National Association of Manufacturers

MANUFACTURING MAKES AMERICA STRONG

Testimony

of Franklin J. Vargo
Vice President for International Economic Affairs
National Association of Manufacturers

on behalf of **the National Association of Manufacturers**

before the **House Committee on Foreign Affairs**
Subcommittee on Terrorism, Nonproliferation and Trade

on **"U.S. Export Promotion Strategy"**

April 24, 2008

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Hearing on

"U.S. Export Promotion Strategy"

Thursday, April 24, 2008

Mr. Chairman and Members of the Subcommittee,

I am pleased to have the opportunity to testify on behalf of the National Association of Manufacturers (NAM) this morning on "U.S. Export Promotion Strategy".

The NAM is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. I am especially pleased to be testifying today on export promotion because exporting is vital to American manufacturing and to the NAM. I want to add that prior to joining the NAM I had a full career with the U.S. Department of Commerce, seeking to do my part to help grow American exports. I particularly applaud this Subcommittee's active interest in determining how to achieve faster growth for U.S. exports.

At the end of the 19th century, U.S. manufacturers banded together to form an organization to find markets abroad for their products. That was in 1895 and the organization they formed was the National Association of Manufacturers. So you see, recognition of the importance of export promotion is in our organizational DNA at the NAM.

Last year, U.S. manufactured goods exports were $982 billion, 60 percent of all U.S. exports of goods and services. Services accounted for $479 billion – 29 percent of the total; and agricultural exports were $92 billion – 6 percent.

Exports are vitally important to the U.S. economy – in fact last year they accounted for 40 percent of the growth of U.S. real GDP, offsetting the housing decline. Exports are very important to the manufacturing sector, and by NAM estimates, account for over one-fifth of manufacturing output.

Yet the United States runs a huge trade deficit – a deficiency of exports compared to imports. We have been falling short, and will continue to fall short unless our exports close the gap with our imports. On the import side, we have to ensure that imports are fairly traded, and have to deal firmly with subsidies and other unfair trade practices.

I believe, though, that our biggest trade problem is how to get our exports to grow much faster and allow us to pay for our imports through exports rather than by borrowing more from other countries. We cannot go on running such huge trade deficits. Our deficit did fall last year, as export growth exceeded imports, particularly for manufactured goods, in which the deficit fell nearly $30 billion. For the first two months of this year, it declined another $10 billion. This, though, is still only a modest improvement and much more is needed.

Given the likelihood of continued large imports of oil and of manufactured goods, we need a huge ramp-up of our exports, most of which of necessity will have to be manufactured goods. The importance of paying attention to U.S. exports is obvious by looking at Exhibits 1 and 2, appended to my statement. Exhibit 1 shows the 1990-2000 growth trend of U.S. exports of manufactured goods and depicts how badly we have fallen behind for the last six years or so because of the severe misalignment of global currencies. Exhibit 2 illustrates more clearly the gap between our past trend and our actual performance, showing the impact on U.S. manufacturing production and jobs. Only in the last few months have we returned to the growth path we should have been on.

We can either leave future export performance to chance, a residual result of other policies and actions, or we must have a national export expansion strategy designed to achieve a large and sustained increase in our exports.

Importance of Currency

To set the scene for a discussion of export promotion strategy, let me begin by saying that exports reflect a number of major factors. One of the most important of these is currency. When the dollar is excessively strong against other global currencies, U.S. goods become expensive in global markets and exports decline. When the dollar has adjusted to a more realistic value, exports grow. This sounds like common sense, but it is a fact too often overlooked in this discussion.

We have just seen this phenomenon occur over the past decade. During the 1997-2002 period, the era of the so-called “strong dollar”, the dollar ran up to 25% over its equilibrium value. During this period, the trade deficit spiraled upward and U.S. exports dropped off a cliff.

The dollar peaked in 2002 and began the readjustment that we are still seeing today. There is, of course, a lag in the effect of currency on exports, but the export growth we are now seeing is a direct result of this readjustment of the dollar. At the NAM, we hear every day from companies who say the value of the dollar has allowed them to be competitive internationally again and export more. Many companies, particularly among our smaller and medium-sized member firms, have told us the only reason they are doing well at the present time is their export performance.

