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## UNDER SECRETARY OF COMMERCE FOR INTERNATIONAL TRADE FRANCISCO SÁNCHEZ

### Gateway to Europe

Wednesday, June 5, 2013

Minneapolis, Minnesota

*As prepared for delivery*

Good afternoon ladies and gentlemen. Thank you, John Pournoor, for your warm introduction and for your contributions to helping support trade promotion here in Minnesota. Before I begin, I want to take a moment to thank Ryan Kanne and his staff from the Minneapolis U.S. Export Assistance Center and our entire International Trade Administration team, as well as Sandra Renner and the members of the District Export Council, for putting together this wonderful conference.

I also want to recognize the 20 Senior Commercial Officers and our six overseas staff members—all of whom have traveled from their stations in Europe—to be here with us today.

Finally, I want to thank all of you: I understand we have more than 100 companies, including numerous small businesses and entrepreneurs from Minnesota and throughout the region attending the conference.

Small businesses are the heart and soul of the American economy – and your efforts are putting Americans back to work, and helping the United States maintain its economic leadership in the world.

In May, I was able to meet with a number of San Diego business leaders who – like you – were looking for opportunities to compete overseas. It was a conference focused on doing business in the Middle East and North Africa.

Something we brought up was the way shopping for sunglasses has changed. Think about it: In the past, shopping for sunglasses required finding a sunglass store in your town, going there and trying on a few pairs, picking your favorite and buying them. Maybe you went to another sunglass store down the street to compare prices, but that was about it.

Now, here we are in 2013, and right where you're sitting, you can pull out your Smartphone or tablet and search for sunglasses on the Internet. You'll be able to find sunglasses for sale from Italy, Germany, Mexico... all over the world. You can purchase right from your phone and in a couple of days, a brand new pair of sunglasses will come right to your door.

Now, I'm told that sunglasses haven't been all that necessary here in Minneapolis lately... and when I was here in late April I can attest that it was snowing...but that's not the point. The point is that whether you need glasses, umbrellas, video games, or transcription services, the market has gone global, and so has the competition. American companies are no longer just competing with businesses down the street for customers in the neighborhood.

If your company is selling widgets, you're competing with widget producers in India, Russia, and Mexico. If you're only targeting consumers here in Minnesota and the United States, you're missing out on 95 percent of the world's consumers. That's because only five percent of global consumers live here in the United States.

The global business market is changing. The next opportunities for American companies to flourish are overseas in foreign markets. You know that, and that's why all of us are here.

We find ourselves at an incredible time in the global market. The United States now has trade agreements with 20 nations. Our 2012 exports to those markets grew at nearly twice the rate as with the rest of the world. Exports to two of our newest partners - Panama and Colombia - reached record highs in 2012.

Behind those record numbers are American companies, just like yours. Companies like the ones that went on the Department of Commerce trade mission to Latin America last month, visiting many of our trade agreement partners and some of the world's fastest-growing markets. These companies are forming new partnerships, entering new markets, and expanding their business.

When that happens, they create jobs here in the United States. They create jobs here in Minnesota.

There are a record number of American exporters – more than 300,000 of them according to our latest data. And in 2012, those exporters reached an all-time record of \$2.2 trillion dollars in U.S. exports... supporting 9.8 million jobs.

That bears repeating: – 9.8 million American jobs are supported by U.S. exports.

That's pretty impressive. And it's also necessary to support our economy.

But we are all here because there is more work to be done. More markets to enter. More products to sell.

The good news is that the opportunities to do so are there, and we have the tools and the know-how to take advantage of them.

One opportunity is the negotiations that we will be starting with our European counterparts about a Transatlantic Trade and Investment Partnership.

As President Obama has said, "TransAtlantic trade and investment are key pillars of the world economy and of Americana and EU prosperity." That's absolutely true.

The U.S. exported \$463 billion in goods and services to the EU in 2012. These exports support jobs here at home.

Foreign direct investment from the EU is also supporting American jobs.

As the United States and the EU enter into negotiations for a free trade agreement, we envision our trade and investment partnership increasing to unprecedented levels.

Europe is a natural trading partner for the United States. Our joint GDP is 45 percent of global GDP – 45 percent. Our exports to Europe have increased by 15 percent since 2010, despite economic headwinds in the region.

The potential for our relationship to grow is staggering.

And Minnesota is on board. Germany, Belgium, and the UK are among the top 10 export markets for Minnesota's products. Minnesota businesses exported \$4.5 billion worth of goods to Europe in 2012.

I know that Governor Dayton is leading a trade mission to Germany, Norway, and Sweden in a few days. I'm very excited about his efforts to promote Minnesota exports, and I'd like to thank him for those efforts.

Trade missions are so valuable because they allow business leaders to see the grounds – to meet potential customers and really take the time to understand their needs. I hope many of you business leaders will be able to attend a mission like this in the future.

I'm going to get the chance to talk with Mayor Rybak today and Mayor Coleman tomorrow, and I can't wait to continue our discussion on their efforts to increase regional exports. We know that 90 percent of our nation's exports come from metro areas.

