

# National Association of Regional Councils

1666 Connecticut Avenue, NW~Suite 300~Washington, D.C. 20009~202.986.1032~(fax)202.986.1038  
www.NARC.org

Reprint from Fall, 2004 Edition of *Regions*

## Special Projects



EDA

*This article is sponsored under a cooperative agreement with the Economic Development Administration, U.S. Department of Commerce, and the National Association of Regional Councils in fulfillment of the grant requirement for an "Information Dissemination Strategy for the New Economy."*

## Economic Development Today Ends Series on a High Note

by Peggy Tadej  
NARC Director of  
Environment and Special Projects

The *Economic Development Today* telecast aired on September 9<sup>th</sup> ended the FY 2004 series focused on collaboration. The show was hosted by Dr. David Sampson, Assistant Secretary of Commerce for Economic Development and on the topic of "Economic Development Strategies in a World wide Economy." Featured special guests included: Secretary of Commerce Don Evans, and Congressman Robin Hayes, who were joined by other panelists. They were: Ms. Karen Wright, Chief Executive Officer, President and owner of Ariel Corporation and appointed Vice Chair to the President's Manufacturing Council; Ms. Linda Conlin, Board of Directors of the Export-Import Bank of the United States; Mr. Robert Farley, President of Team NEO; and Mr. Joe Krier, President and Chief Executive Officer of The Greater San Antonio Chamber of Commerce.

Dr. Sampson identified EDA's role as one of helping communities successfully position themselves in the world wide supply chain. To do so, communities needed to practice or secure three things: innovation, the only sustainable source of regional prosperity; collaboration, needed strategically and politically as geographic boundaries are losing relevancy and virtually every product developed today is for a worldwide market; and, a world-class workforce that can be developed by having communities invest in training and retraining of their students and employees to better prepare them for the job demands of the future.

Dr. Sampson gave examples of how EDA investments are helping communities innovate, and become active players in worldwide trade. Some of the examples Dr. Sampson cited included an EDA investment of:

- \$1,740,000 to the Maine Port Authority, Augusta, Maine, for the construction of a 90,000 square foot warehouse at the Mack Point Marine Terminal in Searsport, Maine to provide storage for the import and export of products.
- \$2.3 million to help the city of Philadelphia, PA to construct the infrastructure required to develop an 84-acre technology business park.

- \$1 million in the Rogue Community College District in Medford, Oregon to convert a manufacturing facility into a workforce training center, and
- \$50,000 helped the Northern California Trade Center in Sacramento provide advisory services to small, mostly rural businesses to enhance skills in e-commerce.

Representative Robin Hayes discussed how the state of North Carolina is adjusting its economic strategy for a worldwide economy on the heels of a decline of the textile industry. A Comprehensive Economic Development Strategy (CEDS) grant was received by the area from EDA to do a comprehensive economic assessment of the region with an emphasis on how to bring in new business. The 8<sup>th</sup> District identified future jobs in the technology sector cluster and the rapidly expanding motor sports industry. Representative Hayes was instrumental in bringing Apple Computers to communities to present their one-on-one programs, and is prepared to take them to other interested counties. In 8<sup>th</sup> District, they started with the Dell TechKnow program in seven counties that has proven to help students learn technology skills and stay motivated to complete school. Students are learning to change their mind-set and “MAKE a job” not “take a job.” What this is doing for the area is making it more competitive with a trained workforce and thereby attractive for business investment. In addition, improvements are underway to water and sewer lines and brownfields are being restored, which will all make the 8<sup>th</sup> District more attractive to businesses. The Congressman emphasized that other communities struggling with job losses need a plan to attract new business and expand their existing ones.



Secretary of Commerce Donald L. Evans (photo on left) and Assistant Secretary for Economic Development Dr. David Sampson (photo on right) were key presenters at the telecast.

