

MAKING IT IN AMERICA: INNOVATE LOCALLY, EXPORT GLOBALLY

FIELD HEARING

BEFORE THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

JUNE 27, 2011

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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MAKING IT IN AMERICA: INNOVATE LOCALLY, EXPORT GLOBALLY

MONDAY, JUNE 27, 2011

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Charleston, WV.

The Committee met, pursuant to notice, at 10:06 a.m., in the Ceremonial Courtroom, Seventh Floor, Robert C. Byrd U.S. Courthouse and Federal Building, 300 Virginia Street East, Charleston, West Virginia, Hon. John D. Rockefeller IV, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN D. ROCKEFELLER IV, U.S. SENATOR FROM WEST VIRGINIA

The CHAIRMAN. Good morning, everyone.

[Audience response.]

The CHAIRMAN. I have never been a judge before. I kind of like it.

[Laughter.]

FEMALE VOICE. We are not guilty.

The CHAIRMAN. You know, I spent some time last night going over all of the names of the people who are here as witnesses, not just the formal witnesses, but all of you, and it is a very, very distinguished list. If you could see it—well, you can see each other. I mean, there are people who are absolutely at the top of their professions, and I am very happy about that and very pleased about that.

So the Senate hearing is called to order. I will make a statement. And then we will go on to our panelists, and we will have a discussion. And this will be very good.

This is the first time I have held a full committee meeting, since I have been Chairman, outside of Washington. First time, obviously, I have had one in West Virginia. That is very important to me because this subject is massively important to all of us.

I would like to thank everybody, as I indicated, for joining us this morning. It is some time out of your day. I hope it will be worthwhile. It certainly is for those of us who work on the Commerce Committee.

West Virginians have delivered a constant message to me everywhere I go, and that has been true for years, has it not? What we need in this state is more jobs. And that is what it is, is more jobs, more jobs, more jobs.

People campaign on that. People talk about it. And the question is, are we doing all that we need to be doing about that? And I

think the answer to that question is no, which is why we are having this hearing.

It is everybody's top priority. From Whitesville to Weirton, from Barboursville to Berkeley Springs, that is what people talk about, and that is understandable.

But you know, we have lost about a third of our manufacturing jobs in the last number of years. Our exports have picked up by 50 percent, which is very interesting. Don Gallion will know about that. Our exports have really picked up.

Coal is sometimes considered a part of exports, but actually, it is not exactly. It is not a manufactured good. It is a resource. It has gone up 200 percent in terms of exports. So, evidently, the export market is wide open, and are we taking advantage of it? I think that we are probably not.

I have talked with traditional manufacturers and high-tech companies, as well as workers at all stages of production. This economy that we are going through now obviously has hurt West Virginia, and it has hurt everybody else. Does that mean that we wait until it gets better before we start talking about this? No. This is exactly the right time to be talking about it.

In fact, one of the interesting things is that this economy, which has sort of made people slimmer, so to speak, has caused companies to slim down and become more efficient. Now that is good. That is a good practice. The economy itself is a bad practice. But that will get better when it gets better, and there is nothing we can do about that here this morning.

My general feeling is that we have to do whatever we can to create more jobs for people in this state. And I don't say just particularly for people from the middle class, but I do mean particularly for people from the middle class. Because people that have more education and more resources are probably more likely to be able to find jobs.

West Virginia companies can grow if we increase our customer base. Well, that is an obvious statement. If we export our goods to more countries and find more customers abroad, our companies will grow and more workers will be hired. That is self-evident.

Let me be clear. West Virginia companies have done an impressive job in promoting their products abroad and exporting them abroad. They have done a very impressive job. But the point is there is always room for growth. There is always room for improvement. Not all of our companies are doing that.

Some of them are doing that. A lot of our large companies do that automatically. A lot of our smaller companies are doing it just by dint of hard work and discovering that the world is a big oyster out there, and we can make money from it.

And Don Gallion is going to be talking to us about that, I hope, Don. And you are also chairman of the Export Council.

Mr. GALLION. Yes, sir.

The CHAIRMAN. So we have great companies with the best and most productive workers in our country. We always say that, and I always believe that. And we build products that consumers across the world want to buy. Therefore, what is our problem? The problem is to get those products to people who want to buy them, to make them aware of it and then have them buy them.

We just need to connect the right companies with the right buyers. And that can often be complicated, and it is a hard thing to do. This area is an area in which the Federal Government can be helpful. I repeat, the Federal Government can be helpful.

[Laughter.]

The CHAIRMAN. And it really can. And that is one of the mindsets that we have to overcome that we will do it ourselves, and the Federal Government, all they do is get in the way.

Well, maybe that is true sometimes, but it is not true in this case. It is not true in this case. There are a lot of people who work for the Department of Commerce and other agencies who care tremendously about making themselves available to you. Any manufacturers who want to export or to grow or simply want to do better within this country, they are available.

We have actually, I think, people in, what is it, 170 different embassies? Something like that. An enormous amount, their job all over the world is simply to help expedite people who want to promote exporting. So, actually, that is 75 embassies around the world.

The Federal Government does have expertise. They do have knowledge about consumers worldwide. Why wouldn't they? They are out there. We are not, as much. And they have a strong record of connecting American manufacturers with foreign buyers. That is a good thing.

There is a newly announced program in the Commerce Committee called CommerceConnect, and there are lots of nice names around these days. But this is a program that really does work, and I am sure that our Honorable Assistant Secretary is going to be talking that. The Department of Commerce is establishing "One Stop Shop, and it really is designed to assist manufacturers who are looking to grow.

Additionally, the government has an important role to play to protect companies from unfair trade practices—another big subject, unfair trade practices—and to enforce trade laws. We have several treaties that are coming up with South Korea and Panama and Colombia.

And these things have to be considered very carefully. Ordinarily, people are not for those things in West Virginia because they somehow think they will take away jobs. Well, let us discuss whether or not they do take away jobs or, in fact, whether they open up new jobs. Because if you have a trade agreement with another country, nobody is as open and honest and plays by the rules as much as the United States does. We understand that.

But there is a lot of buying power out there. I mean, Russia is a really hot territory these days. We don't think of that. China always has been. South Korea has been. There is a lot of it going on around the world, and we are not taking advantage of it.

So selling products abroad should never mean giving up trade secrets, the whole question of patents—large subject, which we can discuss—or allowing other countries to unfairly dump their products in the United States. I have spent more personal time in front of the International Trade Commission than I have in front of any other government agency.

Every time I walk in, they get glum because they know they are going to get another speech on American steel or somewhere else where we are being treated badly by other countries, and what are they going to do about it? Well, there are things they can do about it. We have agency representatives here that can discuss the ins and outs of exporting and the government's trade enforcement role.

So I called this hearing to highlight opportunities for expansion and job creation here in West Virginia. That is my whole purpose. It is my whole purpose.

I am Chairman of the Commerce Committee, and I have been focusing on increasing jobs. And that is my focus for the next number of years, however long I should be there. And I want that to be the focus because it is the most important thing we can do, and we are ideally situated to do it because we have oversight of the Commerce Department and others, and it is a very powerful committee with a wide range of skill sets underneath it.

We have to revitalize the American manufacturing sector. I am looking into everything from tax proposals to reforming the Department of Commerce itself. But most importantly, I am eager to know of any new ideas from West Virginians, manufacturers or otherwise.

And what I am telling you now is that I will keep the record open on this hearing so that you have a chance, as ideas occur to you—hopefully, in the next several days—to send those directly to my Committee, and we will make that available to you. So that they will then become a part of this official hearing record.

So, off we go. The West Virginia manufacturing community, it is powerful. It is good. It is diminished. Severely diminished, best-paying jobs in the state. What are we going to do about it? Do we accept that as our fate, or do we decide that we have to work together doubly hard to change it?

I am for the latter, and I am for momentum. I believe in momentum, and I believe in optimism.

So, having said that, I will now turn immediately—instantly, I want to say that Maryam Khan, who is Senator Kay Bailey Hutchison's representative, is here. Where is Maryam?

There. OK. Thank you.

And Jack Smedile, who works with Senator Blunt, is here. He is from Missouri, and I am very happy that they are here. So they are actually Senators. They are just seated over there, but they are actually Senators.

So I want to introduce our panel, and then I will do that one by one, and then they will give their testimony, and then we will go into questions and have ourselves a good discussion.

Mr. Suresh Kumar is Assistant Secretary of Commerce and head of the U.S. and Foreign Commercial Service. Susan Schwab used to be head of that, wasn't she, under George Bush?

Mr. KUMAR. Thank you.

The CHAIRMAN. And she was a very good friend.

It is a very powerful position. Have you heard of that position? Maybe not. Have you heard of the U.S. and Foreign Commercial Service? Probably not. Is it a potentially huge factor in your lives? You bet it is.

So, Mr. Kumar, I would like to introduce you and have you give your testimony.

**STATEMENT OF HON. SURESH KUMAR, ASSISTANT
SECRETARY FOR TRADE PROMOTION AND DIRECTOR
GENERAL, U.S. AND FOREIGN COMMERCIAL SERVICE,
U.S. DEPARTMENT OF COMMERCE**

Mr. KUMAR. Thank you, Senator Rockefeller, for those kind words and the opportunity to testify here today, to appear to discuss manufacturing and export promotion.

I am particularly delighted to be here in West Virginia. It is an exceptionally pretty place, and the great state of West Virginia is perhaps the right place to have this field hearing.

The United States is the world's largest and most productive manufacturer, but competitors abroad are increasingly producing quality goods at less cost. Our companies and workers must have access to programs that will help us out-innovate the competition to win the future.

We must install programs that help American workers constructively engage in international markets. Companies win by exporting higher-value manufactured goods that the world's consumers need and by leading the development of new industries. Workers win because export-driven jobs pay 18 percent more than the average U.S. manufacturing job.

The National Export Initiative is one of the economic strategies to win the future. The NEI, as we call it, is off to a good start. Exports last year comprised 12.5 percent of our GDP, up from 11.2 percent recorded in 2009.

In West Virginia, exports of merchandise grew 34 percent in 2010, and that is double the national growth rate of 17 percent. Thus far for 2011, we remain on track to achieve the NEI goals.

The National Export Initiative creates deep market linkages and connects innovation to the marketplace. The U.S. and Foreign Commercial Service has a network of 1,452 trade specialists, and it provides comprehensive business counseling and support. We call it the "soup to nuts" service, and our programs are available across 109 offices in the United States and across 129 offices in 79 embassies.

Our trade specialists Leslie Drake and Diego Gattesco at our USEACs in Charleston and Wheeling work with West Virginia exporters every day to identify opportunities and help them export to new markets.

I am pleased to announce today that the Department of Commerce will roll out its CommerceConnect initiative to Charleston next month. Through counseling, by working directly with West Virginia businesses, and through our collaboration and leveraging of services with local and state governments and of the Appalachian Regional Council, our West Virginia offices recorded 53 export successes, totaling over \$11 million last year.

Some examples of such partnerships are FCX, who you will hear from later today, and another is Kanawha Scales and Systems in Poca, a world leader in batch loading systems for the mining industry. The U.S. Commercial Service worked with Kanawha and helped facilitate a representative agreement with an Indian coal

mining company that led to a \$3.5 million order with a large steel and coal company there. Two new full-time jobs were created within the company to support their growing exports to India.

I would like to acknowledge your leadership, Senator Rockefeller, in passing the Small Business Jobs Act bill, which was signed into law. Your work passing this bill has provided rural America's manufacturing base a powerful tool to compete in global markets.

The administration recognizes that increasing global trade provides opportunities for growing America's small and medium enterprises. That is why the trade agreements with Korea, Colombia, and Panama are a priority for the Obama administration. More than \$10 billion in increased exports of goods alone, supporting more than 70,000 American jobs, are at stake.

In West Virginia, manufacturing companies will see increased competitiveness and growth in exports as a direct result of these trade agreements. In 2010, West Virginia chemical exports to Korea, Colombia, and Panama totaled \$73 million, and primary metals manufacturers made up another \$22 million in exports.

The passage of these trade agreements will significantly reduce tariffs, which, in some cases, will be completely eliminated within 10 years. This will spur growth and improve West Virginia's chemical and primary metal manufacturers' competitiveness in the global marketplace.

While the FTAs will allow us to win the future and add jobs, we also have our obligation to retrain and reposition American workers. Knowing that trade positions American products in the competitive global marketplace also means adjustments for the American worker.

The administration is committed to a strong and robust renewal of Trade Adjustment Assistance, or TAA, and supports workers who need training and other services when their jobs are adversely affected by trade.

The administration's renewed focus on trade through the National Export Initiative has resulted in exports increasing 17 percent last year to \$1.84 trillion, the second highest ever in our nation's history. Last year, we assisted 18,000 companies to export, of which 16,000 were small and medium enterprises.

As a result, nearly 5,600 companies exported for the first time or increased their exports overseas. Eighty-five percent of these were small and medium enterprises. We posted 12,300 export successes, and I am absolutely delighted to report that for every \$1 invested in the U.S. and Foreign Commercial Service, \$135 by way of facilitated exports was returned to the American taxpayer.

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

[The prepared statement of Mr. Kumar follows:]

PREPARED STATEMENT OF HON. SURESH KUMAR, ASSISTANT SECRETARY FOR TRADE PROMOTION AND DIRECTOR GENERAL, U.S. AND FOREIGN COMMERCIAL SERVICE, U.S. DEPARTMENT OF COMMERCE

Chairman Rockefeller, thank you for the opportunity to appear today to discuss manufacturing and export promotion. I am delighted to be in West Virginia.

America's long-term goal to out-educate the competition and spark a new wave of American innovation will create jobs for the next generation and guarantee that

America can win the future. This not only helps create greater sustainable employment but also helps us become more competitive around the world.

Of those companies that export, 58 percent export to only one country. With 95 percent of consumers living outside our borders, we must help companies expand their global footprint to reach more customers worldwide. In 2010, West Virginia companies exported to a total of 132 countries. Recent statistics show exports of manufactured goods support an estimated 18,000 jobs in West Virginia and over 17 percent of all manufacturing workers here depend on exports for these jobs. Of the companies exporting goods from West Virginia, Small and Medium sized companies generate more than one-quarter (27 percent) of the total exports. There is a world of opportunity for West Virginia manufacturers and businesses particularly for export growth in areas like chemical manufacturing, primary metals manufacturing and the machinery sectors.

As Secretary Locke stated in his March 2 testimony before this committee, the Obama administration believes that manufacturing is essential to America's economic competitiveness. Manufacturing is a vital source of good middle-class jobs. The manufacturing sector makes up 11.7 percent of the overall U.S. GDP. In 2010, more than one in ten private sector jobs were in the manufacturing sector with 11.5 million Americans employed directly in manufacturing. And it is a key driver of innovation, with 70 percent of all private sector R&D spending done by manufacturing companies.

The United States is the world's largest and most productive manufacturer but competitors abroad are increasingly producing quality goods at less cost. Our companies and workers must have access to programs that will help us out-innovate the competition to "win the future." We must install programs that help American workers constructively engage in global markets. Companies win by exporting higher value manufactured goods that the world's consumers demand and by leading the development of new industries. Workers win because U.S. manufacturing jobs supported by exports pay 18 percent more on average.

Clearly we can, and must, do more to ensure that U.S. businesses capture the full potential of economic opportunities that exist internationally.

The National Export Initiative (NEI) is at the forefront of the Obama Administration's short and long term economic strategy for winning the future. The President's goal of doubling U.S. exports in five years serves as a catalyst to enhance our competitiveness, create sustainable jobs and build a stronger America. What sets the NEI apart is that it is the first time the United States has a Presidential-led, government-wide export promotion strategy.

The Appalachian Region is an example of hardworking Americans who have the skills and dedication to produce the best products in the world—America's exporting future starts here.

The NEI is off to a good start. Exports comprised 12.5 percent of U.S. GDP in 2010, up from the 11.2 percent recorded in

2009. Exports contributed nearly half of the 2.9 percentage point growth in real GDP in 2010. The \$1.84 trillion in exports of U.S. goods and services represents the second-highest annual total on record, with exports growing 17 percent since 2009. In West Virginia, exports of merchandise grew 34 percent in 2010 much faster than the national average growth rate. Thus far for 2011, we remain on pace to achieve the NEI goal. In April 2011, U.S. exports of goods and services increased to a record high of \$175.6 billion, with record exports of goods at \$126.4 billion and services at \$49.1 billion. The monthly export values for U.S. industrial supplies (\$43.4 billion) and capital goods (\$41.0 billion) were also the highest on record. Overall for 2011, exports are up 16.7 percent, which is higher than the 14.8 percent Compound Annual Growth Rate (CAGR) needed to double exports by 2015.

