

**ENABLING RURAL BUSINESSES TO GROW AT
HOME WHILE COMPETING ABROAD**

HEARING

BEFORE THE

SUBCOMMITTEE ON TOURISM, TRADE,
AND EXPORT PROMOTION

OF THE

COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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JULY 30, 2024
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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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ENABLING RURAL BUSINESSES TO GROW AT HOME WHILE COMPETING ABROAD

TUESDAY, JULY 30, 2024

U.S. SENATE,
SUBCOMMITTEE ON TOURISM, TRADE, AND EXPORT PROMOTION,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10 a.m. CST, in room SR-253, Russell Senate Office Building, Hon. Jacky Rosen, Chairman of the Subcommittee, presiding.

Present: Senators Rosen [presiding], Klobuchar, Hickenlooper, Welch, Budd, and Blackburn.

OPENING STATEMENT OF HON. JACKY ROSEN, U.S. SENATOR FROM NEVADA

Senator ROSEN. Good morning, and welcome to today's hearing of the Subcommittee on Tourism, Trade, and Export Promotion.

Today we will turn our attention specifically to the important topic of exports. This morning's hearing, "Enabling Rural Businesses to Grow at Home While Competing Abroad," will examine the current landscape for rural export businesses, including the challenges they face when accessing international markets and the Federal resources available to rural business owners as they expand or start their export activities.

You know, exports, they are vital to our Nation's economic prosperity. In 2021, exports of goods and services made up over 10 percent of the U.S. GDP and supported about 9 million American jobs. International trade has similarly become an increasingly important part, well, of Nevada's economy, my home state, with the state exporting \$10 billion worth of goods in 2022, along with supporting over 400,000 jobs. That is a lot of jobs in a state of 3 million people, I will tell you that.

And so in Nevada we export everything from the coal we mine to the alfalfa we grow to the lithium batteries for which Nevada is fast becoming a world leader.

While exporting is a key driver of our national and state economies, it can also serve as a catalyst for growth for many businesses. Access to international markets enables businesses to grow faster, create more jobs, pay higher wages, pay more higher wages, more than non-exporting companies. It is really important. And additionally, exporting can provide a buffer for businesses during the fluctuations in the U.S. economy, providing access to diverse revenue streams, reducing dependence on the domestic market, and enabling them to stay in business.

Small businesses, in particular, play a critical role in our export ecosystem, as they represent over 97 percent of all exporters nationwide, produce nearly a third of our export value, and employ almost half of the country's private sector workforce. And they also make up over 99 percent of all businesses in Nevada—99.2 percent, to be exact.

Despite numerous benefits, many companies have not yet fully capitalized on the opportunities providing by exporting. Only one percent of American companies export, despite over 95 percent of the world's customers living outside our Nation's borders.

The good news is the number of small and mid-sized exporters is growing fast, and has risen threefold over the last 20 years. These numbers are encouraging, especially considering the high-cost environment facing our small businesses today. However, we must ensure that businesses in our rural communities are not left behind when policymakers consider ways to expand export opportunities for small businesses.

Our rural businesses are a hub for export potential, with small businesses, farmers, ranchers, manufacturers, and others exporting billions of goods every year across the agriculture, energy, and manufacturing sector.

While there are clear benefits and growing opportunities for businesses to begin exporting, rural businesses, well, they often face unique challenges when looking to start or expand their export operations. Access to capital is a primary obstacle for many rural businesses, as there are often far fewer banking institutions and financial resources available to them in rural areas compared to larger cities. Given that adequate financing for export businesses is particularly critical due to the high cost of exporting, these capital challenges are compounded for our rural export businesses.

Additionally, rural businesses often lack access to the tools and resources that help them navigate the foreign markets, either due to insufficient broadband access or difficulty, again, finding resources that are located close to home.

Due to these challenges, some rural businesses may need additional support just to get started. In recent years, agencies across the Federal Government have invested in resources for rural export businesses, with the Department of Commerce, the Office of United States Trade Representative, and the Department of Agriculture, and so many others, providing financing options and technical assistance to help businesses tap into those international markets. These resources include rural export centers, which provide customized research tools and analysis to help rural businesses take advantage of new investment opportunities and access new customers in markets abroad. And I am thrilled to say that Nevada is home to the West Rural Export Center, which is empowering business in Nevada's rural communities to innovate and to grow through exporting.

Nonetheless, we know that far more work is needed to support rural businesses to take full advantage of our global markets. Today's hearing is going to help us understand how Congress and the Federal agencies, including the International Trade Administration's U.S. Commercial Service, which this Subcommittee oversees, can better empower rural export businesses.

That is why I am so glad we have an excellent panel of witnesses here today to help us do just that. We are privileged to have joining us Mr. Reed Westcott, the Executive Director of the Small Business Export Association; Mr. Dillon Davidson, Vice Chair of the Nevada District Export Council; and Mr. Gary Salamido, President and CEO of the North Carolina Chamber of Commerce.

Thank you to all of our witnesses for being here today, especially those who have traveled from out of state to participate in person. I look forward to hearing each of you share your experiences and expertise with us as discuss ways to support our rural export businesses.

And I am going to turn it over to Ranking Member Budd for his opening statement. Senator Budd.

**STATEMENT OF HON. TED BUDD,
U.S. SENATOR FROM NORTH CAROLINA**

Senator BUDD. Thank you, Chair Rosen, and thank you to the witness for being here.

You know, as someone who grew up and still lives in rural North Carolina, I deeply appreciate the focus of this hearing. Rural communities across our country are the primary drivers of economic growth, and we rely on these hardworking folks each and every day. It is the farmers, growers, and producers who put food on America's tables. It is the small businesses who employ millions of our workers. And it is the Main Street shops and storefronts that enrich local communities by building trust and reliability over the course of generations.

Bottom line, for America to succeed we need rural America to succeed.

When it comes to government policy, my view has always been that deregulation, coupled with a competitive tax system, holds the key for economic growth. That approach empowers people and gives them the freedom to take chances, to innovate, and to live the American dream. I am proud to say that my state of North Carolina has led the way in pursuing this agenda for years. Our state has been recognized nationally as one of the best in the country to do business in.

Now I am sure our friend, Mr. Salamido, will go into more detail on this and brag on the Old North State, but I do not want to steal any of his thunder.

But I will also say that without collaboration between public officials, particularly the state legislature, which we are so proud of, and private sector job creators, North Carolina's success story would not be possible. I believe that other states would do well to copy North Carolina's policy victories so that they can achieve a similar level of success.

So again, thank you to you all for being here. Thank you, Chair Rosen, and I look forward to a thoughtful conversation.

Senator ROSEN. Wonderful. Well, thank you, Senator Budd.

And I would like to introduce our first witness today, Mr. Reed Westcott. Mr. Westcott is the Executive Director of the Small Business Exporters Association, which is the international trade arm of the National Small Business Association and the Nation's oldest and largest nonprofit association representing small business ex-

porters. In his position, Mr. Westcott is responsible for leading the development and implementation of the advocacy strategy for the SBEA and the NSBA.

Mr. Westcott, thank you so much for being here today, and thank you for your work on advocating for small export businesses. I recognize you now for your opening statement.

STATEMENT OF REED C. WESTCOTT, SENIOR DIRECTOR OF GOVERNMENT AFFAIRS AND FEDERAL POLICY, NATIONAL SMALL BUSINESS ASSOCIATION (NSBA)

Mr. WESTCOTT. Thank you, Madam Chair. Chair Rosen, Ranking Member Budd, members of the Committee, thank you for holding today's hearing on the experience of small and rural exporters and for your ongoing commitment to pursuing policies which ensure these businesses can compete and thrive in the global marketplace.

My name is Reed Westcott, and as you mentioned I am the Senior Director of Government Affairs and Federal Policy for the National Small Business Association as well as Executive Director for the Small Business Exporters Association, which is a council of NSBA. Founded in 1937, NSBA is the oldest nonprofit association representing small businesses, including small exporters.

At NSBA we believe strongly in the role of American small and midsize export, or SME, businesses in the international marketplace. These companies expand the reach of American products and services to global markets, increasing their sales and revenue while supporting the economic growth of the Nation.

Small exporters also play a vital role in their communities. They often source materials locally, support regional supply chains, and contribute to the development of ancillary industries. By engaging in international trade, these businesses bring innovative and diverse cultural and business practices back to their communities, fostering innovation and broadening local perspectives. According to estimates from the SBA, over 1.3 million small businesses are exporters, representing 97 percent of all U.S. exporters. These small businesses are directly responsible for over one-third of all U.S. exports, and believed to be indirectly responsible for even more. That amounts to \$542 billion in known exports from small businesses alone.

Small businesses also represent approximately 85 percent of all businesses in rural areas and provide more than half of all rural jobs. Small businesses are a central thread weaving the fabric of small-town American Main Streets, from Nevada to North Carolina and from Michigan to Alabama.

One example is a company called Air Tractor, which manufactures aircraft in Olney, Texas. Air Tractor provides 400 high-quality jobs in this rural area that are largely dependent on international sales. Their former CFO put it to me recently: "I would certainly tout the advantages of exporting. The process is not fast, but it pays huge dividends. There are certainly impediments for rural small businesses to do exports, but if one is persistent and seeks help the payoff is big."

He notes that jobs have quadrupled since Air Tractor leaned into exports, and that exports now make up 60 percent of their overall business.

Importantly, this excitement over the potential benefits of exporting is not simply anecdotal but is also borne out in the data. In 2022, NSBA conducted a survey which showed that more than half of currently non-exporting SMEs would be interesting in selling goods and/or services to foreign customers if barriers to entry could be addressed.

Forty-five percent of non-exporting small businesses surveyed cite a lack of information and understanding of where to begin as a primary barrier to selling goods and services internationally, making it far and away the number one obstacle. I frequently hear stories about difficulties accessing the wealth of resources EXIM and others provide.

There is a valuable opportunity here for the Federal Government to increase its outreach to SMEs by highlighting resources available through ITA's Rural Export Centers, possibly by utilizing existing community-based help centers, such as SBDCs.