Although we are not here to discuss international monetary policy, it must be acknowledged as an essential factor in export competitiveness. In fact, an export promotion strategy must be linked with broader strategy to ensure the dollar does not again become excessively strong, to address the elements of our basic international competitiveness, and to continue to reduce foreign barriers to our exports by further trade agreements.

Export Promotion Strategy

As I look at the U.S. export promotion strategy, we must do more to achieve the goal of a sharply increased rate of export growth.

I believe that the future standard of living of the United States depends on a huge increase in exports, one that will substantially eliminate our trade deficit in the next half decade or so. Having a reasonably valued currency and access to foreign markets is necessary, but not sufficient. We also need a sharp shift in export orientation that will lead to U.S. firms placing much greater emphasis on finding and selling to foreign markets.

The first element of an effective strategy is having an ambitious goal. I am not proposing a specific goal, but I believe the goal must be understood to be large and challenging and that it be widely agreed that its achievement is a national priority.

I do not see such a priority at the present time. The U.S. export promotion strategy seems to be one of doing the best we can with the available resources, rather than seeking the resources that would be commensurate with moving us toward a more rapid export growth path. To continue to work towards growing exports by becoming more efficient with current resources and taking advantage of opportunities as they arise is worthwhile and should not be abandoned, but such an approach misses the greater momentum and rewards to be derived from a broad goal and a strategy to reach it.

Some say that a high-wage nation such as the United States cannot compete in world markets. But this is not so. Germany’s manufacturing wages and compensation significantly exceed those of the United States – and did even before the recent spike in the euro/dollar relationship. Yet Germany runs the world’s largest trade surplus. Even excluding intra-European trade, Germany ran a $100 billion trade surplus last year.

What does Germany do that we don't? Germany has a tremendous export orientation. Merchandise exports are fully 40 percent of Germany's GDP (current dollars). Even excluding intra-European Union trade, Germany's merchandise exports are 15 percent of its GDP. U.S. merchandise exports last year were 8.4 percent of our GDP. Were we to export at Germany's 15% GDP ratio just for its exports to countries outside the European Union, we would have not only erased the trade deficit, but achieved a trade surplus of more than $120 billion last year.

Unlike Germany and many other countries, the United States evolved as a more self-contained economy, with abundant resources and a huge and growing domestic market that occupied our commercial energies. Exporting, until recently, has not been a priority for many companies. The resources needed to help shift the exporting mentality of the United States and facilitate the entry of American companies into more markets, however, are lacking.

In fact it appears to me, at least for manufactured goods, that they have been shrinking. That appears to be the case for the Commerce Department, in real terms. The $335 million listed as export promotion expenditures for the Commerce Department in 2007 would appear to enable fewer actual promotion resources than the $326 million four years earlier, given inflation and what I understand to be a huge increase in contribution costs for security at embassies.

Additionally, I think an impartial observer would have to conclude that U.S. export promotion resources are skewed in favor of agricultural export promotion. As a nation we seem to place a higher priority on exporting farm products than manufactured goods. The Department of Agriculture budget for export promotion last year was $693 million, while the Department of Commerce budget for promoting exports of U.S. manufactured goods was $335 million. What makes this skewed is that manufactured goods exports are 10 times as large as farm exports, yet the promotion of farm exports receives more than twice the resources as manufactured goods.

Please do not misunderstand me. I am not in any sense suggesting that agricultural export promotion is over-funded and should be shifted to the Commerce Department. We need agricultural export growth just as we do manufactured goods export growth.

But if the Commerce Department export promotion budget were to be funded proportional to agricultural export promotion, it would have been 10 times the agricultural budget, or $6.9 billion – an amount 20 times the size of the actual export promotion budget for manufactured goods, a rather startling contrast. We are in a global competition, and advertising, marketing, market information, and assistance in finding customers can make all the difference to American exports. It is not a competition we are winning.

Finally, let me point out that the U.S. export promotion strategy has for a number of years been one aimed at increasingly shifting the cost of various marketing research and promotion programs to users of trade missions, market research, participation in trade fairs, and the like. This is in contrast to the support other governments provide their exporters as they seek an expanded share of world markets. I was very pleased to note, however, that the U.S. approach has taken a step toward making promotion services more attractively priced for smaller companies, with the new fee schedule announced for implementation May 1st.