The NEI requires us to create deep market linkages and connect innovation to the marketplace. The United States and Foreign Commercial Services' (US&FCS) global network of trade specialists allows us to provide comprehensive service and programs to assist U.S. businesses. Approximately 1450 trade specialists across our 108 domestic U.S. Export Assistance Centers (USEACs) and 126 offices in our embassies and consulates across 79 countries provide soup to nuts programs that include:

- Market research
- Market entry plan development
- Information and help on securing access to finance and working capital
- Assistance on navigating foreign customs and regulations
- Classic matchmaking; vetting potential distributors and joint venture partners

- Advocacy to ensure our businesses have a level playing field in public procurement projects
- Commercial diplomacy that provides solutions to programs such as nontariff barriers

Our trade specialists, Leslie Drake and Diego Gattesco at our USEACs in Charleston and Wheeling work with West Virginia exporters every day to identify and help them export to new markets. They make West Virginia businesses aware of opportunities and the various programs that the International Trade Administration (ITA) and USFCS has to offer such as:

- Trade missions to different markets
- International Buyer Programs at various trade shows and
- Regional trade fairs

Our USEACs work closely with state and local economic development partners as well as the Appalachian Regional Commission (ARC). ARC's support of small and medium-sized exporters in the region has allowed these firms to reach more world-wide markets in recent years. Through the guidance of the Export Trade Advisory Council (ETAC), ARC provides annual support to international delegations of Appalachian businesses. Through ETAC's ongoing "Appalachia USA" program, ARC will provide support this year for a delegation of wood product firms participating in a U.S. certified trade show in Shanghai. 2011 was the fourth consecutive year that ARC served as a major partner in supporting Trade Winds, which has helped send 23 West Virginian companies to Brazil, Mexico City, Poland, and Turkey.

Through counseling and directly working with West Virginia businesses and through our collaboration and leveraging services of local, state and of the ARC, our West Virginia offices recorded 53 export successes totaling over \$11 million.

In meeting these needs, however, U.S. companies face challenges to exporting, but they don't have to go it alone. American enterprise, particularly small and medium-sized businesses have the full support of the U.S. government in connecting potential exporters to global partners and markets.

Kanawha (Ka-NAH) Scales and Systems, in Poca, is a world-leader in Batch Loading systems for the mining industry. The U.S. Commercial Service worked with Kanawha and helped facilitate a representative agreement with an Indian coal mining company that eventually led to \$3.5 million order with a large steel and coal company. Two new full-time jobs were created within the company to support their growing exports to India.

The Charleston and Wheeling U.S. Export Assistance Centers regularly assist West Virginia companies in expanding their reach into the global market place.

We are committed to continued collaboration with rural manufacturers and to working with the companies like Kanawha Scales. Along with our International Trade Administration sister units, Market Access and Compliance, Manufacturing and Services, and Import Administration, we are working to further open markets through the pending Trade Agreements, provide sector and market intelligence that will help U.S. businesses to compete more effectively and to ensure we are not subject of unfair competition. At the end of last year, Import Administration had approximately 300 Antidumping Duty and Countervailing Duty orders in place, covering over 120 products from 40 countries.

In addition to President Obama's leadership on the NEI, I would like to acknowledge your leadership, Senator Rockefeller, in passing the Small Business Jobs Act which was signed into law. This bill significantly expanded financing capacity and long-term support for SMEs looking to export, which coincides with one of the Administration's NEI goals. This law created a new \$60 million grant program to help states expand their trade and export promotion efforts. The State Trade and Export Promotion (STEP) pilot initiative was announced in March 2011 and awards for the first year of the grant initiative are anticipated this summer. Your work passing this bill has provided rural America's manufacturing base a powerful tool to compete in the global market place.

In addition to STEP grants, the Small Business Administration also offers loan programs specifically designed to assist rural America's businesses. In particular the Rural Lender Advantage initiative and the Export Express Loan Program provide local banks with the ability to assist small businesses throughout America's heartland. The benefits of these programs including simple application processes, expedited processing, and loan guarantees of up to \$500,000 allowing small businesses the opportunity to expand their workforces throughout rural communities.

The Administration recognizes that increasing global trade provides opportunities for growing America's SMEs. The Administration is working with our trading partners to provide access to new markets: those who seek access to U.S. markets must

also remove barriers to trade and open their markets to U.S. products. This is why the trade agreements with Korea, Colombia and Panama are a priority for the Obama Administration. More than \$10 billion in increased exports of goods alone, supporting more than 70,000 American jobs are at stake.

In West Virginia, manufacturing companies will see increased competitiveness and growth in exports as a direct result of the trade agreements. In 2010, West Virginia chemical exports to Korea, Colombia and Panama totaled \$73 million and primary metals manufacturers totaled \$22 million. The passage of the trade agreements will significantly reduce tariffs on U.S. Exports which in most cases will be eliminated within 10 years. This will spur growth and significantly improve West Virginia's competitiveness in the global marketplace.

While the trade agreements will allow us to win the future and add jobs, we also have our obligation to retrain and reposition American workers. Knowing that trade positions American products in the competitive global market place also means adjustments for the American worker. The Administration is committed to a strong and robust renewal of Trade Adjustment Assistance (TAA) that supports workers who need training and other services when their jobs are adversely affected by trade. TAA is a key component of our comprehensive legislative agenda for trade policy. Preparing American workers for the transition into a new era of global trade policy is essential to maintaining America's economic dominance.

This Administration's renewed focus on trade through the NEI has resulted in exports increasing 17 percent last year to \$1.84 trillion—the second highest in our Nation's history. Last year, the International Trade Administration's U.S. Commercial Service assisted 18,000 companies to export, of which 16,000 were SMEs. As a result nearly 5,600 companies exported for the first time or increased their exports overseas, 85 percent of which were SMEs.

I look forward to our working with the manufacturers like those found in West Virginia to help create a vibrant, robust, and resilient American economy; an economy which produces well paying jobs at home, increases our competitiveness globally and helps America lead the way in creating global prosperity.

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

The CHAIRMAN. Thank you, sir, very much.

Next will be Ms. Judy McCauley, who is the West Virginia District Director of the Small Business Administration. Actually, Judy McCauley was at one of my roundtables this year. This was called "Teaming To Win," and she is very, very good, and I am very happy that you are here.

Please give your testimony.

**STATEMENT OF JUDY McCAULEY, DISTRICT DIRECTOR,
SMALL BUSINESS ADMINISTRATION**

Ms. McCAULEY. Thank you, Senator Rockefeller. And thank you for the opportunity to join you today.

The CHAIRMAN. Pull that mike right up close. Please.

Ms. McCAULEY. I have served as the District Director for the Small Business Administration since 2004. As a native of West Virginia, I will tell you this is an honor and a privilege.

I consider myself lucky. I found a great job in West Virginia, a job where I could make a difference. Now, my job includes making sure the next generation, like my daughter, has the same opportunity.

In order to allow us to get down to the technical questions, I have brought a couple of specialists with us. First, I would like to introduce Patrick Hayes. Patrick is our regional manager for the U.S. Export Assistance Center. Patrick will be visiting our banks today and tomorrow to explain the advantages of using our export working capital loans and our international trade loans, thus giving the banks a 90 percent guarantee.

Also with us today is Emma Wilson. Emma is our Branch Manager here in Charleston, and she is our Senior Lending Specialist.

My background is not in lending. I come from the federal contracting arena, where I served as a contracting officer and a small business specialist. I have always said, yes, we can help you get a loan, but you have to get the work, and you have to pay that back. But if we can help you get a federal contract, then you have the work, and you will inevitably create jobs.

Exporting works a lot the same way. Last week at our West Virginia Export Council meeting, I met the fourth-generation owner of Wheeling Truck Center in Wheeling, West Virginia. He was telling us about his company and his success with exporting.

I asked him how he got involved in exporting. He told me he started an online business to get rid of the old truck parts that had been lying around collecting dust. That put him in the international trade world. In less than 18 months, he was exporting to over 50 countries, and he had to hire two additional people.

Yes, exporting creates jobs. And for Wheeling Truck Center, it began simply by creating a website. The demand was already there. Wheeling Truck Center just needed a tool to get those products to the buyer.

Our job is to educate the small businesses on ways to get their products to the markets and to provide them the tools they need to accomplish their goals. I would like to talk a little about both.

Just down the road in Huntington is a business called Rubberlite, founded in 1986 by Allen Mayo. Through an initial SBA-backed loan of \$300,000 of startup capital and then three subsequent guaranteed loans during the early stages of development, Rubberlite's product line has grown to include many innovative products and processes.

They manufacture high-tech engineered rubber and plastic foam. They have an unbelievable array of uses—from shoes to bras to trucks and to the Space Shuttle. Rubberlite is in the midst of expansion and recently received two more SBA-backed loans to expand their facility from 8,000 square feet to 300,000 square feet.

They are creating jobs. And with this expansion, they will be creating a lot more. All we had to do was give them a few tools along the way.

In addition to financing and technical assistance, SBA has an excellent website with free courses, business plan templates, and online tools to help entrepreneurs quickly and easily find answers to their questions, and it directs them to the appropriate resources for additional assistance.

Our newest online resource—sba.gov/exportbusinessplanner—features the six steps to export success. This site was developed by SBA and the Department of Commerce to help entrepreneurs begin exporting.

But I think our biggest asset in West Virginia is our partners. West Virginians are known for their hard work, their ethics, and their dedication. We each have specialties, and we rely on each other's expertise. But our ultimate goal is the same—economic development and creating jobs.

I admit I still have my personal goal. I want to keep my daughter home. I want to ensure that she has the opportunity to find a

great job so that she can live and prosper in this great state. But that takes teamwork.

The SBA has funded the Small Business Development Centers for more than 25 years. Our SBDCs offer existing and future entrepreneurs free one-to-one expert business advice and low-cost training. In West Virginia, we have 14 centers located strategically across the state and housed here with Mark, the West Virginia Development Office.

Two weeks ago, the Department of Commerce joined us at our state-wide SBDC summit to provide detailed training on exporting and their services to all of the SBDC's counselors. Senator, the day after you spoke at Teaming to Win, the SBA offered 3 hours of training. The first hour was dedicated to exporting, with the Department of Commerce as our guest speaker.

Our next event will be on August 25 in Wheeling. Commerce wants to bring our experienced exporters together with our new companies and our resource partners to help them find mentors and the tools they need to begin exporting.

Yes, Senator, we are collaborating. We have to. Finding new markets through exporting offers the greatest potential for growth among West Virginia's small manufacturers. The individuals that work in this field have heart. They are dedicated, and they are making a difference.

Last year, West Virginia exported \$6.4 billion, 34 percent over the previous year and has doubled since 2006. We are going to double it again by 2015.

Our problem isn't working together. It is truly our limited resources. We have just too small and too few resources. The Department of Commerce has two Commercial Services representatives in West Virginia, and SBA has eight employees. With your help, we can build on the momentum we are seeing to ensure that more small businesses like Rubberlite and Wheeling Trucking have the tools they need to create and retain jobs through exporting.

So, Senator, how can you help? By doing exactly what you are doing today—by serving as our leader, by working with us, and by continuing to raise the awareness of the importance of exporting. We sincerely thank you for all that you do for us and our small businesses.

[The prepared statement of Ms. McCauley follows:]

PREPARED STATEMENT OF JUDY MCCAULEY, DISTRICT DIRECTOR,
SMALL BUSINESS ADMINISTRATION

Good Morning, Senator Rockefeller.

Thank you for the opportunity to join you today. I am Judy McCauley; I have served as the District Director for the Small Business Administration since 2004. As a native of WV, I will tell you; this is truly an honor and a privilege. I consider myself lucky; I found a great job in WV, a job where I can make a difference in my great state. Now, my job includes making sure the next generation, like my daughter has the same opportunity.

In order to allow us to get down to the technical questions, I have brought a couple of specialists with me.

First, I would like to introduce Patrick Hayes. Patrick is our Regional Manager for the U.S. Export Assistance Center. Patrick will be visiting our banks today and tomorrow to explain the advantages of using our Export Working Capital Loans and our International Trade Loans, thus, giving the bank an up to 90 percent Federal guarantee on exporting loans. (Patrick has brought folders of SBA exporting assistance information for you)

Also, with us today is Emma Wilson. Emma serves as our branch manager here in Charleston and is our Senior Lending Specialist.

My background is not in lending, I come from the Federal contracting arena where I served as a Contracting Officer and a small business specialist. I have always said, yes, we can help you get a loan but you have to secure work and pay that back. But, if we can help you get a Federal contract, you have the work and you will inevitably create jobs.

Exporting works much the same way.

Last week at our WV Export Council meeting I met the fourth generation owner of Wheeling Truck Center in Wheeling, WV.

He was telling us about his company and his success with exporting. I ask him how he got involved in exporting. He told me he started an on line business to get rid of truck parts that were lying around collecting dust. That put him in the International Trade World. In less than 18 months he has exported to over 50 countries and had to hire two additional employees.

Yes, exporting creates jobs. And for Wheeling Truck Center it began simply by creating a website. The demand was already there, Wheeling Truck Center just needed a tool to get the products to the buyers. Working with our resource partners and our tools, SBA can help with that.

Our job is to educate the small businesses on ways to get their products to these markets, and to provide them the tools they need to accomplish these goals.

Let's talk about both.

Just down the road in Huntington is a business called Rubberlite, Inc., founded in 1986 by Allen Mayo. Through an initial SBA-backed loan of \$300,000 for start-up capital and three subsequent guaranteed loans during the early years of development, Rubberlite's product line has grown to include many innovative products and processes. They manufacture high-tech engineered rubber and plastic foams that have an unbelievable array of uses—from shoes to bras to trucks and the space shuttle. Rubberlite is in the midst of expansion and recently received two SBA-backed loans to expand their facility from 8,000 square feet to 300,000 square feet. Last week I watched them receive an award for their exporting initiatives. They are creating jobs and with this expansion they will be creating more.

All we had to do was give them some tools along the way.

In addition to financing and technical assistance, SBA has an excellent website with free courses, business plan templates, and online tools to help entrepreneurs quickly and easily find answers to their questions and it directs them to the appropriate resources for additional assistance.

Our newest online resource *sba.gov* "slash" export business planner features the six steps to export success. This site was developed by SBA and the U.S. Dept of Commerce to help entrepreneurs begin exporting. It also features direct links to the SBA Export Express and Export Working Capital Programs.

But, I think our biggest asset is our partners.

West Virginians are known for their hard work, their ethics and their dedication.

We each have specialties and we rely on each other's expertise. But, our ultimate goal is the same, economic development, creating jobs. I admit I still have my personal goal, remember? I want to keep my daughter home. I want to ensure that she has the opportunity to find a great job, so she can live and prosper in this great state! That takes team work.

The Small Business Administration has funded the Small Business Development Centers (SBDC) for more than 25 years. Our SBDCs offer existing and future entrepreneurs free one to one expert business advice and low cost training. In WV we have 14 centers located strategically across the state and housed by the WV Development Office, along with the WV Dept of Commerce.

Two weeks ago, the U.S. and State Departments of Commerce joined us at a state-wide SBDC Summit to provide detailed training on exporting and their services to all of the SBDC counselors and employees.

Senator, the day after you spoke at our annual Teaming to Win Conference, the SBA offered 3 hours of training for WV small businesses.

The first hour was dedicated to exporting with the U.S. Department of Commerce as our guest speaker.

Diego also joined us as an instructor for our Veteran's Conference this year.

Our next event will be on August 25 in Wheeling. The U.S. Department of Commerce wants to bring experienced exporters together with new companies and our resource partners to help them find mentors and the tools they need to begin exporting.

Yes, Senator, we are collaborating. We have to. *Finding new markets through exporting offers the greatest potential for growth among WV's small manufacturers.*

The individuals that work in this field have heart, they are dedicated and they are making a difference. Last year, WV exports totaled 6.4 billion. They grew 33 percent over the previous year and have doubled since 2006. We are going to double them again by 2015.