That's one reason we partnered with the Brookings Institution to launch the Metropolitan Export Initiative. This initiative will help metro regions develop export promotion strategies specific to their regions.

The Minneapolis – St Paul region was at the forefront of the effort since the launch – with national export-promotion becoming a part of local economic development strategy. Now more than one dozen metro areas are learning from the experiences here. Because what's working to increase regional exports in Atlanta – isn't necessarily what will work here in Minneapolis, Saint Paul – or anywhere else in Minnesota.

The leadership of Mayors Rybak and Coleman – as well as other local leaders – is crucial.

Minneapolis and Saint Paul continue to compete globally, and I'm proud of everyone's efforts to support this region's global push.

What does work in any market is knowledge. Exporters in any part of the country need knowledge about foreign markets – how to gain access and what fees and forms are involved. Knowledge of the business customs. What do foreign consumers need? How can American products and services help foreign customers solve problems?

There are needs and there are questions.

The people in this room have the answers.

Ask the folks at Pepin Manufacturing Incorporated – PMI – located in Lake City, Minnesota. PMI had experienced flat sales in the domestic market for a couple of years when they approached the Minneapolis Export Assistance Center about competing internationally.

With the help of some of the trade specialists right here in this room, PMI was able to learn about some of the regulatory issues involved in selling its medical device components overseas. PMI took part in a trade show in Germany, and as a result, it has added new distribution in Germany, Netherlands, Italy, Belgium, the UK, Ireland, Norway, and Finland.

The company has recorded new sales approaching one million dollars in Europe. It's now running at full capacity, and we've been told it will soon have to add a second shift to meet demand for its products.

On top of the assistance provided by the folks at the Export Assistance Center, Minnesota businesses have teamed up to support other companies looking to compete overseas. The local District Export Council is composed of leaders from businesses who have successfully competed overseas and are interested in helping other businesses to do so. This cooperation is important because of the cascading effect of export success. When one business exports successfully, that supports the businesses around it as it needs more materials it employs more people who buy goods in the area.

In addition to exports — the Commerce Department aims to make this region more competitive by drawing more foreign direct investment.

As we all know — the United States is one of the best places to do business in the world. As President Obama has said, we have a strong and open economy, a unique culture of innovation and entrepreneurship, and a skilled and talented workforce.

That's why U.S. affiliates of foreign companies employ more than 5 million Americans, according to the latest data. Foreign-controlled firms employed more than 89,000 Minnesota workers. That's four percent of the private-sector workforce here.

Unfortunately — America's share of FDI is not as high as it once was, the result of other economies opening up and competing to attract FDI to their respective markets.

That's why President Obama launched SelectUSA in 2011.

Housed in the Department of Commerce — the program helps leverage the full strength of the federal government. It does so with one goal in mind — making sure more dollars reach our shores to build products and create jobs.

I spoke before the House Energy and Commerce Committee recently and I explained to them how important this program is. More than 150 economies around the world have investment promotion agencies -- agencies that are encouraging foreign firms to invest in their countries.

Nations around the world are funding these programs because they understand the benefits that come from foreign direct investment. National governments with economies smaller than ours are investing an average of \$58 million a year to encourage companies to invest.

If we can keep FDI money flowing into the United States, it will mean more jobs – and a healthier economy here.

One way we're working to keep FDI flowing into the United States – is through the SelectUSA Investment Summit on October 31 and November 1. This two-day event in Washington will connect global investors with government leaders, economic development organizations, and investment opportunities.

The International Trade Administration, U.S. Department of Commerce, manages this global trade site to provide access to ITA information on promoting trade and investment, strengthening the competitiveness of U.S. industry, and ensuring fair trade and compliance with trade laws and agreements. External links to other Internet sites should not be construed as an endorsement of the views or privacy policies contained therein. This site contains PDF documents. A PDF reader is available from Adobe Systems Incorporated.

Investors will learn why the United States is the best bet for doing business.

Exporting and attracting investment go hand-in-hand. They are essential ingredients to a complete global economic development strategy. And that's why I'm so thrilled to be here today.

I want to see more exports coming out of this region. I want to see more investment coming into this region. And I want to work with all of you for years to come to advance these goals.

All of us in Washington realize that strengthening Minneapolis, Saint Paul, and Minnetonka leads to a stronger Minnesota.

And a stronger Minnesota means a stronger nation. So it is in all of our interests to build a more competitive region here.

Now, we're going to open the floor up for questions in a moment and I'm glad to answer any questions you have.

Actually, one of the best parts of my job is meeting business leaders around the country and learning how we can shape policies to support them. Learning how our trade-promotion agencies can better help our companies compete overseas.

That said, the wealth of knowledge in this room isn't centered behind this podium – believe me.

All around the room are subject-matter experts who have helped companies like yours expand their markets, find customers on foreign shores, and answered the questions and solved the problems you have.

So I'm glad to answer what questions you have, but I hope that all of you will get to know the senior commercial officers and trade specialists in the room, the members of the District Export Council, and the Minneapolis and Minnesota government representatives. And each other.

Together you can bring Minnesota's quality goods and services to the world.

With that, I'll take any questions.

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