

Rural Exports: A Baseline Study

By:

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EXECUTIVE SUMMARY

This study examined the export industry in Pennsylvania to determine the characteristics, spatial distribution and economic significance of rural exporters. The researchers used foreign trade statistics from the U.S. Bureau of the Census, data from Dun and Bradstreet's Selectory Database and data from a survey of rural exporters.

According to the research, roughly 25 percent of Pennsylvania's exporters reside in rural counties and 75 percent reside in urban counties. Most exporters in Pennsylvania are in the manufacturing industries, such as chemical manufacturing, fabricated and primary metals, machinery manufacturing, food product manufacturing, and transportation equipment. However, rural Pennsylvania firms that do export still sell most products to domestic buyers. In fact, the great majority of rural exporting firms export less than 10 percent of their total output.

The research results also show that Pennsylvania exporters are relatively small in size, with 80 percent of registered exporting establishments employing fewer than 100 workers. This finding is consistent with national reports by the U.S. Census Bureau that describe the great majority of exporters as small and medium in size.

Finally, the research found that, in spite of the impressive efforts by state and federal governments to create a great variety of export assistance programs, about 82 percent of rural exporters in Pennsylvania did not use any government assistance.

INTRODUCTION

During 2006 and 2007, the U.S. Gross Domestic Product (GDP) grew modestly, in spite of the considerable slow-down of private domestic spending. In fact, during the fourth quarter of 2007, housing investment and consumer spending decreased but GDP increased by 0.6 percent because of increasing exports.

Exports have become a larger component of GDP over the past three decades, increasing from a mere 5 percent of GDP in 1970 to more than 12 percent in 2007. The emergence of the global economy has had a great impact on U.S. businesses that were selling more than \$2.6 trillion of American goods to foreign buyers per year.

Exports are also a significant component of the Gross State Product of Pennsylvania. Pennsylvania's exports have historically followed similar growth patterns as those of the nation. This seems to indicate that the same variables that influence national exports, exchange rates, relative inflation rates and the growth rates of trading nations also affect

Pennsylvania exports. According to the U.S. Department of Commerce, Pennsylvania exporters increased their annual sales to foreign buyers from \$16 billion in 2003 to more than \$29 billion in 2007. This growth in exports was the eighth largest nationwide.

The U.S. Department of Commerce's Office of Trade and Industry Information estimated that more than 200,000 jobs in Pennsylvania were export-related in 2008.

The great significance of exporting industries in the commonwealth and the potential for future growth are recognized by state government. In a report released by the National Governors' Association in 1998, Pennsylvania was ranked second among all states in international trade and investment spending. According to the Pennsylvania Department of Community and Economic Development (DCED), Pennsylvania has a larger network of export trade consultants than any other state. State programs, such as the Center for Trade Development, the Regional Export Network



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The Center for Rural Pennsylvania is a bipartisan, bicameral legislative agency that serves as a resource for rural policy within the Pennsylvania General Assembly. It was created in 1987 under Act 16, the Rural Revitalization Act, to promote and sustain the vitality of Pennsylvania's rural and small communities.

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and the Global Network of Trade Representatives, are dedicated to the growth of Pennsylvania business and to their expansion into international markets. (www.newpa.com/build-your-business/explore-international-opportunities/trade/index.aspx.)

According to the Pennsylvania Department of Agriculture, Pennsylvania ranked first among all 50 states in the production of export grade hardwood, second in the export of hardwood logs, 10th in exporting furniture and 19th in exporting paper (www.agriculture.state.pa.us).

In addition, Pennsylvania is an important exporter of processed foods, crop and livestock products, agricultural and forestry machinery, and agricultural chemicals, according to 2007 data compiled by the World Institute of Strategic Economic Research.

While there is considerable information on exports by state, there is a lack of information on exports at the county level.

This study, which was conducted in 2007 and 2008, provides information and statistical data on exports by county in Pennsylvania, the location of exporting establishments, the products they sell, and the relative economic impact on their region and the state. The research also identified and described both federal and state programs designed to promote exports, assist exporting firms, encourage the growth of exporting businesses and the volume of trade, and help exporting industries use comparative advantages and contribute to the income and employment of their regions.