Our problem isn't working together. It is our limited resources. We are just too small and our resources are just too limited. The U.S. Department of Commerce has two Commercial Services representatives and the SBA has 8 employees in the state. With your help, we can build on the momentum we're seeing to ensure that more small businesses like Rubberlite and Wheeling Trucking have the tools they need to create and retain jobs through exporting.

So, Senator, how can you help? By doing exactly what you are doing today; by serving as our leader, by working with us and by continuing to raise awareness of the importance of exporting. We sincerely thank you for all that you do for us and our small businesses.

The CHAIRMAN. Thank you, Ms. McCauley.

I want to instantly mention something which is important. This is being done live also. This hearing is being done live in Clarksburg, in Wheeling, and in Martinsburg.

So I want to say to—and they have crowds there, and they have people there. So I want to say to each of them that we are very glad that you decided to hook on, and you also—we hope that you will send us questions that we can put in the record.

And we can't communicate back and forth with you as easily as we would like, but you are with us, and we appreciate that very much.

Our next witness is Mark Julian. He is Deputy Director of the West Virginia—this is the longest title I have ever heard.

[Laughter.]

Mr. JULIAN. With no extra pay, right?

The CHAIRMAN. I am going to give it to you. Deputy Executive Director of the West Virginia Department of Commerce, its Development Office, and Director of Business and Industrial Development for the West Virginia Development Office.

Now, Mr. Julian, with a title like that, you have got to have a lot to say.

[Laughter.]

**STATEMENT OF MARK R. JULIAN,
DIRECTOR, BUSINESS AND INDUSTRIAL DEVELOPMENT,
WEST VIRGINIA DEVELOPMENT OFFICE**

Mr. JULIAN. If you remember, I said I was going to need more than 5 minutes.

Senator Rockefeller, it is a pleasure to be here with you today.

And your focus on manufacturing, this is a sector that I have been involved with my entire career, and I cannot offer my thanks enough to focus on this issue. It has been ignored too long.

We all know that our industrial capability to manufacture is vital to our economic health and security of our state and our nation. And simply put, it is a job creator. You know, we can discuss the multipliers for each specific sector of manufacturing, but there is no debate about the value it adds to the economy. And I appreciate to be here today to contribute to the discussion.

But I think it is important to reflect on history just a little bit since we are here in West Virginia. As we all know, energy and manufacturing powered this state from the 1920s on, for the world's first petrochemical plant located here in the Kanawha Val-

ley, and we soon became over the years home to chemicals, steel, glass, metal, and on.

In the 1940s, most West Virginians worked in goods-producing industries. However, we all know what the 1980s did. For various factors, we were hit hard. One third of our manufacturing base was lost between 1979 and 1985.

Let us fast forward to 2000. There were 75,900 manufacturing jobs in 2000. By 2008, there were 56,500. In 2008 to 2009, we lost another 11 percent, but we weren't alone. The same period, Ohio lost 18 percent. Pennsylvania decreased 12 percent. Kentucky dropped 15 percent, and Virginia dropped 11 percent.

We are working hard to diversify West Virginia's economy. Partnerships that have been mentioned are key to this. Government, business, labor, the education community have been working extremely hard to diversify our base.

However, please understand that we have a strong commitment to manufacturing. Even in our targeted sector strategies, manufacturing is integral to what we do.

Some of my peers in other states have written off manufacturing. We are not willing to do that. It has never been a part of our strategy. It won't be a part of our strategy. We know how important it is to our history and definitely to our future.

Growing exports are key. It has been mentioned that in 2010 our exports reached a record level of \$6.4 billion. Obviously, we must continue to focus on that because it is a great, great diversification strategy.

I am also happy to report that since 2005, we have had more than \$15.2 billion in new business investments, many of which were in manufacturing—medical products, construction materials, automotive, building products, printing, specialty plastics, fulfillment and distribution, and business services. But we must do more.

The U.S. Department of Commerce recently reported that our GDP increased 4 percent in 2010. That was the fifth most improved GDP in the nation.

Critical also to our future is the stability of government. West Virginia has done a great job in managing government. And I have to tell you, and my colleagues at the Development Office will tell you, that as you look to the future, we have a significant amount of attention now because of the way we have managed government.

The surpluses that we have, all at the same time of reducing corporate net income tax and on message or on track to eliminate business franchise by 2014, this is selling very well to investors. And again, it is going to take partnerships.

The workforce. We all know the history of West Virginia's workforce and the productivity and the loyalty of our workforce. It is well known. But, however, we must continue to work and are working hard to diversify our skill sets.

It is interesting that despite the abundance of labor in this country, employers still communicate here and in other states that they cannot find qualified workers. We are working hard to provide that workforce. To that end, many partnerships—the Community and Technical College System, in partnership with the Department of

Commerce, Workforce West Virginia, higher education—are all working together to accomplish that.

And in fact, the CTCS system is currently working to build two state-of-the-art advanced technology centers in Fairmont and the Kanawha Valley to meet these needs, an investment of \$30 million. That is very indicative of our commitment to the transitional economy we are in and for the skills of the future.

This is vital why? Because 60 percent of the fastest-growing new jobs in West Virginia will require at least a two-year degree or some type of certification. We are identifying opportunities aggressively. We are working very hard to capture them, and we must continue to work together to succeed.

West Virginia has its foot on the accelerator. But we believe it is time to reaffirm our commitment to manufacturing, business assistance, workforce development, financing programs, and the support of research and technology development. This must include state and federal partnerships.

And I know the budget times are tough, but a key point that I want to leave with the Committee is the federal partnerships that we have are integral to what we do, what I do every day to retain, expand, and attract investment to West Virginia.

Just to mention a few—the U.S. Small Business Administration, their support of our SBDC program and our small businesses. 95 plus percent of our businesses are small, 50 or less.

The loan programs. The loan guarantees that they have are absolutely critical to encouraging that entrepreneurship and that innovation that we are known for.

The U.S. Department of Commerce. Their support of our U.S. Export Assistance Centers in Charleston and Wheeling are absolutely critical. Also, the U.S. Economic Development Administration within the Department of Commerce works very closely with us, particularly in the last year, in doing various deals and the need for infrastructure and support to make deals happen.

And also, the National Institute of Standards and Technology's support of the Manufacturing Extension Partnership Program. And rural development programs, the U.S. Department of Agriculture.

And last, but not least is the federal partnership to retrain our workforce for the future, and that is Department of Labor's support of the Workforce Investment Act funding, which I have to tell you that I keep being advised that there is less and less money for that program at, very frankly, a very critical, critical time.

We have many state partners that I have mentioned in my written testimony. But again, it is an extreme pleasure to be here, to be a part of this discussion, and I look forward to any questions.

Thank you.

[The prepared statement of Mr. Julian follows:]

PREPARED STATEMENT OF MARK R. JULIAN, DIRECTOR, BUSINESS AND INDUSTRIAL DEVELOPMENT, WEST VIRGINIA DEVELOPMENT OFFICE

Chairman Rockefeller, members of the Committee, and other distinguished guests, I'm grateful to be here today and for your focusing attention on manufacturing innovation, technology and business diversification. Our industrial capability to manufacture is vital to the economic health and security of our state and our Nation.

I appreciate the opportunity to contribute to these discussions as we review where we have been, assess where we are now, and communicate a strategy to take us to where we need to be.

Traditionally, mining and manufacturing were the engines that drove West Virginia's economy. In 1920, Union Carbide Corporation built the world's first petrochemical plant in Clendenin, West Virginia. The state soon became home to chemical, steel, glass, metal and textile manufacturing. In the 1940s, most West Virginians worked in goods-producing industries, but these blue collar jobs began to disappear in the decades that followed.

The recessions of the 1980s and other economic factors hit West Virginia hard. Employment in our steel, glass, and chemical manufacturing, as well as mining, fell by a third between 1979 and 1985. During the 1990s, the economy began to improve, aided by energy demands, trade, tourism, the aerospace industry, and an investment in informational technology firms and Federal projects such as the FBI's fingerprint identification division.

There were 75,900 manufacturing jobs in West Virginia in 2000. By 2008, there were 56,500. In 2008–2009, we lost 11 percent of manufacturing jobs, but our state wasn't alone in that loss. During the same time period, Ohio's manufacturing jobs dropped 18 percent; Pennsylvania's decreased 12 percent; Kentucky dropped by 15 percent; and Virginia, 11 percent.

Our state's economy has long been tied to the energy markets, rising when the energy markets rise and falling when the markets are less than ideal. So in order for West Virginia to reach its full potential, it is imperative that we continue working to diversify our business base. The need for continued diversification is real and urgent.

Fundamental to that effort is partnerships. Consequently, West Virginia's governmental, business, labor and educational communities have been working closely to expand and diversify our state's economy while continuing our strong commitment to manufacturing which has been so important to our history and remains critical to our future.

Historically, West Virginia has a greater percentage of employment in certain industrial sectors as oil and gas, chemical products, power generation, metal manufacturing and forest products, to name a few. This was confirmed by a 2011 National Governor's Association Study on Economic Performance. That same study revealed that we are on focus when reviewing our targeted development strategy.

Today, the key emerging industries in West Virginia include biometrics/biomedical technology, advanced energy and distribution, automotive, aerospace, business services, chemicals and plastics, information technology, printing, tourism, fabricated metals and value-added wood products.

Building economic strength in these diverse sectors builds stability in the economy—and that is good for all business, large and small. We are focused on these targets in our development strategy and are pursuing these diversification opportunities daily.

Equally important are our exports. If asked what West Virginia exports, most would say coal, which is critically important, however they also include polymers, machinery, wood products, chemicals, automotive, and aeronautics, just to name a few. Growing our exports is a key strategy for the continued diversification of West Virginia.

We must continue to aggressively educate state businesses, large and small, on the benefits of exporting.

- In 2010, West Virginia's exports reached a record level \$6.4 billion.
- The state's exports grew by 33 percent over last year, outperforming the U.S. export growth rate of 21 percent.
- Last week, 49 West Virginia businesses received the Governor's Commendation for International Market Entry, honoring companies that have successfully exported to 90 different countries just in the past year.

I am also happy to report that businesses have continued to invest in our state. Since 2005, more than \$15.2 billion in new business investments have been made in West Virginia's economy. For example:

- Alcon, the world's largest manufacturer of intraocular lenses, recently completed its second plant in Huntington, a \$25 million investment. Alcon employs more than 800 workers.
- Essroc invested more than \$600 million in their Martinsburg facility, tripling their previous production capacity. One-hundred fifty people are employed at the facility.

- Toyota Motor Manufacturing West Virginia recently invested \$64 million to increase production of its six-speed auto transmissions. Employment at the plant is now at 1,100.
- CertainTeed, a wallboard manufacturer, invested \$200 million in their Marshall County plant. The company employs 90 workers.
- Quad/Graphics is an especially good example, as West Virginia's stability and productivity played a large part in their decision to expand. (Over \$15 million in upgrades to its Martinsburg plant; added 400 new jobs; total employment of 1,000 workers.)
- Kingsford Charcoal invested \$22 million in their Tucker County facility that employs 109 people.
- Klockner Pentaplast, a manufacturer of rigid plastic films, invested \$34 million in their Raleigh County plant that employs 60 people. This location is a "Center of Excellence" for them. This plant contains the latest technology available in that sector.
- Macy's chose West Virginia over 157 other locations for its new 1.3 million-square-foot fulfillment center in Berkeley County. This \$150 million investment will create 1,200 full and part-time jobs, as well as 700 seasonal positions.

These investments and many more are helping West Virginia diversify and advance in our development efforts.

It was recently reported by the U.S. Commerce Department's Bureau of Economic Analysis that West Virginia's growth in real gross domestic product (GDP) increased 4 percent in 2010. West Virginia's GDP was \$55.992 billion in 2010, up from \$53.842 billion in 2009. The state ranks fifth for most improved GDP in the Nation. This is good news.

Also, critical to future development is the management of government. The ability to offer businesses a stable and predictable investment environment. To that end,

- West Virginia closed its 2010 Fiscal Year with a surplus of more than \$102 million; the fifth year in a row with a surplus—without a tax increase.
- The Governor's budget office projects general revenues will grow at better than 7 percent in Fiscal Year 2012 over the current year.
- West Virginia has one of the strongest Rainy Day funds of any state, which will reach 17 percent of the state's General Revenue Fund Budget this year.
- West Virginia is one of only 18 states that have not had to borrow Federal funds to pay unemployment compensation benefits.

These are all impressive accomplishments that are selling very well to investors. This has been accomplished while reducing Corporate Net Income Tax rates and the phase out of our Business Franchise Tax.

Instead of digging in and merely trying to hold on until the economy rebounds, we are aggressively promoting our state's stability and the many benefits we can offer for business investment. We're in a financial position that few states are.

A key component of our current success and our future opportunities is our workforce. West Virginia has been investing in developing the skill sets of our work force. Despite the unemployment and available workers, employers across the country continue to have trouble finding workers qualified to fill positions. Businesses want and need qualified applicants with the fundamental as well as specialized skills, who are ready to be productive. West Virginia is working hard to provide those workers.

To that end, the Community and Technical College System of West Virginia (CTC) governmental agencies such as Department of Commerce, WorkForce West Virginia, Higher Educational Policy Commission, and other partnering entities are working directly with industry and collaborating with each other. Their goals are to develop programs that prepare prospective employees with the skills businesses need today, and to prepare workers for the occupations that are emerging. In fact, the CTC System is currently working to construct two Advanced Technology Centers to meet these needs—an investment of \$30 million dollars. These are being located in Fairmont and the Kanawha Valley.

This is vital because, as we know, nearly 60 percent of the fastest growing new jobs in West Virginia will require at least a two-year college degree.

Rather than view these challenging economic times as something to weather, we've been viewing it as strategic opportunity to bring attention to West Virginia and what we have to offer. We are passionate about our efforts.

We are identifying opportunities and aggressively working to capture them. We continue to work with our established businesses in assisting them to succeed and working with our workforce to prepare them to compete.

West Virginia has its foot on the accelerator. We believe it is time to reaffirm our commitment to business and manufacturing assistance, workforce development, financing programs and support of technology development. This fundamentally must include state and Federal partnerships and programs. They are important to our efforts.

Just to name a few of our partners at the Federal level:

- Appalachian Regional Commission
- U.S. Small Business Administration SBDC Program and Loan Programs and Loan Guarantees
- U.S. Department of Commerce—U.S. Export Assistance Centers (Charleston and Wheeling) and U.S. Economic Development Administration
- U.S. Department of Agriculture Rural Development
- U.S. Department of Labor WorkForce Investment Act funding

Some partners at the state and regional level include:

- Robert C. Byrd Institute for Advanced Flexible Manufacturing (RCBI)
- West Virginia Export Council
- West Virginia Manufacturing Extension Program
- Discover the Real West Virginia Foundation
- West Virginia Tech Connect
- Bioscience Association of West Virginia
- West Virginia High Technology Foundation
- I-79 Development Council's West Virginia Biometrics Initiative

In summary, West Virginia's future is bright and we are working extremely hard to capture every opportunity. Thank you for the opportunity to be here today.

The CHAIRMAN. Thank you very much.

You mentioned, I think, the America COMPETES Act, and that causes me to want to say two things before going on to you, Mr. Moore. The Commerce Committee is—I don't know if this is historically the case but it is very much the case in the years that I have been there and particularly—it is extremely bipartisan.

And I know that those of you who are listening or watching think that the problem with Washington is that everything is politics. And each party wants to get the other, and it is not a very pretty sight. And there is truth in that. But that truth does not extend to all parts of government, or the legislative branch.

The Senate Commerce Committee is probably the most bipartisan of all committees in the Senate. As a result, we pump out more legislation than any other committee. I have over the next 3 weeks 11 bills—Mr. Kumar, you will be horrified to know—that I am going to submit on manufacturing and all kinds of things like that.

Kay Bailey Hutchison, who is the Ranking Member, is from Texas, is superbly knowledgeable as a lawyer, as a very practiced businesswoman, of what it takes to make things work. Not just manufacturing, but everything else.

We are very, very close friends. I talk to her in Austin, Texas, sometimes, and I talk to her at her office a lot, and we talk during hearings a lot, which is probably not appropriate, but we just do.

