



Statement of the U.S. Chamber of Commerce

ON: Small Business Trade Agenda: Opportunities in the 113th Congress

TO: U.S. House of Representatives, Committee on Small Business, Subcommittee on Agriculture, Energy and Trade

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The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on issues are developed by Chamber members serving on committees, subcommittees, councils, and task forces. Nearly 1,900 businesspeople participate in this process.

Thank you Chairman Graves, Ranking Member Velazquez, and distinguished members of the U.S. House of Representatives Committee on Small Business Subcommittee on Agriculture, Energy and Trade. My name is Jenny Fulton, and I serve as the Chief Pickle Officer/Chief Executive Officer of Old Orchard Foods, LLC or Miss Jenny's Pickles. Our pickle world headquarters is located in Kernersville, North Carolina. I am extremely honored and grateful for this opportunity to share our story with each of you today. I am testifying today on behalf of the U.S. Chamber of Commerce, which is the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, as well as state and local chambers and industry associations.

Starting Miss Jenny's Pickles

Miss Jenny's Pickles (www.missjennypickles.com) was born out of the recession. Ashlee Furr, my business pickle partner, was laid off in June 2009, and my layoff followed in January 2010. Ashlee and I confirmed that we were both burned out with the financial industry and decided to take a true leap of faith—like many during the hard economic times—and start our own company.

Coming from financial backgrounds, we had very little knowledge in the food industry, but using a family recipe we decided to start our very own pickle company. We began by researching other small food businesses, but we needed help. The first resource we turned to was Service Corps of Retired Executives (SCORE) in Greensboro, NC. After they stopped laughing at us, they began to point us in the right direction and were instrumental in helping us start a small business. However, we faced another hurdle. We needed a certification to manufacture food products for mass markets. Ashlee & I attended NC State University for three days of chemistry in food science and looked to the North Carolina Department of Agriculture for guidance.

For the first two years we grew our own cucumbers and jarred every jar. We formed a partnership with a local YMCA to use its kitchen which saved us thousands of dollars by not having to build a commercial kitchen to produce our product. We still use the YMCA kitchen today for some of our products but a co-packer makes the majority of Miss Jenny's Pickles. This allowed us to expand our market and brand.

In the beginning, we knocked on doors of local independent stores to carry our product and attended local food shows to meet buyers from grocery stores. Once we were approved by the stores we had to deliver inventory which consisted of very early morning deliveries to stores, then returning home to get our children to school, then returning to the field to pick cucumbers, and then taking them to the YMCA for processing. We did this day in and day out. By the end of 2010, we had our pickles in 50 stores. By the end of 2011 we had pickles in 200 stores, and by the end of 2012 we were carried in over 800 stores.

In our short three years, Miss Jenny's Pickles has grown its business to five full-time employees and a part-time CFO, Barry Safrit who is wonderful with our planning and financials. We have created jobs through the growth of exports. We have been exporting for two years now, with pickles going to China, and soon to Canada, Hong Kong and Germany. Today, we

continue to look for new markets, bringing our products to customers all over the world. I am pleased to be before you today to discuss the opportunities that small businesses would like to see made more available, so we can grow even more.

Breaking into the International Market

Knowing that 95% of the world's population lives outside the United States, we decided that exporting would be crucial to our success. In May 2011, the North Carolina Department of Agriculture's Export Department (www.ncagr.gov/markets/international) and the Southern United States Trade Association (SUSTA) (www.susta.org) organized an in-bound trade mission for Chinese buyers/distributors to meet with North Carolina businesses, in which we decided to participate. Wow, what an adventure! It was there that we met our business partner in China, Mr. Shen. After hours of reading e-mails translated using Google Translate, talking via Skype with a twelve-hour time difference, and 32 pages of documents, we finally received our first order from China. The North Carolina Export Department was wonderful to work with. They stuck by us through the good times and the bad. Miss Jenny's Pickles sent off its first five pallets of pickles to China, and from there started to receive more inquires about our products and expanding our exports.

Last year, the North Carolina Export Department and the SUSTA took a trade mission to Shanghai for the SIAL (www.sial-group.com) food show. SIAL is the global marketplace for those involved in the food industry. I went along, and it was then that I had the opportunity to visit the stores that carry Miss Jenny's Pickles. I must be honest; I was extremely amazed, humbled, and proud to be standing next to our pickles on the shelf in China. It was rewarding to know that I was representing the United States of America, which has world-recognized food safety regulations, and a product "Made in the USA" with the American flag on the label, for which people in China are willing to pay a premium. This March, Mr. Shen is returning to the United States, and I will be visiting and hosting him and his team while they are here to build on our relationship and increase our exports to China.

