

# **FOREIGN TRADE:** Creating Business & Job Opportunities



#### **INSIDE:**

Making "Made in America" Matter page 2 Foreign Trade & Recovery page 4 From the OFT Commissioner page 5 College of Foreign Trade page 6 RCMEA: Exporting Success page 8 Foreign Trade Zones page 10 CCBC Celebrity Golf Classic page 11

February 2012 | **\$3.50 US** 

# EXPORT MAGAZINE



City of Arts & Innovation www.riversideca.gov



www.cityofperris.org





### Making "Made in America" Matter By Rep. Mary Bono Mack



At the top of my list was passage of three long-stalled trade agreements with South Korea, Panama and Colombia. I told the President that years of lost opportunities had resulted in lost jobs all across the country. I also told him that we could actually make "Made in America" matter again by increasing jobs through expanded exports and trade.

Three months later, the White House sent Francisco J. Sanchez, Under Secretary of Commerce for International Trade, to appear before my Subcommittee, and he pledged the Administration's support to get all three trade agreements approved. Finally, on October 21, 2011, the President signed them into law.

But our work is far from finished. Last month, the United States racked up a staggering \$47.8 billion trade deficit. While Washington rolls its eyes and wrings its hands, our competitors in Europe and elsewhere are busy signing on the dotted line and quickly moving into promising new markets. We need a comprehensive economic blueprint.

My plan calls for Congress to:

- Dramatically reduce non-essential federal spending and restore fiscal sanity to give American businesses the stability, certainty and confidence they need to expand and hire new employees.
- Enact sweeping regulatory relief that will repeal hard-to-justify, job-killing regulations.
- Lower the U.S. corporate tax rate to no more than 25%.
- Strengthen and make permanent the Research and Development tax credit from 14% to 20% to give companies

**P** OR THE FIRST TIME, America's staggering \$15.2 trillion national debt has exceeded the yearly production of the entire U.S. economy. In order to ensure prosperity for our children, grandchildren and future generations of Americans, I proposed a comprehensive economic plan to President Obama when I took over as Chairman of the U.S. House Subcommittee on Commerce, Manufacturing and Trade on Jan. 1, 2011.

> a long-term incentive to expand and produce products here in the United States.

- Develop a bi-partisan, comprehensive, national manufacturing strategy to create well-paying American jobs and to promote U.S. innovation, economic growth, sustainability and competitiveness.
- Identify current impediments to manufacturing. Make "Made in America" matter again.
- Embrace an "all of the above" approach to domestic energy production.
- Promote a global trade policy that opens more international markets to U.S. goods by reducing regulatory and tariff barriers.
- Better protect intellectual property and recognize that IP is at the heart of America's innovative economy.

Today, we have a narrow window of opportunity to take action. China's overwhelming manufacturing cost advantage over the United States is shrinking fast. Within five years, a Boston Consulting Group analysis concludes that rising Chinese wages, higher U.S. productivity, a weaker dollar, increased Trans-Pacific shipping costs and a variety of other factors will virtually close the cost gap between the U.S. and China for many goods consumed in North America. This is our chance—in fact, the best chance we have had in decades—to make "Made in America" matter again.

(Rep. Mary Bono Mack (CA-45) was first elected to Congress in 1998 and serves as Chairman of the U.S. House Subcommittee on Commerce, Manufacturing and Trade)

#### EXPORT MAGAZINE CONTENTS February 2012



Foreign Trade & Recovery page 4



From the OFT Commissioner page 5



College of Foreign Trade pre 6



### RCMEA: Exporting Success page 8



Foreign Trade Zones page 10



### CCBC Celebrity Golf Classic page 11



**Export** M A G A Z I N E Foreign Trade Benefits, Trends, Successes through Riverside County, CA, U.S.A.

#### **EXPORT MAGAZINE**

EDITOR Cindy Davis WRITERS Lisa O'Neill Hill Phil Pitchford DESIGN & PRODUCTION

Aude Cabaldon

#### CONTACT INFORMATION

PHONE: 951.955.9143 FAX: 951.955.2159 3499 10th Street, Suite 100 Riverside, CA 92502

#### **ORDERS & SUBSCRIPTIONS**

E-SUBSCRIBE: rivcoeda.org/OFTshortenedurl1

PRINT/REPRINT ORDER: rivcoeda.org/OFTshortenedurl2 Published by Riverside County EDA Office of Foreign Trade