Even this welcome step, though, leaves the U.S. program in contrast to the support that other governments provide. For example, in asking NAM member companies and associations for their views about U.S. export promotion as I was preparing my statement for the Subcommittee, one of our members responded:

> "In our industry (packaging machinery) participation in international trade shows is key when entering new markets. Currently our members have to pay a significant amount of money to participate in these events. However we know that competitors from other countries, mainly European, have strong support from their governments based on trade promotion programs. This is leaving our members in a weak position to compete internationally. We consistently find country pavilions at international trade shows that are heavily subsidized by their governments. We have found this mainly from European countries including Spain, Italy, UK and Germany. We have learned from cases where some of these countries pay up to 70% of space, decoration, freight and staff transportation for companies to attend a trade show."

This member also provided a copy of a new UK Government program that provides funding to British companies that seek to enter new markets, underwriting much of the cost of participating in trade fairs or undertaking other export marketing steps to expand their overseas sales.

My attention was also drawn to an Australian news report of a few weeks ago stating that Australian government export market development grants to exporters will be boosted by $50 million to a total of more than $200 million. Australian Trade Minister Crean, in announcing the increase, said that Australia has to engage much better, "with the fastest growing area of opportunity – world trade." I note that Australia's exports of manufactured goods last year were about $60 billion – 1/16th the amount of U.S. manufactured goods exports, so Australia's $200 million program is the equivalent of announcing a $3.2 billion U.S. program.

So while U.S. export promotion programs provide little if any financial assistance to exporters, our competitors have a totally different philosophy about promoting exports. In doing some research for my appearance before the Subcommittee, I have to confess I was startled to learn that it was not only our competitors who were able to provide financial incentives and support to enter trade shows and seek new markets, but also the U.S. Department of Agriculture.

Under the Foreign Market Development Cooperator Program (FMD) and the Market Access Program (MAP) agricultural trade associations engaged in market development and export promotion activities for both generic and branded products are eligible for a range of supports. As part of the MAP, for example, the Export Incentive Program (EIP) provides reimbursement to qualifying small companies for airfare to foreign trade shows, trade show participation costs such as rental of space and equipment, promotional and advertising costs, and packaging costs if necessary to meet importing country requirements. This is quite similar to what is characteristic of the support available to many foreign firms. However, under current programs and funding, none of this is available to U.S. manufacturers seeking to expand their exports.

Export Promotion Programs

It is not my purpose today to evaluate the various export promotion programs the Department of Commerce utilizes. Given the resources available to the International Trade Administration for export promotion, I think they have been doing a very good job in seeking to maximize the returns from those resources. A lot of attention is being given to reallocate and reinvent in efforts to maximize their impact within the budget they have.

Due to budget constraints, the U.S. Commercial Service has recently undertaken a realignment that is resulting in closing a number of its offices and moving positions to other countries. I hope that funding is not so low that the result will be closing some offices but being unable to open others. While increasing resources to emerging markets like China and India is a good idea to help U.S. companies enter these difficult and complex markets, there are important opportunities in the Middle East and other regions that could be missed because there is limited or no U.S. government commercial presence.

I don’t question the need to put more resources in markets such as China. In fact the NAM has been urging a massive trade promotion effort in China, as well as pressing for reduction of its non-tariff barriers, effective protection of intellectual property, elimination of illegal subsidies and faster appreciation of its currency. U.S. exports of manufactured goods to China have been rising rapidly, and passed $46 billion last year. Even so, I note that the increase in U.S. manufactured goods exports to China last year was about $7 billion, while the dollar increase to the larger, but slower growing, European Union was $29 billion.

To me, what this means is that we need promotion assistance and resources both in Europe and in China, as well as in other rapidly-growing markets such as the Middle East, India, Brazil, etc. But those resources simply are not available. The NAM believes that with the present value of the euro, we cannot afford to overlook the opportunity to get more U.S. manufacturers to export to more European countries. The NAM is teaming up with the Commerce Department to utilize our outreach resources along with some of Commerce’s programs to help find European customers and distributors in what we call “Europe NOW” in the hopes of generating more U.S. export marketing in Europe.

Let me illustrate the opportunity. The European Union is the world's largest market. Even excluding intra-EU trade, it is the largest market outside the United States. Based on the Census Bureau's "Profile of U.S. Exporting Companies, 2005-2006," 85 thousand U.S. companies export to the EU – only 1 out of every three U.S. exporters. And based on that report, I estimate that the average U.S. exporter to the EU exports only to two of the 27 countries that comprise the European Union.

