Remarks by Under Secretary of Commerce for International Trade Gilbert B. Kaplan at World Trade Day in Smithfield, Rhode Island

AS PREPARED FOR DELIVERY

May 22, 2019

Introduced by Glenn Sulmasy, Provost and Chief Academic Officer at Bryant University.

Thank you, Glenn, for the warm welcome and kind introduction, and thank you to the Rhode Island Commerce Corporation for all the great work you do to promote commerce and trade within the Ocean State.

Good morning, everyone, it is a pleasure to be here at the 34th annual Rhode Island World Trade Day. Special thanks to the John H. Chafee Center for International Business for hosting World Trade Day, and all those on the World Trade Day Rhode Island Planning Committee who helped organize this wonderful event.

International trade is a key component of the Rhode Island economy, as it creates and supports jobs throughout the state. Rhode Island exports support 9,977 jobs, 82% of which derive from manufactured goods. Eighty-eight percent of Rhode Island’s goods exports are generated from small-to-medium sized businesses.

As Under Secretary of Commerce for International Trade, I lead the International Trade Administration, comprised of over 2,000 employees, with 122 international offices located in 76 countries and 106 domestic offices located within 48 states and Puerto Rico.

ITA works seamlessly across its three business units — Global Markets, Industry and Analysis (I&A), and Enforcement and Compliance (E&C).

Within our Global Markets business unit are the U.S. Export Assistance Centers (USEACs). Our Providence USEAC works closely with the Rhode Island Commerce Corporation (RICC), to meet Governor Raimondo’s priorities which include: organizing and promoting two
trade missions per year, working with the blue technology sector, and increasing export jobs in the state.

**Industry and Analysis** is a powerhouse of expertise with an ability to leverage data analytics.

This unit has been integral to all the big trade cases that have recently come to a head, such as the Section 301 and 232 cases.

Our **Enforcement and Compliance** staff of highly skilled trade layers and market specialists remains busier than it has been in decades.

They are vigorously enforcing U.S. trade laws and holding our trading partners accountable for unfair trade practices.

From our team, I would like to thank and acknowledge Keith Yatsuhashi, Director of the U.S. Commercial Service Rhode Island; James Cox, our Northeast Regional Director; and James Paul, Director of the U.S. Commercial Service Boston, who assist U.S. companies in Rhode Island and the surrounding areas to succeed in exporting. Let me give you some examples.

Recently, Avtech founder and CEO, Michael Sigourney said he wanted to find a cost-effective base for his company’s European sales. Avtech, a manufacturer of temperature and climate control sensors, needed distribution and warehousing solutions to accomplish this objective.

Kathy Therieau, International Trade Director, Rhode Island Commerce Corporation, and USEAC Director Keith Yatsuhashi agreed that Ireland fit Mr. Sigourney’s needs, and that the upcoming state trade mission to Ireland would be a perfect opportunity for him to locate partners matching his requirements.

Mission preparation took six months from start to finish. The Rhode Island Commerce Corporation, which is Rhode Island’s Economic Development Office, partnered with our Providence USEAC (U.S. Export Assistance Center), our U.S. Commercial Service office in Dublin, and with a private consulting company to counsel AVTECH.
As a result of this great work, Avtech and Titan Logistics Ireland recently announced signing a partnership agreement that included opening an Avtech office in Shannon, Ireland. This partnership allows Avtech to warehouse goods with Titan, which will serve as Avtech’s gateway to Europe.

This is just one sample of the hard work our teams do daily, here and across the globe, to support and maintain American competitiveness.

By identifying key market opportunities, fighting against foreign market barriers, and addressing foreign market issues, our teams are able to provide specifically tailored guidance.

Broadly speaking, some of the key trade issues for Rhode Island exporters include intellectual property protection in foreign markets and export barriers such as foreign currency manipulation.

For a state concentrated in advanced manufacturing, marine technology, and environmental technology, intellectual property rights protections are definitely a high-priority concern.

