



Testimony of Ann Pardalos

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Missouri Department of Economic Development
On behalf of the State International Development Organizations (SIDO)
House Small Business Committee**

“Partners in Commerce: The Trade Promotion Coordinating Committee”

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Chairmen Chabot, Ranking Member Velázquez, and Members of the Committee, thank you for the opportunity to testify before you today.

My name is Ann Pardalos; I am the Manager of the International Trade and Investment Office for the State of Missouri. I am responsible for directing Missouri’s international trade and investment strategy; and working to help more small businesses in Missouri start or increase their exports. I am also the past president of the State International Development Organizations, or SIDO, and I am here in that capacity today.

SIDO is the only national organization focused on supporting governor’s international trade agendas and represents the 50 state trade agencies. SIDO is an affiliate of The Council of State Governments, which is a non-profit, non-partisan, regionally based organization that fosters an exchange of ideas that help state officials shape public policy.

SIDO helps state international trade agencies better serve American exporters by sharing innovative ideas and resources, and developing policies that help more small businesses export. International trade and export promotion are integral components of state economic development strategies. U.S. exports account for nearly 13 percent of the U.S. gross domestic product and support and estimated 11.5 million jobs. Firms that export pay 15-20 percent higher wages on average than their non-exporting competitors.

SIDO works closely with our federal trade partners, including the Trade Promotion Coordinating Committee, the International Trade Administration, and the U.S. Small Business Administration. In

addition, I am proud to be a member of the newly created State and Federal Export Promotion Coordination Working Group.

On behalf of SIDO and our state trade directors throughout the country, I want to thank you for convening this important hearing and for your commitment to help U.S. small businesses start or increase their exports. State trade agencies understand they cannot do everything by themselves and we greatly appreciate the support and partnership of our federal trade partners. Each one of our agencies play an important role in helping to secure that final sale.

Specifically, we greatly appreciate your support of the State Trade and Expansion Promotion, or STEP, grant program. STEP has been vital in our collective mission to help more small businesses export. In my state of Missouri, with the assistance of STEP, we helped over 600 small businesses (609) sell their products abroad, resulting in more than \$118,581,000 in exports. These exports will help create or support thousands of good paying jobs in Missouri for the years ahead.

In addition, the STEP grant program has been an important bridge to increase the coordination and communication between state and federal trade agencies—particularly with the Small Business Administration and the International Trade Administration.

As you may know, one of the most common barriers to exporting for small businesses is the lack of resources and an unclear understanding of where to access the appropriate information and assistance.

Currently, there are over 20 federal agencies that play some part in the overall trade process. In addition, nearly every state government has a trade agency within the governor's office to assist firms with international business, including export consultation, investment attraction, and assisting with trade policy. Many small firms, especially new-to-export- firms, do not understand the role of each federal agency and where they need to go.

That is one of the primary purposes of the State-Federal Coordination Plan—to help small businesses understand where to access the information and tools necessary to compete in the global marketplace.

Before I talk specifically about the development of the State-Federal Coordination Plan, I want to pause and give praise to our federal partners—specifically the Trade Promotion Coordinating Committee, the Small Business Administration and the International Trade Administration—on their efforts to increase the communication and partnership with our states. For example, in the past couple of years we have held regular monthly calls between federal and state trade agencies. The simple act of a conference call has dramatically helped increase our communication and overall coordination.

The development of the State-Federal Coordination Plan, including the implementation of the federal-state annual plans, will help provide more clarity on the exact role of each state and federal agency available to small firms in every state.

Instead of having a nationwide one-size-fits-all approach, the State-Federal annual plans will help establish a state-by-state process that is unique to every states' goals and resources.

No one state trade office is set up exactly the same. Each state has a unique set of state and federal resources including: U.S. export assistance centers, small business development centers, and Export-Import bank regional offices.

For my state of Missouri, we have two U.S. export assistance centers, a small business development center, the World Trade Centers in St. Louis and Kansas City, and numerous other partners and trade associations across the state.

The State-Federal Coordination Plan helps outline how these agencies will work together to strengthen coordination and efficiency, and produce a better-quality service to small firms.

That is especially important for this Committee and Congress. This plan provides you with stronger oversight on the exact role of each federal agency. It also helps ensure that federal agencies are working together to complement state international trade offices, and not duplicating efforts.

With only 1 percent of small businesses exporting, state and federal agencies must work in unison to ensure they are not duplicating efforts and providing the best resources to small firms.

Along with increasing the efficiency of the trade programs, the State-Federal Coordination Plan will help identify key gaps in services and resources available. For example, it will help us understand what resources are available for states to conduct trade policy analysis, combatting unfair trade practices, and protecting intellectual property.

According to the 2017 SIDO Survey, nearly 70 percent of state trade offices are responsible for advising the governor and the United States Trade Representative, or USTR, on their trade policy priorities. As part of our basic principles of federalism, a strong partnership between states and USTR is paramount to negotiating trade policy on behalf of the states.

Before I conclude, I want to make a positive note on the progress we've made in improving the coordination between our state and federal trade agencies. Along with our monthly calls, our federal trade partners have been regular participants in our SIDO annual meetings and events. In addition, we continue to find new opportunities to work together, including partnering at the SelectUSA conference and the TPCC training courses. These have all helped strengthen our relationship and coordination.

It's not a perfect system and we still have a lot of work to do, but we should not overlook the value of the State-Federal Coordination Plan as we work to improve the trade process for small firms.

This is just the first step toward improvement. At SIDO, we are committed to working closely with the federal trade agencies and Congress on continuing to refine the system.

Moving forward, I want to highlight a few areas to focus:

- 1) Improved coordination between federal and state agencies on education and training programs. Better coordination will help ensure that all trade specialists—whether state or federal—have the same exposure to trade content and education and are best prepared to assist small businesses.

- 2) Continued improvements to the STEP program to address key gaps in services. STEP can serve as the vehicle to provide states with the necessary resources needed to further assist small firms in the global marketplace, including combatting unfair trade practices.
- 3) Educating the community on the role and importance of international trade. Trade can be complex for companies, individuals, and policymakers to understand. Collectively we can work together to better educate the community on how trade impacts their overall economy.

I want to thank the Committee again for your support and leadership on this issue. I believe we are on the right path to improving and streamlining the overall trade process and helping more small businesses enter the global marketplace.

Again, thank you and the Committee for the opportunity to appear before you today, and I look forward to your questions.