Forty thousand U.S. companies export to the United Kingdom, and we have about a 10 percent share of the UK's imports of manufactured goods (including intra-EU trade). Just 29 thousand U.S. companies export to Germany – meaning there are 11 thousand U.S. companies that export to the UK, but do not export to Germany. And our share of Germany's imports of manufactured goods is about 6 percent. Finally, consider Italy – the fourth largest EU market. The Census data show that 17 thousand U.S. companies export to Italy – less than half the number that export to the UK. That means that only one out of every 2 U.S. companies that export to the UK also export to Italy – A $500 billion import market. What an opportunity!

We have also suggested to the Commerce Department a far-reaching set of ideas for ramping up export promotion in China, but these ideas are outside the scope of present resource availability. I have appended the NAM ideas for export promotion to China, including establishing American Trade Centers, utilizing the Export Trading Company Act to form China Trading Companies in which groups of U.S. companies would establish marketing and distribution centers, use of creative financing, and the like.

If a sudden increase in priorities and resources for export promotion were to become available, one program we believe could be ramped up very quickly is the Market Development Cooperator Program (MDCP). This program offers grants to vertical trade associations or other groups for programs or promotional offices designed to enhance exports. The grants fund up to one-third of the cost and last for three years. The MDCP program has been a real success, even though it is starved for funds. I understand that Commerce's analysis has shown that for every federal dollar invested, $100 in exports has been generated. Since 1997, this program has generated $2.65 billion in U.S. exports, with an outlay of $20 million or less over that time period. I estimate that amount of exports generated additional tax revenue to the U.S. government amounting to almost $100 million – not a bad return on the taxpayer's investment – especially since this is seed money for what become self-sustaining promotion centers.

Consider, for example, the experience of the Association for Manufacturing Technology (AMT), an NAM member association representing the machine tool industry. More than 80% of its members are small or medium-sized companies. With the help of an MDCP grant, AMT opened a center in Shanghai, China, which is now one of the world's largest market for machine tools. The Center provides exhibition, meeting and storage space, as well as services such as translation, invoicing and sales for companies that otherwise could not afford to have their own offices in China. Since 2004, the Center has generated $41 million in sales of U.S.-made machine tools. The MDCP grant totaled $225,100.

The current budget for the MDCP is $2 million. When the MDCP was founded in the early 1990's, its budget was $2 million. Fifteen years later its budget remains the same – in fact the program is so starved for funds that it cannot make any new grants in 2008, although there is hope that some new grants may be possible in 2009. With such a record of success, it is our view that this is a program that should be greatly expanded. By contrast, in 2007, the U.S. government spent $240 million for two generally comparable program that promote agriculture exports. A comparably funded program for manufactured goods, which are 10 times as large as agricultural exports, would have been $2.4 billion – 1200 times larger than the actual budget of $2 million.

I again want to make clear that my comments are not intended to be a criticism of promotion funds for U.S. agricultural goods. My remarks are meant to highlight the paucity of funding to promote manufactured goods exports and to illustrate what a comparably funded Commerce Department program would be, scaled to the size of exports.

As another example of a promotion program NAM members think could be expanded quickly if there were additional funds is the Foreign Buyers Program. This program promotes foreign buyer attendance at U.S. trade shows, and is an attractive way of promoting small and medium-sized firms' products because these firms don't have to travel overseas to exhibit their products. The prospective buyers come here, to U.S. shows at which the U.S. companies are already exhibiting. Only 20 shows per year qualify for the program, but given its success, I believe it should be considered a key part of any expanded export promotion program. In fact, I would advocate going further than the program already does, and expand it not just to a lot more U.S. trade shows but also expand it by underwriting part of the airfare to bring high prospect foreign buyers here – and would also seek special and expedited visa processing.

Export Finance

Another key factor in export success is export finance and credit. Agencies such as the Export Import Bank and the Small Business Administration offer valuable services and products to U.S. exporters. Each of them also has programs specifically geared to small companies and their special needs. For example, the ExIm Bank under current chairman Jim Lambright, has instituted a new department headed by a senior vice president solely devoted to outreach and service to small companies.