In today’s advanced and globally interconnected society, the entire U.S. economy is heavily based in knowledge and innovation.

What is known as the “knowledge economy,” converts ideas and information into valued resources leading to economic growth, prosperity, great jobs, and strong international competitiveness.

This intellectual capital is powered through education and research. Home to many of the best universities in the world, as well as one of the top educated countries in the world, America is well-equipped to lead efforts in the knowledge economy. Companies like Farsounder, Avtech, and Infosys, located here in Rhode Island, are best suited to lead in this economy.
What is the knowledge economy that we in the Department of Commerce are so focused on? First, it is important to note that it is not entirely based on technology, but there is an assumed foundation in technological know-how and skills. This reality enables individuals from various walks of life to participate in this economy and welcomes us into a new era of American competitiveness.

Our economy has evolved from an agricultural economy, to an industrial economy, to a post-industrial economy characterized by advanced manufacturing, a large services sector, and the information age, and finally to the knowledge economy where the sharing of information and knowledge is not only carried out between humans but also between machines, through artificial intelligence, robotics, super-fast communication like 5G technology, and a globalized market place.

Very importantly for your companies, we now have an administration in Washington which not only understands the importance of the knowledge economy to the United States, but that is willing to act boldly to protect and grow it.

We really don’t have a choice if we want to win the future. According to a USPTO-ESA (Economics and Statistics Administration) study of Intellectual Property in the U.S. Economy, IP-intensive industries accounted for $6.6 trillion in value added in 2014 – or 38.2 percent of GDP. In terms of jobs, this is 27.9 million jobs either on payroll or under contract in 2014, and another 17.6 million supply chain jobs throughout the economy. According to this same study, total merchandise exports of IP-intensive industries increased to $842 billion in 2014.

Intellectual property-intensive industries also form a significant part of the manufacturing and industrial base in the United States - a manufacturing base this Administration is committed to growing.

Thanks to President Trump’s tax, trade, and regulatory policies, we’re seeing increasing numbers of companies like yours re-shore their manufacturing to the U.S., bringing with them a skilled worker base and jobs that keep America competitive — we’ll need these assets if we want to remain competitive in the future.
From 5G to advanced manufacturing, Artificial Intelligence, Advanced Transportation, the environment, health and medicine, R&D efforts, Quantum Information Science, and space exploration, this Administration has prioritized IP-intensive, knowledge-based endeavors.

With regard to IP-related discussions in trade negotiations, the International Trade Administration’s business units handle different aspects of this effort. Our Global Markets team coordinates the overall ITA delegation throughout negotiations, keeping on top of all the major issues, watching the whole of the negotiation and coordinating with American business both here and abroad. Enforcement and Compliance (E&C) and Industry and Analysis (I&A) divide responsibilities by leading individual chapters of any proposed deal: I&A handles chapters with a sectoral/particular industry focus (this is the team that is the primary lead for IP issues), and E&C handles chapters with horizontal applicability across all industry, such as technical barriers to trade and customs.

And as you might expect from a Department of Commerce agency, we also interact extensively with U.S. businesses to help advance their commercial goals, particularly with respect to expanding exports and, in the case of IP-intensive exports, improving their ability to protect their IP overseas. To enhance these efforts, the Department of Commerce has 13 Intellectual Property attaché offices overseas, assisting US companies in enforcing their IP rights.

The President has made no secret of his disappointment with past trade deals. And he’s made clear that growing and protecting the IP-intensive industries which underpin the U.S. economy must be front and center in our trade policy.

The President’s views have translated into action. You can see that clearly with the recent completion of trade negotiations with Canada and Mexico, generating the United States-Mexico-Canada Agreement on Trade, known as the USMCA.

If implemented, the USMCA will create more balanced, reciprocal trade that supports high-paying jobs for Americans and grows the North American economy.

The USMCA achieves the Administration’s key goals of correcting the flaws in NAFTA and rebalancing the North American trade relationship. Throughout the renegotiations, the Administration worked hard for freer markets, fairer trade, and robust economic growth in North America.
The USMCA includes the strongest and most broad intellectual property standards of any prior U.S. free trade agreement.

