

## **Testimony of**

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**U.S. Senate Committee on Small Business and Entrepreneurship**

**“The Role of Exports in Small Business Growth and Job Creation”**

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Good afternoon Senator Shaheen and Senator Ayotte. I would like to thank you for the opportunity to address this committee on the importance of exports to our economy, and how we might boost U.S. exports to the level at which they should be.

My name is Dawn Wivell, and for the past 21 years I have proudly served as the international trade director for the State of New Hampshire. I resigned my post less than 2 weeks ago to launch an international business development company. Previously, I worked in the private sector both overseas and in the U.S., in sectors ranging from oil drilling to import-export to manufacturing. I also spent 5 ½ years with the Italian Trade Commission, where my job was to assist Italian companies in penetrating the U.S. market.

During my two decades with the State, I have witnessed tremendous growth in exports, in export markets, in the sophistication of our industry base, and our capabilities. At \$4.4 Billion in sales, New Hampshire’s exports increased by 43% in 2010, reaching an all-time record, in addition to being the highest percentage increase amongst the states. The bottom line, in dollars and cents, is that New Hampshire companies sold \$1.3 Billion more in goods than they did in 2009. This doesn’t even account for the export of services which we are unable to quantify due to lack of available data. Moreover, our exports continue to increase; by an additional 12% as of the end of May. In the current economy, I think that is tremendous.

One-quarter of all manufacturing workers in New Hampshire depend on exports for their jobs. Over 2,200 New Hampshire companies export, 88 percent of which are SMEs, which generate 42% of New Hampshire’s total exports. This is the ninth highest share among the states and well above the national average. According to the TechAmerica Foundation, New Hampshire has the third highest tech export concentration in the nation, accounting for 50 percent of total exports.

Over the years, I have had the opportunity of working with a huge spectrum of companies in nearly every industry sector. I have worked with many very small companies that have achieved amazing results in the foreign marketplace, some of which would no longer be in business, were it not for their foreign sales. As we all know, these entrepreneurs and innovators are the drivers of the U.S. economy; the job creators. Companies like them throughout the world are the drivers of the global economy. I can attest to the fact that the majority of economic development agencies around the world are equally focused on the development of this sector of their economy, and hyper-focused on export-led growth. SME or SMB is a term one can freely use across any language, without translation. The difference is that the United States spends just one-sixth of the international average helping its small businesses to export. In actuality, a World Bank study found that each dollar increase in export promotion expenditures brought a 40-fold increase in exports.

The reality is that there is tremendous untapped opportunity for our small businesses in the global marketplace. However, these businesses need a little help, and they are competing with businesses around the world that get a lot of help. What they need in terms of assistance is access to buyers, market intelligence, capital, advocacy, reduced tariff and non-tariff barriers, reasonable export regulations, and technical assistance. These are all services that are offered, in whole or in part, by the federal export promotion agencies and by the state trade offices. However, over the past couple of years, budget reductions on the federal and state levels have severely hampered the ability to effectively provide these services. For example, the US & Foreign Commercial Service provides programs that are essential to U.S. exporters, most important of which is their customized matchmaking with buyers and partners, their ability to provide direct market intelligence, customized marketing events, and in-country advocacy. These are fundamental needs that are essential to achieving America's goal of doubling exports in 5 years. Yet, over the past few years, the US & FCS has lost 239 staff positions, some overseas offices, and has undergone many budgetary constraints, including significant cuts to travel funds. The capacity to keep up with the ever growing demand is a problem. Many of the States partner with the Commercial Service and none more so than the State of New Hampshire. A recent trade mission to Canada, led by Governor Lynch, demonstrated to me how counterintuitive these reductions are. In many regards, Canada is the most important market to U.S. exporters, yet there is only one Commercial Officer covering the entire country and the local staff is and was so overburdened that they had to hire an outside contractor to support the needs of the mission participants. This mission, by the way, consisted of 17 companies, most of which were new clients.

Many State trade offices have suffered severe cuts to their trade promotion budgets; aggregated at about 20%. In the case of New Hampshire, the International Trade Resource Center, which, not so long ago, was a national award winning program, serving hundreds of New Hampshire companies, has been reduced to one staff person with 0 travel budget. The State Trade and Export Promotion grant program which came out of the 2010 Small Business Jobs Act, will provide much needed support to the state trade offices to meet the demands of their clients. While the program has seen delays and has been burdensome to the state trade offices, particularly with the recent request for adjustments and re-submission, it is a boon for every state and is much appreciated. As a bonus, I anticipate that the STEP grant may spawn some new and innovative programs.

Another issue which continues to be very important, and increasingly so, is the fact that there is no mandate or directive in place, which provides a real incentive for federal-state collaboration. The effectiveness of collaboration cannot be overstated. Organizations at the local level, working in the field, know their companies; their assets and their weaknesses, better than anyone. In New Hampshire, this collaboration which has included the State office, the U.S. Commercial Service, Eximbank, the SBA, the SBDC, the TDA, and the MEP has worked beautifully, and is something we became known for. It is quite confusing as to why this issue, which has been brought up so many times, has never been addressed seriously.

Economists and analysts are predicting a significant global economic transformation over the next decade, where major emerging economies will account for more than half of all global growth, where economic powers shift, and the world economy becomes multipolar. Barring any major calamitous event, demand should continue to grow, and may even be unprecedented. Accordingly, both opportunities and competition will increase. It is of the utmost importance that we consider the impact of investing in the potential for growth. In addition to the fact that export jobs pay more, it is a well-documented fact that those companies that exported during the last couple of years were able to sustain their business in great part due to their broader customer base. There are many reasons why exporting is actually becoming more viable, such as the rapid diffusion of information technology. In addition to being at the vanguard of innovation, the most compelling reason why we know that American SMEs can compete in the global marketplace is that they have already been successful in the most competitive market in the world.

Again, thank you for this opportunity to speak and, Senator Shaheen, thank you, as always, for the many years of significant contributions you have made to the small businesses of New Hampshire and to export development.