Last year I also participated in a trade mission to Canada, arranged by the same two organizations. It was there that we hired a food broker in Canada. This year, with the help of NC Export Department & SUSTA, I will be attending food shows in Hong Kong and Germany to build our international brand as we look for more markets to do business in.

During the early stages of working in the international marketplace, we attended a forum in Charlotte, NC, called *Small Business Global Access* hosted by U.S. Senator Kay Hagan along with Chairman and President of the Export-Import Bank Fred Hochberg. I was so impressed with Mr. Hochberg's remarks on Ex-Im's efforts to help small businesses export that I ran out to his car after the forum and handed a jar of pickles to his driver. I said to the driver, "Please make sure Mr. Hochberg tries our pickles because I want to export this year!" Today, we partner with Ex-Im so that we can offer terms to our foreign buyers which increase our sales by having this option available. Without the Ex-Im Bank our small business would never have been able to offer terms outside the United States. The trade and export promotion programs funded by the International Affairs Budget are essential to expanding U.S. activity in new and emerging markets. They will play a vital role in our international sales going forward.

Without my “out of the jar” thinking, and pure determination to export, I am not sure that our young company would have had such great export success. As a result, we are creating jobs, increasing revenue, and exporting our pickles around the world.

Improve U.S. Trade Promotion Programs to Help Small Businesses Export

International trade plays a central role in creating American jobs and boosting economic growth at home. More than 38 million American jobs already depend on trade, and over 97% of the 275,000 U.S. companies that export are small and medium-sized enterprises (SMEs). However, this figure represents just one of every 100 U.S. SMEs, underscoring how difficult it is for smaller firms to enter export markets.

If more U.S. small businesses were able to seize export opportunities, the gains could be immense. I have seen firsthand the need for the government to improve U.S. export promotion programs. After our company was on *60 Minutes*, we received hundreds of emails and phone calls from Americans that want to start their own company just like us and tap into the resources available. However, they don't know where to begin. People flew all the way from Seattle to Kernersville to meet with us and ask for help. I can't tell you the number of hours that we spend helping other companies. We need to put a central resource in place to help American entrepreneurs to succeed in the global marketplace.

Small businesses need help in paving the way to new markets. We are left on our own to find the doors and knock on them. Many doors are not open to us. The services, expertise, and dedication of the state and federal export promotion programs are world class, but I know that many U.S. companies are not aware of the government services that are available to help them break into new markets. This isn't the fault of America's small business owners. The assistance offered by the state and federal government needs to be promoted more effectively. Small businesses need a roadmap for export success.

There are many successful state programs that I believe should be replicated in other states and ideally on a federal level. In North Carolina, the Department of Agriculture is aggressively helping North Carolina companies export. These good people encourage companies like mine to consult with trade specialists, to learn more about trade through workshops and seminars, to participate in trade missions, and to meet with international buying delegations. Without their help, we would not have found many of the international opportunities we've identified.

On the federal level, the Government Accountability Office (GAO) has determined that the 17 federal agencies with export promotion programs could be made more effective through better coordination, elimination of duplicative activities, and better allocation of resources. In particular, GAO found that strengthening the interagency Trade Promotion Coordinating Committee would improve the effectiveness of U.S. export promotion programs. GAO also found that effective export promotion programs can provide significant benefits to SMEs in the competitive global economy. I am a member of the White House Business Council and have the

opportunity to participate in calls that discuss trade promotion programs among other small business issues.

There are also private companies and organizations such as the SUSTA that engage in export promotion. Other export-minded organizations that I am a part of include the National Association for the Specialty Food Trade (NASFT), which is dedicated to helping specialty food companies thrive and promoting the specialty food industry on an international scale. We are also members of Pickle Packers International (PPI), which has served the pickled vegetable industry for over 119 years by sponsoring research, representing industry before government agencies, producing educational materials, and providing networking opportunities to its members. Membership of PPI represents 87 percent of the cucumber tonnage grown for pickle-use in North America, valued at more than \$1.5 billion. I also sit on the Board of Directors for the North Carolina Specialty Foods Association which has been a great help to our business.

There are many seasoned exporters among America's small businesses, but there are many others that have never even considered exporting. I know that exporting can be challenging and overwhelming at times, especially for small businesses. Each country is different, and each culture is unique. Introducing U.S. products is always time consuming, challenging, and expensive. But in the end, it is all worthwhile.

Trade Policies That Bring Growth and Prosperity

As the president of a small company, I truly understand the importance of international trade and the impact it can have on small business. It's simple: we want to ship to more countries, grow our client base, and create more jobs. The more we diversify our client base, the more stable we will be.

