

**Testimony of
U.S. and Foreign Commercial Service Network Director Joseph Hanley
before the House Small Business Committee on
"Impact of U.S. Trade Policies on Small Businesses and Manufacturing"
April 2, 2012**

Thank you Chairman Tipton and Representative Critz for the opportunity to testify today on the role the International Trade Administration's U.S. and Foreign Commercial Service (US&FCS) plays in supporting the National Export Initiative by helping grow U.S. exports, assisting in small business growth, and supporting American jobs.

Products and services carrying the "Made in the USA" designation are valued around the world for quality and reliability. Increasingly, U.S. exports are contributing to America's jobs growth. Jobs supported by exports increased to 9.7 million in 2011, up 1.2 million since 2009. In 2011, each billion dollars of U.S. exports supported just over 5,000 jobs. Through February 2012, U.S. manufacturers alone have added 429,000 U.S. jobs since 2010. Moreover, exporting has a significant impact on workers' earnings. The Department of Commerce estimates that manufacturers that produce and sell products for export on average pay 18 percent higher wages and salaries than plants that do not export, and that workers in export-intensive services industries earn 15 to 20 percent more than comparable workers in other industries.

In 2011, the US&FCS helped 5,600 U.S. companies export for the first time or increase their exports to additional markets, 55 percent of which were small and medium-sized enterprises. Ninety-eight percent of U.S. exporters are small- and medium-sized enterprises, but have historically represented approximately 30 percent of U.S. export value. As of the fourth quarter of 2011, the share of U.S. export value attributed to small- and medium-sized enterprises had climbed to 34 percent.

As the key U.S. Government export promotion agency, the US&FCS delivers export promotion and customized exporting solutions to U.S. small- and medium-sized businesses to help them compete and succeed in the global marketplace. We accomplish this mission through our global network of approximately 1,250 international trade professionals. We have 108 U.S.

Export Assistance Centers (USEAC) and 112 offices located in U.S. Embassies and Consulates in more than 70 countries around the world. Utilizing this seamless global network, our trade specialists provide export services including market intelligence, business matchmaking and trade counseling to U.S. businesses looking to expand through exporting.

The US&FCS global network includes three USEACs in Pennsylvania, located in Pittsburgh, Philadelphia and south-central Pennsylvania. These USEACs have delivered over 4,000 individualized trade counseling sessions and customized services to over 1,000 Pennsylvania businesses in FY11 and FY12 to date, resulting in 257 Pennsylvania companies reporting 688 export successes to 91 different countries valued at just over \$500 million. Seventy-five percent of Pennsylvania companies reporting these export successes were small or medium in size; sixty-two percent have less than 100 employees.

RPM Industries is a great example of both the way in which small companies can be successful exporters and the value of federal export assistance. Located in Washington, Pennsylvania, RPM Industries manufactures pre-lubrication and fluid evacuation systems for use with heavy-duty diesel and gasoline engines. While RPM might be a small company, its markets are truly global in scale. To expand business opportunities in Brazil, RPM turned to the US&FCS to augment its export development strategy. RPM participated in one of the US&FCS' signature overseas trade events, Trade Winds, which took place in the spring of 2010 in Brazil. According to RPM, "Trade Winds opened the door for our entry into the Brazilian market. The prospective customer appointments that were made by the U.S. and Foreign Commercial Service for RPM Industries in advance of our trip were very informative and educational in reference to the Brazilian market potential."

Through the efforts of RPM, and with assistance from the USEAC in Pittsburgh, RPM has seen the Brazilian market grow from an interest to a key component of its international growth strategy. By the close of the year RPM expects to have sales of nearly one million dollars of its systems to Brazil and is working to expand its sales into other South American markets.

Another local example of small business export success is Cardinal Resources, based right here in Pittsburgh. The US&FCS worked with Cardinal Resources to help it develop or expand sales, estimated at \$7 million, to countries such as India, China, Brazil, Turkey and Japan. With only 25 employees, there is no doubting that Cardinal Resources is an extraordinary company.

