

United States Senate
Committee on Small Business & Entrepreneurship
February 20, 2008

Thank you for inviting me here today. My name is Don van de Werken and I am the Director of the New Orleans U.S. Export Assistance Center (USEAC). We are part of the U.S. Commercial Service, which is a unit of the U.S. Department of Commerce's International Trade Administration. Our mission at the USEAC is to help Louisiana Small and Medium Sized (SMEs) businesses find international markets for their goods and services. We do this through our worldwide network of offices in U.S. embassies and consulates. Working with our colleagues overseas, we offer a wide range of assistance to help Louisiana SMEs explore markets and make sales. Our Gold Key Service and International Partner Search identify importers and agents interested in buying U.S. goods and services, our International Buyer Program brings qualified foreign buyers to American trade shows, and our market research allows Louisiana companies to identify the best international markets and do business there safely.

International trade plays a key role in Louisiana's economy. In 2007, total Louisiana exports were \$30.4 billion dollars compared to \$23.5 billion in 2006 and \$19.9 billion in 2005. Louisiana's export growth of 29.2 percent in 2007 was more than double the overall U.S. rate of 12.1 percent. The value of export shipments of agricultural products through Louisiana's lower Mississippi River ports – which account for over 50 percent of U.S. grain exports – was especially strong in 2007 with \$12.5 billion, a 37.8 percent increase.

Due to the State's unique position along the Mississippi River, chemicals, bulk agriculture goods, machinery and processed foods continue to be top Louisiana exports. Louisiana is usually ranked in the top 10 exporting states in the nation. Free trade agreements like the one just passed with Peru, as well as the pending agreements with Korea, Colombia, and Panama, are an important tool in helping Louisiana companies access new and lucrative markets. In many instances, products from these countries already enter the US duty-free. By implementing these agreements, Congress ensures that our small exporters get equal access, fair rules, and an even playing field. We have heard from a number of Louisiana companies, such as Reserve, LA-based Dredging Supply, about the tremendous positive impact these agreements have had on their bottom line.

In fiscal year 2004, before Hurricanes Katrina and Rita, our office met one-on-one with 537 number of companies in a total of 1627 counseling sessions. We reported 81 number of Export Successes from 35 number of companies. As you can expect, in FY2006 these numbers decreased dramatically. Like you, our office and staff suffered. We lost almost 1/3 our client base, we reported 75 percent fewer counseling sessions, and had an 80 percent reduction in Export Successes. I'm happy to report that the picture has improved significantly since then. In FY2007 we increased our export successes and counseling sessions, but we are still not at pre Katrina/Rita levels.

We want to thank the leadership of Louisiana District Export Council (LDEC), particularly the former Chair Geralyn Contini, for her leadership during this period. Ms. Contini, who along with her duties as CEO of Schaffer Global Engineering in Baton

Rouge, led the effort to reestablish the exporting community. She, together with her colleagues in LDEC, spearheaded a communication campaign to USDOC-ITA leadership in Washington, recommending that the cost of our export service programs be reduced for SMEs located in Louisiana and all hurricane-affected areas. I will point out that Ms. Contini was the first woman to Chair the DEC, and clearly was the right person to lead us through this challenging period.

I would also like to thank Senator Landrieu's office, which ensured that the price reduction for USDOC export services was extended in FY2008. This has been a huge boost to the Louisiana SMEs that use our services, and has helped local businesses expand into new foreign markets and hire additional staff. To date 39 companies used the services at the reduced price. We also made reduced-price advertisements in a special Louisiana-focused edition of our export magazine *Commercial News USA* available to hurricane-affected companies.

We have enjoyed excellent cooperation with the New Orleans World Trade Center and Louisiana Economic Development (LED), not only in supporting Louisiana exporters, but also in attracting international investors to the State. After the storms, the U.S. Commercial Service demonstrated its commitment to the Gulf Opportunity Zone (GO Zone) by posting a Foreign Commercial Service Officer to New Orleans. This position, currently filled by Ms. Erin Butler-Mueller, is devoted to communicating the benefits of investing in the GO Zone to international companies.

On the topic of Katrina/Rita, I'd like to highlight a few key facts in terms of international trade numbers. 1) International trade continued right up to landfall and continues today, during the recovery. 2) We actually saw increases in trade volumes/sales for certain overseas markets. How did this happen? The areas of South Louisiana that were not completely affected by the storm got back up and running quickly due to a good disaster management plan. In fact, international trade saved some of these companies. Many of the SME clients we visited right after the storm were "Export Ready," thanks in part to previous USDOC support. They were able to shift products intended for the local market to overseas markets, preserving jobs and speeding recovery. Of course, many, many companies lost a great deal. We can count more than 15 actively exporting SMEs that left South Louisiana since the storms.

Many small companies believe that they don't have the resources or ability to sell overseas. Our mission here today is help them understand why they should consider exporting their goods and services. Diversifying markets to include international ones gives a small company many advantages:

- 1) Spreading risk across markets helps companies better weather the ups and downs of domestic business cycles.
- 2) Due to the size and scope of the US market, companies may actually face *less* competition overseas.
- 3) Exporters can often command a higher price for their goods and services

- 4) U.S. government assistance programs, such as DOC services, SBA and EXIM bank financing, and free trade zones give Louisiana exporters a competitive advantage.

One of most effective tools we have to help SMEs achieve their goals in the international marketplace is our Gold Key Service. We take you by the hand and walk you through the process of exporting – from identifying a market, to selecting a qualified, pre-screened agent, distributor, or partner, to closing the deal with the best possible terms. We have clients all over the state that swear by this service; many now report that 40-50 percent of their sales go overseas. Here are just a few of these companies from Southwest Louisiana that have used our services:

- Polaris Engineering Inc. of Lake Charles;
- Safe Haven Enterprises, Inc. of Jennings
- Datrex, Inc. of Kinder
- Paragon Plastic Sheet, Inc./Thermoplastic Services, Inc. of DeQuincey
- Lake Charles Diesel or Global Distribution & Services of Lake Charles

Finally, I want to thank the leadership of Honorable Mayor Randy Roach of Lake Charles and the Southwest Louisiana Partnership for Economic Development (SWLP) under the leadership of Mr. George Swift for helping us in our mission to increase Louisiana exports. In years past both the Mayor and Mr. Swift hosted several foreign delegations, including a 2006 visit to the Port of Lake Charles by a Venezuelan oil & gas delegation.

They also supported our 2004 Trade Mission to Venezuela & Trinidad, which put several Southwest Louisiana companies in contact with Chevron and Petroleos de Venezuela.

In the dark days after the hurricanes, all eyes were on this state. It was amazing to see the resilience of the folks here in Louisiana. My small staff visits over 100 companies a year, and we were inspired to do our part to help Louisianans not just endure, not just survive, but continue to do business overseas, and actually begin to thrive once more.

Thank you once again for your time and your support. We are distributing additional information for your review. If you have any questions, please do not hesitate to contact my staff or me.

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