GOALS and METHODOLOGY

The research examined Pennsylvania exporters, particularly rural exporters, by identifying their specific county of residence, the products they export and the federal and state programs designed to assist them to compete in global markets. It also measured the economic impact of rural exporters and determined their relative size by sales and employment.

To complete the study, the researchers used three main sources of data: the U.S. Census Bureau's Foreign Trade Statistics, Dunn and Bradstreet's Selectory Database and survey data collected by East Stroudsburg University's Business Economic Research Group.

The U.S. Census Bureau Foreign Trade Statistics records foreign trade flows for all states. The Census Bureau is responsible for collecting export statistics by state through the Origin of Movement (OM) process. All exporters are required to file a Shipper's Export Declaration (SED) in which they identify the state where the export journey begins. The OM series based on origin state, available since 1987, provides statistical information on state exports reflecting the transportation origin of exports. The Census Bureau publishes data on total state exports every month and more detailed data are available quarterly and annually by state and district/port of exit.

There are limitations to the OM statistics, however, as the origin of movement is not always the transportation origin. When agricultural commodities are exported, they are shipped to distribution centers where they are exported by intermediaries and the recorded OM becomes the export site rather than the state of production. Consequently, the OM statistics often underestimate exports of agricultural states and overestimate exports for states that have ports handling shipments of farm products.

Sub-state export statistics exist only for some selected metropolitan areas and district/port of exit. Exports by county are simply not recorded and can only be approximated by using export directories and surveys. For this study, the researchers used the Selectory Data System directory compiled by Dun and Bradstreet Inc. The database is primarily designed for marketing purposes and it contains information on 14 million U.S. businesses. Company profiles, sales, employment, geographical location, product lines, industrial classification (SIC and NAICS), contact names and addresses are included to facilitate marketing research. The researchers also used this database to develop a directory of exporting firms in rural and urban Pennsylvania counties. The directory provided information on the distribution of exporters throughout the state and also on the size of such firms by sales and employment. The researchers also used it to compile a mailing list of the state's exporters to solicit additional information on the volume of exports and the use of export assistance programs.

The researchers conducted the survey of rural Pennsylvania exporters to fill the void of available published statistics regarding the dollar value of exported goods by county and the use of government export-assistance programs. The survey was mailed to all 629 registered rural exporters, who were asked the following questions: what percentage of your sales goes to foreign countries and what is the actual dollar value of exports; what specific products do you export; does your company use either federal or state export assistance programs, and if so, which ones; and what, if any, of your needs have not been addressed by export-assistance programs?

The survey response rate was about 11 percent. The limited response rate did not provide sufficient information on the total value of rural exports, but it did provide some insights on the relative magnitude of the foreign-to-domestic sales ratio and government assistance programs.

By combining the database information on total sales and employment of exporting firms with the survey information, the researchers were able to determine the differences between rural and urban exporting businesses and the relative size of the individual businesses.

As a final step, the researchers estimated the economic impact of exports on the state's employment and income by using the total U.S. Census Bureau estimates of Pennsylvania exports and the income and employment multipliers using input-output information from the U.S. Department of Commerce Bureau of Economic Analysis.

RESULTS

Butler and Crawford counties ranked first and second, respectively, in terms of the number of exporting establishments and total employment among rural counties. However, Monroe County ranked first in terms of sales of exporting companies among rural counties. This inconsistency is due to one large manufacturer and exporter of biological vaccines and chemicals (Sanoffi-Pasteur) residing in Monroe county. This company alone exported more than \$29 million of pharmaceutical and chemical products worldwide in 2007.

Among urban counties, Montgomery County ranked first in terms of the number of exporting establishments, total employment and sales. Bucks County had the second largest number of exporting establishments, while Allegheny County exporters had the second largest volume of sales. York County exporters were second among urban counties in terms of total employment.

Tables 1 and 2 rank Pennsylvania industries by the North American Industry Classification System (NAICS), according to total dollars of sales to both domestic and foreign buyers. By far, the biggest exporters in Pennsylvania are manufacturing firms. There are no significant differences between rural and urban exporting industries. Chemical manufacturing is the top exporting industry in both rural and urban counties, fabricated metal products are second in rural counties and primary metal manufacturing is second in urban counties. Machinery manufacturing is third in both rural and urban, food manufacturing is among the top five exporting industries in rural counties while plastic and rubber product manufacturing is among the top five in urban counties.