Our work with Cardinal Resources illustrates the value the US&FCS places on partnerships with other federal, state and local agencies to reduce duplication while meeting the needs of small business exporters. In this case, Cardinal Resources participated in ExporTech, an intensive, customized three month program designed to help participating companies identify target export markets, develop international business plans and then execute those plans to successfully grow their export business. In Pittsburgh, ExporTech is a joint effort of the Pittsburgh USEAC and Catalyst Connections, the local Industrial Resource Center and a National Institute of Standards and Technology Manufacturing Extension Partnership grantee.

Indeed, we regularly work with state and local partners in Pittsburgh and throughout Western Pennsylvania to maximize our outreach efforts and to ensure our trade expertise and worldwide network reach as many small businesses as possible. For example, in December our colleague from the U.S. Embassy to the European Union in Brussels traveled to Pennsylvania to conduct a three-city tour to update Pennsylvania exporters on product standards in the European Union. We partnered with the local Development District offices at each stop of the tour to maximize our client outreach. As a result, over 96 attendees representing 56 Pennsylvania companies attended these events. In the past 18 months, the Pittsburgh USEAC has regularly worked with a broad range of federal, state, and local government agencies as well as the private sector to deliver or support over 60 outreach and educational events across Western and Central Pennsylvania.

Efforts to enhance U.S. commercial competitiveness and to maximize the potential of U.S. exporters can be thwarted by market-distorting unfair trade practices of foreign governments and firms. The Department of Commerce has a special responsibility to help U.S. companies and workers meet and overcome the challenges of foreign unfair trade practices, which is essential to advancing our commercial competitiveness at home and abroad.

To ensure that all industries facing competition from unfairly traded imports are able to take advantage of the trade law remedies available to them, the International Trade Administration's Import Administration has established the Antidumping/Countervailing Duty Petition Counseling and Analysis Unit. The Petition Counseling and Analysis Unit's main responsibility is to help U.S. industries understand the U.S. unfair trade laws dealing with dumping and unfair foreign government subsidies, as well as the process of filing a petition requesting the initiation of an investigation. Particular attention is paid to small and medium-sized enterprises that may find the petition process difficult to comprehend, or may be unable to afford the assistance of outside trade counsel to develop and file a successful petition.

On February 28, 2012, the President signed Executive Order 13601, establishing the Interagency Trade Enforcement Center, or ITEC. The ITEC is intended to level the playing field for U.S. workers and businesses by bringing a more robust "whole-of-government" approach to addressing foreign trade barriers and unfair trade practices, and it will significantly enhance the government's capacity to monitor and enforce U.S. trade rights and domestic trade laws. The ITEC, led by the Office of the U.S. Trade Representative and the Department of Commerce, will increase efforts devoted to trade enforcement, as well as leverage existing resources more efficiently across the Administration. The ITEC will serve as the primary forum within the Federal Government for executive departments and agencies to coordinate enforcement of U.S. trade rights under our international trade agreements and enforcement of domestic trade rights.

Not only are we dedicated to helping companies export, we are looking for more opportunities to increase the competitiveness of U.S. businesses. Secretary of Commerce John Bryson has made SelectUSA, supporting business investment in the United States, one of his priorities. Attracting more foreign direct investment to the United States is key to promoting economic and job growth. SelectUSA is the first U.S. government-wide initiative to facilitate foreign business investment attraction, retention, and expansion in the United States. SelectUSA services support state, regional, and local economic development organizations. It also provides current and prospective business investors with a single point of contact to agencies across the

U.S. Government. In the last three decades, the worldwide stock of foreign direct investment has grown from \$700 million in 1980 to \$19 trillion in 2010.

To increase the economic competitiveness of our businesses, the US&FCS is working diligently each day to connect small- and medium-sized enterprises with the 95 percent of consumers living outside the United States. U.S. businesses, particularly small- and medium-sized enterprises, have the full support of the U.S. government in connecting potential exporters to global partners and assistance in entering and expanding their business in foreign markets.

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