#### EDA OFFICE OF FOREIGN TRADE

ASSISTANT COUNTY EXECUTIVE OFFICER/EDA Robert Field

COMMISSIONER

Tom Freeman

SENIOR FOREIGN TRADE SPECIALIST Richard Dozier

CONTACT INFORMATION

WEB: www.rivcoeda.org/oft.usa.ca

PHONE: 951.955.8916 FAX: 951.955.5721 3403 10th Street, Suite 500 Riverside, CA 92501



## FOREIGN TRADE & FOREIGN DIRECT INVESTMENT Will play a Major Role in Our Economic Recovery

ODAY MORE THAN EVER BEFORE products exported from our county to places around the world are playing a major role in our region's economic recovery and job creation. Riverside County and its surrounding region ranks in the top 23 regions in the entire nation in exports.

# by the Riverside County **BOARD OF SUPERVISORS**



Exports directly account for 90,000 jobs in Riverside County and its surrounding region.

In 2009, the Riverside County Board of Supervisors authorized the formation of the Office of Foreign Trade within the Economic Development Agency to assist the business community. Since that time our Office of Foreign Trade has earned a worldwide reputation as the place to go if you need trade assistance or are interested in investing in business within our county. We have crafted unique partnerships with a number of nations and these relationships are resulting in increased exports and record numbers of investors coming to the county from other countries. The bottom line is that our efforts have paid off and we are adding jobs and bringing significant investment to our county at the same time.

We are told that our exports from the region totaled \$ 11.5 billion in 2010, and we expect that number to increase significantly in the next few years. Exports directly account for 90,000 jobs in our county and region. This success is because our manufacturers, growers, and service providers are reaching overseas to help grow their businesses. Economists tell us that our economic recovery depends on a robust export market and that means we must bring jobs back to our country from overseas.

The Riverside County Office of Foreign Trade is doing just that. We provide export financing, assistance with diplomatic relations with foreign governments, and we'll help you identify markets that are looking for your products. We also find investor financing, both foreign and domestic, and will assist you with our fast track processing of your business expansion or start up. We will serve as your one-stop location for all you exporting and trade needs.

Please contact our Commissioner of Foreign Trade, **Mr. Tom Freeman** at the Riverside County Economic Development Agency at **951.955.8916** or via email at tomfreeman@rivcoeda.org. We look forward to serving you and seeing your business grow in 2012! ●







### FROM THE **OFT Commissioner**

ELCOME TO THE first edition of *EXPORT*, a magazine from the Riverside County Economic Development Agency that chronicles important developments in foreign trade from a Riverside County perspective.

This monthly publication from the agency's Office of Foreign Trade is designed to help business owners and others involved in the worldwide exporting of products from Riverside County stay abreast of opportunities and get information about developing trends. If your business has a stake in foreign trade, then *EXPORT* is for you!

The Riverside County Board of Supervisors has designated foreign trade as a priority for our county's economic development efforts because companies that manufacture products and ship them abroad create jobs for Riverside County residents. Our county is fortunate to have some of the strongest exporters in Southern California working here, but we have barely scratched the surface when it comes to the potential of foreign trade in Riverside County.

The Board of Supervisors, the Economic Development Agency and our team at the Office of Foreign Trade are dedicated to assisting you with a full range of services to support your international trade needs.

In addition to export assistance, we offer exclusive trade financing through our partnership with Export-Import Bank of the United States. We welcome direct investment in our county and can also assist you in identifying investor capital through our county EB 5 Visa Centers.

Our goal is to make *EXPORT* a monthly must-read for people like you. We'll bring you news of local successes, tell you about places you can go for information and preview events where "movers and shakers" in foreign trade will be gathering. Thank you for your interest and we look forward to serving you!

#### Tom Freeman

*Commissioner* EDA Office of Foreign Trade

Members of the Chinese Delegation receive a warm welcome to Riverside County from the Office of Foreign Trade Commissioner, **Tom Freeman**.