The size of exporting firms does not vary significantly between rural and urban counties. About 30 percent of rural exporters and 36 percent of urban exporters employ fewer than 20 people. About 47 percent of rural and 48 percent of urban exporters employ between 20 and 99 workers, and 21 percent of rural and 14 percent of urban exporters employ between 100 and 499 workers. Only 2 percent of rural and 2 percent of urban exporters employ more than 500 workers.

In general, the majority of rural and urban exporting companies are small to medium in size, as 76 percent of rural and 84 percent of urban companies employ less than 100 workers. These results are consistent with the patterns of exporters at the national level, as reported by the U.S. Census Bureau.

Even though exporters employing large numbers of workers represent the minority of exporting establishments, they tend to export the largest volume of goods. According to the U.S. Census Bureau, companies with more than 500 employees are responsible for more than 70 percent of all exports.

To estimate the total number of exporters by county, the researchers first determined the distribution patterns of businesses by dividing the total number of companies in

Table 1: Top 20 Domestic and Export Sales by NAICS Category in Rural Counties

Rank	NAICS Category	\$ Sales (Domestic and Export)	% of Sales by NAICS Category
1	Chemical Manufacturing	1,440,877,845	15.2
2	Fabricated Metal Product Manufacturing	1,065,113,572	11.2
3	Machinery Manufacturing	956,157,782	10.1
4	Primary Metal Manufacturing	880,322,547	9.3
5	Food Manufacturing	726,058,990	7.7
6	Transportation Equipment Manufacturing	544,113,934	5.7
7	Merchant Wholesalers, Durable Goods	499,357,648	5.3
8	Wood Product Manufacturing	415,275,050	4.4
9	Plastics and Rubber Products Manufacturing	411,954,103	4.3
10	Electrical Equipment, Appliance, and Component Manufacturing	321,423,360	3.4
11	Paper Manufacturing	312,662,073	3.3
12	Professional, Scientific, and Technical Services	274,496,793	2.9
13	Oil and Gas Extraction	238,283,100	2.5
14	Nonmetallic Mineral Product Manufacturing	219,758,802	2.3
15	Computer and Electronic Product Manufacturing	191,193,094	2.0
16	Miscellaneous Manufacturing	178,065,189	1.9
17	Printing and Related Support Activities	128,894,380	1.4
18	Merchant Wholesalers, Nondurable Goods	118,456,854	1.3
19	Furniture and Related Product Manufacturing	114,705,263	1.2
20	Mining (except Oil and Gas)	112,411,500	1.2
	Total - Top 10	\$7,260,654,831	76.6%
	Total - Top 15	\$8,497,048,693	89.7%
	Total - Top 20	\$9,149,581,879	96.6%

Source: *Selectory Database - Dun and Bradstreet (2007)*

Table 2: Top 20 Domestic and Export Sales by NAICS Category in Urban Counties

Rank	NAICS Category	\$ Sales (Domestic and Export)	% of Sales by NAICS Category
1	Chemical Manufacturing	10,353,539,383	36.2
2	Primary Metal Manufacturing	2,697,209,849	9.4
3	Machinery Manufacturing	2,205,158,545	7.7
4	Plastics and Rubber Products Manufacturing	2,005,840,445	7.0
5	Fabricated Metal Product Manufacturing	1,497,528,587	5.2
6	Furniture and Related Product Manufacturing	1,243,004,685	4.3
7	Food Manufacturing	1,184,280,902	4.1
8	Computer and Electronic Product Manufacturing	917,909,994	3.2
9	Merchant Wholesalers, Durable Goods	837,784,932	2.9
10	Leather and Allied Product Manufacturing	624,700,000	2.2
11	Paper Manufacturing	567,661,444	2.0
12	Printing and Related Support Activities	500,550,187	1.7
13	Electrical Equipment, Appliance, and Component Manufacturing	434,893,208	1.5
14	Publishing Industries (except Internet)	433,841,569	1.5
15	Miscellaneous Manufacturing	385,538,783	1.3
16	Nonmetallic Mineral Product Manufacturing	365,209,502	1.3
17	Wood Product Manufacturing	342,440,457	1.2
18	Transportation Equipment Manufacturing	311,013,592	1.1
19	Merchant Wholesalers, Nondurable Goods	309,465,006	1.1
20	Professional, Scientific, and Technical Services	200,196,889	0.7
	Total - Top 10	\$23,566,957,322	82.4%
	Total - Top 15	\$25,889,442,513	90.5%
	Total - Top 20	\$27,417,767,959	95.9%

