700,000 industry professionals, including 139,000 distributors, representing 100 countries.	Hanover, Germany
March 21–26	<b>Aerospace Trade Mission</b> The deputy assistant secretary of commerce for transportation and machinery will lead an aerospace trade mission to India. The mission will include representatives from a variety of U.S. aerospace service and manufacturing firms interested in expanding their presence in India. The Commercial Service at the U.S. embassy in India will arrange meetings between mission participants and Indian government and industry officials.	Bangalore and New Delhi, India
March 29–30	<b>Natural Health Products Trade Mission</b> U.S. natural health products firms can strategically position themselves to take advantage of Canada's growing demand for natural health products by participating in this mission.	Montreal, Canada
March 31–April 2	<b>Globe 2004</b> Globe 2004 provides a unique opportunity for companies to network with decision-makers from around the world. It is an excellent forum for introducing technological innovation to environmental business leaders. It is also a great venue for the dissemination of research reports.	Vancouver, Canada
April 1–5	<b>Vinitaly</b> Vinitaly offers a great opportunity for the American wine industry to showcase its diverse and unique wines, meet Italian industry players and the large number of international visitors and exhibitors, educate European consumers and press about the wine regions of America, study the latest trends, discuss the newest technologies, and identify ways to enter European markets.	Verona, Italy
April 6–8	<b>Medicare India 2004</b> With a market of \$21 billion and growing at an estimated 17 percent a year, India's health care industry is a prime target for medical and health care equipment and services. About 80 percent of India's medical equipment is imported. U.S. companies should take advantage of this opportunity to garner their share of this growing market by participating in Medicare India 2004.	New Delhi, India
April 14–17	<b>International ICT Expo</b> This event showcases all types of products and services for the information and communications technology industries. The fair will have more than 400 exhibitors from approximately 150 countries. Buyers' delegations will come in from mainland China as well as from other countries. This is an ideal venue for U.S. companies that are considering expanding their business by partnering with Hong Kong companies to penetrate the Chinese market.	Hong Kong



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# HIGHLIGHTED EVENTS

## LIFE<sup>2</sup>

**MARCH 17–20, 2004**  
**BELGIUM**

Life<sup>2</sup> is a major public fair in Belgium for the health, beauty, and wellness industry. This trade show covers medical, beauty, nutrition, sports and fitness, natural home, and wellness services in general. The 2003 event had approximately 200 exhibitors and 32,000 visitors, which is an indication of the importance of the wellness trend and the market potential in Belgium.

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## ENVIRONMENTAL TECHNOLOGIES TRADE MISSION

**MARCH 29–APRIL 6, 2004**  
**MALAYSIA, VIETNAM, AND THAILAND**

The Southeast Asian market for environmental technologies has been a lucrative one for U.S. firms, and there is significant potential for increased exports. This mission will target all sectors of the environmental technologies industry, but emphasize air pollution, water and wastewater treatment, waste management, waste recycling, and contaminated soil remediation.