Interagency partnerships are also an ideal starting point to increase the distribution of information and the uptick of resources. A great example of this is S. 4764, the Bipartisan Coordinated Support for Rural Small Businesses Act, introduced by Senators Shaheen and Kennedy late last week. This bill elevates the significance of the Office of Rural Affairs at SBA by creating an assistant administrator and codifying the 2023 SBA and USDA MOU that helps ensure that entrepreneurs who have a greater familiarity with one agency are able to access the resources provided by both. Especially in rural areas, where the varying market penetration of different Federal agencies can create information gaps, this goes a long way.

Strengthening the dormant Office of Rural Affairs would give the government a robust tool to better match Federal programs with rural entrepreneurs. This underutilized office has the capacity to become air traffic control for Federal resources in rural areas, serving as a vital central hub for a dizzying array of programs.

There are also significant hurdles in navigating complex trade regimes, which often impose a heavy administrative and financial burden. To take a first step toward tackling these issues it is imperative that we work toward the harmonization of trade rules. SMEs lack the resources to comply with complex trade regulations, a burden borne far more easily by their large counterparts. An effective harmonization regime can significantly lower compliance costs, democratizing the export space.

Looking beyond harmonization, small businesses would also greatly benefit from trade deals that establish clear rules of the road. These rules should be: (1) transparent and accessible, offering clear guidelines on regulations, tariffs, and procedures; (2) consistent and predictable to help businesses plan their operations and investments; and (3) include support mechanisms such as training, resources, and assistance programs.

Additionally, financing is frequently a challenge, particularly with traditional lenders who may view SMEs as higher-risk ventures. Even for small companies who have secured guaranteed EXIM financing for their products, it can be a challenge to find downstream buyers for those guaranteed loans. It is vital that as Congress examines potential legislation governing financial institu-

tions, markets, and products, lawmakers consider the impacts on small companies' ability to access the capital they need.

In conclusion, while small and rural exporters face numerous challenges in entering global markets, we believe that by streamlining the distribution of information on existing Federal resources, simplifying and harmonizing trade rules, and protecting access to capital, the Federal Government can ensure these companies thrive.

On behalf of NSBA and SBEA, I would like to reiterate the small business community's thanks to the Committee for its attention to these issues, and I look forward to answering your questions. Thank you.

[The prepared statement of Mr. Westcott follows:]

PREPARED STATEMENT OF REED C. WESTCOTT, SENIOR DIRECTOR OF GOVERNMENT AFFAIRS AND FEDERAL POLICY, NATIONAL SMALL BUSINESS ASSOCIATION (NSBA)

Chair Rosen, Ranking Member Budd, Members of the Committee, thank you for holding today's hearing on the experience of small and rural exporters, and for your ongoing commitment to pursuing policies which ensure these businesses can compete and thrive in the modern global marketplace.

My name is Reed Westcott, and I am the Senior Director of Government Affairs and Federal Policy for the National Small Business Association (NSBA), as well as Executive Director of the Small Business Exporters Association (SBEA), which is a council of NSBA.

Founded in 1937, NSBA is the oldest non-profit association representing small businesses, including small exporters. NSBA's founding predates not only other private sector advocates, but also the establishment of many of our public-sector colleagues and partners, including the Small Business Administration (SBA), the United States Trade Representative (USTR), and several of the arms of the United States Department of Commerce (Commerce). Our association comprises more than 65,000 members which operate in virtually every Congressional District across the country and U.S. territories.

At NSBA, we believe strongly in the role of American small and mid-sized export (SME) businesses in the international marketplace. These companies contribute significantly to the U.S. economy by expanding the reach of American products and services to global markets, increasing their own sales and revenue while also supporting the economic growth of the Nation.

In addition to their broader economic contributions, small business exporters play a vital role in their local communities. They often source materials locally, support regional supply chains, and contribute to the development of ancillary industries. By engaging in international trade, these businesses bring innovative and diverse cultural and business practices back to their communities, fostering innovation and broadening local perspectives. As we at NSBA have seen time and time again, the success of small business exporters can transform local economies by increasing incomes, stimulating local investment, and promoting regional development.

According to estimates from the SBA, over 1.3 million small businesses are exporters, representing 97 percent of all U.S. businesses that export. These small businesses are directly responsible for over one-third of all U.S. exports, and believed to be indirectly responsible for even more. That amounts to \$542 billion in known exports from small businesses alone.¹

Small businesses also represent approximately 85 percent of all businesses in rural areas, and provide more than half of all rural jobs.² Small businesses are a central thread weaving the fabric of smalltown American Main Streets from Nevada to North Carolina, and from Michigan to Alabama.

One example is a company called Air Tractor, which manufactures aircraft for agricultural use in Olney, Texas. Olney is a town of around 3,000 people, and Air Tractor provides 400 high-quality jobs in this rural area that are largely dependent

¹Radwanski, Amanda. "Issue Brief: What Do We Know About Small Businesses that Export?" United States Small Business Administration Office of Advocacy. <https://advocacy.sba.gov/wp-content/uploads/2024/03/Issue-Brief-No.-19-Small-Business-Exports.pdf>

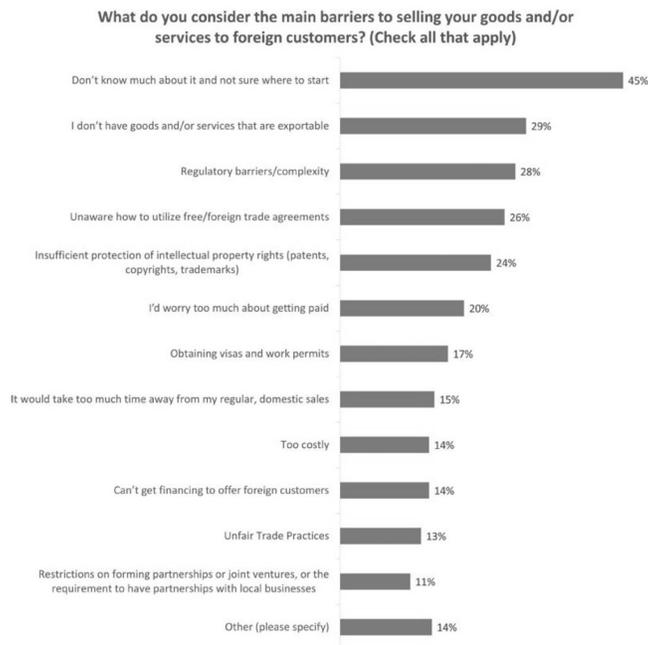
²Wilmoth, Daniel. "Small Business Facts: Small Businesses in Rural Areas." United States Small Business Administration Office of Advocacy. <https://advocacy.sba.gov/wp-content/uploads/2023/08/Fact-Sheet-Small-Business-in-Rural-Areas-508c.pdf>

on international sales. David Ickert, their recently-retired longtime Chief Financial Officer (CFO) put it to me recently:

“I would certainly tout the advantages of exporting. The advantage can be summed up in one word: JOBS! As Air Tractor exports have grown over the years, so have the jobs in Olney, Texas. The process is not fast but it pays huge dividends. When we became more involved in trying to do exports, our international sales were approximately 10 percent of total sales. That percentage has now grown to 60 percent. Jobs at Air Tractor over this period (beginning in 1985) have increased from 100 to 400. There are certainly impediments for rural small businesses to do exports, but if one is persistent and seeks help the payoff is big.”

Importantly, this excitement over the potential benefits of exporting is not simply limited to anecdotal evidence but is also borne out in the data. In 2022, NSBA conducted a survey in partnership with the Export-Import Bank of the United States (EXIM), which showed that more than half of currently non-exporting SME firms would be interesting in selling goods and/or services to foreign customers if their concerns over barriers to entry could be addressed.³

Exporters, and especially small exporters, face unique challenges when compared to their purely domestic counterparts. Small exporters must navigate an intricate and complex web of customs, legal, and other requirements that can vary significantly from country to country; are inherently disadvantaged when it comes to the scale and capital that is typically required to service foreign markets; frequently struggle to find appropriate and effective financing mechanisms for their specific business models; and in general lack access to relevant information and resources, among countless other barriers.



-Figure 1-

According to the aforementioned research conducted by NSBA, 45 percent of non-exporting small businesses surveyed cite a lack of information and understanding of where to begin as a primary barrier to selling goods and services internation-

³National Small Business Association. “2022 Small Business Exporting Survey: How Small Firms Do Business Globally.” https://www.nsba.biz/_files/ugd/601769_a4889edf202049b1bd3cd1584f87b754.pdf.

ally—making it far and away the number one obstacle studied (see Figure 1). In speaking with my members, I frequently hear stories about difficulties small business owners encounter in accessing the wealth of resources EXIM and others provide. For those that were able to access resources, there have also been concerns over the quality of information provided, with some of my members expressing frustration at the often limited understanding of export issues that small business mentors or even staff at their local Small Business Development Center (SBDC) possess.

There is a valuable opportunity here for the Federal government to increase its outreach to SMEs by highlighting the resources available through the International Trade Administration’s Rural Export Centers, possibly by utilizing existing community-based help centers, such as SBDCs.

Interagency partnerships are also an ideal starting point to increase the distribution of information and uptake of resources by rural entrepreneurs. A great example of this is S.4764, the bipartisan *Coordinated Support for Rural Small Businesses Act*, introduced by Senators Shaheen (D–NH) and Kennedy (R–LA) late last week. This bill elevates the significance of the Office of Rural Affairs at SBA by creating an Assistant Administrator position to oversee the Office’s work, and codifies the memorandum of understanding (MOU) signed by SBA and the United States Department of Agriculture (USDA) in 2023. That MOU helps ensure that entrepreneurs who have greater familiarity with—or rely more heavily on—one agency over another are made aware of, and able to access, the resources provided by both. Especially in rural areas, where the varying market penetration of different Federal agencies can create information gaps, this goes a long way to reaching both budding and established business owners.

Moreover, strengthening the Office of Rural Affairs would give the Federal government a robust tool to better match both new and existing Federal programs and initiatives with rural entrepreneurs. The Congressional Research Service noted recently that while the Office of Rural Affairs was initially established by act of Congress in 1990, it, “. . . appears to have been mostly dormant since.”⁴ This underutilized office has the capacity to become “air traffic control” for Federal small business resources in rural areas, serving as a vital central hub for the dizzying array of programs available to rural businesses.