Source: *Selectory Database - Dun and Bradstreet (2007)*

each county by the statewide total using the 2005 Quarterly Census of Wages and Employment. Next, they multiplied the statewide total of exporters by the percentage of companies in each county, using estimates from the U.S.

Table 3: Estimated Exporters by County

County	Estimated # Exporting Companies ¹	Exports per County ² (in \$)	% Total PA Exports	County	Estimated # Exporting Companies ¹	Exports per County ² (in \$)	% Total PA Exports
Adams	70	142,153,551	0.6	Lehigh	289	585,505,141	2.6
Allegheny	1,211	2,452,592,324	11.0	Luzerne	277	560,594,559	2.5
Armstrong	51	103,758,608	0.5	Lycoming	105	211,775,435	1.0
Beaver	128	25,889,9728	1.2	McKean	45	92,119,476	0.4
Bedford	41	83,532,067	0.4	Mercer	108	219,369,260	1.0
Berks	311	630,642,265	2.8	Mifflin	36	73,809,133	0.3
Blair	117	237,679,602	1.1	Monroe	134	271,177,593	1.2
Bradford	53	107,307,124	0.5	Montgomery	965	1,952,890,300	8.8
Bucks	695	1,406,418,835	6.3	McKean	45	92,119,476	0.4
Butler	161	325,966,680	1.5	Mercer	108	219,369,260	1.0
Cambria	130	262,803,096	1.2	Mifflin	36	73,809,133	0.3
Cameron	6	12,348,836	0.1	Monroe	134	271,177,593	1.2
Carbon	42	85,803,117	0.4	Montgomery	965	1,952,890,300	8.8
Centre	117	235,976,315	1.1	Montour	14	29,026,861	0.1
Chester	519	1,051,212,382	4.7	Northampton	217	440,299,866	2.0
Clarion	40	79,983,551	0.4	Northumberland	72	145,063,334	0.7
Clearfield	76	154,076,565	0.7	Perry	31	62,737,763	0.3
Clinton	30	60,608,653	0.3	Philadelphia	1,001	2,025,918,759	9.1
Columbia	56	113,481,542	0.5	Pike	37	74,305,925	0.3
Crawford	80	161,954,271	0.7	Potter	18	35,910,982	0.2
Cumberland	201	406,234,113	1.8	Schuylkill	115	233,563,324	1.0
Dauphin	246	498,353,588	2.2	Snyder	34	68,770,240	0.3
Delaware	470	951,711,993	4.3	Somerset	68	137,895,332	0.6
Elk	36	72,247,786	0.3	Sullivan	7	14,690,856	0.1
Erie	248	502,469,867	2.3	Susquehanna	33	67,776,656	0.3
Fayette	104	211,491,554	0.9	Tioga	36	72,034,875	0.3
Forest	6	11,993,984	0.1	Union	33	66,641,131	0.3
Franklin	111	224,053,301	1.0	Venango	49	99,074,567	0.4
Fulton	12	23,987,968	0.1	Warren	38	77,570,560	0.3
Greene	28	56,492,375	0.3	Washington	184	372,878,062	1.7
Huntingdon	33	66,712,101	0.3	Wayne	53	106,455,480	0.5
Indiana	72	145,914,978	0.7	Westmoreland	331	670,456,615	3.0
Jefferson	42	84,738,562	0.4	Wyoming	25	49,679,224	0.2
Juniata	18	36,123,893	0.2	York	304	614,815,884	2.8
Lackawanna	199	403,182,389	1.8				
Lancaster	412	834,043,203	3.7	Total - Rural	2,883	\$5,837,379,804	
Lawrence	76	153,863,654	0.7	Total - Urban	8,117	\$16,433,461,514	
Lebanon	92	187,219,705	0.8	Total - PA	11,000	\$22,270,841,318	100%