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TRADE  
EVENTS

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
April 20–23	<b>Food and Hotel Asia 2004</b> The 2002 event attracted 2,462 exhibiting companies from 67 countries. A total of 32,931 international buyers from 93 countries visited the show. For more information, see <a href="http://www.foodnhotelasia.com">www.foodnhotelasia.com</a> .	Singapore
April 20–24	<b>Expomin 2004</b> Expomin has rapidly become the premier mining show in Latin America and one of the largest of its kind in the world. Expomin has grown from a national event with 4,000 attendees to a major international exhibition with more than 45,000 business visitors.	Santiago, Chile
April 22–24	<b>Southeast Asian Health Care Show</b> This annual trade event covers a broad range of health care products and services and is especially suited for promoting hospital and electro-medical equipment and supplies, pharmaceuticals, home care, and health information technology.	Kuala Lumpur, Malaysia
May 3–4	<b>Plastics Trade Mission</b> This trade mission is scheduled to coincide with Plast-Ex, the Canadian Plastics Industry Association's largest and most important trade event. The Plast-Ex show includes more than 500 exhibitors on 300,000 square feet of exhibition space. More than 12,000 plastics industry decision-makers attend Plast-Ex and rely on the event to purchase products and services essential to Canada's \$22.5-billion plastics industry.	Toronto, Canada
May 10–14	<b>Miconex 2004</b> Miconex is the largest trade show in China for instrumentation products and is an ideal venue for U.S. companies seeking to enter or maintain their competitive position in this \$3-billion market. The United States exported \$647 million worth of instruments to China in 2001, an increase of 33 percent from 2000.	Beijing, China
May 13–16	<b>InterZoo 2004</b> InterZoo is the largest trade show for the pet industry in Europe. Excellent opportunities exist for U.S. firms in this sector. For U.S. companies wishing to sell in Germany and throughout Europe, it is important to participate in this trade fair in Nuremberg. Attendance is strictly limited to qualified buyers.	Nuremberg, Germany
June 1	<b>Surf Beach Show 2004</b> This event consists of three simultaneous trade fairs, with more than 300 exhibitors and almost 500 brand names represented. This event highlights the latest trends in beach, surf, and leisure wear. More than 38,000 retailers from all over the world are expected to visit. The U.S. Commercial Service in Brazil plans to organize a U.S. pavilion at the event.	São Paulo, Brazil
June 1–4	<b>Hospitalar 2004</b> Hospitalar is the largest medical event in the Latin America. This show is one of the best opportunities for new-to-market companies to find business partners in Brazil. This event covers a wide variety of medical sectors such as rehabilitation, diagnostic products, medical equipment, medical services, home care, drugs, and pharmaceuticals.	São Paulo, Brazil
June 8–10	<b>GEPEC</b> This biannual fair, which is not open to the general public, is targeted to professional visitors, such as relevant agency officials, police and special forces commanders, decision-makers, procurement officers, and trainers and others from regional and federal security forces. Although relatively small, this event provides a good opportunity for U.S. companies active in the security sector.	Hamburg, Germany
June 15–16	<b>Asian Elenex 2004 and Asian Automation 2004</b> This biannual event is the largest building services and air-conditioning trade show in Hong Kong. Held simultaneously with Securitex, it attracts professionals from the air-conditioning, electrical, electronics, building services, security, and lighting products industries. Hong Kong is an important market for U.S. building equipment/service providers and HVAC manufacturers, because it imported \$2.3 billion in air-conditioning, ventilation, heating, and refrigeration equipment last year.	Hong Kong
June 21–24	<b>International Exhibition on Environmental Technologies</b> ENVEX is the premier environmental exhibition in South Korea. As the South Korean government has placed more emphasis on the environment, South Korean companies are looking for the latest environmental technologies. ENVEX will include products from every environmental sector.	Seoul, South Korea
July 17–25	<b>Farnborough International Air Show</b> The Farnborough International Air Show will be the largest aerospace trade show in the world in 2004. In recent years, some 300 U.S. companies, large and small, have exhibited at the show, forming the largest national group after U.K. firms. Farnborough is a key opportunity for U.S. civil and military aerospace companies to showcase their products and services.	Farnborough, United Kingdom

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## MIDO

**MAY 7-9, 2004  
ITALY**

MIDO, the international optics, optometry, and ophthalmology show, is the largest and most prestigious trade fair of its kind. The show features eyeglasses, sunglasses, lenses and frames, contact lenses and accessories, microscopes, binoculars, barometers, instruments for optometry and ophthalmology, optical machinery, tools, accessories, and related equipment. In 2002, MIDO had 1,302 exhibitors, 795 of which were foreign. MIDO, now in its 32nd edition, maintains its position as the only truly international fair for the optical sector.

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## ACCESS EASTERN MEDITERRANEAN HEALTH CARE TECHNOLOGIES PROGRAM

**JUNE 1-3, 2004  
WEST BANK/GAZA, ISRAEL, JORDAN,  
LEBANON, EGYPT, AND TURKEY**

Access Eastern Mediterranean Health Care Technologies is a new trade promotion program of the U.S. Commercial Service in Egypt, Israel, Turkey, Jordan, Lebanon, and the West Bank/Gaza. The program offers U.S. exporters of health care products and services a low-cost, effective way to explore opportunities in all six of these markets simultaneously. The program's regional Web site will include brief company and product/service descriptions. Participating companies will also have their sales literature featured at the Commercial Service booth at the Medax trade show, June 1-3, 2004, in Tel Aviv.