These resources should be considered as an integral part of any export promotion strategy and serious consideration should be given to finding creative ways to match the programs offered by foreign governments to competitor companies. Increasingly, this is an issue for U.S. credit agencies that were not designed for the kind of agility and flexibility required in today's global commercial environment.

National Export Promotion Commission

There has been a considerable amount of attention recently to the issue of improving coordination of U.S. export promotion programs, and improved coordination is of course always a good thing. I have read the various Inspector General and GAO reports and believe they contain some good recommendations.

In my view, however, coordination is not the principal problem. To me, the problem is that export promotion is not currently a sufficient national priority and is seriously under-funded. Incremental improvements and greater efficiencies, such as are being sought at the present time, are valuable, but I believe what is needed is a greatly expanded program of export promotion for U.S. manufactured goods, one that is more parallel to what the U.S. government allocates for agricultural export promotion and what other governments allocate to promote their producers' exports.

The question is how do we get from where we are to where we need to be if we are to have such an expanded program? How do we move beyond incremental change and obtain a radical shift in our approach?

I propose for the subcommittee's consideration that legislation be introduced to form a bipartisan Congressional-Administration-private sector commission to examine the U.S. approach to export promotion, to consider the size of the task, to propose a national export expansion goal, and to formulate recommendations for the nature and scope of an export promotion program that would be likely to achieve that export expansion goal. The commission's report and recommendations would be for the purpose of consideration by the Congress and the next Administration. There should be representation from Congress, from key government agencies, from concerned trade associations, and representatives of large and small companies.

In order to effectively examine U.S. export promotion activities and make meaningful recommendations, the commission should have access to a current study of the practices and funding of foreign government export promotion organizations. As a first step, this subcommittee could request the Government Accountability Office (GAO) or the Congressional Research Service (CRS) to undertake a thorough investigation of the scope of major foreign competitor export promotion programs, focusing on identifying best practices. The National Export Strategy of 2002 provided some limited information on this topic, but to be useful, the report should include greater detail, including funding levels and categories.

Using this study of international best practices and data on current export U.S. promotion programs for goods, services and agriculture, the bipartisan commission would formulate a proposal for a forward-looking export promotion program for presentation to the next Administration and Congress. Should the Subcommittee be interested in moving ahead with this recommendation, the NAM would be very pleased to work with the Subcommittee's staff on a detailed proposal for a report that would be completed by the end of 2008.

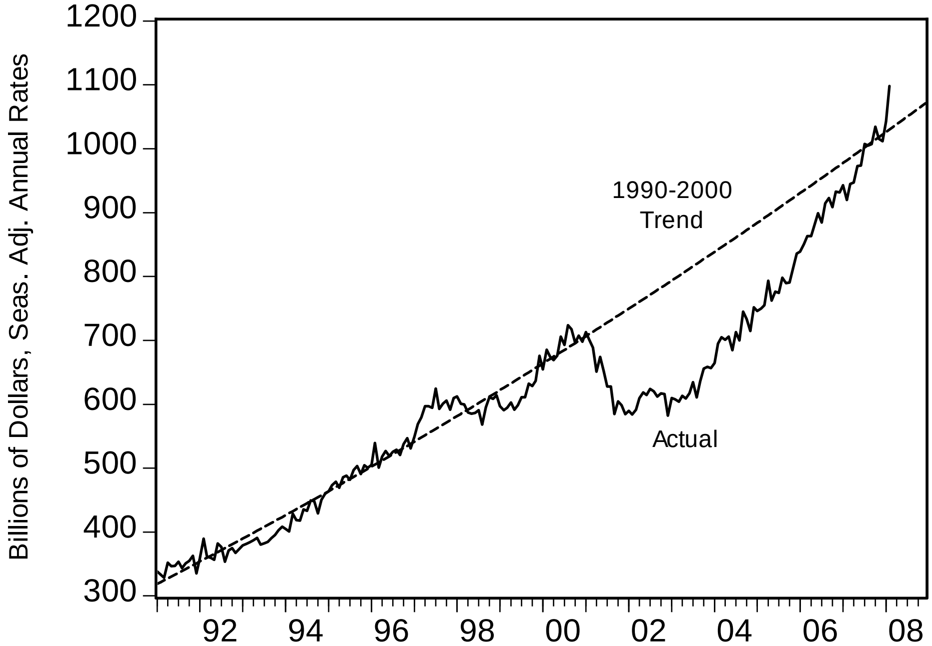
Making exports a priority and a vehicle for substantial economic growth is essential in today's globalized world. The next incoming Administration must be encouraged to do everything possible to increase U.S. companies' participation in the growing markets of our trading partners. This commission could provide a valuable blueprint, one with bipartisan, public-private support, and hopefully the full support of this Subcommittee and the Congress.