## The Entire City of Perris is a FOREIGN TRADE ZONE

Michael McDermott Redevelopment & Economic Development Manage

135 N. 'D' St. Perris, Ca. 92570 Mmcdermott@cityofperris.org 951.943.5003 Ext. 277

# The Riverside County COLLEGE of FOREIGN TRADE



Participants interested in attending the **College of Foreign Trade** receive an overview of the program designed to assist local businesses with resources to establish and grow exporting in Riverside County and its surrounding region.



*Exports from the region totaled \$ 11.5 billion in 2010.* 



*Riverside County ranks 23rd globally as an export region. (Brookings Institute)* 

#### By Phil Pitchford

R IVERSIDE COUNTY'S successful effort to increase exports of local products abroad is a model for other communities that are interested in using international trade to create jobs, a top federal official said at the inaugural class of the county's **"College of Foreign Trade"** educational series.

"California is a bellwether when it comes to international trade, and Riverside County has really stepped up," said **Holly Vineyard**, Deputy Assistant Secretary of the U.S. Department of Commerce.

The beauty of foreign trade is that it can help your business remain strong even when the domestic economy in the U.S. is struggling, Vineyard said. She encouraged other business owners to get involved with the College of Foreign Trade, a free program designed to help Riverside County manufacturers and other business owners learn how to develop overseas markets for their products. The series continues Feb. 8 and features classes in both Riverside and Palm Springs.

Riverside County Supervisors said they are proud of the reputation the county has been able to develop on foreign trade, because that means more jobs for county residents."

Business owners who attend College of Foreign Trade events are introduced to things like financing options for putting together a deal with a foreign customer; ways to attract foreign direct investment to their own businesses; how foreign trade zones can help business owners save money in Riverside County; and how a program that awards visas to overseas business people can create investment in American companies and new jobs. Lisa Brandl, Managing Director of the Riverside County Economic Development Agency, said that about 10 percent of the region's jobs are directly connected to foreign trade.

"We need our businesses to continue to sell overseas, and we need our local, state and federal governments to help them," Brandl said. "More exports mean more jobs for Riverside County."

**Starke Scott**, president of Western Hydrostatics in Riverside, said a website revamp helped attract more business from around the world via the Internet. The company, which manufactures, repairs and distributes hydraulic components, now does more than \$20,000 worth of business each month "just by answering emails," he said.

"You just have to jump into the pool," Scott said. "It's not really hard at all."

Western Hydrostatics' first export was to Kazakhstan, and the list has been growing ever since. Scott can easily name dozens of countries where Western Hydrostatics now does business. He said it is important to remember that, while 75 percent of U.S. business conversations are transactional in nature and only 25 percent are about developing a business relationship, those figures are flipped abroad.

"Overseas, the emphasis is on



College of Foreign Trade participants seeking help with their export needs network with representatives from various non-profits as well as local, state and federal agencies.

relationships," Scott said. "And there is a lot of business out there."

About 44 percent of Riverside County exporters do business in Canada, "and that is a good first destination," Vineyard said. But many companies in the county only export to one other country, often Mexico, which is the state's largest export destination.

"Those two are a great start," Vineyard said. "But we want you to take a second look, and a third look, and a fourth look." Great opportunities exist in India, China, Brazil and South Africa, Vineyard said. The federal government is looking for companies that want to partner on future trade missions, which can set the groundwork for future business deals by identifying contacts and initiating relationships.

"It's not always easy all the time," Vineyard said. "But we do have programs in place to help you."

Riverside Mayor **Ron Loveridge**, a longtime supporter of foreign trade both in the City of Riverside and in Riverside County, encouraged local businesses to be a part of "the global marketplace." He noted that 95 percent of the world's customers in the next decade will be from outside the U.S.

"We are involved in a high stakes effort when it comes to jobs," Loveridge said. "If you are not world class-ready, you are not going to be successful."

Riverside County has been especially successful in developing foreign trade zones and now has more of them than any other county in the U.S., said **David Harlow** of ITC-Diligence Inc., an international trade and foreign trade zone consulting firm.

FTZ status already has helped a Skechers distribution facility in Moreno Valley save \$3 million and promises to also help companies like Flexsteel and Abbott Laboratories.

"This is the fastest-growing county in the state, and FTZs are a part of the reason why," Harlow said. "Those are three success stories in Riverside County, and there are many more to come."