There are also significant hurdles for small exporters when it comes to navigating complex trade regimes, which often impose a heavy administrative and financial burden. The intricacies of international trade laws, varying standards and regulations across different countries, and the need to comply with multiple sets of rules can be overwhelming for small businesses with limited resources. Tariff barriers, customs procedures, and the constant threat of regulatory changes add layers of complexity that can deter small businesses from entering or expanding in global markets. Addressing these challenges through streamlined regulations, clear guidelines, and supportive financial programs is essential to unlocking the full potential of small business exporters and ensuring their contribution to the economy remains robust and dynamic.

To take a first step towards tackling these issues, it is imperative that we work towards the harmonization of trade rules. Harmonization would involve standardizing regulations and procedures across different countries, making it easier for small businesses to engage in international trade. These standardized rules would reduce the complexity of compliance with differing regulatory regimes, making it easier for small exporters to understand—and meet—international requirements. SMEs lack the resources to comply with complex trade regulations—costs which can include legal counsel, certification processes, and modifications to existing products to meet foreign standards, just to name a few—a burden borne far more easily by their large counterparts. By minimizing the need for multiple certifications and adjustments to meet varied standards, an effective harmonization regime can significantly lower compliance costs for small businesses, effectively democratizing the export space for all businesses who wish to participate. The promulgation of clearer and more predictable rules would further allow small business exporters to better compete on a level playing field with larger companies, thus enabling them to expand their market reach, grow their business, and reinvest in the communities they serve back home. Finally, harmonized trade rules would foster stronger trade relationships between countries, as businesses would have greater confidence in the consistency and fairness of international trade practices.

Looking beyond harmonization, small businesses would also greatly benefit from trade deals that establish clear “rules of the road.” These rules should be:

⁴ Congressional Research Service. “In Focus: SBA’s Rural Activities.” <https://crsreports.congress.gov/product/pdf/IF/IF12639>.

1. Transparent and accessible, offering clear guidelines on regulatory requirements, tariffs, and procedures;
2. Consistent and predictable so as to help businesses plan their operations and investments;
3. Should include provisions for support mechanisms such as training, resources, and assistance programs; and establish effective and efficient dispute resolution mechanisms to address any issues that arise and ensure fair treatment of small businesses.

Additionally, as previously mentioned, securing the necessary financing to support export activities is frequently a challenge. For example, several NSBA members have cited access to capital as a primary barrier, particularly in the context of traditional lending institutions who may view SMEs as higher-risk ventures. Even for small companies who have secured guaranteed EXIM financing for their products, it can be a challenge to find downstream institutional buyers for those guaranteed loans. It is vitally important that as Congress examines potential legislation governing financial institutions, markets, and products, lawmakers consider the impacts of financial regulation on small companies' ability to access the capital they need.

In conclusion, while small and rural exporters face numerous challenges in entering global markets, we believe that by streamlining the distribution of information on existing Federal resources, simplifying and harmonizing trade rules, and protecting access to capital, the Federal government can ensure these companies thrive. On behalf of NSBA and SBEA, I'd like to reiterate the small business community's thanks to the Committee for its attention to these issues, and I look forward to answering your questions.

Senator ROSEN. Thank you, Mr. Westcott.

I would now like to introduce our next witness, Mr. Dillon Davidson. Mr. Davidson is the Senior Trade Officer for the Nevada Department of Agriculture, where he leads the department's domestic and international trade programs and economic data services. Mr. Davidson also serves as the Vice Chair of the Nevada District Export Council, which offers resources and assistance to Nevada businesses looking to start or expand their export operations.

Thank you for traveling all the way from Reno, Nevada, to be here with us today, and Mr. Davidson, I recognize you now for your opening remarks.

**STATEMENT OF DILLON J. DAVIDSON, SENIOR TRADE
OFFICER, NEVADA DEPARTMENT OF AGRICULTURE**

Mr. DAVIDSON. Good morning, Chairwoman Rosen, Ranking Member Budd, and members of the Subcommittee. I am Dillon Davidson, and while I serve as the Vice Chair for the Nevada District Export Council, and President of the North American Agricultural Marketing Officials, I am here in my capacity as Senior Trade Officer for the Nevada Department of Agriculture.

From growing up on a tractor, to teaching advanced American farming techniques to rural farmers in Africa while in college, to now striving daily to expand Nevada's agricultural reach into domestic and international markets. For over 5 years, I have overseen food and agricultural marketing, trade, and economic development in the state of Nevada. I am here today to share my knowledge and experience on the impacts and challenges of rural exporters.

Although Nevada is most known for its tourism, gaming, and mining, Nevada's agriculture industries are important to the state's overall economic culture. Outside of Nevada's three urban counties, the remaining 14 counties make up approximately 87 percent of

Nevada's land and have an average population of 2.5 people per square mile. This makes up the majority of the geographical region of Nevada rural.

Agricultural land production dominates these rural areas. In the state's desert climate and topography, the production of onion, hay, and alfalfa flourish. Sixty-one percent of the high-value alfalfa is exported outside of the United States. But these companies successes do not come without hardship.

In 2023, Nevada exported a total of \$9.53 billion worth of goods to foreign markets, with major trade partners being Canada, Mexico, Western Europe, and South Korea. Although agriculture makes up a significant portion of Nevada's rural export economy, mining and manufacturing sectors are also significant contributors, with Nevada being a leader in the lithium loop.

By opening one of nine U.S. Commercial Service Rural Export Centers in the United States in Las Vegas, Nevada has prioritized rural exporters in all areas, through partnerships between key Federal and state agencies, including the Governor's office, economic development, agriculture, and business and industry.

As of December 2023, there are approximately 310,000 small businesses, making up 99.2 percent of all businesses in the state. These businesses employ 504,000 people, comprising 42.8 percent of Nevada's workforce. Of those 310,000 small businesses, there are roughly 3,100 currently exporting.

In recent years, we have seen many rural producers face significant challenges outside of general financial constraints, including lack of expertise and resources, transportation logistics, general foreign tariffs and trade barriers, broadband connectivity issues, and most pressing in Nevada, the decline of rural land due to continued growth of urban populations. The combination of these obstructions is impacting the ability for rural exports to enter or expand in new and existing foreign markets.

Senator Rosen's support in 2021, on pursuing the Infrastructure Investment and Jobs Act, which has passed and signed into law, is a step in the right direction to ensuring that issues like broadband, airports, and roads, which are all key components to rural producers, are maintained, repaired, and expanded as needed.

Through Federal and state partnerships, we can address the biggest challenges and concerns for rural Nevada exporters. Through the state's participation in trade missions and trade shows, we are promoting Nevada rural businesses and placing them in front of international stakeholders with a minimal impact to their operational cost.

Just recently, Nevada represented five food manufacturers at the Seoul Food and Hotel trade show in Seoul, South Korea. and had recent delegation visits to Nevada from Vietnam and Japan, where international stakeholders had business meetings with various Nevada rural producers. Funding programs like this are what embodies the growth of the American economy through the export of agricultural products to address the trade imbalance and ensure American competitiveness in the current and future economic landscape across all sectors of rural America.

Opportunities like the State Trade Expansion Program, Market Access Program, the Nevada Craft Beverage Passport, or the Wom-

en's Farm2Food Accelerator Program, on both state and Federal levels, allow us to tackle another concern of many rural producers, which is the lack of infrastructure in these regions.

The Nevada District Export Council also plays a major role in assisting all Nevada exporters, especially rural exporters, as they face continued challenges. The Nevada DEC has the capacity to facilitate the development of an effective export assistance network and can assist in coordinating the implementation of trade assistance partners to leverage the available resources necessary.

When companies partner with organizations like the state and Federal agencies and the DEC, they are better prepared to enter new markets or expand their existing markets around the world.

Thank you for your time, and I look forward to your questions.
[The prepared statement of Mr. Davidson follows:]

PREPARED STATEMENT OF DILLON J. DAVIDSON, SENIOR TRADE OFFICER,
NEVADA DEPARTMENT OF AGRICULTURE

Good morning, Chairwoman Rosen, Ranking Member Budd, and members of the Subcommittee,

I am Dillon Davidson, and while I serve as Vice Chair for the Nevada District Export Council and President for the North American Agricultural Marketing Officials, I am here in my capacity as the Senior Trade Officer for the Nevada Department of Agriculture.

From growing up on a tractor, to teaching advanced American farming techniques to rural farmers in Africa in college, to now striving daily to expand Nevada's agricultural reach into domestic and international markets. For over five years, I have overseen food and agricultural marketing, trade and economic development in the State of Nevada. I am here today to share my knowledge and experience on the impacts and challenges of rural exporters.

Although Nevada is most known for its tourism, gaming and mining, Nevada's agriculture industries are important to the state's overall economic culture. Outside of Nevada's urban counties of Clark, Washoe and Carson City, the remaining 14 counties make up approximately 87 percent of Nevada's land and have an average population of 2.5 people per square mile. This makes up the majority of the geographical region of Nevada rural.

There are 2,372 family-owned farms or about 76 percent of all farms in the state. There is limited export expertise of these family businesses and there is a substantial opportunity for growth posed by the assistance that is offered in growing foreign business opportunities.

Agricultural land production dominates these rural areas. In the state's desert climate and topography, the production of onion, hay and alfalfa flourish. 61 percent of this high-value alfalfa is exported outside of the United States, but these companies' successes do not come without hardship.

I'd like to share the importance of export support straight from one of Nevada's rural producers who works daily to overcome infrastructure and climate challenges:

I quote Mark Menezes, owner of hay packer Menezes Brothers in northern Nevada:

"I am a rural Nevada business working daily with other rural producers purchasing their hay and alfalfa to be exported, and we experience many challenges. The process of sending our product to the Port of Oakland for international export is not an easy task. I never know if there will be a shipping container for our product, or if my trucks will be able to get over the pass on I-80 due to the inclement winter weather. Assistance from state and Federal agencies is critical to the daily operation of my business and livelihood," Mark sums up well the value our governmental resources add to small and medium sized businesses across my state and the Nation. Their business is no exception, I see the positive impact of these programs daily.