And as a result, we reach out toward each other because we know that to get legislation, you have to have accommodation. And there is nothing wrong with accommodation so long as you are not giving away core principles.

And we both understand that, and that is why I am very pleased that not only Senator Hutchison's staff person is here, but also Senator Blunt, who came over from the House.

I was at Sargent Shriver's funeral. He was sort of my all-time hero, probably because he got me here to West Virginia, but in general. And I saw Roy Blunt sitting to the right in front of me on a bench.

And I went over to him, and I didn't know him, but I said, "I have heard a lot of things about you, and they are all good. And I really look forward to working with you." And that is his attitude also. I mean, he is very bipartisan.

And you have to understand that is a suspect statement when you think about Washington, but it is not in our committee. I mean, it just simply isn't. That is one of the things that has to happen. It doesn't matter who gets credit. What matters is that we get results.

One thing that was mentioned also—and I apologize to the two remaining witnesses. But the America COMPETES Act was a very good example of that. America COMPETES. I mean, you get all these names, right? I mean, all these names, agencies, and bills and all that, and nobody knows what they mean.

Well, America COMPETES, we reauthorized that. And Kay Bailey Hutchison and Lamar Alexander, who was Governor when I was Governor and whose wife is on my wife's public television station—so we are very close friends—Kay Bailey Hutchison and myself and Lamar Alexander took a \$44 billion bill and made it into law.

I mean, the President had to sign it, that is an important formality.

[Laughter.]

The CHAIRMAN. But we got it done the day before the lame duck session ended, or a couple of days before it ended. So the House had a chance to pass it, and it was a remarkable thing because it was a little bit—it was a \$45 billion bill at that point, and we were just standing in the center aisle in the Senate. And Kay Bailey Hutchison said to me that is a little bit rich.

So I said, well, let us take \$1 billion off of it. Will that help? And she said that will help. And she said there is one little program in it which I think is not really necessary. And I called Ellen Doneski, who is sitting over there, and I said—who is the head of the Committee—and I said, "Do we really need this?" She said, "No, we really don't need this." So I said that to Kay Bailey Hutchison, and so she said, "I am in."

So that left Lamar Alexander because there were five Republicans who had holds on the bill, who have holds on all bills. And Lamar Alexander has two personalities. One is when he is being a part of the leadership, which he is, and also when he is being Lamar Alexander, who he also is.

He was being Lamar Alexander and then became part of the leadership. So it was his job to get all five of those holds. You understand that any Senator by objecting can prevent a bill from being considered on the floor. It is not a good rule, but it is a rule.

And so, he went and he got all of those five lifted, and so the bill passed with unanimous consent, no vote taken. The House passed

it. President signed it. And then that bill does extraordinary things because it takes on the subject of science, technology, engineering, and math and also a lot of other things that we are talking about here today, things that we need to do in America, things that we need to get better at. And it funds those. It is a 5-year bill.

And so, I just say that to you to say that there are people on the committees who are really trying in Washington to get this right, and it is not easy because of all of the jurisdictions the different committees have, and they are worried about somebody invading their jurisdictions and all that kind of thing. But we can get a lot of things done if the mood is right and if the people, if the Senators are willing to do that. And we are.

And so, I just say that before I introduce you, Randy Moore, and I am very happy that you are here. You are vice president of the West Virginia AFL-CIO, the international representative of the United Steelworkers of America. Had a lot of experience with you, Weirton Steel, a lot of other places.

Randy was invited—that is you, Randy—due to your role with the steelworkers, but more importantly, because of your role of what happens when things don't go right. I mean, I remember Weirton Steel when there were 13,000 people working there, and now there are 1,000 people working there.

Well, there are reasons for all of that, and so you bring the perspective of how do workers adjust? What does TAA mean, Trade Adjustment Assistance, when people are put out of work because of foreign invasion, so to speak, has taken their job away, and what do we do about all that kind of thing?

So, Randy Moore, you are on.

**STATEMENT OF RANDALL T. MOORE, SUB-DISTRICT
DIRECTOR, UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND
SERVICE WORKERS INTERNATIONAL UNION (USW), AFL-CIO**

Mr. MOORE. Thank you, Chairman Rockefeller.

I welcome the opportunity to be here today to testify on behalf of my union, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.

The CHAIRMAN. Anything else included there?

Mr. MOORE. The United Steelworkers.

[Laughter.]

Mr. MOORE. The focus of today's hearing is to explore the issues that relate to the state of manufacturing in West Virginia and the opportunities and challenges presented by exporting. In the past 12 years, I have had the painful displeasure of watching over 5,000—and mind you, that has nothing to do with the steel industry—over 5,000 USW-represented, family supporting manufacturing jobs disappear in West Virginia.

Keep in mind these employees did not lose the means to support their families because of outdated facilities or inefficient procedures, chemical plants, or steel processors. These employment opportunities have left my state primarily because of unfettered free trade and ineffective policies to address what should be the top priority of everyone in this room today—a forward-thinking approach

to supporting those jobs that remain and policies that will create new jobs in the future.

These stories of so many plant closings, so many jobs, so many families have been told so many times that I sometimes wonder if Americans are turning a deaf ear when they hear these devastating stories. Sadly, many are forgetting that these aren't just today's statistical realities in a global economy. There is a human element to these events.

We are talking about real people and often entire communities that are tragically affected. Many of my members who have lost their jobs can't reconcile their employment past with their new reality—going to a food bank, minimum wage job, or, worse, relying upon government programs for their existence.

In my view, to disregard the pain these people are living through, slogging through years of doing next to nothing toward long-term commitments to revitalize our manufacturing base and job creation is both irresponsible and insensitive.

Our nation is being victimized by free trade ideologues and policymakers who want to discuss theory, rather than recognize reality. Our trade, tax, and investment policies, the globalization of production, and the failure to have a national manufacturing strategy helped create this situation.

New Department of Commerce data shows that nationwide, companies cut their workforces in the U.S. by 2.9 million during the 2000s while increasing employment overseas by 2.4 million. The technical and industrial capacity offshored quickly became imported goods and a major contributor to our crushing trade deficits.

Between 1998 and 2010, we lost approximately 6 million manufacturing jobs, with over 2 million of those occurring from 2007 through 2009. At the same time, some 57,000 manufacturing facilities closed.

What is often forgotten, those manufacturing jobs that were lost led the reduced need for jobs in engineering, designers, scientists, and more that has eroded the nation's working middle class and dangerously undermined our technical, industrial, and innovative capacity. The nation will not be able to double net exports, reduce our trade deficits substantially, nor meet our economic and security needs unless we produce more of what we consume.

Our nation's future success, the reclamation of the American dream, in fact, depends on revitalizing our manufacturing sector. We believe that a strategy matters. The U.S. needs to recognize that all our major global competitors have national manufacturing strategies.

Advanced developing nations like China, India, and Brazil all have one. The leading developed nations like Germany, Japan, and the Scandinavian nations all have them. We do not, and it is killing us.

The differences in approach are dramatic. Our competitors consciously seek manufacturing as a critical jobs and prosperity strategy for their nations. Our blind free market approach theorizes seeking cheaper prices for consumers is better than jobs and income. They target industries and technologies seeking to generate competencies and opportunities. We do not.

Economic success is not measured simply by the price of a flat-screen TV, but how well one can feed, clothe, house their families, how they can have access to healthcare and education, how they can look forward to a secure and dignified retirement. On that basis, we are falling further and further behind.

Other nations align their tax policies and government investments to achieve their goals and objectives. Our tax policies encourage offshoring, and we quibble over “Buy America” policies that are less broad than our competitors own domestic procurement laws.

They invest in training and education linked to their employment and economic strategies. We invest in training and education without clear employment strategies or goals.

We believe a healthy and robust manufacturing sector is central to a sustained economic recovery and to our national security. The following elements are essential to a comprehensive program and a national manufacturing strategy to restore domestic manufacturing.

Get our trade house in order and enforce our laws. Aggressively enforce our trade laws. We need to address China’s trade violations and establish our own strategic priorities and policies.

A recommitment to investment in infrastructure. America’s infrastructure needs—energy, roads, transit, bridges, rail, water, et cetera. The demands are huge. We have a \$2.2 trillion infrastructure deficit, according to the American Society of Civil Engineers.

A tax structure that encourages manufacturing investment. Eliminate tax incentives and loopholes that encourage financial speculation rather than investment, outsourcing and offshoring production, and enact tax incentives for companies that produce domestically.

Investment in a 21st century energy infrastructure. We must invest in 21st century energy infrastructure technologies on a similar scale to our investment in replacing the failing infrastructure of the last century.

Innovation for American manufacturing. The United States continues to be the world’s engine of innovation, but that lead is declining. There is a direct correlation between R&D and production, and we must protect our nation’s innovative leadership.

And last, but I think very importantly, workforce development policy. America and West Virginia continue to have the best and most innovative workers. They stay ahead of the competition. However, we must constantly upgrade our skills and training.

Revitalizing our manufacturing sector requires that we make investments in our people to ensure that they are equipped to meet the needs of industry. Now is the time to renew and expand investments in our people. Congress must increase access to training funds for people who are out of work, as well as those seeking to enhance their skills.

Ultimately, a high-skills workforce must be one whose rights on the job and ability to speak up are protected and thus made real through strong labor laws and strong unions.

While the economic crisis that began in 2007 has done massive damage to our country, the truth is our problems run far deeper

and none is more fundamental than the catastrophic decline of U.S. manufacturing, which has occurred over a long period.

The health of the economy, the success of our people, our national security are intrinsically tied to a vibrant and innovative manufacturing sector. We must revive U.S. manufacturing as a clear centerpiece of our nation's economic and security strategy. This Congress and the administration have the opportunity to take steps to restore our nation's manufacturing capabilities. Mr. Chairman, the United Steelworkers is committed to working with you to do so.

And once again, I appreciate the opportunity to speak before the Committee today.

[The prepared statement of Mr. Moore follows:]

PREPARED STATEMENT OF RANDALL T. MOORE, SUB-DISTRICT DIRECTOR, UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (USW), AFL-CIO

Thank you, Chairman Rockefeller. I welcome the opportunity to be here today to testify on behalf of my union, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union—the United Steelworkers (USW).

The focus of today's hearing is to explore the issues related to the state of manufacturing in West Virginia and the opportunities and challenges presented by exporting.

In the past twelve years, I have had the painful displeasure of watching over 5,000 USW represented family-supporting manufacturing jobs disappear in West Virginia. Keep in mind, these employees did not lose the means to support their families because of outdated facilities or inefficient producers, chemical plants and steel processors. These employment opportunities have left my state primarily because of unfettered free trade and ineffective policies to address what should be the top priority of everyone in this room today, a forward-thinking approach to supporting those jobs that remain, and policies that will create new jobs in the future.

These stories of so many plant closings, so many jobs, so many families have been told so many times that I sometimes wonder if Americans are turning a deaf ear when they hear these devastating stories. Sadly, many are forgetting that these aren't just today's statistical realities in a global economy. There is a human element to these events. We are talking about real people, often entire communities that are tragically affected. Many of my members who have lost their jobs can't reconcile their employment past with their new reality—going to a food bank, a minimum wage job or worse, relying upon government programs for their existence.

Our trade, tax, and investment policies, the globalization of production, and the failure to have a national manufacturing strategy helped create this situation. It doesn't have to be this way. However, consistently, when a discussion is presented, and legislation proposed on a national level to address this slow moving disaster, the legislative approaches are reframed by many of those free trade at any costs policy makers who helped facilitate this mess. Those groups manipulate the public's view of these proposals by categorizing them as nothing more than government intervention that will lead to bigger government and cause a disruption of free market forces. In my view, to disregard the pain these people are living through, sloggling through years of doing next to nothing towards long-term commitments to revitalize our manufacturing base in job creation is irresponsible and insensitive. Our nation is being victimized by free trade ideologues and policymakers who want to discuss theory, rather than recognize reality.

New Department of Commerce data shows that nationwide, companies cut their work forces in the U.S. by 2.9 million during the 2000s while increasing employment overseas by 2.4 million. The technical and industrial capacity offshored quickly became imported goods and a major contributor to our crushing trade deficits. Between 1998 and 2010 we lost approximately six million manufacturing jobs with over two million of these occurring from 2007–2009. At the same time some 57,000 manufacturing facilities closed. What is often forgotten, those manufacturing jobs that were lost led the reduced need for jobs in engineering, designers, scientists and more that has eroded the Nation's working middle class and dangerously undermined our technical, industrial and innovative capacity. This nation will not be able

to double net exports, reduce our trade deficits substantially nor meet our economic and security needs unless we produce more of what we consume. Our nation's future success, the reclamation of the American Dream, in fact, depends on revitalizing our manufacturing sector.

Strategy Matters

The U.S. needs to recognize that all our major global competitors have national manufacturing strategies. Advanced developing nations like China, India and Brazil all have one. The leading developed nations like Germany, Japan and the Scandinavian nations all have them. We do not and it is killing us. The differences in approach are dramatic. Our competitors consciously seek manufacturing as a critical jobs and prosperity strategy for their nations. Our blind free market approach theorizes seeking cheaper prices for consumers is better than good jobs and income. They target industries and technologies seeking to generate competencies and opportunities. We do not. Economic success is not measured simply by the price of a flat-screen TV, but how well one can feed, clothe and house their families, how they can have access to health care and education, how they can look forward to a secure and dignified retirement. On that basis, we are falling further and further behind. Other nations align their tax policies and government investments to achieve their goals and objectives. Our tax policies encourage offshoring and we quibble over Buy American policies that are less broad than our competitors own domestic procurement laws. They invest in training and education linked to their employment and economic strategies. We invest in training and education without clear employment strategies or goals.

Innovation Strategy is Key for our Future

The USW recognizes the critical steps government has taken to stabilize the economy by helping ensure the survival of a domestic auto industry, investing in needed infrastructure and a diverse efficient clean energy economy, securing jobs from those investments with Buy America requirements, and putting critical financial reforms in place.

This work is far from finished. But, today we see Congress mired in a debate that we can somehow downsize our way to success. The economy doesn't work that way. Congress needs to complete efforts begun last year when the House passed a series of bipartisan bills that included a National Manufacturing Strategy, currency, rare earth and other manufacturing legislation. This year the Administration has proposed needed new investments in small business, research and development, clean energy manufacturing, and infrastructure.

Democrats in the House of Representatives recently announced their Make It in America Agenda that identifies steps that should be taken to revitalize manufacturing and job creation here at home. It's an important foundation both parties embraced last year. It should not be a partisan issue in this Congress and we hope that Republicans will embrace the effort and join in promoting policies that will enhance national and economic security.

We believe a healthy and robust manufacturing sector is central to a sustained economic recovery and to our national security.

The following elements are essential to a comprehensive program, and a national manufacturing strategy, to restore domestic manufacturing:

- *Get our trade house in order and enforce our laws:*

Aggressively enforce our trade laws. We need to address China's trade violations and establish our own strategic priorities and policies. We should view success not as the number of trade agreements that are signed, but by the results they achieve. Our trade agreements should be designed to empower workers to share in the fruits of their labor and enable them to enter the middle class with respect and just compensation for their efforts.

- *A re-commitment to investment in infrastructure:*

America's infrastructure needs—energy, roads, transit, bridges, rail, water, etc., the demands are huge. We have a \$2.2 trillion infrastructure deficit, according to the American Society of Civil Engineers. Not only will spending here employ people right away, it will lay the foundation for economic growth in the future. Funding for infrastructure must be built on a foundation that aggressively promotes, "Buy American Policies". Americans want to know that their tax dollars are being used to create American jobs. An improved America is the legacy we should leave to our children and grandchildren.

- *A tax structure that encourages manufacturing investment:*

Eliminate tax incentives and loopholes that encourage financial speculation rather than investment, outsourcing and offshoring production, and enact tax incentives for companies that produce domestically.

- *Investment in a 21st Century Energy Infrastructure:*

We must invest in 21st century infrastructure technologies on a similar scale to our investment in replacing the failing infrastructure of the last century. And, again, investments in this area must support and promote domestic job creation and supply chains.

- *Innovation for American Manufacturing:*

The United States continues to be the world's engine of innovation, but that lead is declining. There is a direct correlation between R&D and production and we must protect our Nation's innovative leadership. Doing so requires that we maintain strong intellectual property protections to ensure that companies have the incentive to make investments in plant and equipment here at home. Increased support for research and development in the United States, coupled with support for testing and deployment of those new technologies in our factories, will ensure that our manufacturing capabilities expand. R&D investments financed with public dollars (grants, tax credits, etc.) must be accompanied by employment accountability requirements.