A foreign trade zone is "like a bonded warehouse on steroids," where a variety of business functions can be completed without incurring duties and taxes from customs officials, Harlow said. The zones create and retain jobs, stimulate the economy and promote international trade, he said.

The county's aggressive pursuit of foreign trade zone status means that "a vast majority of the county either is in a FTZ or soon will be," **Tom Freeman** said.

While the idea of conducting business overseas can be daunting, there are many government and private entities that can help demystify the process and reduce the financial risk for American firms, said **David Josephson**, Western Regional Director of Export-Import Bank, which specializes in reducing such risks.

While many American firms prefer cash up front in a transaction, foreign trading partners often like to offer credit terms, Josephson said. Ex-Im Bank, as it is known, insures loans through many sides of the export-import process, he said, which enables domestic firms to go international.

"That's what we are here to help you do," Josephson said. "We are deal-oriented



### UPCOMING SESSIONS for THE COLLEGE OF FOREIGN TRADE

ALL SESSIONS are from 8 a.m. to 11
a.m. Upcoming sessions include:
Feb. 22 — "Pricing Your
Products and Shipping for Export"
— Palm Springs
Mar. 7 — "Legal Aspects of
International Trade" — Riverside
Mar. 21 — "Promoting Your
Product or Service, International
Sales & Promotion" — Palm Springs
April 4 — "Getting Paid &
Financing into International

*Markets"*—Riverside

Sessions in the City of Riverside will be held at the Riverside County EDA, College of Foreign Trade, 2001 Iowa Street, Conference Room A

Sessions in Palm Springs will be held at Rabobank Regional Business Center, Coachella Valley Economic Partnership, 3111 E. Tahquitz Canyon Way

For a schedule of classes and more information about the College of Foreign Trade call 951.955.1308 or visit: http://www.rivcoeda.org/ LinkClick.aspx?fileticket=j%2baf MmC7ZZI%3d&tabid=1491

To RSVP, contact Jacqueline Valadez at **714.564.5414** or valadez jacqueline@rsccd.edu

people." Riverside County Foreign Trade Commissioner Tom Freeman agreed.

"These folks can really help our business community," Freeman said. "Ex-Im is here and does fabulous work."

# **Exporting Their Way to Success** RIVERSIDE COUNTY MANUFACTURERS & EXPORTERS ASSOCIATION (RCMEA)

Robert Field, Assistant County Executive Officer/EDA (left) presents a Certificate of Appreciation to Roy Paulson, President, CEO of Paulson Manufacturing in Temecula for his participation in the Inaugural Manufacturers' Day Event held at the County Seat. Mr. Paulson has recently accepted the position as Chairman of the newly organized Riverside County Manufacturers & Exporters Association established to help local businesses currently and considering trading goods outside of the U.S.A.





S PRESIDENT OF A COMPANY THAT EXPORTS TO MORE THAN 100 COUNTRIES, **Roy Paulson** knows a few things about bringing products to market abroad. Paulson Manufacturing Corp. in Temecula makes and sells public safety equipment to companies around the globe, making it a leader in foreign trade among businesses in Riverside County.

Why not participate in the growth occurring in other parts of the world?
Roy PAULSON Now Paulson and other local business owners are helping to spread the word about opportunities available to local companies via international business. Paulson is chairman of the Riverside County Manufacturers & Exporters Association, a new organization designed to increase the number of companies in Riverside County manufacturing goods and selling them outside the U.S.

"It's a new world out there for the U.S. business," Paulson said. "The amount of exporting that we could be doing in this country is absolutely enormous. Why not participate in the growth occurring in other parts of the world? If you are going to sell to Texas, why wouldn't you sell to Brazil?"

The association is working on its by-laws and introducing itself to potential new members. It meets the first Wednesday of each month on the third floor of the county's Economic Development Agency offices at 10th and Lime streets in downtown Riverside. Anyone interested in joining the group is welcome to attend. The Riverside County Economic Development Agency's Office of Foreign Trade is supplying support services and office space to the association.

The group also enjoys leadership from other business executives around the county with expertise in international trade. **Kusum Kavia**, co-owner of Coronabased Combustion Associates, which exports most of the power generation units it manufactures, is vice-chair of the group. **Kevin Floody**, international business manager for K&N Engineering, a manufacturer of automotive parts, is treasurer. The group's secretary is **John Ryan**, president of Ryan Systems in Canyon Lake, which is developing products to monitor the temperature of food when it is being shipped.

