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Testimony of Arnold Levine
Before the Committee on Small Business
Subcommittee on the Development of Rural
Enterprises, Exports and the Environment
July 26, 1993

Good morning, Mr. Chairman, and Members of the Committee. It is a pleasure to be here today to discuss the involvement of the Department of Transportation (DOT) in the work of the Trade Promotion Coordinating Committee (TPCC) and our role in U.S. trade development. Before I address the four questions you have posed, let me give you a brief summary of the DOT programs that we believe help promote U.S. exports.

DOT currently has programs that relate both directly and indirectly to trade promotion overseas. The direct efforts, such as those carried out by the Office of Commercial Space Transportation (OCST), assist U.S. transportation companies in selling their products abroad. The indirect efforts, which involve technical assistance and cooperation programs as well as the development of technical standards for transport and related equipment, can help persuade foreign buyers to choose U.S. goods and technology.

The Department participates in the work of a number of international organizations, particularly the United Nations and its specialized agencies, in which sovereign states formulate or harmonize policies and exchange information to ensure the safe, efficient and environmentally responsible movement of goods,

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materials, and passengers. To aid developing countries in this effort, we provide technical assistance in aviation, highway construction and maintenance, port security and maritime training.

Technical assistance is very important in promoting trade. Individual project design standards and specifications tend to favor the products of the country doing the project analysis. We have found that the demonstration and use of U.S. equipment during technical assistance activities helps promote confidence and "brand loyalty" among recipient countries. This is very important for the future purchases of U.S. equipment by those who have received our training and assistance.

Examples of DOT-provided technical assistance include long-term highway programs in Kuwait and Saudi Arabia, other highway programs in over 70 countries, port security and maritime operations training provided by the Coast Guard, and programs by the FAA that provide assistance for a full range of civil aviation activities in air traffic control operations, air navigation, air traffic control systems, and security.

I believe I have begun to answer your first question which was, "Why is your agency involved in trade development?" DOT is involved in trade development by the very nature of our mandate to

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facilitate the efficient movement of goods and passengers and assist in the development of transportation infrastructures that allow the free flow of manufactured products, both domestically and overseas.

DOT sets numerous technical standards that influence world markets for transportation equipment. In working to develop international standards that conform to U.S. standards, the Department aids exporters who are already familiar with U.S. domestic standards and operating procedures.

The Department also participates in technical fora that make certain that regulations or standards exist for reasons of safety or protection of the environment and not as disguised, non-tariff trade barriers. Industry representatives often attend such meetings to ensure that trade is not burdened or slowed by unnecessary regulation or procedural controls.

Question 2 asks, "How does your Agency help small business become involved in exporting?" The Department has an Office of Small and Disadvantaged Business Utilization (OSDBU) that has undertaken the following recent initiatives to help promote minority and small business involvement in export ventures.

(1) The OSDBU is including a fact sheet on the Department of Commerce's Trade Information Center in the DOT Marketing Information Package which is distributed nationally to small and

disadvantaged firms seeking to participate in DOT contracting opportunities. The Trade Information Center is a one-stop source for information on the multitude of Federal programs to assist U.S. exporters.

(2) The OSDBU has actively participated in the Minority Business Interagency Communication Subcommittee of the TPCC to assist in identifying Federal initiatives which could be used to encourage increased export activities by minority and small businesses.

(3) The OSDBU has maintained and distributed information on doing business with the Kuwait government as developed by Kuwait task groups at the Small Business Administration and the Minority Business Development Agency.

The third question asks what tools DOT needs to increase its efforts to help America become more competitive? We have several suggestions for additional trade promotion activities that we believe would enhance U.S. exports.

More can be done in terms of providing technical and training assistance to foreign countries. Such programs are among the best methods of introducing potential customers to U.S. goods and services. Foreign managers in the areas of transportation and public works could be brought to the United States for training. Costs of such a program could be shared through a Federal/private industry partnership. The countries of Eastern

Europe and the former Soviet Union provide an excellent opportunity for such a program.

The United States should endorse the appropriate Customs Cooperation Council (CCC) recommendations. The CCC promotes the introduction of the Harmonized System for Nomenclature, the development of codes of valuation, enforcement initiatives, MOUs concerning unlawful drug trafficking, the Kyoto Convention, and regional training coordination. If agreement could be reached regarding any of these issues, U.S. exporters would benefit from the resulting increases in the efficiency of the inspection providers of importing countries.

We could develop a central mechanism to collect and make available to U.S. companies requests for bids on public works projects in foreign countries.

We could renew our efforts to support international standardization in transportation and related sectors. Areas where we might undertake work include cargo containers, rail gage sizes, road/highway weight bearing limitations, and metric equipment.

The last question asks DOT to describe the specific trade development programs it manages. The following three programs make up the bulk of what DOT does in the area of trade promotion.

(1) The mission of the OCST is to promote commercial space transportation activities by the U.S. private sector. In addition to assisting U.S. companies in selling their products abroad, OCST licenses and regulates U.S. commercial space transportation activities, and conducts the research necessary to support the development of Federal safety standards for commercial launches, launch sites, and new payloads.

OCST Contact: Don Trilling (202-366-2937)

(2) The Federal Aviation Administration (FAA) is closely involved in the marketing of U.S. air traffic control (ATC) equipment overseas. On an at-cost basis, the FAA will prepare needs assessments on overseas projects and relate the information to U.S. manufacturers. Emphasis has been placed on markets in Eastern Europe, and a system was recently sold to Poland. The FAA is also helping manufacturers bid on projects in other countries. The FAA also provides a full range of technical assistance in civil aviation activities and is deeply involved in organizing air shows. These shows provide key opportunities for buyers and sellers to interact.

FAA Contact: Peter Keefe (202-267-3190)

The Federal Highway Administration (FHWA) is developing a program to complement the work done by the International Trade Administration in the Commerce Department and the Trade Development Program in the State Department. The program, through its contacts with counterpart agencies abroad, will develop early information about highway related opportunities for U.S. participation.

FHWA also maintains an active international technology sharing program. Program elements include international exchanges of highway research information; a visitors program; U.S. participation in foreign highway technical assistance programs; and coordination of U.S. involvement in conferences and exhibits.

FHWA Contact: John Cutrell (202-366-0111)

Mr. Chairman, this concludes my prepared remarks. I would be happy to respond to any questions you or other members of the Committee might have.