Gov. Gregoire announced the Washington Export Initiative (WEI) in June 2010 with clear five-year export goals to highlight the importance of exports in helping the state’s economy to recover and in support of the National Export Initiative.

The WEI targets innovative, high-leverage projects that can measurably increase Washington state exports in the short term and over the five-year period through the efforts of the state departments of Agriculture and Commerce.

Commerce and WSDA are on track with the metrics established for number of companies assisted and assisted export sales.

Background

EXPORT COOPERATION

The demand by businesses for export assistance continues to rebound from the depths of the recent economic downturn.

Washington State’s trade resources network offers a number of services to small businesses through the organizations such as:

- Washington Departments of Commerce and Agriculture
- Export Finance Assistance Center of Washington
- Export-Import (Ex-Im) Bank
- Small Business Administration (SBA),
- Small Business Development Centers (SBDC)
- U.S. Export Assistance Center

These organizations work closely together to effectively communicate with the business community seeking export assistance. The network outreach is filling the business development pipeline and creating greater demand for a variety of different types of export services to small businesses.
State Trade and Export Promotion (STEP)

STEP is a three-year pilot initiative authorized by the Small Business Jobs Act of 2010 and funded by federal grants and matching funds from the states. STEP aims to expand the number of small businesses that are exporting and raise the value of those exports, with targets for rural communities and women, veteran and minority-owned small businesses.

Washington was awarded $3 million to carry out new activities to increase exports, with a focus on new-to-export and new-to-market opportunities. Support includes helping businesses participate in trade shows and missions, translate marketing materials and earn international certification for products.

A self-service portal launched in Oct. 2012 at www.exportwashington.com, funded by STEP to provide information about the wide array of export assistance programs available in Washington.

The STEP grant also helped fund very successful new initiatives such as the Export Voucher program and in-country support for the Governor’s recent trade mission to India along with ongoing support through next September. The voucher program provides grants up to $5,000 to help small businesses offset costs associated with developing new export sales.

In the first 12 months, STEP returned $250 to the state’s economy for every $1 invested in export vouchers: $372,000 was awarded to 115 small businesses resulting in $3.2 million in initial sales and forecasts of over $90 million over the next year.

To date, 283 companies have benefitted from all STEP programs, with actual export sales of $12.5 million and projected sales of an additional $111 million over the coming months.

In an effort to provide better export finance support, Ex-Im Bank and the SBA have modified or created lending/guaranty export programs that encourage banks to lend to exporters. The close relationship between Export Finance Assistance Center of Washington (EFACW) and Ex-Im Bank was a significant factor in Ex-Im Bank’s decision to open an office this summer in Washington, which is co-located with Commerce in Seattle.

A new generation of community banks is embracing the benefits of providing export finance, using government export working capital, term lending programs, and credit insurance. As part of the STEP grant, EFACW recognized the need to educate community banks and offered an integrated set of four workshops attended by 25 banks. Six banks are now in various stages of rolling out export finance products to the market to meet the demand.

Since launching WEI, governor-led trade missions to China, Vietnam, France, Germany, Ireland, UK, India and Korea were significant contributors to increasing awareness of exporting opportunities and resulted in material business opportunities for WA exporters that participated.

FUNDING

In the 2010 legislative session, the state allocated $3 million to the Community Economic Revitalization Board (CERB) to invest in export assistance and training around the state. In September 2011, Commerce received a $1.6 million award from the U.S. Small Business Administration to promote exports (STEP grant), which helped Commerce and WSDA increase export assistance to small businesses. A
Trade missions
During her terms, Gov. Gregoire led 15 trade missions. Since launching the WEI, destinations included China, Vietnam, France, Germany, Ireland, UK, India and Korea. These markets offer enormous potential. In China alone, exports have grown at an average rate of 19 percent per year since 2000, increasing even during the global economic slowdown. India will see 400 million people enter the middle class in the next 15 to 20 years, offering a robust market for Washington food product exports. Vietnam is a growing market for Washington products including software, electronics, aerospace, clean energy technologies and agriculture products.

The Governor’s 2010 trade mission to Asia resulted in $10 million in immediate new sales and investments, and the 2011 UK mission has already tallied $26.2 million in actual and projected sales.

The trade missions also provided opportunities to raise critical trade barrier issues with high-level foreign officials, helping pave the way to their resolution.

Student Exchange
Another component of the WEI is elevating Washington’s standing as a destination for international students. These learners invest in our economy through paying tuition, lodging and entertainment expenses. To strengthen these bonds, the Governor also encouraged Washington students to study abroad.

In the 2004–05 academic year, the number of international students pursuing higher education in the state was 10,674, with an economic impact of $230 million. In the 2010–11 academic year, those numbers had swelled to 17,811, with an economic impact of $464 million.

second, and potentially last, STEP grant of $1.4 million was awarded in September 2012. These new funding sources have helped offset a 33 percent decline in annual General Fund State support for Commerce and WSDA export assistance services from 2008 through today. With both new funding sources being temporary in nature, continued performance on the trajectories shown below is not assured.

“We’ve seen that many companies growing through the recession are those that access global markets. Four percent of Washington companies are engaged in exporting today – four times the national average, but that’s well below levels seen in Canada or most European countries. We must not forget that 95 percent of all consumers and 75 percent of all economic activity lies outside the U.S.”
-- Commerce Director Rogers Weed.

WEI RESULTS
Goal 1. Increase the number of Washington companies exporting by 30 percent in five years to 10,500.

Since the WEI launch, 1,038 new to export companies have been assisted by Commerce, WSDA, and the CERB export training programs. Of course, not all of
“Commerce helped match us with prospective companies. We also came away with a potential new market to explore—rebuilding gear boxes for wind turbines—and a first-hand look at the strategies of their European competitors.”

—David Bianchi, VP, Sales and Marketing, B&G Machine, Seattle

these companies will end up exporting, but we have made significant investments in building the pipeline of potential exporters. Today, approximately 8,450 companies are exporting and we remain on track to meet the WEI goal of 10,500 companies by 2015.

Goal 2. Directly assist 5,000 Washington businesses in achieving $600 million in export sales through export assistance programs at Commerce, WSDA, and CERB export training programs over the next five years.

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<th>WEI Annual Target</th>
<th>FY2011</th>
<th>FY2012</th>
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<tbody>
<tr>
<td>Export Sales</td>
<td>$120 million</td>
<td>$242</td>
<td>$198</td>
</tr>
<tr>
<td>Companies Assisted</td>
<td>1,000</td>
<td>1,004</td>
<td>2,176</td>
</tr>
</tbody>
</table>

These results exceed our annual targets under WEI. Our assisted export sales for FY 11 and FY 12 together generated conservative estimates of $17.6 million in tax revenue for the state and directly supported 2,375 jobs.

Goal 3. Increase general statewide exports by 35 percent to over $100 billion per year by 2015.

Goods exports for 2011 were $64.8 billion, with an estimated additional $27.8 billion in exports of services (no official data is available for service exports at a state level), for a total of $92.6 billion for the year. YTD data for goods exports in 2012 (through the end of June) was $35.1 billion (a 16 percent increase over YTD June 2011), with an estimated additional $15 billion in exports of services, for a total of $50.1 billion. These results are also ahead of plan.
“Attending Mobile World Congress for us was critical, as there were major European partners that could accelerate our growth and business models. The Export Voucher program helped us to attend the event and allowed us to do several months and several trips worth of business in a matter of days.”

--Bryan Trussel, co-founder and Chief Executive Officer at Glympse.