In 2023, Nevada exported a total of \$9.53 billion worth of goods to foreign markets, with major trade partners being Canada, Mexico, western Europe and South Korea. Although agriculture makes up a significant portion of Nevada's rural export economy, the mining and manufacturing sectors are also significant contributors.

When speaking with other rural industries, I would like to share a quote from a mining company in Nevada:

“Nevada is endowed with tremendous natural resources and with mining as the bedrock industry of our state, it is the main driver of our rural economies. For example, Nevada Gold Mines—a joint venture between global mining companies Barrick and Newmont—alone pumped more than \$3 billion into the economy in 2023, which included approximately \$1 billion in high-paying jobs for rural communities. Close collaboration between the county, state, and Federal governments on policies and regulations that protect our environment while allowing our rural industries to thrive must be a priority for Congress and the Administration”.

By opening one of nine U.S. Commercial Service Rural Export Centers in the United States in Las Vegas, Nevada has prioritized rural exporters in all areas through partnerships between Federal and state agencies including, the Governor’s Office of Economic Development, the Nevada Small Business Development Center, the Nevada Department of Agriculture, the Nevada Department of Business and Industry and local economic development authorities.

As of December 2023, there are approximately 310,000 small businesses, making up 99.2 percent of all businesses in the state. These businesses employ 540,004 people, comprising 42.8 percent of Nevada’s workforce. Of those 310,000 small businesses, there are roughly 3,144 currently exporting, which is a 5.1 percent decline from 2022.

In recent years, we have seen many rural producers face significant challenges outside of general financial constraints, including lack of expertise and resources, transportation logistics, general foreign tariffs and trade barriers, broadband connectivity issues, and most pressing in Nevada, the decline of rural land due to continued growth of urban populations. The combination of these obstructions is impacting the ability for rural exports to enter or expand in new or existing foreign markets.

Senator Rosen’s support in 2021 on pursuing the ‘Infrastructure Investment and Jobs Act’ passed and signed into law, is a step in the right direction to ensuring that issues like broadband, airports and roads, which are all key components to rural producers, are maintained, repaired or expanded as needed.

Through Federal and state partnerships, we can address the biggest challenges and concerns for rural Nevada exporters. The current state of the domestic and international economies makes rural exporters uncertain of the future, and sometimes prevents them from trying to enter the market. However, through the State’s participation in trade missions and trade shows, we are promoting Nevada rural businesses and placing them in front of international stakeholders with minimal impact on their operational costs.

Just recently, Nevada represented five food manufacturers at the 2024 Seoul Food & Hotel trade show in Seoul, South Korea and the recent delegation visits to Nevada from Vietnam and Japan where international stakeholders had business meetings with various Nevada rural producers. Funding programs like this are what embodies the growth of the American economy through the export of agricultural products to address the trade imbalance and ensure American competitiveness in the current and future economic landscape across all sectors of rural businesses.

Opportunities like the State Trade Expansion Program (STEP), Market Access Program (MAP), Regional Agricultural Promotion Program (RAPP), Nevada Craft Beverage Passport, or Women’s Farm2Food Accelerator Program on both state and Federal levels allow us to tackle another concern of many rural producers, which is the lack of infrastructure in these regions. Grant funded projects, both large-scale, such as improving port and rail access; and smaller scale, such as packaging costs, give new opportunities for rural businesses to compete with larger corporations.

The Nevada District Export Council (DEC) also plays a major role in assisting all Nevada exporters, especially rural exporters, as they face continued challenges. As a leading organization serving the international business community, the Nevada DEC has the capacity to facilitate the development of an effective export assistance network and can assist in coordinating the implementation of trade assistance partners to leverage the available resources necessary.

In today’s economy, it is the businesses that think and work globally that will thrive. Sources show that businesses involved in international trade outperform those that rely solely on domestic markets. Specifically, agricultural producers and manufacturers that export, on average, receive a higher revenue stream from sales than those that do not. When companies partner with organizations like the state and Federal agencies and the DEC, they are better prepared to enter new markets or expand their existing markets around the world.

Thank you for your time and I look forward to your questions.

Senator ROSEN. Thank you, Mr. Davidson. I would now like to turn it over to Ranking Member Budd to introduce our last witness.

Senator BUDD. Thank you, Chair, and I am pleased to introduce our witness, Mr. Gary Salamido. Mr. Salamido serves as the President and CEO of the North Carolina Chamber, where he has been a steadfast advocate for business growth and economic development throughout our state. His extensive experience and deep understanding of the issues rural businesses face make him a valuable asset to today's discussion.

Mr. Salamido, thank you for being here today and for your ongoing commitment to support our rural communities and their export efforts. We look forward to your testimony and to a productive discussion about how to strengthen our support for rural export businesses.

**STATEMENT OF GARY J. SALAMIDO PRESIDENT AND CEO,
NORTH CAROLINA CHAMBER OF COMMERCE**

Mr. SALAMIDO. Thank you, Chair Rosen, Ranking Member Budd, and members of the Subcommittee. Thank you for the opportunity to offer testimony today on behalf of the North Carolina business community.

We are a manufacturing-heavy state with affordable, reliable energy, right-to-work status, and a competitive tax climate. While we see growth in our urban counties daily, we are seeing jobs announcements in the rural and suburban areas surrounding our major population centers as business looks for land required to build significant operations.

North Carolina's business community and policymakers have worked hard to submit our position as a competitive state for business, nationally and globally. We take great pride in our diverse economy and our private sector job growth.

Reaching this competitive position for North Carolina was intentional. The leadership of North Carolina's dynamic business community charged the NC Chamber with creating and executing a plan for North Carolina that is focused on education and talent supply, a competitive business climate, and infrastructure and growth investment. The plans worked, but we cannot be complacent, if we want to remain competitive and on top, both nationally and globally.

To help our rural businesses access international markets, the need an available and qualified workforce. Unfortunately, many rural areas in our state are experiencing population decline, and birth rates are not keeping up. Our members have ranked workforce availability as the number one issue impacting business for nine years in a row. Federal, state, and local policies that alleviate the cost of living, enable workforce participation, improve quality of life, and grow talent pools are crucial.

Key issues holding our workforce back include: housing, childcare, transportation, and thoughtful criminal justice reform. Forward-looking investments in rural areas that reinforce a sense

of place and belonging are essential, and employment-based immigration is a necessary tool.

Aligning our education systems and business needs is a critical opportunity for North Carolinians. One of the best ways to achieve this is by creating a demand-driven workforce system that is genuinely employer-led, leveraging the U.S. Chamber Talent Pipeline Management framework.

In many of North Carolina's rural communities, agriculture plays a foundational role in the economy, in addition to the essential role that North Carolina plays in the national food security.

With that in mind, the Golden LEAF Foundation and the North Carolina Chamber Foundation, in partnership with the North Carolina Farm Bureau, are championing NC Ag Leads, a strategic planning effort for North Carolina agriculture, an over \$110 billion industry in North Carolina.

Over the last 6 months, NC Ag Leads team traveled the state to facilitate 23 focus groups, reaching 68 counties, and more than 340 members of North Carolina's agriculture industry. This discernment phase identified opportunities and threats to the talent pipeline, land competition, market access, generational concerns, and farm support systems.

Today the biggest challenge to rural business growth is adequate infrastructure. The message is echoed across North Carolina's business community, no matter the size, location, or industry of the business.

Cold chain has been a focus for the North Carolina ports, and they are working to make transporting refrigerated cargo faster and more efficient than ever. These capabilities have broad-reaching significance.

Given North Carolina's significant grocery sector footprint and the perishable import distribution systems that service this growing demand, NC Ports, North Carolina's ports, serves an ideal gateway for the U.S. and East Coast locations. This saves businesses time, money, and distance in reaching consumers. It also creates an opportunity for rural small businesses to serve these critical supply chains.

Many North Carolina farmers have figured out that we cannot have exports without imports. The family farms and multinationals that are producing traditional seasonal crops have been able to leverage their infrastructure to partner with other companies to bring in produce, package it, and sustain a 12-month operation that keeps workers attached.

Cold chain capabilities have implications beyond food. The life sciences industry sees opportunities to increase volume by shifting from air to sea transport. This could be a key piece of expanding our pharmaceutical footprint.

For our state's businesses to be competitive trading partners, we must provide them with a level playing field, which includes combatting bad actors that circumvent fair trade and U.S. trade restrictions.

The success of North Carolina's infrastructure and workforce systems, poised for growth, can be attributed to the strong business climate on which they are built. North Carolina's success has been made possible, and will continue to grow through the commitment

of our statewide business community with a clear vision, and state and Federal leaders willing to act on it.

Thank you for your time today and for your leadership, and we look forward to the discussion.

[The prepared statement of Mr. Salamido follows:]

PREPARED STATEMENT OF GARY J. SALAMIDO PRESIDENT AND CEO,
NORTH CAROLINA CHAMBER OF COMMERCE

Introduction

Chair Cantwell, Ranking Member Cruz, Subcommittee Chair Rosen, Ranking Member Budd, and Members of the Committee, thank you for the opportunity to offer testimony on behalf of the business community of North Carolina today.

North Carolina's economy was long known for tobacco, textiles, and furniture. We have been able to take our past strengths and create an environment for them to evolve into different opportunities in technology, pharmaceuticals, financial services, food processing, and vehicle parts. In the financial sector, Charlotte became the second-largest banking center by income in the country by the end of the twentieth century. Deregulation in banking positioned North Carolina for a robust expansion of an already important industry.¹

We are a manufacturing-heavy state with affordable, reliable energy, a right-to-work status, and competitive tax climate. While we see growth in our urban counties daily, we are seeing jobs announcements in the rural and suburban areas surrounding our major population centers as businesses look for the land required to build significant manufacturing operations.

According to the U.S. Small Business Administration, North Carolina is home to one million small businesses employing 1.8 million North Carolinians. Small businesses represent 99.6 percent of North Carolina businesses, and their employees are almost 45 percent of our state's workforce.²

With a \$111 billion annual contribution to our state's economy, agriculture helps drive a major share of North Carolina's economic success—representing one-sixth of our state's overall income.³ It is a powerhouse industry that continues to be a major employer for the state, providing jobs to 16 percent of employees in North Carolina.