Standing in the way, however, is a complex array of foreign barriers to American exports. Those barriers are alive and well, and they pose a major competitive challenge to U.S. industry and agriculture and the millions of U.S. workers whose jobs depend on exports.

From a business perspective, the foremost goal of U.S. trade policy should be to tear down those barriers so companies like mine can start exporting to new markets. Free trade agreements have helped us accomplish this in the past and will help our business grow in the future.

American workers and businesses are facing one of the harshest economic storms we've seen in years. Over eight million Americans have lost their jobs since the recession began, and we need to put Americans back to work. Recognizing that 95% of the world's consumers live overseas, I applaud President Obama's goal to double U.S. exports. An efficient way to promote U.S. exports is for Congress to support trade policies that will generate billions of dollars in new American exports. These include:

- Restoring the president’s traditional authority to negotiate trade agreements;
- Concluding a comprehensive, high-standard, and commercially meaningful Trans-Pacific Partnership trade agreement; and
- Launching negotiations for a comprehensive Trans-Atlantic Trade and Investment Partnership that will eliminate tariffs and non-tariff barriers to trade, ensure compatible regulatory regimes, and liberalize investment, services, and procurement.

Let me touch a bit further on a few of these priorities.

Trade Promotion Authority

First, the president needs the authority to negotiate trade agreements — Trade Promotion Authority (TPA). Congress has granted every president from Franklin D. Roosevelt to George W. Bush the authority to negotiate market-opening trade agreements in consultation with the Congress.

The U.S. Constitution gives the Congress authority to regulate international commerce, but it gives the president authority to negotiate with foreign governments. TPA rests upon this constitutional partnership: It permits the executive branch to negotiate agreements in consultation with the Congress; when an agreement is reached, Congress may approve or reject it, but not amend it.

TPA lapsed in 2007. That’s unacceptable; every American president needs TPA, and every president should have it. Potential partners won’t negotiate seriously if they know agreements could be picked apart by Congress. The Obama Administration and Congress should begin discussions on new negotiating authority as soon as possible.

Trans-Pacific Partnership

Once TPA is renewed, how should the President and Congress use it? Clearly, the United States needs to engage in the Asia-Pacific region as never before. The region accounts for half of the world’s population and boasts many of its fastest growing economies.

The U.S. may be falling behind in the world’s most dynamic region. Over the past decade, the growth in U.S. exports to Asia has lagged behind our overall export growth. As the think tank Third Way has pointed out, the U.S. share of the import market of 12 key Asia-Pacific economies actually fell by 43% between 2000 and 2010. In short, Asian nations are designing a new architecture for trade in the global economy’s most dynamic region — threatening to draw “a line down the middle of the Pacific.”

This is the case for the Trans-Pacific Partnership (TPP), which is the one trade agreement under negotiation today in which the United States actually has a seat at the table. The TPP is our chance to ensure the United States is in the game in Asia. The American business community

needs the TPP to succeed so we can be competitive in Asia-Pacific markets. With Canada and Mexico joining the negotiations in 2012, the TPP today embraces 11 countries.

Trans-Atlantic Partnership

As we consider new trade accords with our biggest commercial partners, Europe calls out for attention. Together, the United States and the European Union generate half of global GDP. More than \$1.5 trillion in goods, services, and income receipts flow between the United States and the EU annually. U.S. firms have direct investments of nearly \$2 trillion in the EU — 20 times what they have invested in China. These European investments generate some \$3 trillion in annual revenues for American companies that have invested in the European Union to sell their wares to its more than 500 million citizens. The numbers are similar for European firms' investments in the United States. Our economies are so closely integrated that about 40% of U.S.-EU trade is intra-firm.

In his State of the Union address earlier this month, President Obama issued the long-awaited announcement that the United States and the European Union will negotiate a Trans-Atlantic Trade and Investment Partnership. The U.S. business community strongly supports this initiative. For too long, the United States has ignored the untapped potential of its ties to the world's other economic colossus. For the sake of jobs and growth, it's time to turn that around.

Conclusion

In closing, I challenge each of you to expand upon and better promote the trade resources that are available to small businesses. Investing in the export potential of America's small and medium-sized businesses could bring dramatic gains and stimulate the economy. If America fails to look abroad, our workers and businesses will miss out on huge opportunities.

Thank you for the privilege and opportunity to appear before you today. I greatly appreciate the opportunity to testify today on behalf the U.S. Chamber of Commerce and Miss Jenny's Pickles. Thank you very much.