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National Export Initiative A Call to Action in Two Ways

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President Obama's launching of the National Export Initiative ("NEI") to double exports over the next five years and his support of the pending free trade agreements with Korea, Colombia and Panama in his State of the Union address are very welcome news for California businesses. The President's renewed focus on trade should be a call to action for California businesses in two ways:

- 1) Vocalize support for ratification of the pending free trade agreements;
- 2) Take advantage of the President's NEI to expand your business's export opportunities.

As part of the NEI to increase exports President Obama needs to follow up his mandate with action on the pending FTAs – until now the Administration has been relatively silent on trade. The President should be commended for recognizing that America needs free and fair trade to create jobs and ensure long-term growth for our economy, but in order to get the FTA's ratified the President and his Administration must take a strong leadership role in introducing and advocating the FTAs for ratification in Congress to overcome resistance to trade within the President's own majority party.

In particular, it is critical for U.S. exporters to ratify the pending FTA with Korea this year. As the President mentioned in his State of the Union, America can no longer "sit on the sidelines while other nations sign trade deals." Case in point – the Korea-EU FTA is scheduled to go into effect later this year and will put California and U.S. businesses at a distinct disadvantage with their European competitors in the important and growing Korean market.

California is already the largest exporter of goods to Korea among the fifty states and implementation of the U.S.-Korea FTA would immediately remove Korean duties on almost all high-tech products and manufactured goods, as well as open up markets for services and key California agricultural products. Failure to implement the U.S.-Korea FTA would cost California dearly – projected losses include \$2.5 billion in goods and services exports, \$5.2 billion in the state's GDP output, and 39,620 lost jobs.

As Korean Ambassador Han has stated – The U.S.-Korea FTA is a "cost-free stimulus package" – it will create jobs and increase the national and California's GDP by opening up Korea's market to U.S. goods and services without the need for federal or state funds.

California businesses need to be more vocal with their Congressional representatives and key administration officials to move the U.S.-Korea FTA and other pending FTAs forward to successful ratification this year.

The NEI is also a very important opportunity for California businesses – particularly for small and medium-sized businesses to begin or expand their exports. Many companies don't realize or, are aware of the numerous export opportunities that are available whether your business manufactures a product or provides a professional service.

The NEI will provide the tools to help businesses learn more about export opportunities, and identify new customers and/or business partners in foreign markets. The NEI will be putting a special focus on increasing the number of small and medium-sized businesses exporting to more than one market by 50 percent over the next five years. Certain programs will be designed specifically for small and medium-sized businesses such as improving access to credit for businesses that want to export. Look to this Global Initiative Council's website for more information about NEI programs as it becomes available.