Our quality of life, bolstered by easy access to our mountains and coastline, a temperate climate, and low cost living only add to the reasons employers and their employees want to invest in North Carolina.

A Top State for Business

For a number of years now, North Carolina has been recognized as a top state for business.⁴ That recognition is possible because of a deep commitment to understanding and prioritizing the dignity of work.

Our members understand this deeply. Providing a person with a job connects them with better health outcomes, gives them a sense of purpose and pride, and leads to increased engagement and investment in their local community.

North Carolina's business community and policymakers have worked hard to cement our position as a competitive state for business, nationally and globally. We take great pride in our diverse economy and private-sector job growth.

Reaching this competitive position was intentional. The leadership of North Carolina's dynamic business community charged the NC Chamber with creating and executing a plan for North Carolina that is focused on education and talent supply, a competitive business climate, and infrastructure and growth.

That plan has worked but we know that we cannot be complacent if we want to remain competitive nationally and globally. Our state has experienced frequent and consistent growth, and we must continue to prioritize the policy work that made us competitive for those investments.

Identifying Threats and Opportunities

North Carolina boasts a robust manufacturing base, but this strength must not be taken for granted. To help rural businesses access international markets, they

¹<https://uncpress.org/book/9781469635729/north-carolina-beyond-the-connected-age/>

²<https://advocacy.sba.gov/wp-content/uploads/2023/11/2023-Small-Business-Economic-Profile-NC.pdf>

³<https://cals.ncsu.edu/agricultural-and-resource-economics/wp-content/uploads/sites/46/2017/07/AgricultureAgribusinessReport-2023-digital.pdf>

⁴<https://nchamber.com/nc-competitive-accolades/>

need an available and qualified workforce. Unfortunately, many rural areas in our state are experiencing population decline, and birth rates aren't keeping up.

Our members have ranked workforce availability as the number-one issue impacting their business for nine years in a row. Federal, state, and local policies that alleviate the cost of living, enable workforce participation, improve quality of life, and grow talent pools are crucial. Key issues holding our workforce back include housing, child care, transportation, and thoughtful criminal justice reform. Forward-looking investments in rural areas that reinforce a sense of place and belonging are essential, and employment-based immigration is a necessary tool.

Aligning our education systems with business needs is a critical opportunity for our state's residents and citizens. One of the best ways to achieve this is by creating a demand-driven workforce system that is genuinely employer-led, leveraging the U.S. Chamber Foundation's Talent Pipeline Management framework.

Addressing these issues and supporting growth across all industries, particularly those that ensure a high quality of life for all North Carolinians, will yield tremendous opportunity for our state.

In many of North Carolina's rural communities, agriculture plays an outsized role in the economy, in addition to the essential role that North Carolina agriculture plays in national food security.

With that in mind, The Golden LEAF Foundation and the NC Chamber Foundation, in partnership with North Carolina Farm Bureau and Google, are championing NC Ag Leads, a strategic planning effort for North Carolina agriculture to promote the industry's continued growth and to help the industry address the challenges it faces.

Over the last six months, the NC Ag Leads team traveled the state to facilitate 23 focus groups, reaching 68 counties and more than 340 members of North Carolina's agriculture industry. This discernment phase identified opportunities and threats, as well as the following key themes.

Talent Pipeline: Workforce continues to be a top concern across industries and agriculture is no different. There is a tremendous appetite for workers at all points of the agriculture supply chain. A shortage of workers in our fields, repair shops, labs, and research institutions is impacting both production and productivity across the industry. While technology is being leveraged to address this problem, the reality is even more people are needed to work on the development, deployment, and maintenance of technology in agriculture.

Land Competition: North Carolina is the third-fastest growing state in the country, and competition for land is fierce and expected to increase. Development pressure is driving up the cost of land and impeding the ability to use property freely. Policies limiting the ease of growth inside our cities contribute to the problem as it is often easier to build in rural areas than inside municipal limits.

Market Access: Producers are increasingly concerned about how to get what they are producing to the consumer. Aggregation, processing, and distribution are constant bottlenecks, especially for smaller producers, and while cold-storage infrastructure is growing, more is still needed, making distribution of perishable products challenging.

Generational Concerns: North Carolina is facing an aging farming population and many farm operations will change hands in the next 10 to 15 years. Additionally, the agriculture industry must adapt to the changing preference of the next generation of consumers. North Carolina already has programs that can be used to address generational concerns, but we must make these systems more effective.

Farm Support Systems: Representatives across the agriculture industry raised consistent concerns about unresponsive and overregulated farm support systems. While the programs and efforts are well-intentioned, farmers noted they do not always produce the support promised.

Infrastructure emerges in several of these key themes. Today, the biggest challenge to rural business growth is adequate infrastructure.

Investment in Infrastructure is the Key to Competitiveness

A focus on infrastructure is not unique to agriculture. This message is echoed across North Carolina's business community, no matter the size, location, or industry of the business. North Carolina's businesses increasingly work to find the most efficient way to bring goods to market.

North Carolina Ports recognize the opportunity our state has to lead, and they have made significant investments to help businesses capitalize on ideal distribution

channels, including water, interstate, and rail. The Port of Wilmington boasts the fastest turn times and one of the highest crane productivity rates on the East Coast.

Cold chain has been a focus for the North Carolina Ports and they are working to make transporting refrigerated cargo faster and more cost-efficient than ever. With the recent completion of Phase 2 of its refrigerated container yard, NC Ports now offers more than 1,500 reefer plugs with the ability to increase that number as they expand the Port of Wilmington's container terminal.⁵

There has been meaningful industry investment and substantial growth around the ports that will be instrumental in increasing volumes through our ports. Near the Port of Wilmington, more than one million square feet of new cold storage space is set to come online soon.

These capabilities have broad reaching significance. As one of the Nation's fastest growing states, North Carolina sees a rising demand for year-round access to fruits, vegetables, and proteins. We are now strategically positioned to meet this demand while supporting the continued growth in the export market for our region's pork, poultry, fruits, vegetables, and specialty crops.

Given North Carolina's significant grocery sector footprint, and the perishable import distribution that service this growing demand, NC Ports serves as an ideal gateway for central U.S. and east coast locations. This saves businesses time, money, and distance in reaching consumers.

Many North Carolina farmers have figured out that we cannot have exports without imports. The family farms and multinationals that are producing traditional, seasonal crops have been able to leverage their infrastructure to partner with other companies to bring in produce, package it, and sustain a 12-month operation that keeps workers attached.

Cold-chain capabilities have implications beyond food. The life sciences industry sees advantages to shifting from air to sea transport. While planes have more restrictions on space, ships allow the product to be containerized and moved at a higher volume. This could be a key piece of expanding our pharmaceutical footprint.

Rail is another essential tool and addressing freight rail infrastructure needs and prioritizing collaborative partnerships is a critical component in advancing North Carolina's economic prosperity. The North Carolina Railroad Company (NCRR) has been instrumental in securing new and expanded locations for multiple manufacturing facilities across North Carolina. Overall, NCRR has committed more than \$18 million of its private revenue, resulting in new or expanded locations for 18 manufacturing facilities and supporting the creation of over 14,400 new jobs.⁶

The availability of sites is another key piece to keeping our state competitive. Oftentimes companies do not have the time or budget to wait for municipalities to create infrastructure improvements. NCRR's Build Ready Sites initiative provides essential funding and support to rail-served sites, transforming them into "build-ready" spaces primed for attracting new businesses. The program eliminates common roadblocks to advancement by ensuring the availability of sites that are ready for immediate development, significantly reducing the time and resources required for new business setups. By addressing these foundational needs, NCRR empowers communities to proactively attract new businesses, create jobs, and bolster local economies. To date NCRR has committed more than \$8.3 million to 17 sites in 14 counties across North Carolina.⁷

Built on a Strong Foundation

The success of North Carolina's infrastructure and workforce systems, poised for growth, can be attributed to the strong business climate on which they are built. The overall business atmosphere and cost of doing business are essential to job growth.

We will continue to protect competitive aspects of our legal climate, such as contributory negligence, our workers' compensation system, medical malpractice reform and others, while also advancing reforms that reestablish North Carolina's position as a top-10 state for legal business climate. We will act swiftly on harmful practices such as third-party litigation investment and proposals that would relax our statutes of repose and product liability limitations.

North Carolina leads the Nation with one of the broadest-based and most competitive tax structures for business and individuals of all income levels, while maintaining reliable and stable revenues. We continue to advance tax modernization efforts that further improve North Carolina's overall business climate by streamlining bur-

⁵ <https://ncports.com/port-capabilities/refrigerated-cargo/>

⁶ <https://ncrr.com/economic-impact/ncrr-invests/>

⁷ <https://ncrr.com/economic-impact/build-ready-sites/>

densome regulations, ensuring fair tax administration, improving outdated systems, and simplifying complicated policies.

To be as competitive as possible in attracting new companies and enhancing the economic prospects of all North Carolinians, we will advocate to protect North Carolina's right-to-work statute and ensure every person in North Carolina can pursue gainful employment without the requirement to join a union or pay union dues.

When it comes to trade, we will continue to look to our Federal delegation and our Federal partners to revive Miscellaneous Tariff Bills to provide import duty relief on manufacturing inputs that are not made in America and consider how to close the De Minimis Rule loophole. Most importantly, for our state's businesses to be competitive trading partners, we must provide them with a level playing field, which includes combatting bad actors that circumvent fair trade and U.S. trade restrictions.

North Carolina's success has been made possible—and will continue to grow—through the commitment of our statewide business community with a clear vision, and state and Federal leaders willing to act on it.

Thank you for your time today and for your leadership on this issue.

Senator ROSEN. Well, thank you so much, all three of our witnesses, for their opening statements.

I just want to say I also sit on the Small Business and Entrepreneurship Committee, so that is a good intersection for this Subcommittee and the testimony and things that you are going to tell us about. The opportunities and the challenge that you have all alluded to today really will help us improve, help me improve the legislation that we can put forward for both committees. So thank you.

And we are going to talk about the export barriers to entry first, because exporting can be hugely beneficial to a small business' bottom line, overall success. On average, companies that export earn higher revenues, which can be used to reinvest in their employees, create new jobs, pay higher wages. And given the important role that rural small businesses play as the economic backbone of our local communities, including in Nevada, it is critical that businesses in our rural areas are able to benefit from robust export operation.