- *Workforce development policies:*

America continues to have the best and most innovative workers. To stay ahead of the competition, however, we must constantly upgrade our skills and training. Revitalizing our manufacturing sector requires that we make investments in our people to ensure they are equipped to meet the needs of industry. Now is the time to renew and expand investments in our people. Congress must increase access to training funds for people who are out of work as well as those seeking to enhance their skills.

Ultimately, a high skills workforce must be one whose rights on the job and ability to speak up are protected and thus made real through strong labor laws and strong unions.

While the economic crisis that began in 2007 has done massive damage to our country, the truth is our problems run far deeper and none is more fundamental than the catastrophic decline of U.S. manufacturing which has occurred over a long period.

The health of the economy, the success of our people and our national security are inextricably tied to a vibrant and innovative manufacturing sector. We must revive U.S. manufacturing as a clear centerpiece of our Nation's economic and security strategy. This Congress and the Administration have the opportunity to take steps to restore our Nation's manufacturing capabilities. The USW is committed to working with you to do so.

The CHAIRMAN. Thank you, Mr. Moore, very much.

I call now upon Don Gallion, who I have known for 35 years?

Mr. GALLION. Probably.

The CHAIRMAN. And I have to tell this story on Don because it is classic. I first met Don Gallion, who is from Wayne County, in what I could gregariously pronounce as kind of a tin shed where he was making something, up in Morgantown. And there were a couple of light bulbs around. There were a couple of workers around. And Don Gallion was around.

And he just had this idea, and the idea was every time—and now you have expanded since then, and I understand that. You have become this—

[Laughter.]

The CHAIRMAN.—huge, international—I mean, it is an extraordinary story, Don. I am really glad that you are here.

But what Don had figured out, Mr. Gallion had figured out—this is a hearing—was that there are all kinds of airports being built

all over the country. Probably 1,500 to be built yet in China, and it is going to keep on going once the economy returns on a worldwide basis.

And that when you land an airplane in the winter, it is probably a good idea that you have something that you insert into the airplane which pumps warm air in. That is not such a good idea in summer. So, in summer, you have to pump in cold air, cool air.

And Don Gallion had perfected a technology, which simply wiped out the competition, and I can't explain how he understood that and why he took off. But you can't—this is probably the only day this month that Don Gallion will be in West Virginia. He travels all over the world, and every place that he goes to, he has got all of China locked up. He has got pretty much every place locked up.

Everybody that builds a new airport has to call Don Gallion so they can get this system in place. And it is one of the most inspiring stories that I know of when an individual Wayne County fellow who, on his own, comes up with this idea and then takes it on a worldwide basis, exporting it everywhere that there is.

Now with that humble introduction, Don, your testimony better be good.

**STATEMENT OF DON GALLION, FOUNDER, FORMER
PRESIDENT, CEO, AND CHAIRMAN, FCX SYSTEMS**

Mr. GALLION. Thank you, Chairman Rockefeller. I appreciate that introduction greatly.

Well, as said, I am Don Gallion, a founder of FCX Systems, Inc., which is located in Morgantown, West Virginia, over 24 years ago. We sell power supplies and air conditioning equipment to the aviation industry in 78 countries on all 7 continents. I also serve as Chair of the West Virginia Export Council on which I have been a member for over 21 years.

West Virginia manufacturers are much like most U.S. manufacturers. They are currently on a downturn. Manufacturers who are exporting are doing better than those who aren't. This is due to the fact that many foreign countries are seeing a quicker economic recovery than we are in the United States.

Excluding the slow economy, the biggest barrier faced by manufacturers in West Virginia is tight money. Many manufacturers have to turn down work because they can't buy the inventory needed to do the job. If cash were available, companies could start their recovery quicker and, therefore, start our nation's recovery quicker. This would actually start creating jobs.

As far as exporting goes, it is important that we look at why exporting needs addressed besides being a good market at the moment. It is really simple, two words—global economy. Our world is no longer an independent economy, unaffected by the rest of the world.

Today, with our ever-shrinking world, thanks to computers, cell phones, jet aircraft, and the Internet, we live in a global economy. Our economy is impacted not only by us, but by what happens on the other side of the world and vice versa. So this means that the world now impacts how we feed our families, our jobs, and our markets, just to name a few areas.

Today, our competitor is no longer someone down the street or even across a state or our vast country. Today, our competitor is someone half way around the world. If we are not selling on his soil, he will be selling on ours.

We could wake up 1 day to find he has taken our customer base, and we are out of business. So unlike several years ago when only Fortune 500 companies even considered exporting, today we all need to participate in exporting to ensure our survival.

It is my opinion every company needs to export to have a chance to survive long term in our global economy. Having stated that, it is even more important to help West Virginia companies export. The West Virginia Development Office International Division is a great source for our West Virginia companies. This group operates on only West Virginia funds and helps companies make their first or their 100th trade trip.

West Virginia companies have their hands held and are shown the ropes, thus taking the fear out of exporting. They work extremely close with the Department of Commerce's USEAC offices located in the state. The USEAC group calls on exporters to ensure they are export ready, answer questions, help with goal keys, and other programs. This group is a great use of federal taxpayer dollars.

The CHAIRMAN. What is USEAC, Mr. Gallion?

Mr. GALLION. USEAC stands for United States Export Assistance Centers. Excuse me.

They do a lot with a little, very little budget. If we want to get our money's worth, we should spend more on the Department of Commerce. This alone could be the secret to get our export sales to where we need them.

Both of these groups work closely with the West Virginia Export Council. This group helps to answer questions, talks with future exporters, puts on seminars, and speaks on behalf of exporting. Both of the above groups help the West Virginia Export Council in all these endeavors.

The West Virginia Export Council is a volunteer group of experienced exporters or related job activities and are appointed by the Secretary of Commerce. Their mission is simple, to help West Virginia companies export.

By having all three of these groups, coupled with the SBA for export financing, West Virginia does better than any state around, even with the limited budget we have to work with.

I also spent 7 years as head of the National District Export Council, working with our 1,600 members and 61 DEC's, the Department of Commerce, and states all over the country. From this experience, I can tell you no one works together better and gets more bang for their buck than West Virginia export assistance organizations.

Due to this cooperation and hard work, West Virginia has come a long way. In the last 5 years, we have doubled our exports from \$3.2 billion in 2006 to \$6.4 billion in 2010. That is saying something.

While West Virginia is doing well, we still have a ways to go to get there, to get everyone onboard. A couple of barriers that are slowing us could be stops for new exporters as well.

The first big barrier is a lack of a level playing field. West Virginia companies, as well as U.S. companies as a whole, can compete with anyone on a level playing field. That does not exist today due to free trade agreements, or the lack thereof.

First off, every nation has more free trade agreements than we do. This makes U.S. companies' products cost more due to taxes imposed on their product and not our competitors'.

This is putting our nation behind and delaying U.S. exports and job growth. It is simply solved by approving the free trade agreements awaiting congressional approval and insisting we get out there and make more trade deals.

The second barrier is the ability to get our customers visas to come to the U.S. to see products they are buying, train their service personnel, and conduct meetings. I truly understand terrorism and the need to protect our borders, but what we are doing now is wrong and not working.

Our choice for deciding who gets a visa and who doesn't is way off base. There needs to be another way. We are losing projects and jobs because of this issue. The bottom line is we must remove barriers, and we must get our companies exporting, for their sakes as well as the sake of our nation.

Thank you for this opportunity to speak today, and I look forward to addressing your questions.

Thank you.

[The prepared statement of Mr. Gallion follows:]

PREPARED STATEMENT OF DON GALLION, FOUNDER, FORMER PRESIDENT,
CEO, AND CHAIRMAN, FCX SYSTEMS

I am Don Gallion, a founder, former President, CEO and Chairman for 22 years of FCX Systems, Inc. which was started February 10, 1987. In 2009 I stepped down to Senior Vice President of the Company to allow a new Investor Company to put their own President in place. FCX Systems is a design and manufacturing company located in Morgantown, West Virginia. We design, manufacture, and sell power supplies and air conditioning equipment to the aviation industry, both military and commercially. FCX started exporting in 1988 and currently sells product in 78 countries on all seven continents.

I am and have been a member of the West Virginia Export Council for 21 years and Chairman of the West Virginia Export Council for the past 19 years. The West Virginia Export Council is one of 61 DEC's (District Export Councils) throughout the United States. DEC's were formed when the President of the United States in 1960 asked the Secretary of Commerce to enlist the efforts of U.S. business in enlarging export opportunities for American Firms. Responding to the challenge, the National Expansion Council was formed. From the recommendations of this Council, the President signed an Executive Order in 1973. This order directed the Secretary of Commerce to establish District Export Councils throughout the U.S. In 1974 the Secretary established the first 41 DEC's, which West Virginia was one of these. Under the Secretary's guidelines, the District Export Councils were created to specifically promote Exports in their local communities. This is still our mission today: try to help West Virginia Companies to Export. This is done a number of ways. We do one-on-one meetings with potential export ready companies. We hold seminars and conferences explaining how to do certain export-related activities. We speak to groups, schools, and organizations about exporting. We visit clients with the West Virginia Development Office as well as the DOC offices in the state. We also help be the coordinator in our state (West Virginia) to keep all the various Export Assistance Help Groups on the same page and working together.

We are extremely fortunate in West Virginia in that all Export Assistance groups work together to accomplish the most good for West Virginia Companies. We have the State Development Office, Department of Commerce (USEAC), West Virginia Export Council, SBA, EXIM Bank, universities, and many Representatives' and Senators' Local Offices. These are great sources for West Virginia Companies. Unlike

other states, these groups all work together to help our West Virginia manufacturers. This unified approach is very rare and unique to West Virginia. I also spent 7 years as head of the National District Export Council, spending a lot of time with our 1600 members, Department of Commerce, and states from all over the country. From this experience I can tell you that no other state comes close to working as well as West Virginia does with all its Export Assistance Partners. Other states are envious of West Virginia in this function. This working relationship allows the most help for the fewest dollars spend and greatly benefits West Virginia exporters.

West Virginia manufacturers are much like most U.S. manufacturers, currently on the downturn. Those that have an export piece to their business are doing better than those that do not. Many international economies are recovering much faster than the United States. FCX Systems is currently seeing 72 percent of its future near term business potential from overseas. The biggest barrier facing Manufacturers aside from a slow economy is tight money. Everywhere I go I hear the same complaint. *"I can't get credit."* *"Credit has dried up."* *"There is no cash for inventory purchases."* This is holding back companies from being able to recover more so than the lack of orders.

Let's take a look at why exporting is so important to companies aside from the fact they are a good market opportunity. It is simple, the global economy. Everyone has heard about the global economy more times than you care to think about. We have heard it on the TV, in newspapers, magazines, radio shows, and business Journals to just name a few places. It has had a lot of traction for a number of years. Did you ever stop to think about what the global economy really is? Well let's dissect it a little. First there is global, which must mean the whole world. What about the whole world? What does our economy have to do with the whole world?

Next we have economy. What does the economy really mean? It is a word that is used a lot, but what does it really mean? After debating this for a sometime, I decided to look it up. I went to the dictionary and it said economy is a system of producing and distributing the material needs of a society. Therefore, the global economy is telling us the world is impacting our system of producing and distributing the material needs of our society. Our material needs, our distribution, and our society is all now world based. That could be a little scary.

We all thought we knew what the global economy was all about, but when you put in these terms, it is quiet profound. We are dealing with a worldwide economy, in which our economy is just a little piece of the pie. We no longer have independent economies solely on local or state or even country actions. These actions still impact us, but they also impact people half way around the World from us. Those people's actions also impact us. This means our ability to work for a living, feed our families, save money and even our market is now a world affair.

Today our world is a much smaller place than it used to be. Cell phones, computers, faster and faster jet aircraft, and the Internet, have all contributed to the smaller world we find ourselves in today. Our world has forever changed and will continue to shrink with newer and newer technology. It is getting smaller by the day, at least in terms of how we travel around it, how we deal with communications and create deals throughout the world. It is now easy to see, why today, no one can ignore the global Economy.

Not that many years ago, any company could be content selling product in its neighborhood, its state, or at least on a national basis. Only large Fortune 500 companies dared to EXPORT. The rest of us would never consider it. Today, if a company is not exporting, they will wake up one day and find they are out of business. Out of business you say, how that can be? It is real simple, thanks to the global economy; their competitor is no longer someone down the street or even two states away. Today their competitor is half way around the world. If they are not selling on his soil, be assured, he will be selling on theirs. Some day in the not too distant future, they may wake up and find their competitor has taken their customer base. They are suddenly left without a business. They can't just sit there and let this happen. They produce a quality product that is desired around the world. They can and must Export. All companies must export.

Without export participation, a company will not be a long-term player. It is my opinion; all companies must participate in the global economy to survive in the long term. You not only need to export as a company, we must export as a nation. We have seen our core businesses change as the global economy has impacted our competitiveness, but our Nation must export more today than ever before. Throughout history, Presidents have pushed our Nation to export. Here is what a couple have had to say:

President Reagan—"We have the talent, the skills, and the products to compete. We just need to encourage American business to take the challenge."

President Clinton—"World trade, whether conducted in person, on paper, or on-line, remains the cornerstone of America's economic growth."

Additionally, a cornerstone of President Obama's Economic Recovery was to ask American business to double their exports in the next five years.

So it is easy to see that exporting is important to our national economy. All our companies make high quality products that are desired around the world. They can all export. All we have to do is make an effort and reach out to any of the number of West Virginia export assistance organizations that are available for help. They need to know where to get answers to their questions and they need to take the fear of exporting away. We have that to offer, we just need to be sure our companies know about it. I previously talked about these organizations, but I just wanted to list them with a small explanation of the export assistance they provide.

West Virginia Development Office, International Division—This group takes West Virginia companies on trade missions to various countries. They take companies to trade shows in other countries as well. They call on West Virginia companies to help them with all aspects of exporting. They work closely with all export assistance groups, but practically with the Department of Commerce Export Assistance Centers (USEAC) in Charleston and Wheeling and the West Virginia Export Council.

West Virginia Export Council—They work one on one with West Virginia exporters answering any concerns or questions they have. Their very experienced membership, consisting of both experienced exporters and export-related occupations and are all appointed by the Secretary of Commerce, can address any export question or problem that comes along. They hold seminars and teach various aspects of Exporting. They have conducted a class for the last eight years in conjunction with West Virginia University called the Export Management Class. This class has helped over fifty West Virginia companies export for the first time. It has also trained over 300 students in exporting operations. Additionally we talk at schools and other organizations promoting exporting. We also contribute funds we raise to help companies attend state-sponsored trade trips. We also act as the overseer to all the other export groups to see we do not compete, overlap, or head in the wrong direction.

Department of Commerce (USEAC)—These offices located in Charleston and Wheeling do a great job for West Virginia. In my opinion this might be the best spend Federal dollars to come into our state. If this group had more to spend, we could see West Virginia exports rise in accordance to the Budget supplied these amazing people. They counsel people, set up Gold Key appointments, get information from overseas offices, conduct training, help the Development Office with trade missions and shows, as well as speak on behalf of exporting. They also work with the West Virginia Export Council, serving as its Executive Secretary.

Small Business Administration and EXIM Bank—Both Groups work together and independently. EXIM has the high balances of loan available, but also the most red tape. They both offer special loan programs for U.S. Companies that export. In some cases they will even loan your foreign customer the money to buy your product. Export receivable insurance is offered as well giving you the ability to offer more favorable terms and increase your export sales.

The above are the biggest export assistance help West Virginia Companies have. It is great and it has brought West Virginia a long ways in just a few years to truly understanding exporting. We all still have a ways to go to continue this education process, but it is nice to see progress. The last five years, West Virginia has outpaced the Nation in export growth. See below.

Year	U.S. Export Growth	West Virginia Export Growth
2006	14%	25%
2007	12%	23%
2008	12%	42%
2009	14%	18%
2010	21%	33%

As this shows, West Virginia is making big steps in getting West Virginia companies to export. As I discussed earlier, President Obama has asked the Nation to double exports in five years. Last year West Virginia doubled its exports in the last five year period. In 2006 West Virginia exported \$3.2 billion. In 2010 we had grown exports to \$6.4 billion. So it is easy to see West Virginia is making big strides in exporting. This is extremely important when you consider the global economy.

