

# ■ ADVOCACY HELPS THE INDIRECT EXPORTERS

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Every day, all across the United States, thousands of companies are manufacturing products and providing services that are exported to countries around the world.

In 2000, U.S. companies exported goods and services valued at more than \$1 trillion. While just 1 percent of all companies that export account for more than 78 percent of all U.S. merchandise exports, many of these firms rely on other companies for input needed to support export production or marketing. These suppliers, which are often small and medium-sized companies, are the indirect exporters—manufacturing everything from small components, such as nuts and bolts to major components, such as circuit boards.

## THE BROAD IMPACT OF ADVOCACY

These indirect exporters are often unaware of the benefits they have derived from the U.S. Government's Trade Promotion Coordinating Committee, a network of 19 federal government agencies with the Commerce Department's Advocacy Center as the hub. The Center's mission is to promote U.S. exports and create or support jobs at home. Since November 1993, the Advocacy Center has worked with large, medium and

small U.S. companies in a variety of industry sectors to help them win foreign government procurements. The advocacy network's track record for success includes more than 600 projects, totaling more than \$135 billion in value and exceeding \$70 billion in U.S. export content over the life of the transactions. A win for these companies is a win for their suppliers.

## NOT JUST PARTS BUT PARTNERS

The Boeing Company provides a good example of how U.S. Government advocacy has positive effects on other U.S. companies. Over the last year, the Advocacy Center has worked with Boeing in its efforts to win contracts in Cyprus, Morocco, and South Africa. Boeing's successes in these key competitions affect U.S. workers across the country, many of whom work at small or medium-sized companies. Boeing has in excess of 500 suppliers covering all 50 states. This ripple effect across the U.S. economy happens with other companies that export as well. In 1997 (latest available data), nearly three-fourths of all jobs supported by manufactured exports were generated indirectly, occurring upstream or downstream from the final production point.

### STELLEX MONITOR AEROSPACE, INC.

One of Boeing's major suppliers is Stellex Monitor Aerospace Inc., located in Amityville, New York. This 53-year-old

company provides precision machining and assembling of structural components used on Boeing's 737, 747, 767 and 777 commercial planes, as well as the F-18 military aircraft. Boeing exports each one of these aircraft. In fact, Boeing recently signed a definitive agreement with Royal Air Maroc for 20 Boeing next-generation 737s.

Stellex Monitor Aerospace's products are manufactured to Boeing's design and are typically used in the fabrication of each plane's airframe. The company's products are shipped to Boeing's manufacturing facilities in various locations within the United States. The company's annual sales of \$50 million to Boeing and Boeing's major subcontractors, helps Stellex Monitor Aerospace maintain a stable work place for its 350 employees. Boeing and its major subcontractors account for two thirds of total annual sales for Stellex. Douglas Whitlock, President and CEO, said, "Boeing is absolutely our largest and most important customer."

### POWELL ELECTRONICS, INC.

Powell Electronics, Inc., a 54-year-old, privately owned company located in Philadelphia, Pennsylvania, is a wholesale distributor of electro-mechanical equipment, such as, sensors, connectors, and switches. Powell Electronics represents many of the major U.S. electronics manufacturers. In addition, the company provides custom assembly of connectors, industrial and commercial cables, fiber



optic cables, and assemblies. The equipment that Powell Electronics distributes is used in the production of Boeing's military aircraft, such as the F-15, and 737, 747, and 757 commercial aircraft. The company has been a supplier to Boeing for over 25 years and does \$2 to 3 million of business with Boeing every year. Many of Powell Electronics' 243 employees have been with the company for as long as it has been a Boeing supplier. Mr. Ernest Schilling, CEO, stated that Boeing is a valuable and reliable customer and when Boeing is doing well, Powell Electronics does well.

#### AID EQUIPMENT COMPANY

Aid Equipment Company, located in Sandy, Utah, has 53 employees that benefit from Boeing's export sales. The company provides material handling and fabrication for Boeing's 737, 747, 767 and 777 aircraft and has been doing business with Boeing for 11 years. The 777 is the world's largest twin turbine powered aircraft and was designed especially for the long-range market. Craig Harris, president, estimates that Aid Equipment Company sales to Boeing are \$1.8 million a year, which accounts for nearly 50 percent of total annual sales.

#### ATS INDUSTRIAL SUPPLY

According to David Hellburg, president of ATS Industrial Supply located in Salt Lake City, Utah, Boeing is one of its largest customers. This 30-year-old, employee-owned company has 30 people on staff and is a distributor of metal working tools used in the production of Boeing aircraft. In addition, the company conducts an integrated supply program with Boeing to help Boeing control inventory, cut costs, and increase productivity. ATS has been doing business with the local Boeing plant for as long as the plant has been in existence. Estimated annual sales to Boeing are \$300,000 — \$400,000.

#### PERFEKTA, INC.

Perfekta, Inc. produces machine components and sheet metal components for



For the employees of ATS Industry Supply, their relationship with Boeing is one of mutual benefit.

assembly for the Boeing plant in Wichita, Kansas, and has been a supplier to Boeing for 15 years. The company's components are used in every Boeing aircraft model. Ms. Linda Guerra, vice-president, estimates that Perfekta's partnership with Boeing results in about \$5 million in annual sales. Perfekta's mission statement is "[t]o be the leader in rapid response contract manufacturing, supplying our customers with 100 percent defect-free products and 100 percent on time delivery." It has received numerous awards from Boeing—an indication that Perfekta's 100 employees are committed to achieving the company's mission statement.

These are just a few of the suppliers for Boeing's aircraft. Their employees are part of the thousands of men and women in the United States who manufacture products or provide services that are not directly exported overseas or counted in our trade statistics. However, their contributions are making a difference worldwide. They are the indirect exporters. ■

## ADVOCACY CENTER OUTREACH EFFORT

In 1999, the Advocacy Center developed and began to implement an outreach effort specifically targeting small, medium, and minority-owned businesses in order to increase awareness of the Advocacy Center's services. The objective of this outreach effort is to ensure that small and medium-size companies are not only aware of the U.S. Government's advocacy services but that they appreciate the underlying message: exporting is not just for the large companies but also small and medium-size companies can take advantage of business opportunities worldwide. Small and medium-sized companies are encouraged to contact the Advocacy Center and to invite their customers of all sizes to use the Advocacy Center when they are bidding on foreign government tenders.

Contact the Advocacy through their web site [www.trade.gov/advocacy](http://www.trade.gov/advocacy) or Patrice Williams, Tel: (202) 482-3896 or Email: [Patrice\\_Williams@ita.doc.gov](mailto:Patrice_Williams@ita.doc.gov).