Unfortunately, only one percent of American small businesses export, and this has really created missed opportunities for small businesses to generate those jobs and economic growth in communities that really would rely on them.

So to all three witnesses, if you want to say what you think the biggest barriers to entry for exporting our rural small businesses are and what Federal resources exist to help overcome the challenges, or what resources do you need to help overcome the challenges? We want to be sure that our rural businesses have the tools they need to get there.

So let's begin with Mr. Davidson, and then we will go to Mr. Salamido, and then to Mr. Westcott. Mr. Davidson, please.

Mr. DAVIDSON. Thank you, Chairwoman. For Nevada rural producers, the biggest barrier to entry of export is the regulatory uncertainty. Many rural producers do not have the understanding or the knowledge of complying with the complex export regulations, navigating export controls, and custom procedures for country-specific requirements.

Things that are currently in place that can assist these exporters is using the STEP Grant funds or the Market Access Program funds that can allow them to get that export education. So utilizing the state and Federal agencies are key to make sure that they are

getting that knowledge and that expertise so that when they are ready to enter the export market, they are ready.

Senator ROSEN. Perfect. Thank you. Mr. Salamido.

Mr. SALAMIDO. Yes, I echo what Mr. Davidson said. And in addition, it is really about three things. First, it is about the talent. It is about making sure that the talent in our rural areas is aligned with the needs and the businesses that are there. So programs that support that, like the Employer-Directed Skills Act, the Pell Act—thank you, Senator Budd for that. The Chamber fully supports those initiatives and what they do for North Carolinians, in particular, North Carolinians and small business. So talent is at the forefront.

And the other barrier is infrastructure, the roads, rails, ports, water, sewer, all the things that are necessary to do a couple of things. One is to make sure we can get raw materials in and products to market, and that particularly favors our small businesses that are, you know, three, four, five indirect job multipliers to our larger businesses in our non-urban areas. So that infrastructure, the certainty of making sure that they can get to markets.

And third, a good resource is making sure that there are export services and teaching opportunities available to small, rural businesses. In North Carolina, our Small Business Technology Development Center there, which is our arm of the Small Business Administration, has incredible programs that are available to small businesses that demystify and help them understand and manage those issues.

And access to capital also exists through SBTDC. We did a partnership with SBTDC and the North Carolina Bankers Association, the Rural Export Center. It is called “Capital Opportunities,” and it allows small businesses to go onto a website, onto an app, plug in their information, and align them with banks and financial institutions who link to a system.

So it is about talent, it is about infrastructure, access to capital, and removing some of the barriers that Mr. Davidson discussed.

Senator ROSEN. Thank you. Mr. Westcott.

Mr. WESTCOTT. Yes, I could not echo that strongly enough. Pretty much everything that has been mentioned so far comes up. In 2022, NSBA, as I mentioned in my testimony, did a survey, and one of the main questions we asked for folks who are not currently exporting is what are the barriers that you are seeing, what is preventing you from doing this. The number one thing was education, awareness—I don’t know enough, I need to know more about how this process works. But regulation, all these other things that have been mentioned throughout the course of this.

So I think the number one thing that we see is really just understanding of and awareness of the benefits of exporting. And we think that the simplest way to address this would be to really centralize resources, as I mentioned earlier, creating a position within SBA, because that is generally the de facto resources for most small businesses, and especially rural small businesses, that can really elucidate for folks the full roster of resources available to them. I think that is probably the single largest barrier to folks participating is just being able to overcome that information gap.

Senator ROSEN. Maybe a one-stop shop dashboard, and I would add broadband to that infrastructure need there.

I am going to ask one more question before I turn it over to Senator Budd, because it is so important that we do have these Rural Export Centers. And across the country, Rural Export Centers provide invaluable services to small rural businesses interested—like you said, they have got to grow their operations. It really matters, and it is fantastic.

But due to their location, rural businesses have historically faced barriers accessing the counseling and guidance, just like you have spoken about, to reach international markets. Rural Export Centers successfully do bridge this gap by meeting rural businesses where they are, and we are proud to have the West Rural Export Center in Nevada, and it has empowered rural businesses in Nevada to leverage those Federal resources and take full advantage of the benefits of exporting.

Mr. Davidson, can you talk a little bit about the importance of having the Federal resources, our West Export Center specifically, dedicated to the rural export business, and how do you really address the unique needs?

Mr. DAVIDSON. Every exporter and every small business have their own needs and expertise, and having the ability to have the Rural Export Center in Las Vegas is a crucial component and resource for our Nevada small businesses, especially in the rural areas of Nevada. It is really important to make sure that we are getting there in front of them, like you mentioned, coming to them, and showing them the steps of how to get to those Federal resources.

I think exports are a scary word to a lot of small businesses. They think that they have to be this big, multi-billion-dollar company in order to export, and that is not true. A lot of Nevada small businesses that export only export a small percentage, but they are considered an exporter.

So really showing them that they can make that significant change and getting them in front of the resources necessary, through partnerships, through state and Federal level. So we have the Governor's Office of Economic Development and the Small Business Development Center, in connection with the U.S. Commerce. All of us together can work to support all rural exporters in Nevada.

Senator ROSEN. Wonderful. I am going to turn it over to Senator Budd for your 5 minutes. Thank you.

Senator BUDD. Thank you, Chair. And, you know, perhaps this is a holdover from my time in the House on Financial Services, but you mentioned a bank matching tool, I believe, was one of the features. Could you describe that a little bit?

Mr. SALAMIDO. Yes. It is called Capital Opportunities, and it is a program that the NC Chamber, the North Carolina Bankers Association, and the Rural Center came together with Small Business Technology Development Center. And it is an app. What we were able to do is work together through our common memberships and common interests to get banks to put on their lending requirements and access to those dollars online. A small business, a rural area business can go on and plug in what they are looking for and

what their needs are, and they will be connected with an institution that is most likely to be able to help coach them through it, help them become bankable, and also give them access to capital.

So it has been there for almost a year now. It is not as well-known as we would like it to be. We have tried to push it out numerous ways. So it is a great vehicle to get access to capital for small and rural businesses.

Senator BUDD. Thanks for clarifying on that.

Can you talk a little bit about how successful rural exporters have positively impacted communities in North Carolina? I know it is sort of an outsized effect of small businesses in North Carolina, but if you would talk about their impact on small communities.

Mr. SALAMIDO. Yes, it is significant because you need a whole lot of small businesses to support getting products to and from markets. So there are all different types of small businesses. There are trucking companies that do that. There are companies that produce and distribute the boxes that things need to go into. The whole food processing piece.

I think one of the most interesting pieces recently has been the evolution and the investment in cold chain support in North Carolina. It allows our farmers and our smaller businesses to get products to export, and they are fresher because we have cold storage lined up.

The interesting part, too, is other countries, particularly countries around the equator, have figured out how to make sure that when we are not in season they are growing stuff in season, and that import is coming in, and that is helping our small businesses package that information. Well, the cold chain comes in and it allows them to be fresher and get to markets quicker.

So there are more small businesses that are packaging, processing, holding onto their workers throughout the year, which allows them to be more productive when the North Carolina season is in place. So a lot of connectivity there.

And a lot of economic development comes when you have the tech space of those small businesses in those communities that allow the infrastructure investment to take place, in our water and in our sewer and in our broadband with it. So the connectivity of being able to have imports and exports, and what that generates and allows our farmers, particularly our farmers but everybody that supports them, to have seat around-the-year opportunities to continue to connect workers allows them to grow.

So that cold chain, we have not even seen fully the impact that is going to have, but that cold chain capability, the only cold chain between Philadelphia and Miami in the middle of the country, our NC Ports investment in that is very strategic and it is going to help a lot of people.

Senator BUDD. I really look forward to that. You know, you talked a little bit about in your opening statement, my opening statement, about some of the uniquenesses of North Carolina, hoping that some other state legislatures could replicate that. But if you would talk about some of the things we have done uniquely and some of the things that perhaps other states could do?

Mr. SALAMIDO. Thank you, and it was 14 years of hard and disciplined and focused work to get North Carolina to be number one 2 years in a row and to only miss Virginia by a couple of points this last session.

Senator BUDD. It was rigged.

[Laughter.]

Mr. SALAMIDO. Well, don't look at it as we lost. We look at it as Virginia caught up. And what we did is we took a really good, hard look in the mirror a good number of years ago and said where are things working for North Carolina and where are they not. And three pillars were developed upon which to build policies to get us competitive.

The first is education and talent supply, making sure that our education and workforce systems, K-12, community colleges, public and private universities, are aligning not only with what business needs in their workers today but what they need for tomorrow, and how are we making sure adult learners can access those systems. Because the rate and pace of innovation today is incredible, people are going to have to change, quite frequently.

Then we looked at our business climate—tax, torts, civil liability reform, regulatory reform—and said where do we get balanced and fair regulations that are predictable, and that will allow businesses the predictability they need to invest.

And the last is infrastructure and growth, which we have talked about, and making those strategic investments, not only when people are in your state but before they are coming, in order to facilitate the movement of goods and services in people. And you have to do it all together, and it takes a plan, and it takes people of like minds, the business community and business-minded public servants and those in public service and our politicians, to say we are going to make a difference.

So North Carolina worked really hard, starting about 14 years ago, and now we just have to stay there. Because the hardest thing is to stay on top when you are on top.

Senator BUDD. Absolutely. Thank you.

Senator ROSEN. Thank you. Senator Blackburn, I would like to recognize you for your questions, please.

**STATEMENT OF HON. MARSHA BLACKBURN,
U.S. SENATOR FROM TENNESSEE**

Senator BLACKBURN. Thank you so much, Madam Chairman, and thank you to you all for being here today.

Tennesseans are very active in the export marketplace. We have got 6,000 companies that were exporters last year. This is a good thing for us. We know that 82 percent of these companies were small businesses.

Now, you know, most people think of electronic products, cars, transportation sector equipment, those things, as coming from Tennessee. But there is also an area of interest that we have, and Senator Hickenlooper and I have the American Music Tourism Act. And this is about exporting our culture and encouraging both domestic and international travel to our historic music sites.