1. Estimated number of exporting companies was found by dividing the number of establishments in a county in 2005 by the total number of Pa. establishments in 2005 to determine the percentage distribution of establishments across Pa. counties. This percentage was then multiplied by 1,100 (number of Pa. exporting companies in 2005) to determine the estimated number of exporting establishments in each county. Source of establishment data: 2005 Quarterly Census of Employment and Wages, Subsector Data for Total, All Industries (10) for Every County, Aggregate of All Types, from the Pennsylvania Center for Workforce Information and Analysis. Estimate of 11,000 exporting Pa. establishments was obtained from the Office of Trade and Industry Information, U.S. Department of Commerce. 2. Estimated exports per county were obtained by multiplying average export sales by exporting company by the estimated number of exporting companies in a county. The average export sales were obtained by dividing total Pa. exports in 2005 by the total number of exporting companies in Pa. in 2005. Source of data for total state exports and total number of exporting companies: Office of Trade and Industry Information, U.S. Department of Commerce.

Department of Commerce. The estimates are summarized in Table 3.

The researchers used the estimated county exports and regional import multipliers, calculated by the U.S. Department of Commerce Bureau of Economic Analysis, to estimate the economic impact of exporters on the state as a whole. The estimates indicated that exporters generate about \$66 billion, both directly and indirectly, of income statewide and provide about 375,000 jobs in Pennsylvania (Table 4).

Survey of Exporters

The survey of exporters proved to be useful as it provided the basis for determining the spatial distribution of exporters across the state and across industries, and in profiling exporting firms based on sales and employment. It also

provided rural Pennsylvania exporters the opportunity to reveal their preferences and perceptions of the many state and federal export assistance programs.

According to the survey results, the majority of respondents (82 percent) never used any government assistance programs. Most of the respondents gave no reason for not using export-assistance programs but some were simply not aware of their availability. Some indicated that the North American Free Trade Agreement has contributed to a decrease in exports.

The approximately 20 percent of respondents that used state and federal assistance programs were evenly distributed between:

- Pennsylvania Market Access Grants – a state program to assist small and mid-sized companies in expanding into international markets;

Table 4: Economic Impact of PA Exports

Rank	Total Exports 2007 (in \$)	% Export Sales by NAICS Category	NAICS Category	Output Generated from PA Exports (in \$)	Employment Generated from PA Exports
1	5,170,893,000	17.8%	CHEMICALS	11,478,865,371	50,344
2	4,153,615,000	14.3%	MACHINERY, EXCEPT ELECTRICAL	10,069,193,483	61,984
3	3,473,861,000	11.9%	PRIMARY METAL MFG	7,427,809,590	36,715
4	3,208,438,000	11.0%	TRANSPORTATION EQUIPMENT	7,530,203,986	40,555
5	2,844,363,000	9.8%	COMPUTER & ELECTRONIC PRODUCTS	6,735,167,148	39,746
6	1,352,446,000	4.6%	ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS	2,940,623,338	16,786
7	1,139,970,000	3.9%	FABRICATED METAL PRODUCTS	2,738,093,943	17,615
8	1,108,604,000	3.8%	MISCELLANEOUS MANUFACTURED COMMODITIES	2,552,671,570	16,062
9	935,708,000	3.2%	FOOD MANUFACTURING PRODUCTS	2,305,865,224	13,470
10	869,754,000	3.0%	PLASTICS & RUBBER PRODUCTS	2,047,313,941	11,107
11	659,173,000	2.3%	NONMETALLIC MINERAL PRODUCTS	1,466,857,677	9,315
12	647,047,000	2.2%	PETROLEUM & COAL PRODUCTS	1,092,021,222	3,473
13	593,227,000	2.0%	WASTE AND SCRAP	1,315,065,614	9,504
14	448,220,000	1.5%	MINERALS & ORES	964,703,906	5,475
15	432,904,000	1.5%	PAPER	989,921,577	5,186
16	419,695,000	1.4%	PRINTING, PUBLISHING & SIMILAR PRODUCTS	976,378,448	7,317
17	319,673,000	1.1%	SPECIAL CLASSIFICATION PROVISIONS	737,613,480	7,823
18	302,392,000	1.0%	WOOD PRODUCTS	653,106,242	4,498
19	202,812,000	0.7%	TEXTILES & FABRICS	434,220,492	2,829
20	138,842,000	0.5%	AGRICULTURAL PRODUCTS	308,479,156	3,048
21	130,977,000	0.4%	FORESTRY PRODUCTS	244,429,277	2,374
22	125,413,000	0.4%	LEATHER & ALLIED PRODUCTS	295,322,532	2,300
23	118,113,000	0.4%	FURNITURE & FIXTURES	286,388,591	2,054
24	100,807,000	0.3%	TEXTILE MILL PRODUCTS	215,827,787	1,406
25	71,054,000	0.2%	APPAREL & ACCESSORIES	167,317,959	1,303
26	47,626,000	0.2%	USED OR SECOND-HAND MERCHANDISE	100,700,414	1,163
27	43,468,000	0.1%	LIVESTOCK & LIVESTOCK PRODUCTS	96,577,202	954
28	28,053,000	0.1%	BEVERAGES & TOBACCO PRODUCTS	69,131,008	404
29	14,681,000	0.1%	NEWSPAPERS, BOOKS & OTHER PRINTED MATTER	32,819,376	212
30	12,803,000	0.0%	OIL & GAS	21,413,018	98
31	9,111,000	0.0%	FISH, FRESH/CHILLED/FROZEN & OTHER MARINE PRODUCTS	17,002,948	165
32	3,151,000	0.0%	GOODS RET TO CA (EXP); US GOODS RET & REIMPS (IMP)	7,270,617	77
Total	\$29,126,894,000	100%		\$66,318,376,137	375,363