Also it is important when you consider that 98 percent of the world customer base is outside the United States. Of all exporters in the U.S., 95 percent are small business, 85 percent are selling to only one country, and we must not forget, our compet-

itor is now half way around the world and we must compete. We must go out and get our fair share.

Barriers facing exporters are problems that the Federal Government needs to address. First we don't get to compete on a level playing field. All of our foreign competitors have trade agreements with other countries where they trade with each other tax free or nearly tax free. Our products are taxed coming into the countries; therefore our sale price is higher than our competitors. We need the Senate to approve existing trade deals and help U.S. companies create the jobs our Nation needs. We need to push the President to negotiate more trade deals and give U.S. Companies a fair chance. After all, most of these countries enjoy free trade status with the U.S. anyway. So they sell their products to us tax free, but we don't get the same treatment while selling our products to their countries. We can compete with anyone, but not when the playing field is leaning toward our competition. This can be very discouraging especially to new companies trying to export for the first time.

Another barrier, we as exporters face is trying to get our customers into the U.S. to see the product they want to buy or are buying, to train customer service personnel, and to conduct meetings. I understand terrorism better than most. I have to worry about it almost every day as I travel throughout the world. However, we must put some sense back into the visa application process. At the moment it is like the bully at the school yard that gets a charge out of beating people up because they can. Our agents seem to get a charge by denying our customers visas and then refusing to even talk about it. Exporters, me included, lose sales every day because we can't get the customer a visa to make a legitimate business trip to our country. I lost two sales opportunities totaling over a half million dollars this week alone. Yes, we need control, but we also must control those dictating visas. There must be a better way.

Both of these laws have a very negative impact on U.S. exporters and will slow if not stop new exporters. In summary, West Virginia manufacturers are doing well if they are exporting. The need for more credit is a big problem for not only West Virginia manufacturers, but manufacturers as a whole. We have spent billions of dollars trying to create jobs. Surely we can create cash for our nations' banks to help free up cash to small business. I believe we created a program to do this, but I can tell you, it is not working. We are doing better with exports in West Virginia, but we need to continue to push harder for more companies to get involved both in West Virginia and throughout the country. The Federal Government needs to address the barriers they have thrown up for exporters and give us a more level playing field. The Department of Commerce is one government agency that is helping this Nation's business. Let's quit trying to reduce their budget year after year and give them monies they need to not only continue to help American business, but expand their programs so they can help even more American business. If we try to address these issues, we all will be better off.

The CHAIRMAN. Thank you, Mr. Gallion.

I would like to make a general plea to some kind soul. I am sitting in a chair which makes me feel like I am sitting on the floor, and I need some kind soul to find somewhere a nice, big, fat cushion.

[Laughter.]

The CHAIRMAN. So I can put it underneath me and be comfortable for the very first time. I apologize for that interruption.

[Laughter.]

The CHAIRMAN. Let me just start with you, Mr. Kumar and Mr. Julian. It is just a very simple question, which has been raised by all the witnesses. What are the first steps a company should take to begin exporting, and how can your offices help?

And don't use government acronyms. Say what they are.

Mr. KUMAR. Thank you, sir.

I couldn't help reflect on USEAC, and it is not lost on me. We go by so many different brand names, which is exactly what we don't require. We don't need acronyms, but we do need to know that as exporters, we don't need to go it alone.

And that is what we tried to provide with the U.S. and Foreign Commercial Service. We may go with acronyms called USEAC here, but it is a comprehensive set of services to make sure that exporters don't need to engage in external markets on their own. We have trade specialists in your state, in your backyard. We have—we call it “soup to nuts” because they connect with 129 offices across 79 countries.

And as I heard, Mr. Gallion, you go to 78. We have got to change that. We have got to get you to the 79th country, where we can provide you support.

What we need to do is publicize and make people aware. It is not the Commerce Department alone. We cannot do what we do without the support of the other people around the table.

And Senator, I hope it came loud and clear that we do this through collaboration with the SBA, with the Eximbank, with the state economic development agencies. But we need to get that message across better to every business that we do.

We do it through seminars, webinars, meetings such as this, and I thank you again. The convening of meetings such as this, which is being telecast across West Virginia, is incredibly powerful for us to get people to know what we provide. We do market research. We do public—we do problem solutions.

Nothing is too small for the Commercial Service in the support of export businesses, whether it is who to contact, what forms to fill, to help you if your goods are stuck at a customs counter, or, indeed, look at working with you in terms of how you can engage in exporting and provide you suggestions which country to export to.

So we are—I am incredibly delighted. When I took this job, you had posed me a similar question during my confirmation hearings. We are here, and 1,450 of the people across the Commercial Service are here to engage with businesses across.

Again, we do not operate trade in a vacuum. Trade is competition. We need boots on the ground, and through leverage, we acquire more. But where the Committee can support us is also through making sure that the boots on the ground continue to be available to businesses not only in West Virginia, but across this great country.

The CHAIRMAN. Our people are sometimes a little bit nervous about engaging overseas. It is sort of an Appalachian characteristic. Not a bad one at that, but in this case, it is not as helpful. So that the Assistant Secretary makes that point, these services are available.

Now there is a big gap between saying something is available and then having it well enough known or available enough to people like young Don Gallions and others who are entrepreneurs who have an idea that they think could do well overseas, but don't quite make the step to make that connection. Could you talk about that?

Mr. JULIAN. Yes. You know, Senator, that is an issue whether you are talking about exporting, technology adoption, or part of the diversification strategy of doing business with the federal government or state government, for that matter. So it comes back to an education and awareness.

The partnership that we have with U.S. Department of Commerce Export Assistance Centers and our International Division is almost seamless. There is a strong partnership there, but it is an engagement. It is awareness, which our office does a very good job of. But it does get down to resources.

I believe we have two trade specialists that work on that. They do an excellent job. We do a lot of visiting with companies, direct mail, different strategies of awareness. But anything that we can do with you to expand that awareness, to get people engaged, to get them to a comfort level because, again, it is an issue whether you talk about export or technology adoption or whatever strategy you may want to talk about to compete and expand their business base.

The CHAIRMAN. You know, it is more difficult perhaps in Appalachia than in more international, so to speak, parts of the country for people to have an opportunity, let us say, in Vietnam or India or in Germany or Great Britain or whatever and sort of reach out to say, "I want that opportunity." It is a bigger step psychologically in West Virginia than it might be in some other state, like in California.

Does that mean that the Commerce Department and the SBA and you have identified these folks and you go after them because you think they should be doing this?

Mr. JULIAN. Right.

The CHAIRMAN. Or do you wait for them to come to you?

Mr. JULIAN. Both ways. But our people, our staff are aggressive, and they do an excellent job in understanding the company's capability and trying to match up to the markets that they research and line up. But again, I can't emphasize enough the partnership that exists between the government, the federal government and the states.

But if you can get them engaged and look at their capabilities and match up with opportunities, there is no doubt that the staff can get them to a comfort level to engage and, no doubt, succeed because we are all aware of the quality of the product and the commitment of our people here.

The CHAIRMAN. OK, I noticed that, Secretary Kumar, you're having a White House Business Council, and the Charleston Area Alliance, that you're holding a roundtable on precisely this subject this afternoon, to hear directly from West Virginia businesses.

Where will that be?

Mr. KUMAR. Yes, sir, it's later today. It's slated in the city to meet with West Virginia businesses.

The White House, as you may be aware, has made a commitment to have almost 500 of these roundtables.

The CHAIRMAN. Right.

Mr. KUMAR. We need to hear directly from the businesses. At best, administrations and governments create a framework, but we serve the needs of the businesses to create jobs. And this is one of those meetings where we go directly.

But I do want to reference a couple of things here in the spirit of this question and the last one. Businesses across the Appalachian Region can go to *Export.gov* to see what is the range of services provided by not only the Commerce Department or my

service, but the entire range of agencies which in some way or shape help impact exports.

The CHAIRMAN. *Export.gov*?

Mr. KUMAR. *Export.gov*. We also reference CommerceConnect is coming to Charleston. It is an attempt to bring together a one-stop shop, a one-stop window, as you said, to make sure that we have one common portal where all the services are detailed.

In a physical sense, where possible, we will co-locate, not only amongst us, but the other agencies of the U.S. Federal Government, to come together in one place.

The third, also in a physical sense, while doing this in a portal sense, we do it, and we also have 1-800-number telephone services, where people who want to learn about exports can do.

In addition to all of that, since none of us can do this alone, but together America has a potent, leverageable amount to services which we can provide, we divide and conquer. New-to-export companies can be tackled by the SBDC Ms. McCauley talked about earlier and also through collaboration with the University of West Virginia, where we've actually set up and worked with them to set up a spring export course in their curriculum.

So this way we can bring the new-to-export companies, while freeing ourselves to concentrate and work with current companies in West Virginia and beyond who export, so that they can get all the services. We can export the number of exporters in the first instance, and yet provide better service to the exporters who are currently doing that.

That is the way we will win the future, which the President alludes to, so that the combined resources of the federal government and the state government could be leveraged to the benefit of U.S. businesses.

The CHAIRMAN. Thank you.

Mr. Gallion, it strikes me that there are several kinds of entrepreneurs in West Virginia. Some, like you were many, several decades ago, you were young, you were from Wayne County, you had this particular gift, which you may or may not have known about, but you weren't Dow Chemical. You weren't General Electric. You were Don Gallion from Wayne County, and that's one kind of entrepreneur.

And I'm referring to what the Assistant Secretary has said, that we're available, we can help you, we can respond to your needs.

Then there's another kind of entrepreneur, who is more practiced, because, perhaps, he belongs to a bigger chemical company or a bigger general company, and they know those practices. They know the services available.

How do you crack through to Don Gallion when he was 30 years old, that these services—you did it evidently, or maybe you didn't. Maybe you just did it on your own.

See, the federal government, it's that old thing, "I'm the federal government. We're here to help." That usually draws laughter. It doesn't show laughter in this courtroom, because it's true.

How do you respond to what I say?

Mr. GALLION. Well, basically, to be perfectly honest, the Department of Commerce has been a great source for exporters for many, many, many years. I mean, when I started exporting, I never heard

of the Department of Commerce, other than the name. As far as what it did, I had no idea.

Today, they're much more out in the community, more focused, more getting the word out, than they did 25 years ago. That's not to say that it's perfect yet. We've still got a long ways to go. We've still got a lot of companies that we need to get to. We've got a lot of people we need to get the word out that it's available, that these organizations even exist to help them.

As you said earlier in your comments, when the federal government comes knocking at a company's door, sometimes they go hide in the basement rather than answer the door. So you have to face that problem. But first you have to get them to know that they're even going to come to the door.

And that's one of the big areas that I know that for at least the last 20-some years I've been involved in some way or fashion with Commerce and exporting is that's been trying to be improved. I think we've made great strides or they've made great strides in getting the word out. And they've got the word out in a lot of ways, not only with their own organization, but with other export organizations, like the development office here in West Virginia, the Export Council.

We've all been out there talking to people, letting people know about us, know about them, know about what we do, know about how they can be helped. And the Assistant Secretary talked about teaming with the groups in the state, and that's been the key. I think that's been very important, particularly in a state like West Virginia where there are not a lot of dollars to spend on anything, let alone exporting.

You have to have a lot of people out there working, beating the bushes, talking about exporting. As an example, the Export Council even goes to schools. We go to public schools and talk about exporting.

The CHAIRMAN. How do you do that? What you tell them?

Mr. GALLION. We tell them that it's a great opportunity. It's going to be part of their future, whether they like it or not, because if they're not exporting when they grow up, they're going to have real issues. They'll have tough times finding jobs.

It also opens up a dialogue, I think, with mom and dad when they get home, in terms of what did Johnny learn in school today. Well, we learned about exporting. And dad may suddenly say, oh, well let's hear more about this. Maybe this exporting thing isn't so bad.

A lot of people look at exporting as something that's going to steal their job rather than create jobs.

The CHAIRMAN. Plus, isn't it also true that West Virginia has, in fact, by virtue of the Internet and smart phones and all the rest of it, changed dramatically from very young levels on up?

In other words, I can remember going to Horace Mann, I think it was here in Charleston, and there was a third grade class—would that be about 6- or 7-year-olds, 8- or 9-year-olds?

Anyway, they were doing a live conversation with an astronaut who was meant to make the final shuttle flight the next day. It didn't take off, but that wasn't the point. They had a streaming conversation. They were built into sections of people who were solv-

ing computer problems—these are just little kids, and they were solving computer problems. Some of them had to make spaceships. And they were incredibly engaged.

The degree of intensity and the focus of these very young children was overwhelming to me, overwhelming. And I've seen that repeated in other parts of the state in age groups of that level.

So I think they grow up with a much better sense of what is out there in the world, don't you?

Mr. GALLION. Yes, that's very true. I mean, I think particularly the Internet connections that are available to West Virginia school-children are fabulous.

I think you, as one individual, have strived hard to help make that happen. And I really thank you for that. That's helped a lot of school-aged kids throughout our state, even on the college level.

The Assistant Secretary talked about the class that's held in conjunction with West Virginia University, our export management class. That's a program we've proudly put on now for 8 years with the West Virginia Export Council, the Department of Commerce, and the university working together to make that program happen. And it's a program where we put not only companies but students in a classroom together and, basically, teach them to export.

You know, we've had over 50 West Virginian companies graduate that program and export for the first time. So we're pretty proud of that.

Along with that, we've had about 350 students learn about exporting, many of them getting jobs with export-related companies or export-related occupations. And we actually broadcast that class across the Internet in different locations around the state as well. So we're pretty proud of that happening also.

The CHAIRMAN. Good.

Mr. Moore, one of the abiding problems of a lot of states, including West Virginia, is the psychological crushing of what happens when a major industry closes down. I mean, you can look at Weirton Steel, you can look at Century Aluminum, you can look at all kinds of different places.

There's a mayor in a town that I had never heard of in Tennessee who lost 1,900 jobs, and he said it was like being hit with a nuclear bomb.

So the whole construct of a worker who goes through that—and that's not uncommon. I mean, you saw that in the textile and sneaker industry in West Virginia.

People have to rebound. But that's an easy statement to make. It's a very hard thing to be able to do.

And so that brings up the question of, are we, in your mind, maybe not for the worker himself or herself, but maybe also for that worker, but certainly their children, how do you evaluate our ability and our willingness and our resources spent?

There's a lot of talk about it, but I want your view about how good it is, on educating people for jobs that exist. I've never believed that it was fair to tell a West Virginia student, like a college student or a high school student, that you have an absolute obligation to stay in West Virginia even if you don't have any work. What I've said is sometimes it pays to go to another state for 4 or 5 years where you can find a job, and then we're working to try to create

jobs that will match your skill set and other skill sets back here. And when we have them, they will come back, because West Virginians always come back when they have a chance.

But how do you see this whole question of training skill sets, or not sufficiently doing it?

Mr. MOORE. The first thing we see, Senator, when we go through the closures and we start looking for some help and assistance to retrain and reeducate and to try to get people that have been in one particular industry—and normally were dealing with people in their 40s and 50s.

You know, that's something that's happened to us in the state of West Virginia. A lot of our manufacturing industries here are old, well-established, well-founded industries. And unfortunately, there's not a whole big market out there for folks that are in their 50s and late 40s.

But through the TAA, which you have helped us so much with, and we appreciate that, through the TAA, these folks are able to sit down and rethink where they want to be or where they need to be in life.

But all too often, what's offered through those classes aren't really classes for the majority of the elderly population and the not-so-elderly population. We find them ending up in the medical field, a whole lot more in the medical field. And that's due primarily to the continued loss, I feel, of manufacturing jobs here in West Virginia.

However, I do want to point out that through the 1980s, most employers, especially in unionized settings where we did have good apprenticeship programs, good government-approved apprenticeship programs that were college-accredited, college-degree programs, we had those for years. When industries started cutting, and they had to start cutting as we started into this downswing, especially in the steel and metals industry, that was some of the first spending levels that were cut out as being not essential, as being nonessential at the time, which over the years has come back to really, I think, cripple the industry.