Mr. Salamido, I would love for you to talk a little bit. You were just talking about farm products and some other things, which, of

course, that is important to us in Tennessee. But let's talk just a touch about the importance of promoting and exporting some of our cultural treasures, like our music?

Mr. SALAMIDO. Well, thank you, Senator. It all comes together in terms of a package that makes your state, our states the best place to live, work, and raise your family. So being able to make sure that we have the balance and the support and the prioritization of our music and our culture is critically important as we look to develop our young people, as we look to make sure that the businesses that are locating through all our states have the ability to access all those different cultural opportunities, for the growth of their children and for the development of their own interests, and it is a critical part of it.

It goes together, right? It is kind of like a Venn diagram.

Senator BLACKBURN. Yes, I think it does. I think it does go together.

Mr. Westcott, I wanted to talk with you a little bit about logistics and some of the work that is being there. Tennessee, as you know, is really America's distribution center when you talk about Memphis, and you have all five Class A railroads that are there. You have FedEx that is there. You have got the river.

And so what are you doing to put the focus to secure supply chains, to have efficient logistics systems in place, especially when you are talking about small and rural areas?

Mr. WESTCOTT. Yes, thank you, Senator. I appreciate the opportunity to talk about that a little bit. So I think we all understand that our supply chains, especially after the pandemic, are significantly more fragile than we initially imagined that they were. We try to work frequently with our folks to kind of get a real understanding of what the barriers they are facing are, to making sure that their supply chains are sustainable.

There is no silver bullet, as much as we wish there was. Every industry is unique, has a different series of suppliers, different macro and micro economic concerns that they are worried about. But we are looking very, very actively at what our membership is telling us and trying to bring that to the Hill and talk to folks about what solutions there might be to make sure that supply chains are more secure going forward than they were pre and during the pandemic.

Senator BLACKBURN. And let me ask you this. With ITA, what are you doing with small business exporters and the ITA to increase opportunities for some of these small and midsized businesses? We have got a company in Tennessee, Ace Pump Company, which is a smaller business, and they recently won their second ITA East Star Award.

So what is being done there to coordinate and open some of these doors of opportunity?

Mr. WESTCOTT. Yes, thank you. So what we try to do is obviously as an association we have a limited ability to specifically act in those spaces. But we do try to push our members as much as possible to take advantage of the programs that ITA and the Rural Export Center, specifically, provide, whether it is RAISE, whether it is EMC, whether it is the WGR. There are a lot of phenomenal resources there for folks to take advantage of, and so we try as

often as possible to kind of educate our folks about what resources are available to them and see how they can get more involved in the process and work more closely with the folks at the RECs from ITA.

Senator BLACKBURN. Awesome. Thank you. Thanks, Madam Chairman.

Senator ROSEN. Thank you. Well, we will give you a second. Senator Hickenlooper is here, and as soon as he is ready to go, we will recognize Senator Hickenlooper.

**STATEMENT OF HON. JOHN HICKENLOOPER,
U.S. SENATOR FROM COLORADO**

Senator HICKENLOOPER. Thank you, Madam Chair. Thank you all for coming and for your service, for all your work, obviously a key issue.

Mr. Salamido, you mentioned that North Carolina, a key theme concerning small businesses, and including the agricultural sector, is the talent pipeline. We are seeing, across the board, a need for skilled workers, particularly in repair shops, labs, mechanical roles, as you highlight.

While technology, as you say, is being leveraged to address the problem, the reality is even more people are needed to work on the development, deployment, and maintenance of technology in agriculture. So, Mr. Salamido, how might work-based learning programs or apprenticeships address this need in small businesses?

Mr. SALAMIDO. Thank you, Senator. It is critical. The rate and pace of innovation is like nothing we have ever seen before. I was going to have one or two careers, but my children and grandchildren may have four or five before it is over because of the pace of innovation.

So work-based learning is critically important. Apprenticeships in our high schools, getting into our middle schools earlier with programs that set up career planning for them and show them the opportunities that are available to them, making sure that our high schools support apprenticeship programs in a variety of different fields, critically important to that.

And creating a culture of adult learning in our young people and in our workforce today. So supporting our businesses that are investing in those folks. They are investing in them. They want to invest in them. It also helps them to be working while they are doing that. And businesses support the advanced education for those young people.

So I think it is critically important. Four-year degrees are important, but there are also opportunities, really good opportunities for people without 4-year degrees that could help work their way to a 4-year degree.

Senator HICKENLOOPER. And certainly creating that flexibility so you can start out not intending to have a 4-year degree, but then once you get into the field, if you decide to make that switch, there is no reason why you cannot continue on and get a degree.

Mr. Davidson, in your testimony you highlight that a lack of expertise and knowledge of logistics, this is a significant barrier for small businesses looking to sell products internationally. You also point out that the lack of infrastructure, many different types of in-

infrastructure, in rural areas, whether you are talking about modern shipping corridors or high-speed internet, this is a barrier for small companies as they seek to expand or transport goods, compete with larger companies, in many cases.

What types of infrastructure do you believe are the most essential in terms of supporting small businesses to grow their businesses?

Mr. DAVIDSON. Thank you, Senator. I think there are two big ones in Nevada that really impact our rural producers, and that is going to be broadband connectivity. Eighty-two percent of rural Nevadans have access to broadband, but there is still a significant portion that do not, and 82 percent that might have access to it might not have good access to it. So it is really important that they have that ability to be connected.

Governor Lombardo has outlined a focus on connectivity in Nevada, and we want to make sure that every producer, rural or urban, has access to it. Even as a state agency we have an Elko office, and we experience the repercussions of lack of broadband connectivity, and funds like the Infrastructure Act is allowing us to provide funds to those rural areas to get them connected, to be part of the rest of the exporting community.

Second would be transportation. Nevada has access to three major ports—Oakland, Long Beach, and L.A.—and a lot of northern Nevada's producers and exporters go to the Port of Oakland. And that requires getting over the I-80 pass, and winter time there, that is not an easy task to do. So making sure that all producers and all exporters have that ability to be able to get to the ports, or rails, or however else they intend to export.

Senator HICKENLOOPER. Thank you. I agree with that completely.

Mr. Westcott, for small businesses securing the necessary financing to support export activities is often given as a challenge, you know, something that is an obstacle that has got to be overcome. This is especially true for small and medium-sized businesses that cannot front a lot of those costs themselves. Transportation costs, overseas logistics, distribution networks, and such, also involve up-front costs for a business initiating a supply chain.

We introduced an Investing in All of America Act to try and increase available capital for small businesses in the SBIC program, the Small Business Investment Company program, to include rural inflation adjustments. Can you comment on how domestic inflation affected many aspects of small businesses' access to capital and impeding their joining the global market?

Mr. WESTCOTT. Yes. I am happy to address that. Thank you, Senator. I appreciate the question.

So inflationary pressures and other financial obstacles, they disproportionately harm small businesses. It is pretty obvious for folks to see that. The access to capital that small businesses have is highly dependent on broader market fluctuations. Often the most vulnerable products in a bank's portfolio to be changed, to be altered are these small business products, which makes it significantly more difficult for small businesses to obtain financing.

I have spoken specifically with some of my members, and one common practice with a lot of the guaranteed EXIM loans that folks get for their products when they sell internationally is to then

sell that loan down on the secondary market to another financial institution, like you would any commoditized financial product. And they have found that because of inflationary pressures, broader market conditions, what have you, financial institutions with which they have had 20-, 30-year working relationships are much less willing to buy that paper down the road. So they are facing it on a couple of different sides there.

Senator HICKENLOOPER. Got it. I appreciate that.

Madam Chair, I would like to—

Senator ROSEN. [Inaudible.]

Senator HICKENLOOPER. OK. Go ahead.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. No, I was going to hand it back, Chairman, to Senator Hickenlooper. I am at the Secret Service hearing, and I think I am up next. So I will put my questions on the record, and thank you very much to our witnesses. I care a lot about this because in Minnesota we are fourth in the country for Ag exports. We just do a lot of rural exports, and this is a great topic, and I thank our witnesses. Thank you.

Senator HICKENLOOPER. Oh, I get a second chance. Now I am just in the way of Senator Welch.

Just a yes-or-no quick. Colorado passed a Right to Repair Act. This is a little bit off the topic but I think it is relevant to each of your expertise. Do you see that as something that is important to let these small, rural businesses be able to operate and repair the things that they have often purchased from large corporations?

Mr. WESTCOTT. Yes, absolutely.

Mr. DAVIDSON. Yes, Senator.

Mr. SALAMIDO. We do not. We think that the innovation needs to exist and allow the companies to work together, because some of the information is proprietary. So we think a balanced approach is possible, but we do not support a flat-out right to repair.

Senator HICKENLOOPER. Good. Now I know who I have to come talk to. Anyway, thank you. Thank you, Madam Chair.

Senator ROSEN. Thank you, Senator Hickenlooper. Thank you, Senator Klobuchar, as well. And we will go now to Senator Welch.

**STATEMENT OF HON. PETER WELCH,
U.S. SENATOR FROM VERMONT**

Senator WELCH. Thank you very much. You know, the incredible opportunity of the export is great, especially rural areas, but in Vermont in the last 10 years we have gone from \$4 billion in exports to \$2 billion. So I want to talk a little bit about how to address that. Some of that is the strong dollar, I know, but others it is just practical implementation questions.

But before I get to that, the EXIM Bank has done something terrific for Vermont, \$169 million loan to BETA Technologies, which is beginning to manufacture electric planes, and that is an extraordinary benefit to get us to net zero and also huge jobs that are being created.

So the initiatives, Mr. Westcott, like Make More in America, really have an impact for us in rural businesses, and about 400

jobs in the state of Vermont at BETA. What should Congress do to continue to promote initiatives that help those small, rural businesses compete at a global scale?

Mr. WESTCOTT. Thank you, Senator. I appreciate that. I think continuing to invest in opportunities to support communities like that is crucial. Whenever Congress has an opportunity to expand the number of opportunities available to small businesses, I think they should certainly be looking to take that.

Regardless of kind of what sector you are looking in or what piece of legislation you have in front of you, I think there are generally ways to expand opportunities for small business, and specifically to increase jobs in the export space.