Output multipliers represent the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry. Employment multipliers represent the total change in number of jobs that occur in all industries for each additional \$1 million of output. Output generated from Pennsylvania exports is total exports x output multipliers. Employment generated from Pennsylvania exports is millions of total exports x employment multipliers. Source: Pennsylvania Export Sales by 3-Digit NAICS category. Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce.

- Pennsylvania Export Finance Programs – a state program to provide small businesses with access to pre-export working capital and post-export accounts receivable financing through direct loans;
- SEDA-Council of Government programs – a regional, multi-county local development district agency that provides a variety of economic development services to businesses; and
- Pennsylvania and U.S. Departments of Agriculture programs – administer state and federal export assistance programs.

A list of government programs designed to assist companies in becoming more competitive in global markets is included in the appendix.

CONCLUSIONS

Based on the study results, the researchers found that:

1. Pennsylvania exporters are primarily urban. Based on the Dun and Bradstreet Selectory Database, 28 percent of Pennsylvania exporters are rural and 72 percent are urban.
2. The majority of rural exporters (77 percent) and urban exporters (84 percent) have fewer than 100 employees. This finding is consistent with national statistics provided by the U.S. Census Bureau confirming that, in general, U.S. exporting establishments are small and medium in size.
3. Most exporting businesses in both rural and urban Pennsylvania are in the manufacturing industry. Chemical manufacturing, fabricated and primary metal manufacturing, machinery and food manufacturing are the top

exporting industries among both rural and urban exporters. The indirect contribution of agricultural and forestry establishments to international trade may be underestimated because such industries often provide the inputs for the production of manufactured goods, such as processed foods, furniture, and wood products.

4. The total estimated impact of exporting industries on the commonwealth's total income was \$66 billion in 2007. The total estimated number of jobs related both directly and indirectly to exporting activity was 375,363 in 2007. These numbers are substantially larger than U.S. Department of Commerce estimates of only direct effects of exports on the economy of Pennsylvania.

5. The Pennsylvania DCED and, to a lesser degree, the Pennsylvania Department of Agriculture have dedicated significant amounts of resources to the promotion of exports in the commonwealth. In addition to the state government's efforts, the federal government has developed export-assistance programs to address the needs of exporting establishments throughout the U.S.

6. The majority of respondents (82 percent) to the BERG survey never used any government export-assistance programs. Therefore, in spite of the substantial efforts by the government to develop a comprehensive list of both state and federal export support programs, many businesses in Pennsylvania's rural counties are not aware that such programs exist.

POLICY CONSIDERATIONS

In the process of examining the government programs designed to assist exporters to grow and become more efficient in competing in global markets, the researchers discovered a few areas of support that could be improved.