Once approved by the Congress, the USMCA will deliver strong protections against misappropriation of trade secrets, robust border enforcement that give customs officials clear authority to seize counterfeits before they enter the U.S, and enhanced trademark, copyright, and patent provisions that are critical to driving innovation, creating economic growth, and supporting American jobs.

Additionally, USMCA secures 10 years of regulatory data protection for biologic drugs and includes a new Digital Trade chapter containing the strongest disciplines on digital trade of any international trade agreement.

In addition to provisions in trade deals, we at Commerce make available a range of resources on protecting intellectual property in dozens of global markets through our website, www.stopfakes.gov and the associated Twitter account, @STOPfakesGov.

Furthermore, efforts to support the knowledge economy in our trade and overall economic policies would not be effective without a strong economy.

This year, the American economy has grown at a rate above predictions and the unemployment rate has fallen to the lowest level in nearly 50 years, currently standing at only 3.6 percent.

President Trump’s policies continue to fuel an incredible economic boom, with economic growth reaching 3.2 percent in the first quarter of this year.

We at the Department of Commerce are working to generate this economic revival in large and small communities across the country and sustain the current level of economic growth.
We need support from American industries and companies like yours as we continue to promote American interests abroad.

I’d like to turn to one of ITA’s annual key events dedicated to promoting foreign direct investment in the United States: our SelectUSA Investment Summit. The **2019 Investment Summit** will be June 10-12, 2019, at the Washington Hilton near Dupont Circle in Washington, DC.

SelectUSA is dedicated to facilitating and promoting high impact business investment directly into communities across the United States.

The program has facilitated over **$47.8 billion** in *client-verified* investment, creating and/or retaining **tens of thousands of U.S. jobs**.

The annual **Investment Summit attracts serious investors and economic development leaders**.

Last year’s summit attracted more than 3,000 attendees, including 10 governors, and over 1,000 representatives of foreign businesses from **66 markets**.

This year’s Summit will highlight four industries:

- Digital Economy;
- Advanced Manufacturing;
- Biotech/Life Sciences and;
- Food, Beverage and Agricultural industries.

The Summit will also include our SelectUSA Tech program which will connect early-stage and startup companies to prospects for advancement in the U.S. market.

Additionally, our agenda will include discussions of Smart Cities, artificial intelligence, and a Governor’s discussion on the digital economy.
Due to SelectUSA’s success and an urgent need to foster and protect American manufacturing, we have a new focus within our SelectUSA office to help American companies invest in American factories, American jobs, and American communities.

We call this effort, ReSelect USA.

ReSelectUSA is a concerted push to further mobilize Department of Commerce and federal government resources to support U.S. companies on their path to growth domestically.

ReSelect will be highlighted at the SelectUSA Summit.

Registration for the 2019 Investment Summit is open at selectusasummit.us. We encourage you to join us.

Lastly, I also wanted to note that ITA will host our Discover Global Markets: Powering & Building the Middle East & Africa to be held in Houston, TX on September 29-October 2, 2019.

This Houston conference is the U.S. Commercial Service’s 19th Discover Global Markets event.

This series of events brings together international trade experts from the U.S. Department of Commerce and other private and public sector trade organizations to benefit U.S. companies around the United States.

Discover Global Markets events have hosted thousands of companies and focused on the intersection of industries like health care, advanced manufacturing, e-commerce, and design/construction --with markets like Africa, the Americas, the Indo-Pacific, Europe, and the Middle East.

In conclusion, it is important to underscore how crucial international trade and investment is for the country, and for Rhode Island.
At the Department of Commerce, and at the International Trade Administration, we are fully committed to a trade vision that translates into new export opportunities for the private sector, into fair trade and world-wide intellectual property protection, into market access for all U.S industries, and into an economy that will always be ranked number one in the world with opportunities for all Americans.

I am grateful for your time today and look forward to your questions.

Thank you.