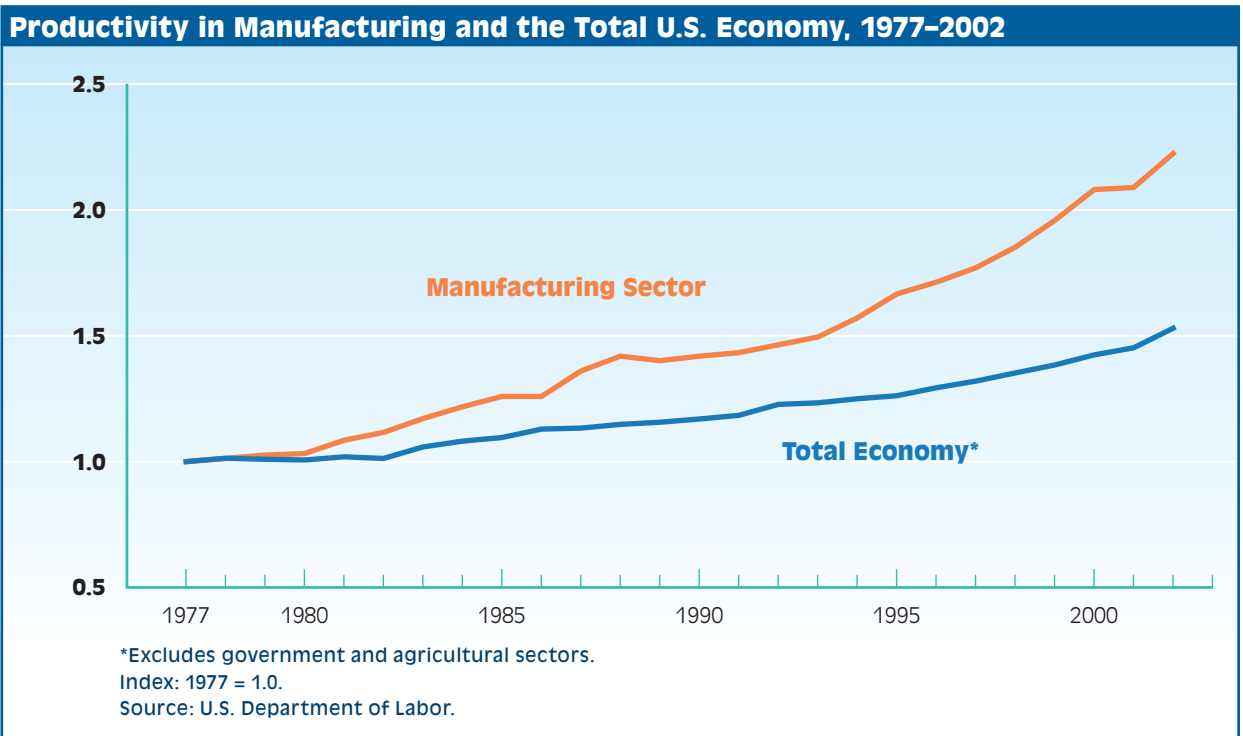
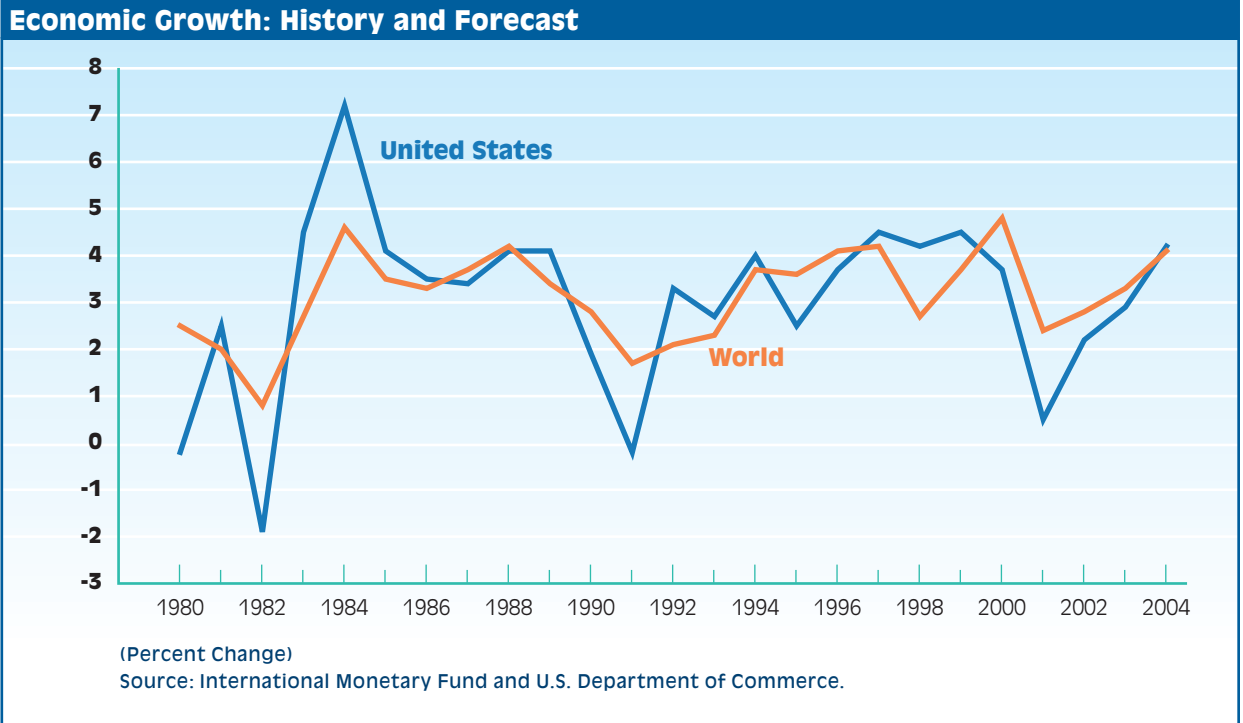
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*A full listing of trade events is available  
via [www.export.gov](http://www.export.gov).*