And for the manufacturing that we have left, not only in West Virginia, but across the country now, where we're trying to build back, we have a serious shortfall of skilled people. And it's a tough problem to deal with.

The employer doesn't want to take on that accountability, that responsibility. The individuals, when they do have the ability to go to some type of school, we find that there is a lack of adequate training facilities. I heard here this morning they're talking about working on them. I'm glad to hear that.

I think in this country in general there is a stereotype concept that college is only for academics and it's not for anything else. And that's far, far, far from truth. We have to lose that mentality and look toward skilled workers as we move forward with higher levels of education.

We have to have that. We have to make it more affordable to them. We have to do that.

But until we can stop the bleed, put the finger in the dam, so to speak, of jobs going overseas. I'm glad to hear Mr. Julian and some of the statistics he gives about our exports. I'm glad to hear that.

We see a little bit of it in the aluminum industry and other areas. We see a small amount.

But the export of our jobs far exceeds the export of products here, not only in West Virginia but across this country.

The CHAIRMAN. Let's talk about that for a moment, because it brings up the very sensitive subject which you referred to, and that is that the free trade agreements as being a bad thing because they cause jobs to leave.

The other side of that is that if you don't have a free trade agreement—and this is open for anyone on the panel—if you don't have a free trade agreement, and I voted for some and I voted against some of them, then they're going to put a tariff on your goods. If you don't have a free trade agreement, they're going to respond by putting a tariff on the goods that you try to export, and, therefore, you're going to lose and somebody else is going to be able to export, and you can't.

The other side is that most countries don't play by the rules. America is sort of unique that way. And I guess either appropriately or inappropriately, naive that way, that we do play by the rules. And we are infuriated when people steal our patents, which is common practice overseas, when people don't meet our standards, which is pretty much impossible for most countries to do. Our standards are so high in America. But they tear us to shreds.

So you come down to this situation of, do you want to join the opposition and change them by disallowing their right to—because it's WTO stuff, et cetera—you disallow them to put tariffs.

And that's where I spend my time, in front of the International Trade Commission, because of all these tariffs that are put on unfairly. And it's often with countries that we do not have free trade agreements with.

So I mean, I see your argument, but I see the other side of the argument too, and I'd like to have a little discussion about that.

Mr. KUMAR. Thank you, Senator.

First, on the jobs issue, I just want to make the facts clear. Over the last 15 months, 2.1 million jobs have been added to the economy. Over the last 6 months, 1 million jobs have been added.

And you're absolutely right, the President has made it clear: to win the future, we need to out-innovate, we need to out-educate, and connect to markets.

I think we've heard about the need for education, whether it's re-training or just training our children to more sufficiently and robustly engage in the markets.

But let's talk to the free trade agreements. This Administration has always stood for free and fair trade. And I think that's the resonance which is coming from most of the panel members today.

With respect to Korea alone, \$95 million in goods alone were exported from West Virginia between 2008 and 2010. Of this, chemicals and metals find a large part.

Upon signing, upon the KORUS, the Korea free trade agreement, coming into existence, the duties on chemicals in 50 percent of cases will be immediately phased out, all the duties.

The CHAIRMAN. And the duties are up to what level?

Mr. KUMAR. 6.7 percent is the average, but it goes up to 50 percent in some instances.

So immediately upon signing, 50 percent would have no duties levied. And the balance would go away in 10 years, which is exactly the point you made, is we need to engage in the world because other countries—trade is not in a vacuum—are signing these deals. And we cannot have American industry at a disadvantage, because by signing a similar deal with the European Union, we will disadvantage ourselves to the extent of 3.8 percent, in terms of levees and duties alone.

So doing this is the right thing. If we look at it in the context of agriculture, \$67 million of agriculture exports spanning poultry, eggs, beef, and dairy from this great state to Korea happen. On two-thirds of these, duties will immediately go away upon signing.

I only highlight this as an example of being competitive in the marketplace and the advantages which could accrue. So it is to ensure—and you, Senator Rockefeller, have taken the leadership in the several bills, and you referenced 11 more coming in the pipeline. Whether it's Strengthening America's Trade Laws, Domestic Jobs Innovation Bonus, Manufacturing Reinvestment Act, Currency Exchange Rate Transparency Act.

The CHAIRMAN. What, did my staff give you a note?

[Laughter.]

Mr. KUMAR. Some of us are well-acquainted with your staff. Thank you.

But the fact of the matter is, these are all efforts to protect to make sure that while winning in the marketplace by engaging, doing so to ensure that not only is it free trade, but fair trade happens.

I have enough statistics on the other ones, too, because we need to ensure that American workers have a free and fair and level playing field, because we believe that on a level playing field, we do extremely well.

The same thing happens with Colombia, \$14 million in exports, manufactured goods, between 2008 and 2010; 87 percent of duties will be eliminated in the case of the Colombia free trade alone; 90 percent of imports from Colombia don't attract duty. This is what you referred to their already having the benefit. Why should we deprive American companies of having similar benefits as we sign these deals?

All these additional competitiveness-building measures mean jobs in this country. Jobs is our number one priority, and exports are seen as a means to jobs.

In crafting the National Export Initiative, the President called upon us to double exports in 5 years. That is a 15 percent compounded annual growth rate. We are currently running at 17 percent. We did 17 percent last year; running rate today is 17 percent.

But the President also said, while creating those exports, that we needed to support at least 2 million additional jobs, which are well-paying jobs, paying 18 percent more than the average manufacturing jobs here at home.

So these are the right things to do, and we need to put in place and make sure that the American companies benefit, we engage constructively in the marketplace, and in doing that, we create good-paying jobs here at home.

The CHAIRMAN. Thank you. We'll give Mr. Moore a chance to respond to that, as I'm sure he wants to.

There's another major problem, which is patents and the outright stealing or leveraging or reverse engineering of patents. And it's a common practice, particularly in the Asian part of the world, but presumably in other parts of the world too, where you come with an idea, they buy your company, they offer a good price and then they take all of your ideas and they become their ideas. And there are much cruder forms of doing it, too.

The stealing of patents. Patents is what we're talking about. It's innovation. It's the endgame of science, technology, engineering, and math. It's the endgame of all that, to come up with a patent, which is an idea which nobody else has, which is exclusively yours, which you build a business on. And then you start doing business overseas and that patent gets taken away from you.

Can you address that for a moment, before we get to Mr. Moore?

Mr. KUMAR. Glad to, Senator.

Before taking up my job, I spent over a quarter century in corporate America running businesses internationally. I know if patents and stealing were not an issue, all of us would be exporters today.

So in the real world, we need to ensure that American innovation is protected. And we ensure that through every one of our bilateral and multilateral conversations with every one of our trading partners, not just one or two countries, to impress upon them the need to go with the international patent regime and the laws which are in place.

It's not just paying lip service. Is it is ensuring this happens.

The CHAIRMAN. But I can't trust that. I spent a lot of time out in the world. And people, they say that, but we don't have the people to enforce those laws, whether it's free trade laws or patent laws or whatever. We talk about it, but we don't do it. Because they belong to the WTO, that doesn't mean that they suddenly clean up their act. This is the way they've been doing business for centuries.

Mr. KUMAR. Senator, if I may just highlight a few of the programs or the approaches, in terms of how this is done.

First is educating our companies on patent protection. And that we do through having several education programs, in dealing with 19 different countries, how to go about pre-exporting protection. The Commerce Department has that. We also have a website, StopFakes.gov, which indicates what are the challenges you're faced with, how to deal with it, and who to contact within Commerce who could help.

In addition to the education inbound, we also do education outwards. With our partners, we have the Commercial Law Development Program, CLDP, where we actually teach and work with judiciary and law enforcement officers in different countries on not only the law relating to patents, but how to enforce them, because it's enforcement which is key.

We have, as I said, toolkits, which is on a country-by-country IPR basis. And we also have a multilingual twist to this now. We do this in English, French, and Spanish. And on a pilot basis, we're

also engaging in Latin America in Peru, rolling this out through the Chambers of Commerce there and the government.

So while patent protection will always be important and may not be perfect, there are a number of programs educating our businesses on how to engage the services which I mentioned through the Department of Commerce and the U.S. and Foreign and Commercial Service, where we are able to work with you in implementing, affecting, and enforcing this with foreign governments.

So the question is extremely important to us. American enterprise is just that. We are enterprising and we have innovation, and we need to put in place the mechanisms which will work day in, day out.

The CHAIRMAN. Manipulation of currency?

Mr. KUMAR. Senator, it's so recent that I've seen your Currency Exchange Rate Transparency Act. It's an important one. I can't say that I'm expert in that law. It's fresh, as you know. And I know that the Administration is taking a look at it, and it's an important issue, which we're working on.

The CHAIRMAN. All right, Mr. Moore, you're more than patient, but I have to ask, Mr. Gallion, did you ever have any problems with patents?

Mr. GALLION. We've never had an issue with patent, because since we are doing so much business internationally, and in order to have an international patent, you have to actually spell out exactly how you do what you do for the whole world to see. We decided it was better to work with the trade secrets——

The CHAIRMAN. I didn't realize that.

Mr. GALLION. Pardon?

The CHAIRMAN. What's an international patent? I wasn't aware of that.

Mr. GALLION. Yes, there's an international patent that can be filed as well as a U.S. patent, if you're doing business internationally, which the international patent is recognized by most countries, just like the U.S. patents are recognized here.

The CHAIRMAN. So you spell out everything that you do?

Mr. GALLION. You spell out exactly how you do whatever it is you do, so it's very easy for somebody to take your patent and copy it. You are protected for a number of years, but it will come out eventually. And it could go to another country, and a lot of other issues that come about with it.

So we've dealt with trade secrets rather than going the patent route.

The CHAIRMAN. But by that time you've established yourself, and you just beat the competition.

Mr. GALLION. Right. We make changes periodically to keep our product ahead of the game.

One thing I might add, if I can, on the free trade agreements. I understand the issue Mr. Moore has raised about jobs going overseas. But it would be my contention that jobs go overseas more from a lack of free trade agreements than with free trade agreements.

Without the free trade agreement, companies will have to find ways to compete. And one of the ways to compete is to make the product in that country.

So I really think it's more a lack of free trade agreements that take jobs overseas than the actual having free trade agreements.

The CHAIRMAN. Mr. Moore, the floor is yours.

Mr. MOORE. Thank you, Senator.

Mr. Kumar, I do appreciate your remarks about where we need to be with the training and education.

The CHAIRMAN. Mr. Moore, could you get up to the microphone, please?

Mr. MOORE. Your remarks about fair trade, I appreciate President Obama's position for that. We follow the Administration closely along those lines.

I want to make one thing perfectly clear from the standpoint of the United Steelworkers Union: We are not against free trade. We are against unfair free trade. That's what we're against.

You spoke about the chemical. I didn't catch the numbers but you said exported over a 2-year period here from the state of West Virginia. You know I find those—I just would like to know the numbers that that would've been 10 years ago, when in this very valley where we sit right now, as you know Senator, was known as Chemical Valley. They're gone. All those jobs are gone. For the most part, they're gone.

I sat through a meeting, took a walk around the facility, right down here in Nitro, West Virginia, with an international CEO of a chemical company. And he said, "I want to have a discussion with you, Randy." He said, "I want to tell you, you have done a tremendous job working with us here. I can't say anything about your union except good. I can't say anything bad. It's all good. Your safety and health, your productivity, your people rise to the occasion. But," he said, "we're going to China and there's nothing you can do about it."

I said, "Well, why? What do I say to my members?" He said, "You can't work for what we're taking this business to China for."

And I've gone through industry after industry after industry with that.

Now, we can't wait. We can't sit around and wait. I disagree with you that we have to export all of these jobs to be able to save jobs. I don't understand that thinking.

We can't sit around and wait. We've got to be innovative, but just like the three with South Korea, Colombia, and Panama that's coming up, the Steelworkers alone have at risk over 350,000 jobs in those agreements, especially with Korea, as they relate to the metals industry, as they relate to the automotive industry, and all ancillary jobs that are tied to them.

So my question is, why do we continue going down the same path until we can fix the path? I think everybody in this room, if I'm hearing right, says we need free trade, but we need fair trade. We need fair trade with countries that have humanitarian benefits similar as we do.

Colombia is deplorable. Their record is deplorable for their humanitarian benefits.

Why do we not try to balance out what we have now, learn from that, and work from that, and continue to expand our trade, because we have to export our products? We'd sure all like to see a lot more products made in America here. We want them made

here. I think there's a great market and a great opportunity that still exists in this country for that. But at the same time, the new horizon is to sell across the foreign waters. It is.

The CHAIRMAN. And that's of concern, either the three of you.

And there's sort of almost a psychological—maybe I'm quite wrong on this and tell me if I am—almost like a psychological pressure that if you're in the same business as another company is, and you see that company go overseas because of the advantages of so doing, that there's more pressure on you to do that, or on your board to do that.

So decisions are made for financial reasons and, by virtue of that, don't necessarily include worker reasons.

How would you comment on that? I mean, is there a sense of inevitability? There shouldn't be.

Mr. KUMAR. Senator, America is at its best when we're inventive. Let's not forget that the motor car, the airplane, and yes, even the Internet and the GPS, were all invented here. When we have invented, we have prevailed.

And that's why this Administration places so much emphasis on the need to out-innovate the rest of the world and compete.

Let me reflect on the two questions and the facts, which was requested.

Our exports—goods from West Virginia to Korea—were \$95 million between 2008 and 2010. I referenced that much of the duties which are imposed will go away. In a competitive basis, Korea is going forward with free trade with other countries. And while the U.S. was Korea's biggest trade partner in 2003, we today are the fourth largest exporter to that country. We just cannot afford to be passive and see it go away.

On the other hand, through investments in newer businesses, in better technologies—and this great state of West Virginia has invested \$13 billion in new businesses since 2005. You have created newer areas of engagement—biometrics, natural gas, reserve and exploitation of natural gas.

These are the ways we're investing in whatever we are investing. We have an obligation to the workers, and that is through the TAA and otherwise, in terms of their retraining, and ensure that our workers are never at a handicap for something else.

Free trade is a reality. Trade is a reality. And it is becoming increasingly global.

American workers have demonstrated time and time again, when we have invented, we have prevailed. We need to build and put in place programs which help our workers engage and compete in their field. And that's precisely what this Administration's policies are meant for.

The CHAIRMAN. And Ms. McCauley and Mr. Julian, can we do that, because I'm a very strong advocate for TAA, a very, very strong advocate. But that in and of itself doesn't solve a problem. That allows a family to eat. It doesn't allow them, necessarily—you know, you're talking about 40- and 50-year-olds not being wanted in industries. Maybe that's not entirely true.

I mean, I know that there are a lot of industries in West Virginia that are looking for workers now who have skills and experience. And they can't get them. So where's my disconnect?

Mr. JULIAN. OK, where do I start?

Back to Mr. Moore's comments about the mentality of whether you're going to get a 4-year degree or a 2-year degree, we do need to prioritize technical occupations.

And one of the things that we've try to do at a state-level, and I've been involved for the last 4.5 years, is to clearly communicate to the educational facilities, particularly the community colleges, as to the job creation that we're seeing, as to their planning, the clustering that we're seeing.

And we're doing a better job of that, but we need to continue to work on communicating to the workforce that either is out of school or looking to retrain of the strategy that we have for diversification.

So our community colleges in particular are working hard in clustering their strategies toward job development in their regions.

But back to the Secretary's comments, if you look at just a few examples that I mention of the \$15.2 billion since 2005 that the development office has been directly involved in project management, a Swiss eye company—you're very familiar, Senator, with Alcon in Barboursville, just building their second facility in West Virginia. They're going to employ over 800 people, a highly FDA-regulated facility, the world's largest producer of intraocular lenses, and their new insertion device plant that physicians will use in that surgery here in West Virginia.

Toyota, we're all familiar with their success.

A little small facility in Beckley, Klockner Pentaplast, a German company, you'll find the latest technology in that facility in the world, in that specialty plastics facility. Again, a foreign investment.

I mean, this is the reality of the marketplace. And I go back to the Secretary's comments of this transitional position we're in, in manufacturing, to where if you go back in history—what?—34 percent of the employment in the country at one point was manufacturing. I think in doing some research last week, I think probably in this country we're to maybe around 12 percent of jobs in America are in manufacturing.

But it's clear that the job creation in that sector is those that are technology-based that we need to work harder on for the skill sets.