The following suggestions are offered to DCED to possibly improve the effectiveness of state government efforts to help exporters in Pennsylvania:

1. The federal government has compiled a comprehensive multi-agency Export Programs Guide to provide a complete synopsis of all types of export assistance. Pennsylvania may want to develop a guide of its own to inform rural Pennsylvania exporters of the many services and forms of assistance provided by the commonwealth.
2. This research did not explore the barriers to exporting that may or may not exist for rural exporters. However, there may be an information gap between DCED and rural exporters, as rural exporters may not know what DCED has to offer.
3. There is a need for a more comprehensive directory of exporting establishments. The U.S. Department of Commerce does not provide detailed information on sub-state exports and the directory from the commercial vendor Dun and Bradstreet is not all-inclusive. Perhaps DCED could develop a registry of exporters, which could be useful to current and future exporters and provide information on the economic importance of exporting firms to the state.

APPENDIX

State and Federal Resources to Assist Pennsylvania Exporting Businesses

State Programs

Pennsylvania Department of Agriculture

The department publishes an Export Guide for Pennsylvania Agricultural Products. The guide provides agricultural firms with tips, tools and information that help them identify potential markets for their products and assist them in entering these markets.

Pennsylvania Department of Community and Economic Development (DCED)

DCED administers a variety of programs to assist Pennsylvania exporting businesses as follows:

1. Center for Trade Development: Pennsylvania has the largest network of consultants among all 50 states. DCED's Center for Trade Development provides direction, support and counseling by connecting businesses with regional experts who will then assist exporting firms with market research, market entry strategy, technical support, export counseling, funding opportunities and trade-events. In addition to the Regional Export Network that provides local export assistance, the Center for Trade Development provides a Global Network of Trade Representatives that offer in-country assistance and market intelligence in helping Pennsylvania exporters identify overseas partners, locate funding sources, research markets and explore the logistics of trade. The Global Network is located in 23 different countries and covers more than 50 markets.
2. Enterprise Zone Program: This is not specifically designed for exporting establishments but if such businesses are located within designated municipal enterprise zones they may be eligible for grants to implement business development to improve disadvantaged communities and increase business investment and job creation.
3. Export Finance Program: Small businesses with 250 employees or less qualify for Pennsylvania's Export Finance Program. It provides these businesses with access to pre-export working capital and post-export accounts receivable financing through direct loans. Low interest loans (3.75 percent) of up to \$350,000 are available for up to 12-month terms. Applications may be filed at any Area Loan Organization, the Pennsylvania Regional Export Network or the Center for Trade Development.
4. Go Global Program: This program is designed to support and advance the commonwealth's international competitiveness by advancing exports and increasing direct investment. Matching grants of up to \$10,000 may be awarded to organizations that schedule in-state events that will promote exports or attract foreign investments.

5. Infrastructure Development Program: Exporting establishments may be eligible for grants or low interest loans of up to \$1.25 million for infrastructure improvements. Infrastructure Grants and Loans may be used for developing water and sewer systems, storm sewers, energy facilities, parking facilities, bridges, waterways, land and building acquisition at former industrial sites, and telecommunications infrastructure. Loans could be up to 15-year terms and at a rate of interest of 3 percent for qualified businesses, such as agricultural, exporter, industrial, manufacturing and research and development establishments.

6. Local Development Districts (LDDs): LDDs are a network of multi-county planning and development organizations funded through the Appalachian Regional Commission. Each LDD provide technical assistance for businesses seeking to expand their markets. They identify resources for community development projects and activities and provide regional solutions for local government needs. As mentioned in the report, the SEDA-Council of Governments is one of seven Local Development Districts in Pennsylvania offering a wide variety of economic development services to businesses in the central Pennsylvania region.

7. Market Access Grant Program: This program is designed to assist small and mid-sized Pennsylvania companies in expanding into international markets by providing financial assistance and market entry support to qualifying companies. Eligibility requirements involve “export-readiness” and good standing. The MAG Program is designed to encourage innovative approaches to international marketing, such as trade mission participation, trade show exhibition, website internationalization, training and workshops. Maximum annual awards are limited to \$5,000 per company and applications are judged on the basis of the applicant’s export capabilities, product-potential, commitment, resources and track record.