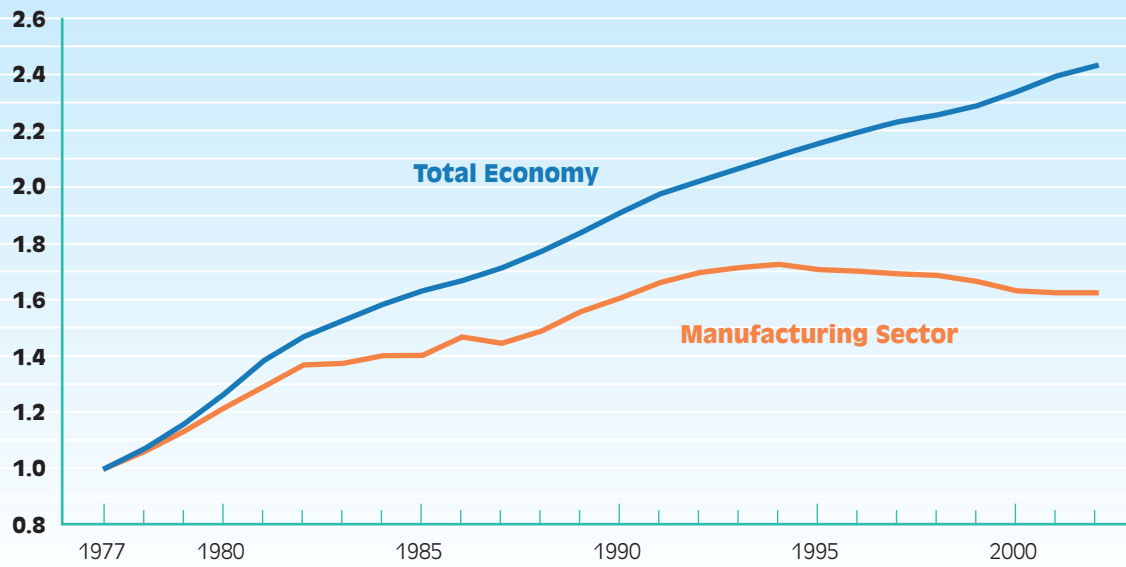
TRADE  
EVENTS

# Manufacturing Statistics



## Selected Charts from *Manufacturing in America*

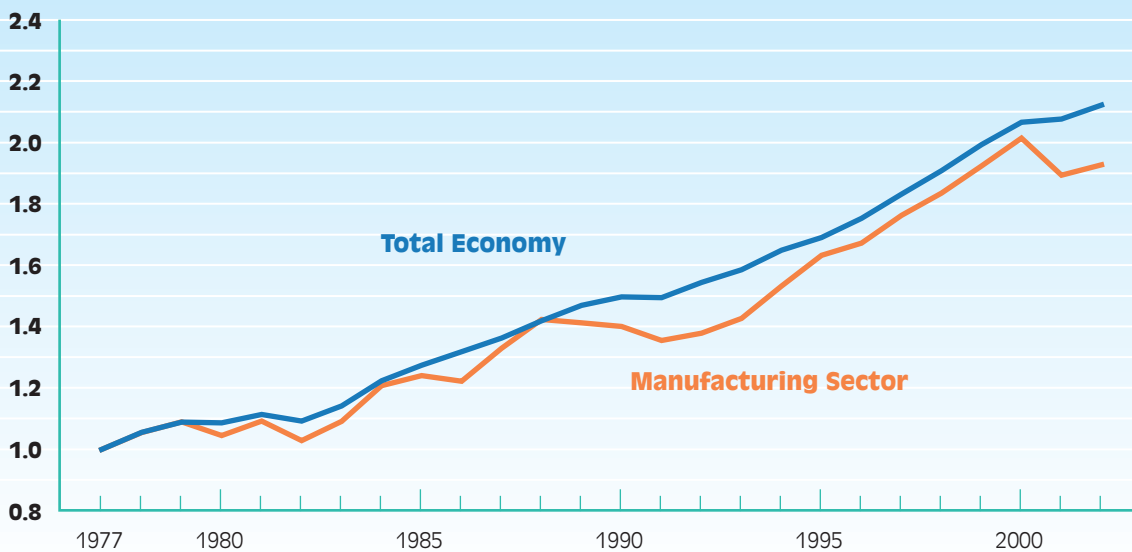
### Prices in Manufacturing and the Total U.S. Economy, 1977–2002



Index: 1977 = 1.0.

