

Questions for the Record

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

“Nominations of Jessica Rosenworcel, to be a Commissioner and Chair of the Federal Communications Commission; Alvaro Bedoya, to be a Commissioner of the Federal Trade Commission; Jainey Bavishi, to be Assistant Secretary of Commerce for Oceans and Atmosphere, DOC; and Arun Venkataraman, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service, DOC”

10:00 AM, November 17, 2021
253 Russell Senate Office Building

Questions for the Record from Chair Cantwell to Mr. Arun Venkataraman, to be Director General of the United States and Foreign Commercial Service and Assistant Secretary for Global Markets, Department of Commerce

1. Supply Chains. Within Washington state, one in three Washington jobs depend on trade, with 40% of exports in aircraft and aircraft parts, which relies on a large global supply chain. We are therefore particularly affected by the considerable supply chain disruptions this year

If you are confirmed, you will be charged with promoting the international sale of U.S. goods, assisting American small and medium-sized businesses during a period of historic turmoil within the global supply chains.

Question. How can Commercial Service leverage its authority and expertise, including over 100 domestic offices and 70 international locations, to help U.S. manufacturers navigate the ongoing supply chain disruptions and to continue being successful internationally?

Response:

America’s strong recovery from the pandemic, with the associated increases in economic activity, have resulted on strains in our global supply chains. The economic recovery has highlighted the lack of resilience in our supply chains, compounded by infrastructure that has been neglected for decades. We have seen the costs of this outdated infrastructure with respect to our economy, our competitiveness, and for our workers and families. For example, the Southern California warehouse system did not grow to match the extraordinary surge in demand at our ports. We have seen increased demand for semiconductors for cars, medical devices and consumer electronics but most of these chips are made in other countries so we have less visibility into this supply chain than we should. It is important to note that government doesn’t run these supply chains, but the Biden Administration is using every tool available to help the private sector to address these challenges. For example, President Biden and his team worked with some of our major ports to get them to expand their hours to 24/7.

The Global Markets business unit within the International Trade Administration, including the U.S. and Foreign Commercial Service, can contribute to ensuring the security and resilience of

global supply chains in a manner that protects U.S. interests. Foreign Commercial Service officers can draw on their expertise about local economic policies to identify specific policy barriers maintained by host governments, such as export restrictions. These barriers can then be addressed in the supply chain discussions that are being incorporated into all Commerce Department engagement with trading partners. Recognizing that supply chains are established and shaped by industry rather than government, the U.S. and Foreign Commercial Service can inform U.S. industry more fully about the consequences of depending on certain markets as part of global supply chains based on political and economic features of those markets, thereby ensuring that industry factors in resilience and security at the early stages of business planning.

If confirmed, I will work with the interagency and the private sector to promote the Commercial Service's work in supporting new opportunities for U.S. firms and their workers to participate in global supply chains and securing supply chains in critical products. I would welcome the opportunity to work with you and your staff in this effort.

2. International Competition. Twenty five percent of small and medium sized enterprises struggle to meet weekly capital costs, making it difficult to upgrade equipment or build inventory. According to reporting by research firm McKinsey, the United States requires up to \$250 billion over ten years to upgrade plants and equipment in traditional manufacturing sectors like automobiles. Meanwhile, competitors like Japan and Germany offer their companies financing and free or low-cost facilities. U.S. companies also face far greater financial expectations, such as an expected of 12 – 14% return for investors, versus 5 – 7% in Asia.

The United States Innovation and Competition Act champions investment in more research and development and in programs like the NIST Manufacturing Extension Partnership. It also supports a better mapping of U.S. supply chains and the use of that data to better direct investment into U.S. manufacturing.

Question. Based on your experience, what other actions should the Department of Commerce take to invest in our small and medium sized manufacturers and to create a successful strategy for U.S. competition in foreign markets?