The association has a database of all the manufacturers in Riverside County and "we're going to contact every one, and they can join the organization for free," Paulson said. "Our overall goal is to increase the overall manufacturer's base. We all want to move forward and move Riverside County forward as well."

The real strength of the new association will be the experiences that its leaders and members already have had in the foreign marketplace. For example, association members have experience working with the U.S. Commercial Service, which has an office in Ontario and can help local businesses develop a marketing plan for countries in which they might want to do business.

"No two people have the same experiences in life, and by getting these people together, they have the opportunity to cross-pollinate," Paulson said. "You can't do that on the Internet or through a webinar. All of sudden, the wheels start turning in their head, and they start coming up with things."

Paulson said he realizes that foreign trade can be daunting at first, given the fact that most local businesses are not experts on the regulations and business practices in other countries. The biggest thing holding back local companies?

"It's fear," Paulson said. "They are afraid they won't do it right, but you can start small, take baby steps and build it up."

Paulson advises first-timers getting their feet wet with foreign trade to start with Canada. It's close, they speak English in most of the country and many Canadian businesses have working relationships with American firms.

"It's an easy market. You can drive to it," he said. "It takes a little bit of handholding to get through the experience the first time, but once you get a couple of shipments under your belt, then you feel really confident and are willing to talk about it to other companies."

Paulson encouraged manufacturers and other companies to attend a meeting of the association.

"People are always concerned that joining a new organization will mean added responsibilities for them," he said. "But we're trying to let people know that our organization can help you make money."



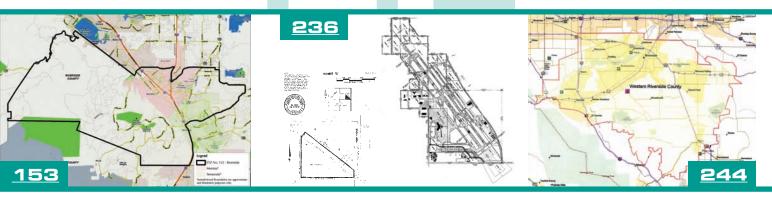
The Office of Foreign trade launched an effort to formally organize 4000 manufacturers and exporters into a single unified organization to promote manufacturing and exporting. The new organization will be the largest single manufacturers and exporters association in California.

> CONTACT: Roy Paulson royp@paulsonmfg.com 951.676.2451

### Export Workshops • Job Creation • Business Services



# FOREIGN TRADE ZONES



CLICK ON THE EXPORT REGION ABOVE TO GO TO THE OFT WEBSITE AND SEE A LARGER IMAGE.



USINESSES OWNERS WHO ARE CONSIDERING relocating to Riverside County to access the lucrative California marketplace can choose from among the county's four Foreign Trade Zones (FTZ), the most available in any city or county in the state.

"OUR FOREIGN TRADE ZONES are here to help our manufacturers save money and time. Our board of supervisors continue to support policy that expands and brings additional foreign trade zones to the county. With four foreign trade zones activated and operational and a fifth in the processing stages, we offer more choices to our business community to give business owners a competitive edge in the global marketplace."

> —**Robert Field** Assistant County Executive Officer/EDA

With a fifth Foreign Trade Zone opening soon, Riverside County offers unparalleled access to the benefits an FTZ can offer, benefits that can help cut the cost of doing business and increase profits.

Riverside County and its Board of Supervisors have worked to create such savings solutions for companies that import products from overseas to be assembled at plants operating in Riverside County because assisting such companies will add new jobs and maintain existing jobs for county residents.

For example, the Skechers North American Headquarters and Distribution Center in the Riverside County community of Moreno Valley is expected to save more than \$3 million per year because the 1.8 million square foot facility is in a Foreign Trade Zone. Another major employer in Riverside County, Abbot Vascular, located in the city of Temecula, took advantage of San Diego Foreign Trade Zone #153's expansion into southwest Riverside County to help with their import and export costs.