Sources: Total economy: U.S. Department of Commerce; manufacturing sector: U.S. Department of Labor.

### Output in Manufacturing and the Total U.S. Economy, 1977–2002



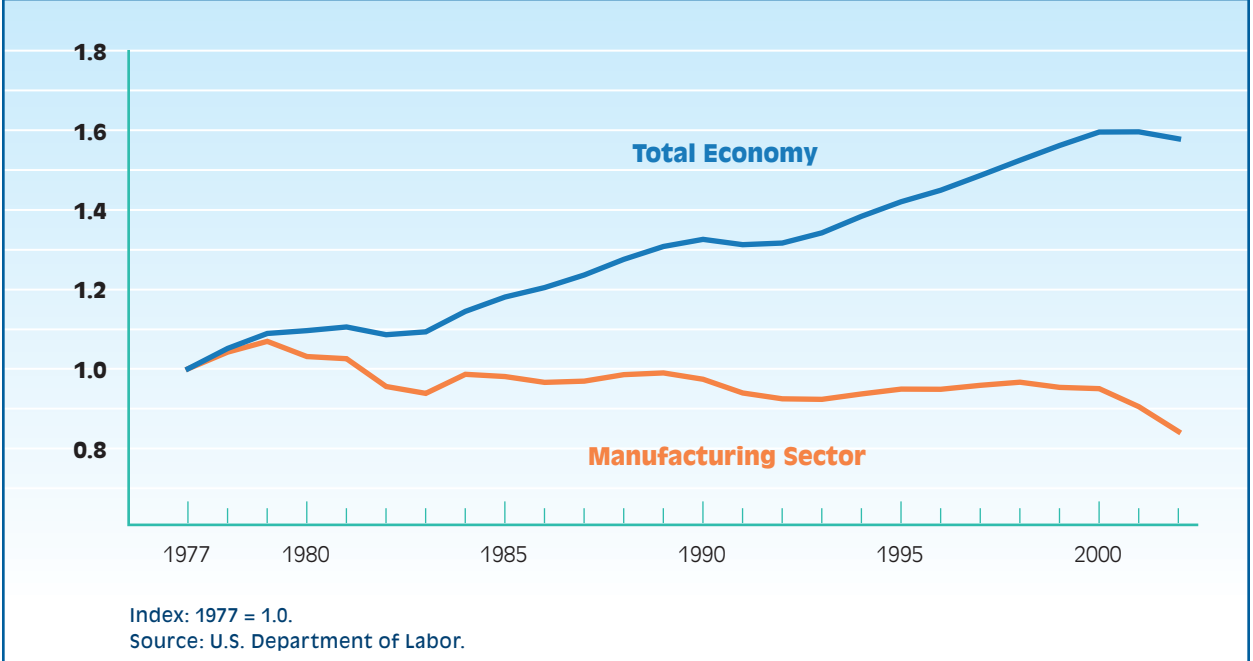
Index: 1977 = 1.0.