Response:

The Department of Commerce includes a number of bureaus (such as the International Trade Administration (ITA), NIST and USPTO) with tools and services that can enhance the international competitiveness of small and medium-sized manufacturers. Within ITA, the Global Markets business unit focuses on supporting small businesses export their goods and services to over 90 markets around the world. Building on this mission, Global Markets could expand its efforts to help existing exporters reach new markets. They could also take additional proactive steps to ensure that small businesses in underserved communities, including rural communities and communities of color, are aware of and can use exporting assistance provided by the federal

government to reach new customers outside the United States. This includes the necessary market research and analytic tools to help them identify new markets and strategies. If confirmed, I look forward to working with you and your staff on these issues as well as my counterparts at USDA and SBA, and across the government, to identify additional actions that Global Markets can take to ensure that small and medium-sized manufacturers have the tools they need to grow and export.

Questions for the Record from Senator Klobuchar to Mr. Arun Venkataraman, to be Director General of the United States and Foreign Commercial Service and Assistant Secretary for Global Markets, Department of Commerce

- 1. *Rural Export Center.*** While small and medium-sized enterprises account for 98 percent of U.S. exporters, rural businesses are often located far from transportation hubs, making it difficult for them to access international markets. I introduced the *Promoting Rural Exports Act* with Senator Hoeven to establish a Rural Export Center at the U.S. Commercial Service to help rural businesses access foreign markets and increase exports.

Question: Your testimony noted the importance of access to foreign markets for American companies. If confirmed, what steps do you plan to take to increase access to foreign markets for rural businesses?

Response:

U.S. Export Assistance Centers, including the Rural Export Center, provide export assistance and support for businesses, especially our small and medium sized businesses, farmers, ranchers, and fishermen, through offices located in 117 cities across the United States. These offices play a critical role in supporting our businesses and competitiveness, including in rural America, and are continuously working to increase their understanding of and responsiveness to the particular challenges faced by rural exporters.

The Rural Export Center (REC) provides research reports, through Rural America's Intelligence Service for Exporters (RAISE), training seminars and webinars. If confirmed, I will work to ensure our rural businesses, farmers and ranchers across the United States have the necessary market research and analytic tools to help them identify new buyers, markets and strategies. I will also work across the government, including with USDA and SBA, to identify additional actions that Global Markets can take that would better help rural exporters reach consumers outside the United States. If confirmed I look forward to working with you to ensure exporters in rural and other underserved communities have access to the tools they need to grow their business through exports.

- 2. *Brand USA.*** Inbound international travel has historically been the nation's second largest industry export, generating \$233 billion and supporting 1.2 million jobs in 2019. But the pandemic brought an immediate 91 percent decrease in international visitors. My bipartisan legislation with Senator Blunt would help fund Brand USA—a proven partnership that promotes international tourism to the U.S.—which has supported more than 45,000 jobs a year and generated \$56 billion for our economy.

Question: Brand USA has partnered with the U.S. Commercial Service in the past to collect market data and plan trade events. If confirmed, what will you do to support this important sector of the economy?

Response:

The travel and tourism sector is critical to the U.S. economy and provides vital job opportunities for Americans at all educational levels. Brand USA, a nonprofit corporation formed by statute and funded in part by fees paid by travelers from visa waiver countries, promotes the United States as a travel destination. It is my understanding the National Travel and Tourism Office, led by the Deputy Assistant Secretary for Travel and Tourism, leads work on travel and tourism for the U.S. Government in the tourism working groups or committees.

If confirmed, I look forward to working with the Assistant Secretary for Industry and Analysis and the Deputy Assistant Secretary for Travel and Tourism to support her and the Secretary's work on the Tourism Policy Council, which coordinates national policies related to travel and tourism to support this critical industry for regions across the country. If confirmed, I would also work closely with agencies through the Trade Promotion Coordinating Committee (TPCC), including the State Department and our Embassies, to encourage foreign travelers to come to the United States and help ensure that they support the sector's recovery from the pandemic. I look forward to working with you and your staff on these efforts.