Karen Wright discussed the transition of manufacturing communities affected by a worldwide market place to 21<sup>st</sup> century manufacturing. Ms. Wright is the Chief Executive Officer, President and owner of Ariel Corporation. Since her appointment as CEO in 2001, Ariel’s market share has increased 15 percent. Wright has significantly boosted the company’s presence internationally and in other developing industry niches. In the first six months of 2004, the company met the challenge of a growth market with increased productivity and added 10 percent to its workforce. Ariel Corporation designs and manufactures a wide variety of compressors for a diverse global market. Ariel’s world standard gas compressors, outstanding service and exceptional customer support have made it the world leader in gas compression. Also, she serves as vice-chair of the National Manufacturing Council at the U. S. Department of Commerce. The Council’s mission is to identify concerns in the manufacturing community -- examples include tort reform, education and retraining, and health care benefits -- and provide the Department with recommendations for improvement or change.

Ariel’s international business strategy is based on a three-pronged approach that includes: 1) Becoming familiar with the culture and customs of a particular country; 2) Designing and manufacturing a quality product that has a lean manufacturing process, offering the product at a fair price, and providing outstanding service and extraordinary customer support; and, 3) Opening international locations for product visibility -- Ariel has offices in Moscow, Buenos Aires, Poland and Jakarta and their sales, product literature and websites are written in Spanish, Russian and Chinese.

Linda Conlin discussed how businesses can access export financing solutions to help their communities better compete in the worldwide economy. Conlin was sworn in on April 26, 2004 as a member of the board of directors of the Export-Import Bank of the United States. She has a long and distinguished career as an international marketing and management executive, including an extensive public service background promoting commerce at the state and federal levels.

The Export-Import Bank of the United States is the official export credit agency of the United States. The Ex-Im Bank helps communities compete in a worldwide economy by providing financing to local businesses to meet foreign competition; sharing risk in exporting to promising emerging markets; and helping local banks offer competitive rates and expand international business. The Bank provides financing for U.S. goods and services and helps companies expand their businesses to create and maintain jobs and succeed in international markets through the financing of U.S. companies. As an export credit agency, Ex-Im Bank fills a gap in trade financing. The Ex-Im Bank does not compete with private-sector lenders; instead it takes on the political and commercial risks that the private sector cannot.

Providing assistance to small business is a major priority for the Ex-Im Bank and for the Administration. In 2003 alone, the Export-Import Bank provided some \$14 billion to U.S. companies for export purposes. Of that amount, 20 percent went to U. S. small businesses. The bank serves both small and large enterprises, no transaction is too small or too large for the bank and it provides assistance that ranges from thousands to billions of dollars. The bank finances every kind of U.S. export – from oil field equipment and technology, to large commercial through the financing of U.S. companies. As an export credit agency, Ex-Im Bank fills a gap in trade financing. The Ex-Im Bank does not compete with private-sector lenders; instead it takes on the political and commercial risks that the private sector cannot.

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Last year, about 20 percent of the total dollar volume directly supported exports by U.S. small businesses. However, if you look at the number of transactions supported, the support provided by the bank for small business is even stronger.

Last year, more than 83 percent of the Ex-Im Bank's total transactions supported small businesses. These deals are smaller in dollar value than the transactions for larger companies, but they are very important to these companies and to Ex-Im Bank because small businesses sustain and generate most U.S. jobs.

The products and services that the Ex-Im Bank provides to U.S. businesses are working capital loan guarantees through pre-export financing; export credit insurance with protection against buyer non-payment; and direct loans, insurance and loan guarantees through financing for buyers of U.S. Exports. Ms. Conlin stated, "To remain competitive, businesses must now look to expand domestic markets to world markets."

Commercial banks also benefit from working with the Ex-Im Bank because they can reduce risk by offering more competitive rates. Using Ex-Im Bank financing, many banks have developed profitable trade finance divisions and attracted more customers. For more information, visit the bank website at: [www.exim.gov](http://www.exim.gov) or for export assistance, go to [www.export.gov](http://www.export.gov).

Mr. Robert Farley talked about the importance of having communities invest in infrastructure. He was appointed President of Team NEO in November of 2003 and has vast experience in commercial and economic development, site selection, logistics, public policy, research and engineering.

