

Written Testimony of
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Before the Senate Committee on
Small Business and Entrepreneurship

“Growing Small Business Exports,
Growing U.S. Jobs”

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Madam Chairwoman and Distinguished Members of the Committee,

Good Afternoon.

The World Trade Center Arkansas is the international trade organization for the state as designated by the Arkansas Economic Development Commission to promote job creation and assist Arkansas companies to expand export revenues. The STEP Grant has been beneficial to Arkansas companies by enabling the WTC AR to increase its trade-export activities and make strides toward doubling U.S. exports over five years. In addition, continued funding will allow WTC AR to support Arkansas companies that might otherwise be financially precluded from activities necessary to increase their global competitiveness.

Since 2011, the STEP program has provided \$30 million annually to state trade offices to directly assist small-and-medium-sized enterprises enter and expand into new export markets. The State of Arkansas has directly benefitted from the program, having received \$886,235.00, and produced over \$28 million in export sales from the 40 companies that participated in the STEP grant. The return on investment for the Arkansas grant awards equate to 40%. This is what is reported so far, however, many of the companies have contracts pending and will secure export revenue production over the next few months. Several of those companies have received, or are in the process of securing, SBA guaranteed financing to support the growth they are experiencing as a direct result of the program, and several are attempting to secure trade financing from EXIM Bank.

The STEP program has positioned state trade offices like the WTC AR to positively impact the nation's small businesses by enhancing the export assistance services that they receive. According to the U.S. Department of Commerce, 48% of all U.S. economic growth in 2012 was attributed to exports, and according to a 2006 World Bank Study, the global return on investment for each dollar spent on export promotion is 40:1. Across the board, states are experiencing that same success.

The World Trade Center Arkansas has efficiently and meticulously awarded these STEP grant funds in keeping with its purpose and mission over the two years of this initiative. Arkansas exports are up 28% over the years of this grant representing over \$3 billion more in revenue.

WTC AR Trade Promotion Activities

WTC AR's trade specialists represent and promote Arkansas businesses' products in trade shows around the world. STEP funds have also enabled Arkansas companies to attend numerous trade shows. During STEP's first two years, WTC AR coordinated outbound trade missions to India, Brazil, Colombia, Romania, and ASEAN nations including Thailand and completed multiple trips to Panama and China.

STEP funding supported SMEs AffiniTech and Safe Foods' attendance at a poultry trade show in Atlanta and the attendance of two companies (Power Technology and Conway Machine) at trade shows in Germany. Galley Support Innovations used STEP grant funding to attend an Aviation Trade Show in Geneva, Switzerland; Modern Chemical used STEP grant funding to attend the Aero India Show in Bengaluru, India; STEP grant funding also assisted Eland Foods with Trade Show expenses in Seoul, Korea; Pacific Vet Group with expenses for the VIV Poultry Show in Thailand; PerioSeal was assisted with expenses for a trade mission to Peru; Mountain Valley Spring Water received assistance to attend a trade mission to China; Omega Solutions attended a trade show in Dublin, Ireland; Arkansas Industrial Computing attended the Railway Supply Institute Trade Show in Washington, D.C.; Next Gen Illuminations was assisted with trade a mission to Colombia; and ReBounces attended the PTR Symposium in Vancouver, Canada.

The World Trade Center Arkansas hosted incoming trade missions from Panama, Mexico, China, Indonesia, Vietnam and Nigeria. Another incoming trade mission welcomed Ambassador Siddiqui, Chief Agricultural Negotiator with the rank of ambassador at the Office of the U.S. Trade Representative, at a luncheon attended by multiple representatives of the Arkansas Poultry Industry. Topics of discussion were trade barriers and increasing Arkansas poultry exports. We also hosted the Consul Generals of both the United Kingdom and Canada. The reverse trade missions show that successful business relationships are being developed and continued funding will secure the export potential.

Additionally, the WTC AR founded the local chapter of OWIT (Organization of Women in International Trade) to support the growing number of small businesses owned or lead by women seeking to enter or expand the globalization of these businesses. Our OWIT Chapter hosts and facilitates quarterly meetings and has the honor of welcoming the National President of OWIT as a guest speaker at the anniversary celebration.

WTC AR Education Initiatives

WTC AR conducts seminars that introduce businesses to global trade and familiarize them with the resources and opportunities in export markets; in these seminars, participants learn general information about how to export products and services, including best practices in documentation, selecting target markets, risk assessment in international business, resources to use if problems arise while in a foreign country, developing a market presence in another country, using the Internet for market research, international contracts, intellectual property challenges, and government protocols. Workshops also present the challenges of inter-country financing and help businesses learn how to choose the right bank, establish letters of credit, obtain proper financing, and establish financial plans for international commerce.

Recurring workshops target women-owned small businesses and offer FITT (Forum for International Trade Training), an international trade training and certification body that sets standards for

international trade certification programs and that offers the well-recognized FITT International Business Professional (FIBP) degree and diploma to all trainees who successfully pass FIBP exams.

The WTC AR hosts training programs with the DOC in which business owners learn the basics of exporting, how the DOC's Gold Key Services support businesses, how to use letters of credit, how to manage the logistics of participating in foreign trade in particular locales, how to secure financing, and how to "globalize" business websites.

As part of the University of Arkansas, the World Trade Center assisted with the following education initiatives:

- Sam M. Walton College of Business: Certification Program--Certificate of Excellence for Entrepreneurship and Global Supply Chain in conjunction with the University of Panama-- training 50 students
- Sam M. Walton College of Business: MBA Program--Panama
- University of Arkansas: 150 Panamanian students recruited and attending fall semester

The World Trade Center is also working with Dale Bumpers College of Agricultural, Food, and Life Sciences to create a STEM Program which includes the College of Engineering. These Education initiatives with the University of Arkansas are increasing the number of professionals graduating with international trade knowledge and experience which will support future generations of international trade for the state.

Impact and Value of STEP Funding

The long-term effects of training, trade missions, and exposure to new markets will continue long after the initial action. The STEP grant was in large part responsible for the reversal of a negative trend in Arkansas exports (which decreased from 2008 to 2010 by 10%) and will be instrumental in keeping the positive momentum. The impact on jobs and revenue is very important to continued economic development for Arkansas, especially in the economically depressed Arkansas Delta.

Full appropriation and reauthorization of the program will ensure continued growth in the nation's global competitiveness and, above all, create sustainable jobs in Arkansas and America.