Conclusion

In conclusion, Mr. Chairman, I would like to thank you and the members of the Subcommittee again for this opportunity to testify on such an important issue. We are in a globalized world. We don't get to vote yes or no on this. What we can do, however, is to put ourselves in a better position to avail ourselves of the global opportunities in a way that promotes the standard of living of all Americans. Certainly a determined promotion effort that would increase the participation of American firms in world markets must be an important part of this endeavor.

Thank you, Mr. Chairman.

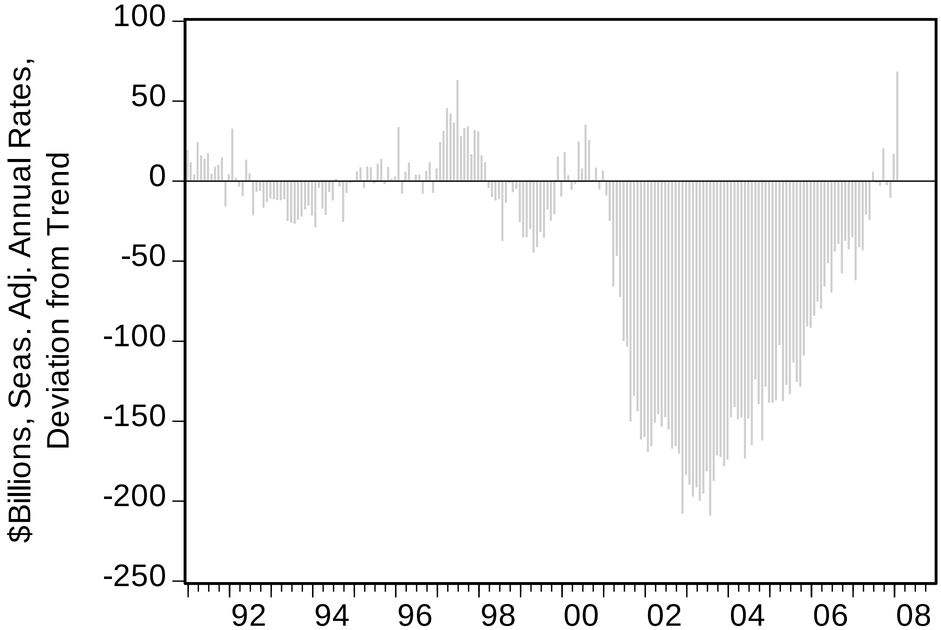
EXHIBIT 1
U.S. EXPORTS OF MANUFACTURED GOODS
Trend and Actual



Source: U.S. Census Bureau, Seasonally Adjusted by NAM, employing Census X-11 seasonal adjustment program

NATIONAL ASSOCIATION OF MANUFACTURERS

EXHIBIT 2.
U.S. EXPORTS OF MANUFACTURED GOODS
Deviation from 1990-2000 Trend



The 2001-2007 gap between what exports would have been and what they actually were shows the extent to which exports were disadvantaged and reduced U.S. manufacturing production and jobs.

U.S. manufactured goods exports did not return to the 1990-2000 trend until the end of 2007.

Source: Census Bureau. Seasonally Adjusted by the NAM.

NATIONAL ASSOCIATION OF MANUFACTURERS

<u>Expanded Export Promotion Program to China</u>

Proposed by the National Association of Manufacturers -- 2004

One of the best ways to narrow the trade imbalance with China is to expand U.S. exports rapidly. As U.S. imports from China are five times as large as U.S. exports to China, it is evident that exports will have to grow very rapidly if they are to begin bringing the trade account into closer balance. China's entry into the World Trade Organization has made the prospects for rapid export growth possible. China has become the fastest-growing import market in the world outside the United States and has become one of the fastest-growing export markets for the United States. Last year, U.S. exports to China grew nearly 30 percent.

