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January 18, 2010

Ambassador Ron Kirk
United States Trade Representative
600 17th Street NW
Washington, D.C. 20508
United States of America

Dear Ambassador Kirk:

The Northern California DEC is a regional advisory board of the US Department of Commerce, appointed by the Secretary of Commerce. DEC members are executives of exporting companies and international trade organizations across Northern California.

We commend you for leading a meeting to discuss a positive trade agenda for small and medium sized enterprises. Federal stimulus alone is insufficient to drive recovery. International business should be harnessed as a key driver.

Northern California companies sell over \$80 billion of goods and services worldwide, with nearly \$100bn worth of shipping passing through the San Francisco Customs Districts. Roughly 100 foreign consulates, trade commissions, and binational chambers of commerce reside in Northern California, centered in San Francisco. International business employs our region.

I strongly recommend that you consider the points raised by the California Chamber of Commerce in its letter, an effort toward which we have contributed and which represents top priorities for our state.

Building from the CalChamber letter, I would emphasize several points.

First, Commerce Secretary Locke's stated priorities have our full support as essential approaches to expanding job-creating trade for the United States.

1. **We need to expand exports to drive recovery; we need to expand export promotion to do so.** For stimulus, we have no choice as a nation but to increase demand for U.S. products and services. To do so, we must increase U.S. exports and the percentage of businesses engaging in international transactions. As part of this priority, we would vehemently assert that the U.S. Commercial Service needs full funding to backfill a structural budget gap of nearly \$30 million. USCS offices are being held vacant (such as our Fresno office) and staff travel is being curtailed to the point of impacting client outreach and service.
2. **The export control regime requires modernization.** This subject was a key pain point expressed by California SMEs in research my firm conducted for the State of California.
3. **Reform the business visa system** to eliminate needless barriers to job-creating international business transactions. This also shows up strongly in SME polling.
4. **Continued improvement to enforce intellectual property protection.**
5. **Interagency coordination** on advocacy for American business abroad.

Second, attain Congressional passage of the pending Korea, Panama, and Colombia Free Trade Agreements. The points of opposition seem more grandstanding than substantive, and they undermine the interests of U.S. jobs, foreign relations, and geostrategy.

Third, working capital and international trade finance need to be properly funded and promoted. It is important to ensure sufficient capitalization and promotion of the SBA guarantee programs. SBA and EximBank should be part of US Commercial Service training.

Fourth, get the word out. Strategically leverage the reach of the 1,500 District Export Council members to provide input to the Trade Promotion Coordinating Council and undertake local outreach. Use the DEC National Steering Committee to coordinate this work.

Fifth, change the words we use. "Trade" is a tainted word, and "export" is not the language of business unless you are referring to moving data from one system to another. In California, our SMEs don't "try to do an export deal." They pursue "international business development." Let's start making our language do a better job of reflecting business.

Sixth, international business is more than merchandise exports. We keenly feel this point in California. International business is bilateral—don't allow imports to be a bogeyman. International business is services—our tourism, education, software, management consulting, construction, design, recording, motion picture, legal, and other service industries represent over one-third of our international transactions. International business is two-way direct investment. International business is venture capital, equity investment, R&D partnerships and other venture activity. Policy priorities and the importance of international business need to be understood based on a full picture of economic activity and job creation.

Sixth, make good use of APEC. Make good use of the U.S. hosting of the APEC year to generate positive policy accomplishments and business opportunities. The Trans-Pacific Partnership is an interesting concept, and we welcome anything that breaks the free trade agreement impasse. Through CalAPEC, we look forward to provide input in the APEC process and meeting hosting, and have been discussing these subjects with your Assistant USTR Wendy Cutler.

Thank you for the opportunity to comment, and we pledge our support for successful international business development by U.S. companies.

Sincerely,



Paul V. Ojiva
Chairman