Mr. Farley discussed the role of infrastructure in economic development emphasizing that infrastructure systems, such as water, sewerage, or transportation are but a single element on a list of factors considered for business location. Other items on the list include the qualified labor pool, prevailing wages, taxes, and the general (though always ill-defined) "business climate." Differing land-uses require varied levels of infrastructure support. For example, shopping centers demand heavy vehicle traffic to transport retail customers but require relatively little water and sewerage services. By contrast, certain manufacturing operations, such as food processing facilities, require substantial water and sewerage for operation.

Trends in regional employment growth, however, clearly are moving away from water-dependent industries to less significant users of water, including office work, retailing and services. Nationally, approximately 91 percent of water used in manufacturing is consumed by five industrial sectors. At the same time, non-manufacturing sectors have grown by nearly 26 percent.

Historically, infrastructure investment has been crucial to economic development. In the earliest days of the Northeast region, construction of canals and turnpikes, followed by construction of railroads in the first half of the nineteenth century, greatly increased the prospects for trade and development. Large-scale investment in electricity and telephone networks near the turn of the century facilitated the development of a broad spectrum of innovations that, after time, significantly improved the productivity of Northeast Ohio's workers.

Emerging technology has high-tech implications and a high value. Weight ratio imbedded in its products, requires access to sophisticated air transportation services. Technology oriented firms often divide operations into distinct segments, thus also requiring convenient roadways for shipping and business travel between sites.

High-tech provides a vivid example of how industry needs affect infrastructure. The phenomenon of the congested "Tech Highway," such as Route 128, is due to labor demands and institutional growth of the industry. Firms intensely compete for engineering labor and benefit from concentrating talent in a limited area.

Mr. Farley explained how Team NEO utilizes the concept of clustering in Northeast Ohio. NEO has a long-standing history in manufacturing. However, hybrid cluster industries have emerged, such as: Chemical Economy: Basic and intermediate chemicals, specialty agricultural chemical, petrochemicals, plastics and fibers, paints and coats.

Mr. Joe Krier shared his perspective on how to integrate the global supply chain in the domestic arena and plan for challenges of doing business internationally. He was named President and Chief Executive Officer of The Greater San Antonio Chamber of Commerce on May 1, 1987. The Chamber has approximately 2,000 members, a staff of 45 employees and a total annual budget of \$4 million.

Mr. Krier explained how the City of San Antonio has become a serious player in the international economy by advocating for business. The Chamber created Free Trade Alliance San Antonio, a consortia of the City, the Chamber and select corporations and businesses. The City funded a presence in Mexico and had representation in Japan early on and those alliances later paid off when they were able to recruit a Toyota Motor Manufacturing plant to their region.

The region "turned lemons into lemonade" by focusing on Kelly Air Force Base, a facility on the Department of Defense national base closure list. The City saw the minus as a plus and looked to the base as an opportunity to transition it to an international trade center. Kelly USA was redeveloped into an inland port and an aerospace center through the vision and effort of U. S. Senator Kay Bailey Hutchinson.

The Chamber led efforts to secure the necessary state and city financial support that led to a creative partnership with the U. S. Air Force. The region recognized when it was time to transition from military readjustment priorities to an entrepreneurial focus and that it was going to require the collaboration and cooperation of government and the private sector. Mr. Krier stated that other regions could duplicate the Kelly model by acting sooner and seeking more front end governmental support; moving quicker on sophisticated foreign marketing; and, fully privatizing base ownership and management.

Secretary Evans addressed maintaining a level playing field for international trade. When asked about the restricting worldwide trade by increasing tariffs and other "protectionist" policies, Evans stated "America built the world's largest economy by working with the world. Ninety-five percent of the world's customers live beyond our borders. Economic isolationism will only hurt the American economy and the 22 million American workers whose jobs depend on exports and foreign investments."

Evans further explained that it is not government's role to create jobs rather it is the role of the private sector. The role of the federal government is to make entering into the worldwide economy easier to compete in and to provide businesses with the tools, such as, tax structures and relief and trade agreements, to stay competitive. Evans congratulated Dr. David Sampson, Assistant Secretary of Commerce for Economic Development on encouraging regional leadership within the city, county, region, academic and private sectors.

The telecast is available on the EDA website for instant replay by going to the EDA website: <http://www.eda.gov/NewsEvents/WebCastsVideos.xml>.