8. Opportunity Grant Program: Exporting establishments, agricultural processors, manufacturing, industrial, and research and development firms may be eligible for grant funds to create or preserve jobs within the commonwealth. These funds should be used for machinery and equipment, working capital, job training, infrastructure, land and building improvements, environmental assessment, land and building acquisition, site preparation, demolition and clearance. Projects must offer substantial economic impact for the commonwealth as a whole or the region.

9. PennPORTS Program: Not specifically aimed at promoting exports but described as intended to encourage economic and community development by facilitating port development and contributing to port competitiveness both nationally and internationally. Indirectly, this program could improve exporting conditions and improve the competitiveness of exporting businesses.

10. Small Business First Program: Provides low interest loans for land, buildings, machinery and equipment for businesses that are in compliance with environmental regulations and companies involved in export services.

Federal Programs

In 2006, the U.S. Department of Commerce published *Exports Program Guide: A Business Guide to Federal Export Assistance*, which is available at www.export.gov. The guide includes a comprehensive list of all federal government programs that are designed to help U.S. companies in exporting their goods and services throughout the world. It is the result of a cooperative effort of 19 different federal government agencies that collaborated by forming the Trade Promotion Coordinating Committee (TPCC). The member agencies that are part of the TPCC are: The U.S. Departments of Commerce, Agriculture, State, Treasury, Defense, Energy, Interior, Labor, and Transportation, the Export-Import Bank, the Overseas Private Investment Corporation, the U.S. Trade and Development Agency, the Small Business Administration, the Office of the U.S. Trade Representative, the Agency for International Development, the Environmental Protection Agency, the Office of Management and Budget, the National Security Council, and the Council of Economic Advisors.

The federal export assistance programs may be classified in six categories:

1. General Counseling and Assistance: These programs are designed to help exporting businesses with information regarding industry-specific or country-specific conditions in global markets. The International Trade Administration (ITA) of the U.S. Department of Commerce provides information to exporters through 108 domestic Export Assistance Centers and 150 overseas offices. The ITA is the first stop recommended for firms seeking export assistance. In addition, the Global Diversity Initiative of the U.S. Commercial Service provides export assistance for minority and women-owned businesses. The Office of International Trade, Small Business Administration (SBA) works with other federal agencies and public and private organizations to encourage small businesses to expand export activities. SBA Small Business Development Centers provide technical export assistance throughout the U.S.

2. Market Research: The U.S. Department of Commerce provides market research services for exporting companies through the International Partner Search, Market Research Reports, Customized Market Research, International Company Profiles, Global Trade and Technology Network and other programs. The Export Yellow Pages are used by foreign buyers to locate American exporters of specific goods. Exporters can use it at no cost.

(continued on Page 8)

3. Domestic and Foreign Trade-Promotion Events: The U.S. Export Pavilion is a collaborative effort of the U.S. Department of Commerce, the Export-Import Bank and the SBA to assist exporters to research export markets, locate customers, comply with foreign regulations and finance shipping. In addition, it provides information on trade fairs, exhibitions and missions.

4. Technical Assistance: The U.S. Department of Commerce provides technical assistance on Market Compliance, Customs and Border Protection regulations, and Standards and Certification Information guidance on labeling and packaging requirements.

5. Export Finance and Grants for Non-Agricultural and Agricultural Business: Export-Import Bank and Regional Bank Offices provide a variety of export finance assistance including export credit insurance, working capital loans and financial information to exporters. The SBA provides Export Working Capital Loans for small exporters, International Trade Loans to finance equipment and facilities, and Export Express Loans to finance market development and trade shows. The Foreign Agricultural Service of the U.S. Department of Agriculture provides many market information services, such as foreign buyer lists, the export directory of U.S. Food Distribution companies, the Economic Research Service, trade shows and missions, technical assistance, shipper assistance and finance and grant programs.

6. USDA Foreign Agricultural Service: The Foreign Agricultural Service of the U.S. Department of Agriculture works to improve foreign market access for U.S. products. Marketing and promotional strategies are used to improve the competitiveness of American agricultural companies in global markets.

The complete list of all Federal Government Export Assistance Programs is available at www.export.gov. The Export Program Guide contains detailed information on every federal government export assistance program available to businesses throughout the U.S.

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