



UNITED STATES DEPARTMENT OF COMMERCE  
The Secretary of Commerce  
Washington, D.C. 20230

May 7, 2010

The Honorable Frank R. Wolf  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Wolf:

Thank you for your interest in the services that the Department of Commerce has to offer to U.S. companies interested in “on-shoring” jobs back to the United States. I assure you that we stand ready to welcome and assist such companies in a myriad of ways.

I would like to highlight some of the programs and services that my staff presented to your staff on March 19, 2010. These programs can not only help companies interested in on-shoring jobs back to the United States, but they can also help other companies remain competitive so that they do not feel the need to off-shore jobs in the first place.

One such service, housed in the International Trade Administration’s (ITA) Import Administration, is the Foreign Trade Zones office. A Foreign Trade Zone (FTZ) is a designated location in the United States where companies can use special procedures that help encourage U.S. manufacturing and value added—in competition with foreign alternatives—by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

One excellent example is the FTZ authority approved in March 2010 for LG Electronics in the Chicago area. LG will be shifting from Mexico to Illinois its activity of combining cell phones, batteries, and other accessories into consumer-ready “kits.” An adverse duty-rate situation encourages conducting the kitting activity offshore, but an FTZ can be used to remedy the disadvantage. LG will be hiring up to 160 employees in Illinois as a result of shifting the activity from Mexico.

In Virginia, the Merck pharmaceutical manufacturing facility in Elkton has long used FTZ authority to improve its competitiveness with offshore alternatives. Merck was approved for FTZ authority in the 1990s and received expanded authority in 2001 and 2006. Merck’s 880-employee facility recently reported that an FTZ authority enables Merck “to utilize existing equipment at the U.S. site—keeping jobs in the U.S. rather than moving that work to foreign affiliates.” Other successful Virginia FTZ users include Fortessa, Inc., in Winchester and STIHL, Inc., in Virginia Beach.

ITA's Manufacturing and Services (MAS) provides services that companies can use to be competitive globally while operating in the United States. Our Sustainable Manufacturing Initiative (SMI) helps manufacturers learn about processes that can reduce operating costs while also minimizing negative environmental impacts, conserving energy and natural resources, and providing safer environments for employees, communities, and consumers. MAS provides a solid foundation of trade and industry data—such as the U.S. Metropolitan Trade Data—to help companies and communities strategically plan to begin to export or expand their exports. MAS uses these data, along with in-depth industry and regulatory analysis, to help decision-makers develop domestic and foreign policies that can encourage U.S. businesses to operate in the United States.

ITA's U.S. and Foreign Commercial Service houses the Secretariat for the Trade Promotion Coordinating Committee, which ensures that the resources and programs across the Federal Government meet the needs of U.S. exporters. These resources help to identify export opportunities, mitigate export risk, and address foreign government barriers in order to complete an export transaction.

Another agency at the Department of Commerce that can provide some assistance to U.S. companies looking to return jobs to the United States is the Economic Development Administration (EDA). EDA's mission is to lead the Federal economic development agenda by promoting competitiveness and preparing American regions for growth and success in the worldwide economy. By providing essential services and assisting local and State officials make critical infrastructure improvements, EDA helps to create an environment that makes the United States a more attractive place to do business.

By investing in communities, EDA supports business growth and development at the grassroots level, specifically through generating jobs, helping retain existing jobs, and stimulating industrial and commercial growth in economically distressed areas across the United States. For example, a science park in Blacksburg, Virginia—funded in part by EDA—is attracting an average of 20 new companies a year. These companies not only bring jobs to a distressed Appalachian region, but also ensure that innovation and entrepreneurship stay in the United States.

Lastly, if you are interested, we can work with you on putting together an on-shoring roundtable at the National Governors Association's annual meeting in July. This roundtable would bring together local policy leaders, business leaders, and community advocates to discuss this important issue and solutions on bringing jobs back to the United States.

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I am confident that the resources at the Department of Commerce can help any company looking to on-shore jobs back to the United States. I invite you to remain engaged with Nicole Lamb-Hale, Assistant Secretary for Manufacturing and Services, as she leads many of the Department of Commerce's initiatives to assist U.S. businesses.

If you have any questions please contact me or April Boyd, Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Lozke", written in a cursive style.

Gary Lozke