However, exports to China are still small relative to total U.S. exports and to the size of China's import market. China represents only 4 percent of America's exports. Moreover, in 2003 the U.S. share of China's import market was only 8 percent -- and the share has been falling. European Union exports to China were more than 50 percent larger than U.S. exports to China.

China is a particularly difficult market for many American exporters. It only recently has begun to liberalize, it has its own way of doing business, it is far away, it is huge geographically, and it requires a considerable marketing investment. Many American companies are unwilling to proceed or uncertain as to how to go about doing so.

We believe this situation poses an opportunity for a massive public-private cooperative effort to boost U.S. exports to China. Such an effort could benefit both large and small American companies and build an important part of the basis for a sustainable bilateral trade relationship. The U.S. government should be asked to take the initiative to develop a huge and radically-different export promotion approach to China, beginning by consulting with large and small American companies and with associations such as the NAM.

This consultation should not be limited on the government's side to the Commerce Department, but should include other U.S. government agencies and Congressional participation as well, particularly from the relevant oversight and appropriations committees.

Recommendations

We propose as a starting place that consideration be given to an integrated program that would feature multi-purpose American Business Centers in China as the key part of a coordinated effort to interest U.S. companies in exporting to China, assisting them in determining how to do so, promoting their products in China, assisting in finding specific buyers or distributors, assisting in obtaining export financing, and resolving market access problems they may encounter. The effort should particularly focus on boosting exports of small and medium-sized companies and would be coordinated by a special China Trade Information Center in the U.S. Department of Commerce in Washington.

We propose the goal be a doubling of the U.S. share of China's import market within the next three years.

China Trade Information Center -- The China Trade Information Center would be the nerve center of the China export promotion effort. It would work with Commerce, Small Business Administration, and other government export promotion offices around the United State to disseminate market opportunity information to U.S. companies, would operate email lists to provide information directly to companies, would have a team of experts to consult with U.S. companies, would provide guidance to Commerce promotion officers in China on what market research and other activities to perform. It would, in sum, be very similar to Commerce's existing and highly-successful Business Center for the Newly-Independent States (BISNIS).

Comment: Commerce has established the China Business Information Center (China BIC) which is composed of an enhanced website, http://www.export.gov/china/index.asp, and two individuals here in Washington to handle inquiries.

American Trade Centers -- The key to a huge export promotion program would be American Trade Centers in important commercial centers in China. These would be physical facilities with a storefront to display U.S. products and technologies; temporary office space for visiting U.S. companies; exhibition space for small trade shows or seminars; a contingent of foreign service nationals (Chinese citizens) to find customers or distributors for U.S. companies and to conduct market research; and individual assistance to U.S. companies needing appointments with prospective customers, translation services, etc. Market Development Cooperators, and Export Trading Companies might be co-located in the American Trade Centers.

Market Development Cooperator Program (MDCP) -- This program, which provides funding to assist industry-specific trade associations in opening representation offices, should be greatly expanded to allow a large increase in such association offices to promote exports in individual sectors. Their offices could be co-located at the American Trade Centers.

Export Trading Companies -- The Export Trading Company Act enables groups of companies to form what in essence is an export cartel with anti-trust immunity. The Commerce Department should seek to get groups of smaller companies to band together to hire a sales representative to promote their sales in China. These China Export Trading Companies could have office in the American Trade Centers.

Trade and Development Agency (TDA) -- TDA provides funding for feasibility studies of projects in combination with U.S. firms. TDA has an excellent track record in generating exports, as U.S. companies tend to specific U.S. technical specifications and products. Increased funding should be provided for special China programs.

Export-Import Bank (Exim) -- Exim should develop special programs to provide quick and easy export financing for smaller companies to sell to China, as well as improved credit guarantee programs and lines of credit that are easy for small companies to use. Exim personnel should be assigned to the China Trade Information Center in Washington and at selected American Business Centers in China.

Small Business Administration (SBA) -- The SBA should develop special working capital and export funds that are easy for small companies to use. This should include a set-aside of adequate funds for expanding exports to China. SBA should also be part of the China Trade Information Center.

Regional Programs -- the China Business Information Center should conduct conferences around the country to show the range of programs and information available to help companies export to China. Commerce Department regional offices and export centers should train their personnel so as to be able to offer individual China export consultants who can work with small U.S. companies from beginning to end -- finding customers, advising on shipping and customs procedures, assistance in obtaining freight forwarders and financing, etc.