And West Virginia is a part of that. If you just go through the list of investments, and I can provide this committee the entire list from 2005, many of which are international, that this targeted strategy are in those areas that there is a high degree of technology in those facilities.

It's not the old manufacturing of mass production, but highly targeted, very niche kinds of investments involving the technology. I mean, that's the path we're on.

I think we have to focus to get our people trained to compete as aggressively as we can that, with the idea that the skill sets are going to have to change toward the technology curve and the intelligence that Secretary Kumar talked about.

The CHAIRMAN. One of the things we have to do, I feel very strongly about—not that that should influence your answer—but young people don't believe that manufacturing is their future, because they think of manufacturing as huge companies and, there-

fore, they can't possibly get into that. Or they think of it as something which is of an earlier part of America.

When I'm thinking of it and spending the next years and years on the Commerce Committee emphasizing manufacturing, and I want to say to them, don't think like that, that's a stereotype on your part. It isn't a problem with the industry. It's a stereotype on your part.

Now, granted that Toyota, they hired workers from, I don't know, 40 of our 55 counties.

Mr. JULIAN. It's significant.

The CHAIRMAN. It's extraordinary. And they tend to be in their 20s and 30s, yes, because the Japanese like to train people in their way of doing business. Then they'll send them over to Japan for a while. They send groups of them and then have them come back and send more. And so you grant that.

And you go through that factory and you see incredibly motivated, highly productive—and actually, one of the first things I thought, Mr. Moore, was that a lot of those employees had to be ex-coal miners who had been laid off in the coal fields because they had very high technology skills, which you have to have now to be a coal miner. And the answer was no, there are only three. This was back when they only had 300 people working. There were only three.

These were basically young people from rural parts of West Virginia who just wanted to work. And they heard about this plant and they came to this plant. And this plant has never stopped expanding, and it still hasn't stopped expanding.

I mean, they're going have to run out of the northern panhandle before they stop expanding, because they won't let them expand in Pennsylvania.

[Laughter.]

The CHAIRMAN. But you understand my point? Please.

Ms. MCCAULEY. I think that a lot of the young people that you're talking about don't really think of themselves as manufacturers as much as they think of themselves as entrepreneurs. They're creative. They create. They innovate something. And they may send it somewhere else to be originally manufactured, or they may just start very small, but they're not thinking, "I'm going to be manufacturer." They're thinking about an entrepreneurial idea, something they can innovate and sell.

And they do become manufacturers. But that's not the way they're trained or that's not the thinking of today, much.

The CHAIRMAN. Mr. Julian?

Mr. JULIAN. Yes, you have to ask yourself, where does this start? And it starts at home, and as a parent, what do we communicate to our child? Have we done enough research as to what the job opportunities are?

At the end of the day, we hope our children get jobs, right? So the idea that you're not successful in life unless you've got a 4-year degree is really not being fair to that child. There are a lot of opportunities.

Let's go back to my remarks that 60 percent of the jobs in West Virginia in the near history will be of a 2-year degree or some type of certification. I mean, those are the job activities we're seeing.

But that doesn't mean that in that process that you would get an associate degree, that you're not on a career path to someday have a 4-year degree to be an engineer or whatever.

So it starts at home, and I think it's a disservice to not emphasize the importance of technical occupations. The idea that if some child goes to a vo-tech center, they're not successful is really a disservice to the country, to the state, to the family, to the child.

We need to emphasize the importance of technical occupations. Those are the job creation activities that we're seeing. The skill sets are desperately needed.

You can go right up to Belle. I mean, DuPont is going to be filling over the next few years 100-and-some positions of chemical operators. Those are going to require high-end skills. Does it require a 4-year degree? Most likely not. But I guarantee you it's going to be some level of certification or a 2-year degree requirement.

And to the point of manufacturing not being emphasized, I saw this constantly in my prior job coming back to the development office as chief operating officer of Robert C. Byrd Institute at Marshall University. I did it for 13 years.

And how you get through to kids, we used to bring high schools in to let them see modern manufacturing. And we'd have a pizza for them and have lunch with them. I can't tell you the number of kids that I asked, "Hey, what did you think?" It's like, "Man, we had no idea. We thought manufacturers were still on dirt floors." It's high-tech, some of the highest technology equipment that you'll see.

And that is a motivator for children, the technology. If you want to get the kids interested, show them the technology. That's their life. That's what they live every day.

And so back to Judy's point, if you look at many, many of the manufacturers that are in West Virginia, many of which we worked with at the institute over the years, they're small manufacturers, single startups that have grown into nice companies.

And the best innovation, the best product development that you see is at that level.

So I think we need to step back and look at what are we promoting, what are we emphasizing to make someone feel like they're successful. We're doing a lot of that through the CTCs and other efforts to focus on technical occupations and communicate clearly as to what these future occupations are, because they need guidance. That's their market realities.

The CHAIRMAN. You know, a lot comes down to debt, what you owe, loans, student loans. And you don't have to be a graduate student to have those. You can have those owning a house and out of the job.

One of the things—I just throw this out, because I'm working it through in my mind. I'm very interested in health care. This is not directly on subject, but it obviously interests me.

We have a problem in this state and in so many other rural states where people decide at a young age in college or in medical school that they want to be primary care doctors. They want to go into rural West Virginia and they want to work with people in rural West Virginia. Or they decide they want to be OB-GYNs or they decide they want to be geriatricians, work with older people.

And so they train in that, and then they go to do that and they find that they can't make enough money in that compared to the amount of money that they owe for having gone to medical school.

And it strikes me that we're just chopping our head off on that, because people are going into fields for which they're not as well-trained. They're not necessarily happy. And yes, you can make a lot more money as an anesthesiologist than you can as a geriatrician. But some people want to be geriatricians and want to be primary care doctors. And God bless them, that's what we need.

So one of the things I'm thinking about, and I'm going have to wait until this country gets a little bit more prosperous again, is that the government—I mean, these people have loans of up to \$200,000, \$250,000, that the government comes to the point—and don't think of this as socialism, please—just think of this as common sense—that the government pays for certain kinds of medical education whole cloth.

So that people who want to go into primary care, who want to go into geriatric medicine, can do so because they won't have to worry about paying off a loan.

And that's kind of, you know, sure that's government involvement, but maybe that's for the good of us. I got a bill passed, which obviously nobody knows anything about, because it can't really take effect for another number of years, but it's signed, which said that if you stay in something called public service—now what is public service? Public service could be—you could be a teacher, you could be a firefighter, you could be an EMT, you could work at a hospital, you could be a nurse. I mean, there are endless definitions of what public service is. But if you stay in public service for 10 years, upon graduation—and it doesn't have to be the same job, you can go to four or five different aspects of that job—all of your college loans are forgiven by the government.

You want people in public service? That's one way to get it. People stay away from public service because they think if they're going to be a social worker, they're going to work with kids with autism and all kinds of other problems, they stay away from it, because they can't afford to, but they want to.

So incentives are important. They're very important in guiding decisionmaking for younger people and for people beyond that.

So I don't buy the fact that young people should turn away from manufacturing. I'm switching again, but I don't buy that fact.

I'm buying the fact that they are, but I don't buy the fact that they should. And I think it's part of our responsibility, and part of the reasons that we're having this hearing is to get the word out there that manufacturing is good. And yes, we've lost a third of our manufacturing jobs, and so have a lot of other states. But that doesn't mean it has to be a permanent situation.

So I think that's what we ought to be focused on, bring parts of our traditional economy back, buttressed by an entire new generation of people who understand the world, who understand technology in ways that we never did, and bet on them.

And yes, do some free trade agreements and don't do others, maybe depending upon the country and some of their practices.

But you know, we have to take risks. We have to get out of our ideologies a little bit. And this is part of what the modern world is about.

Now look, I'm turning into a preacher, and I don't mean to do that.

[Laughter.]

The CHAIRMAN. But I liked it.

[Laughter.]

The CHAIRMAN. Look, I haven't gotten into—and you have a 1:30 appointment, do you not?

Mr. KUMAR. Yes, sir.

The CHAIRMAN. I haven't gotten into the effect on small towns, the Century Aluminum, Alcan, 650 workers.

There was an extraordinary story—did any of you see it out there in the audience, in *USA Today*, about Ravenswood? It's an extraordinary story.

Let's print it up and make it available. How do we make it available? Well, we've got your names. That's how we make it available.

[Laughter.]

The CHAIRMAN. I mean all of you there.

But it was an extraordinary story of what happens to a community when somebody makes the decision they're going to shut down and move overseas, or they're going to shut down and move somewhere else. And it's a cruel story. It's a heartbreaking story, but it's a real story. And we have to deal with that, as part of all of this.

Mr. Kumar and Ms. McCauley, I was going to ask you what can your agencies do to help small, struggling communities, but I've decided that's not a fair question at this point, because there's so much to do.

What I think we ought to understand is that—and I'm going to bring this hearing to a close—is that manufacturing, adjusting ourselves to training our skill sets, taking the enormous advantage that our young people have because of their technical ability and their interest in innovation and technology anyway, and thus the America COMPETES Act and all the emphasis that's going to be put on math and science and engineering and technology, so that science teachers and math teachers in high schools are trained to be science and math teachers. They're not somebody brought in from some other field.

We have to have that. We have to stay up with the rest of the world. And it's actually a very exciting prospect, because America was on top. We still are on top on a lot of things. We're still the biggest economy. But we're facing pressure, and we've got a lot of economic problems right now, and so does the rest of the world. Ours just seem worse to us, because they are.

But you don't quit because times are bad. You don't quit because you only have two SBA people as opposed to 15. You don't quit. That's when you have to work harder.

Any closing comments from the witnesses?

Mr. Gallion, you look like you have something you want to say.

Mr. GALLION. I really have nothing else to add, at this point in time, but I was just agreeing with your comments, sir.

The CHAIRMAN. You see, that's Wayne County Mr. Gallion, see?

[Laughter.]

The CHAIRMAN. Short and to the point, very direct. Moving right down.

Mr. Moore?

Mr. MOORE. Thank you, Senator. I do appreciate an opportunity again today to tell you that we appreciate being here.

And there is thriving industry here in West Virginia that the Steelworkers work with, and not very far from here, that need your help, and we need your committee's help to help us open some doors to further expand some export opportunities that we do have, especially in the aluminum industry. We'd welcome the opportunity to work with you with that. Thank you.

The CHAIRMAN. Thank you.

Mr. Julian?

Mr. JULIAN. Senator, I want to thank you for bringing attention to manufacturing. It has been a part of my career entirely. And I'll say that any way that we can help you fight the good fight, we're here to help.

Manufacturing has been a part of our history. It will continue to be. As I indicated, it's a part of our economic development strategy.

We know the productivity and the quality of our people. We are seeing success and our foot is on the accelerator, so any help that you can bring to make sure that our partnership resources are there, workforce training and all the other efforts, we thank you.

And, again, anything we can do to help you, all you need to do is just let us now.

The CHAIRMAN. What occurs to me is the question of, are we living up to our obligations to our people? And I think right now the answer is no. And, therefore, it becomes important for us to turn that around, and that's what this hearing is for.

Mr. JULIAN. As you go through the budget discussions, hopefully there'll be a surgical knife to make sure that we don't cut fundamental programs that are important on a daily basis that I mentioned before, that as we work to retain and expand and attract investment that are so critical.

But your ideas, for example, on workforce training and the loan issue. I mean, that's the kind of thinking, I think outside of the box, that need to be thought about, because would you rather do that or pay unemployment? It's an investment.

And if you can get an industrial policy and a workforce policy that thinks a little differently, that helps us compete, as the Secretary indicated, for those manufacturing jobs with the intelligence, the knowledge, the technology. That's where the market is moving, that should be our strategy.

So aligning those policies I think are very critical for the United States and, importantly, West Virginia.

Thank you.

The CHAIRMAN. Do you know what it would cost if the federal government underwrote the education of doctors? About \$2 billion a year, maybe a little bit more.

So it's a radical idea, but is it a wrong idea? And what is it that we pay and lose in the way of people who don't get health care, because we don't do that, because people decide to do something else, and they're not where they're needed.

So everything is a tradeoff of ideas.

Ms. McCauley?

Ms. McCAULEY. Thank you, Senator Rockefeller.

I think my main question would be, tell me your ideas on what we need to do to better live up to our obligations?

The CHAIRMAN. You want me to do that right now?

[Laughter.]

The CHAIRMAN. As I'm trying to close down the hearing?

[Laughter.]

Ms. McCAULEY. OK, just your top two.

The CHAIRMAN. I think the main thing is that you don't get down.

Ms. McCAULEY. OK.

The CHAIRMAN. And that we are going through a horrible budget crisis, and heavens knows what's going to happen with this debt ceiling thing and the amendments that are attached to that, if they're going to be attached. But we face a very tough number of years coming. And my attitude toward that is, OK, so we've been there before, we'll be there again.

And we keep fighting, because we believe in our people. We believe in what we can do to help.

Ms. McCAULEY. Thank you.

The CHAIRMAN. Mr. Kumar?

Mr. KUMAR. Thank you, Senator Rockefeller, for the privilege of testifying to this committee. Not a day goes by as an immigrant, as someone who immigrated to this country, without my realizing that I have the opportunity to live the American dream.

But I do believe, as we spoke on manufacturing, as we spoke on the greatness of this country and what it has to offer, that we should never forget that 95 percent of the world's population lives outside the United States. Our obligation is to train and put in place mechanisms for our companies in the United States to constructively export and engage with those countries.

That's why I took up the job I do. And I have 1,500 passionate people who work with me to connect American businesses to those opportunities.

Here in West Virginia, as I reflected on manufacturing, there are three companies I'd like to showcase, because we do not showcase our successes as we ought to.

All these three—one of them testified, Mr. Gallion here—are in the manufacturing field. And they engage. They may not be the sexy sectors of manufacturing, but they're commercially important, viable sectors.

FCX, working with our USEAC, was able, through counseling some time ago, at the Farnborough aviation show, to connect and land a \$300,000 export business.

Swanson in Morgantown, who is a manufacturer and repair service of hydraulic cylinders in offshore oil, worked with us on a Gold Key Service and International Company Profile, and as a consequence, in October last year, landed an initial \$1 million order.

Now, the big companies generally tend to get the press but unknown are the several smaller companies who are the foundation of their success. GE Aircraft Engineering works with Star Technology adhesives, which have its manufacturing facilities here in

West Virginia. Through our advocacy center, 107 F414 engines were exported—a contract to export was signed with the Department of Defense of the Indian Government.

In this export, 492 different parts are sourced from Star facilities in West Virginia. Yes, they manufacture screws, ducts, and several other parts which go into those engines.

These are the foundations which build aircraft engines. These companies exist here and in many ways would be the unsung heroes.

I made a commitment, as I went through my confirmation hearings with your committee, to say that the U.S. and Foreign Commercial Service is, like these manufacturers, the best-kept secret. And I committed to you that we will make it the least-kept secret.

I chose to do that not through marketing, branding, and other such initiatives, but through community engagement, by seeding our people in the communities where these exporters and the companies exist, to work with the other witnesses and folks such as these who exist to work with American businesses every day.

We sometimes forget to showcase those successes, and that's what can come in the way. I believe we can. I know that the budgets are tough. We need feet on the ground, and people on the ground can connect inventive American businesses to the 95 percent of consumers who live outside these United States. So I thank you very much.

The CHAIRMAN. Thank you, sir.

And I would say to everyone in attendance, we welcome any ideas you may have, and the record of this hearing will be held open for 10 days for you to write thoughts that you may have as a result of this hearing, or thoughts that you had coming into this hearing which were not addressed at this hearing. And there will be plenty of those. But just thoughts that you have.

That's the greatest source of information. It's not just state, local, federal, et cetera, government and entrepreneurs. It's what people think, ideas that people have. And I see some very smart people in this audience, so we welcome your ideas, and I expect to have a large stack of them before long.

With that said, I'm grateful to everyone. I'm grateful to Martinsburg, Parkersburg, and Wheeling for attending this hearing also, through live video.

And you've done, I think, a real service to kicking off the idea of not giving up in West Virginia and not giving up on manufacturing, not giving up on people, but assuming that if we do the right things together that life will be much better. That's what we're here for.

This hearing is adjourned.

[Whereupon, at 12:45 p.m., the hearing was adjourned.]