Source: U.S. Department of Commerce.

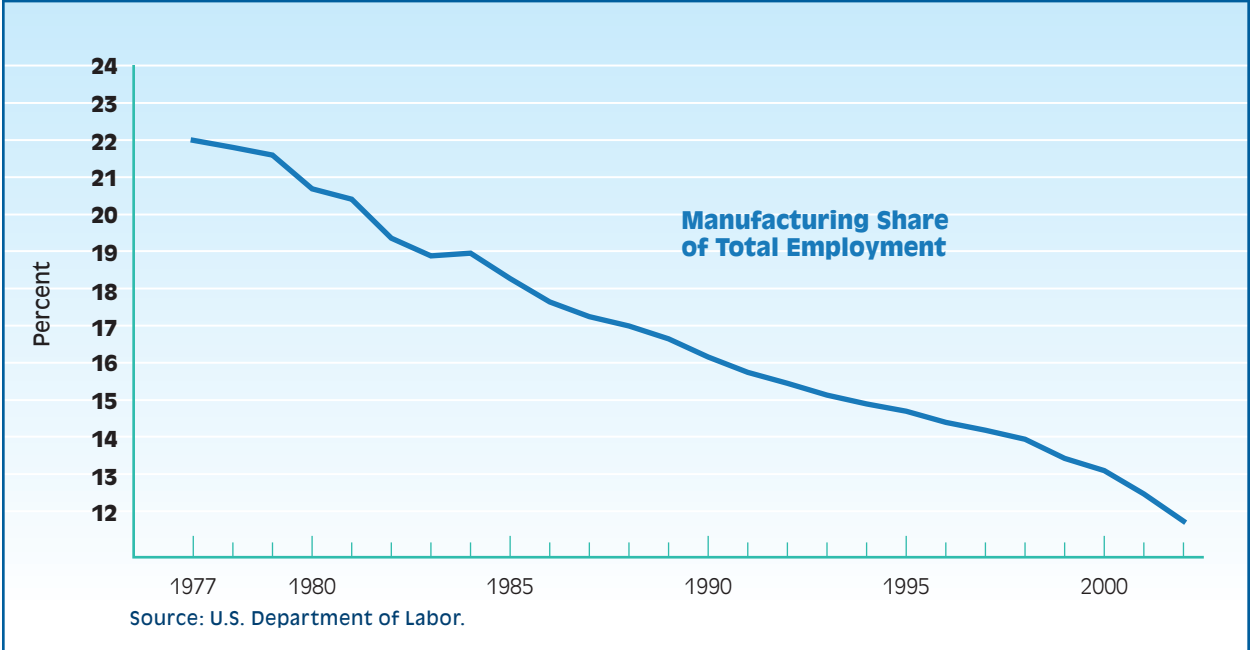
REPORT  
STATISTICS

## Manufacturing Statistics, continued

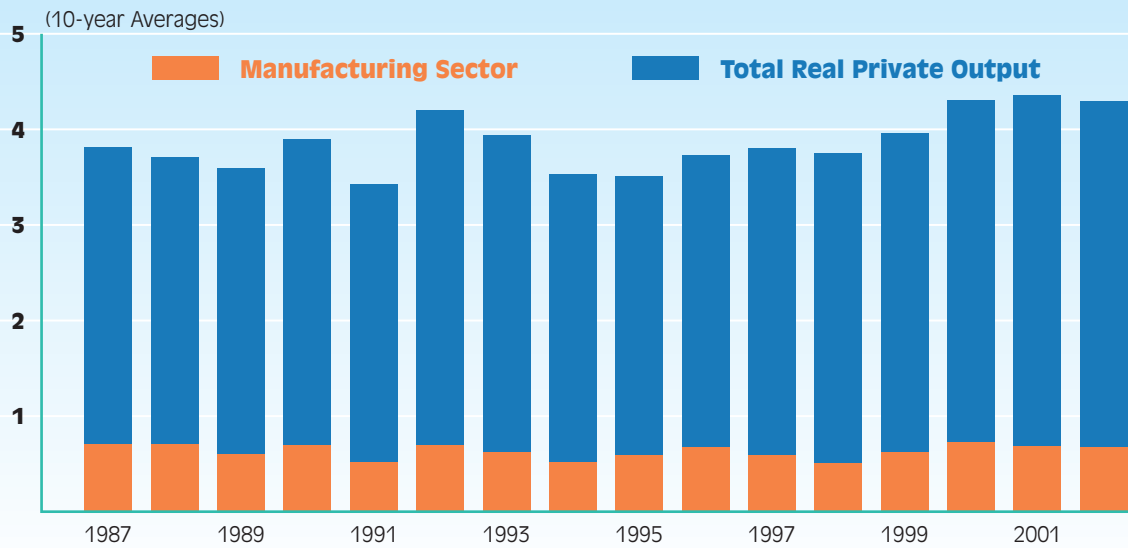
### Total Employment Growth, 1977-2002



### Total Manufacturing Employment Decline, 1977-2002

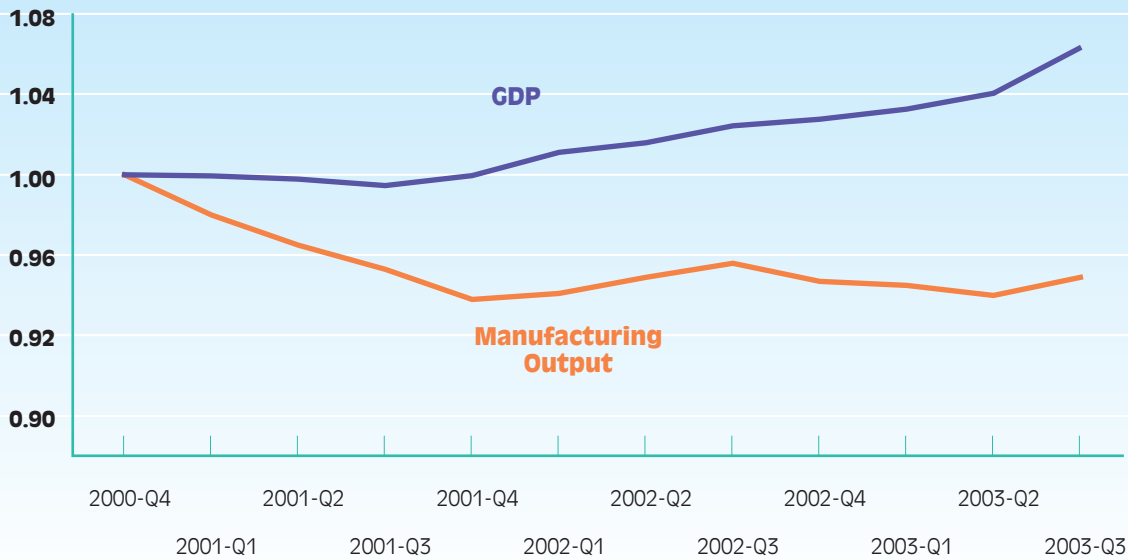


## Manufacturing as a Percentage of Average Private U.S. GDP Growth, 1987–2002



Note: "Total real private output" is the same as total real private U.S. GDP—that is, GDP minus the government sector. The top bars show the 10-year growth of private GDP, annualized to single-year averages. The bottom bars show 10-year moving averages: for a given year, contribution to private GDP growth by the manufacturing sector for that year is averaged with the previous nine years.  
Source: U.S. Department of Commerce.

## GDP and Manufacturing Output, 2000–2003



Index: Fourth quarter 2000 = 1.00.

Sources: GDP: U.S. Department of Commerce; manufacturing: Board of Governors of the Federal Reserve System.

U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
Room 3414  
1401 Constitution Avenue, NW  
Washington, DC 20230



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