Such opportunities exist around Riverside County. For example, FTZ #244 was expanded to include the cities of Corona, Eastvale, Jurupa, Moreno Valley, Norco, Perris, and Riverside. The expansion of FTZ #153 brought in the cities of Murrieta and Temecula. There are ongoing efforts to expand the FTZ #236, which currently covers the Palm Springs Airport, but is expected to include all of the cities of the Coachella Valley and also the cities of Beaumont, Banning, San Jacinto and Hemet. The Four Winds Tribal Council also is seeking to establish another FTZ on its land.

The Riverside County Economic Development Agency's Office of Foreign Trade is proud to offer manufacturers the opportunity to expand their exporting efforts and reduce costs to import materials for final assembly through the Foreign Trade Zone program. ●

# Palm Springs, California

Foreign Trade Zone #236

Exciting New CViHub Cultivating Clean Technology and Renewable Energy Innovation Easy Access to Foreign and Domestic Markets



Contact Cathy Van Horn, Economic Development Administrator cathy vanhorn@palmspringsca.gov 760.323.8175 palmspringsca.gov





CELEBRITY GOLF TOURNAMENT being held Feb. 10-11 in the Coachella Valley will be about more than just strong drives off the tee and precision putting on the green. **The Canada California Business Council's Annual Celebrity Golf Classic** also will demonstrate the strength of Canadian businesses and the level of Canadian investment in Riverside County, while also setting the stage for future success.

The tournament will be the backdrop for the signing of a bilateral agreement that calls for the Canada California Business Council to market Riverside County as a "destination of choice" to Canadians.

By Phil Pitchford

The tournament, which has previously been held in Los Angeles, will take place at Desert Dunes Golf Course in Desert Hot Springs. The event will include about 150 golfers—business executives, celebrities, professional athletes, notable public figures —and is expected to attract more than 3,000 spectators.

The tournament also will be the backdrop for the signing of a bilateral agreement that calls for the Canada California Business Council to market Riverside County as a "destination of choice" to Canadians. Members of the Riverside County Supervisors who represent the desert area, are expected to sign the agreement on behalf of the county.

A Canadian, **Glen Brayshaw**, and his partners bought the Desert Dunes Golf Club two years ago and invested \$2 million into the property, which was designed by Robert Trent Jones, a legend of golf course design. Brayshaw plans to build homes and condominiums near the course.

"The product line we are going to be rolling out initially really lends it to the Canadian market, since it is a part-time ownership product," Brayshaw, who is from Winnipeg, said. "It's a really nice fit for us."

The Riverside County Economic Development Agency's Office of Foreign Trade worked for months to negotiate an agreement to move the tournament from Los Angeles to the Coachella Valley. The tournament is a fund raiser for March of Dimes Canada, and past tournaments that have been televised in Canada have been viewed by as many as 800,000 Canadians. This year's tournament also is being covered by Entertainment Tonight and the Canadian Broadcasting Corp.

Canadians who in the past have made their winter homes in the Phoenix area have begun discovering the Coachella Valley in the past few years, in part because WestJet has made it possible to fly directly into Palm Springs International Airport, Brayshaw said.

"Most of Canada is limited to five to seven months of golf each year," he said. "If you want to play more than that, you have to migrate, and Palm Springs is more and more getting a reputation as place to spend some time in the winter."

For example, on a recent day, Brayshaw drove through his golf course's parking lot and noted that about half the roughly 60 cars in the lot had license plates from all over Canada.

"Canadians are major consumers of products across the Coachella Valley," Brayshaw said. "The Canadian presence in the Valley is probably bigger than the amalgamation of all other people combined," he said.

Read more about the tournament at <u>http://marchofdimes.ca/golf</u>. ●



#### CANADA CALIFORNIA BUSINESS COUNCIL **CONSEIL DES AFFAIRES CANADA-CALIFORNIE**



#### SATURDAY, FEBRUARY 11, 2012

Welcome Reception • Friday, February 10 Desert Dunes Golf Club, 19300 Palm Drive, Desert Hot Springs, CA **Register NOW** 

CELEBRITIES SCHEDULED TO APPEAR



Bret 'The Hitman' Hart



Stefanie Schaeffer

Royce Clayton



Luc Robitaille



Sheila Shah



Val Bure

Kate Linder



Dennis Hull



Jeremy Sumpter & Owen Stanley



Julie Buehler



Singor Mobley



Matthew St. Patrick





Packages are limited so reserve now! Proceeds go to March of Dimes Canada.

marchofdimes.ca/golf