Senator WELCH. Well, you know, there are a number of programs that are just tough at a practical level if you are a small business, to figure out how to get access to it, even with the best of efforts and outreach. Some of those programs include at the International Trade Commission, SBA's State Trade Expansion Program, the Small Business Development Centers, and opportunities through EXIM that we talked about.

But there are real challenges. You are a small business in Randolph, Vermont. You are a small business in Bennington. What I am wondering about, is there anything that Congress can do, or anything probably on a more practical level that the Administration can do to increase awareness of what those current programs are and make them, in a practical, real-world way, accessible to some of these small businesses that would significantly benefit if it could be an easy process to get access to that help?

Mr. WESTCOTT. Yes, absolutely. Thank you, Senator. So there is a dizzying array, as I mentioned in my testimony, of Federal programs available to small business owners across the country.

Senator WELCH. I am not talking about—that is the emphasis on “dizzying,” OK.

Mr. WESTCOTT. Yes. Many of them are housed at agencies that small business owners would least expect. So USDA has, I believe it is over 50 financial assistance programs for rural applications, and a number of those, 19 that I have in front of me here, are for rural businesses specifically. And I think a lot of small business owners would not go to USDA as kind of their first resource for this.

So as I mentioned in my testimony, if the Office of Rural Affairs at SBA could be empowered to become a central access point for information, if they could really take on—so know the Rural Partners Network is out there. That is something that the Administration has done.

Senator WELCH. To implement what you just said, that sounded like a very practical suggestion, what do we need to do?

Mr. WESTCOTT. We need to make sure that that office is empowered. In S. 4764, that bill specifically calls for the creation of an assistant administrator for that specific office, which has been dormant for a while. I think revitalizing that office and just giving it the mandate to—

Senator WELCH. No, hold on. How do you empower them? That is like making decisions, right, so they can act.

Mr. WESTCOTT. Mm-hmm.

Senator WELCH. What you just said is giving them another administrator, which may be a good idea. But that is not about empowering it. What do you mean by empower?

Mr. WESTCOTT. I think I mean empower in terms of just to give them the base ability. Because right now the office has been dormant. So it was originally authorized in, I think, 1990, and has been largely dormant since. And so by empower I truly just mean give this extant office that does not have a current mandate the ability to go and pull that together, give them maybe a congressional mandate to pull that information together and act as an operations center.

Senator WELCH. OK. And how would you see that rolling out?

Mr. WESTCOTT. I want to leave the specific implementation to the true professionals here. I think I have a limited ability to see exactly how they would operationalize that inside SBA. But I think the rollout of that would be something along the lines of SBA could work with SBDCs and the other community partners they have to advertise the resources that are available. They could mention to folks as they come in that this is a new program that they could take advantage of, where they could come and talk to specific points of contact at the Office of Rural Affairs who would have access to all of the information they need to start a business.

I think starting a central web portfolio is great because so many rural small businesses can access government resources better through online portals than they can through—

Senator WELCH. And it has got to be made really simple, right?

Mr. WESTCOTT. Yes.

Senator WELCH. What about just giving information about what markets may be available to some of our rural enterprises?

Mr. WESTCOTT. Oh, and that is fantastic. So there is a little bit of work already going on in that space. RAISE, the Rural America's Intelligence Service for Exports Research, that is a part of what the Rural Export Centers and ITA is providing. And I think more people would take advantage of that, more small exporters specifically, if we could just point them in that direction.

So I think there are a lot of existing resources like that, that provide a lot of the services that I think we would want folks to have access to. It is more about just making sure they know where they live.

Senator WELCH. OK. Thank you. I yield back. Thank you, Madam Chair.

Senator ROSEN. Well, I am going to kind of continue on this topic because we all need to do more online. And as a person who used to write application software, now known as apps, I think using some of the dashboard and apps that you have all talked about are really important. And I was pleased to say that my Middle Mile Broadband Deployment bill became the base bill for the infrastructure bill that is getting rural broadband out there. We are getting it out to everywhere, because no one can function anymore without it, as everybody has stated. And this is going to help us expand broadband in every community in this country, and particularly in our deep frontier rural communities in Nevada. Very important.

And so I am going to talk about emerging export industries. When we think about rural export industries of course agriculture

comes to mind, thinking about the cold chain storage. Of course, as hot as it has been this summer, cold chain, that does not sound too bad. But the United States is a leading exporter of agricultural products, exporting goods from grains to livestock across the globe. And as Mr. Davidson knows, in Nevada we export alfalfa all over the world every year.

Advanced manufacturing and clean energy also provide critical export opportunities for rural Nevada and rural America. Manufacturing is a key economic contributor for our rural communities, often supporting more jobs, higher earnings in rural areas than in urban areas. And so with surging investment in clean energy technologies, supporting clean energy-related advanced manufacturing in rural areas can provide export opportunities to both current and potential exporters.

As the only state that is home to lithium mine deposits, Nevada has become a hub for electric vehicle and battery manufacturing. And that is why earlier this year I was proud to help secure a Federal tech hub designation and funding for the University of Nevada's Lithium Loop Project, which will create an even more robust, more economic opportunities for us up in northern Nevada.

So I am going to ask you first, Mr. Davidson. Can you speak to the importance of directing Federal investment to emergent industries, like clean energy, but it can be others, and the ways that small exporters can benefit from that? And then I am going to ask Mr. Westcott and Mr. Salamido any comments to add to that, as we build into some of these new emerging technologies, what you might have for that, as well?

But we will start with you.

Mr. DAVIDSON. Thank you, Chairwoman. Investing our Federal investments to clean energy and to other technologies, it is a dry state, it is a hot state. We are always looking for the latest water conservation technology that we can use for traditional agriculture.

You know, Nevada stands ready to be the leader for the full Lithium Loop in the United States, and we are really excited for that. And also solar, with the hot, the sun, I think we can be a leading state in terms of the solar energy.

So I think moving all of these Federal investments to other opportunities like this are key, especially for Nevada rural exporters and producers.

Senator ROSEN. We have more solar jobs per capita than any other state in the nation, so we are on our way there.

Mr. Westcott, can you talk about emerging technologies and what you think some of these investments we are making will help our small businesses and rural communities?

Mr. WESTCOTT. I am happy to. So small businesses are among the most innovative in the country. We have a fantastic economy that allows these entrepreneurs to really roll their sleeves up and get involved in emergent technologies from the ground level. So anything we can do to support that is fantastic.

I think one of the things, going back to what we were talking about before, with online resources, that is one of the greatest things that we can do to support small businesses in these high innovative spaces, is just to make sure that they have access to the resources that they need. Any issues that they have are kind of ex-

acerbated by a lack of access to resources, so that digital divide that you were mentioning before is really crucial for us to overcome in that space.

Senator ROSEN. Thank you. Mr. Salamido.

Mr. SALAMIDO. Thank you, Senator. North Carolina enjoys, right now, reliable, affordable energy, and an all-of-the-above energy strategy is one of the things that makes it work. I think as we look to expand into other technologies, more and more energy will be required. So looking at advanced nuclear energy and facilitating the development of clean, advanced nuclear energy will help our manufacturers and help our businesses and help those small businesses that are a multiplier effect of those. It will create more energy, it will be cleaner energy, and it will also free up energy that is currently on the grid for our smaller businesses and keep it affordable for our consumers.

So an all-of-the-above energy strategy that takes the clean energies and takes the energy we have, the transition to our clean energies makes a whole lot of sense, and keeping everything on the table will keep it affordable and reliable, and that is key for small businesses that are innovating.

Senator ROSEN. Yes. I would add water-smart technology to that too, as we think about places that have too much and places that do not have enough.

Senator Budd.

Senator BUDD. Thank you, Chair. Just to carry on, continue on with something you were speaking about with Senator Hickenlooper a few minutes ago, you mentioned workforce availability being a very critical issue, not just for North Carolina, but I imagine the other states and territories, as well.

So I have been actively working on this issue and have introduced several pieces of legislation to deal with this. One is—and I think you mentioned this in your opening comments—The Pell Act, but also the Employer Directed Skills Act. Could you talk, Mr. Salamido, about how these bills could specifically help solve the workforce shortage, particularly in rural areas?

Mr. SALAMIDO. Thank you, Senator, and again, thank you for both of those bills. It is about workforce, workforce, and workforce. They ask us the top three issues are talent, talent, and talent. But looking to make available resources, particularly to our adult learners, but to all of our learners, our veterans. For example, 20,000 veterans get discharged from North Carolina bases every year, so making resources available to them to get the skills they need to stay in North Carolina, or wherever they are going to, are critically important for that.

The transparency in those bills is critically important to helping make it simpler for those folks that want to get reeducated, retrained for the jobs of today and tomorrow are critically important.

Also for thoughtful—in the area of criminal justice reform, thoughtful criminal justice reform. There are a whole bunch of folks out there that are nonviolent folks, that have gotten caught into the system. So getting thoughtful criminal justice reform combined with workforce systems and the support for those systems, that the two pieces of legislation that you have put forward provide, are incredibly important.

We have more jobs than we do people, and our birth rate are down. So we have to look at our existing communities and what people are there, and then make sure that they can get trained and retrained to have long, viable careers until our birth rate catches up one day again. But we have so much opportunity, and there are just not enough people to fill them.

So with the people that we have, the programs that you have put forward, the bills you put forward, combined with the workforce initiatives that Senator Hickenlooper talked about, are critically important, not only for the people that are in our state, but for the way we attract talent to our state, to help stay competitive.

Senator BUDD. If I may continue on, you mentioned something. Fourteen years ago a market shift in our state, around 2010, and I was able to thank Senator Tillis when he was in the state legislature. And he was the Speaker of the House then, and some other leaders had come to Washington last night, and they were in the room, and he had done a good job of passing the baton before he came here to Washington.

But if you would talk a little bit about that shift, where we became business and opportunity friendly and now we can see the results, multiple years in a row, being the best place in the Nation to do business, and now we are competing with Virginia, it seems. But if you could talk about that shift, and sort of talk about where those ideas come from and how it is not government solving but it is government working in collaboration with great private industry leaders, how do we take good ideas, bring them to the surface, and carry on? I am sure in other states they have got great ideas, as well, but how do we allow those to surface and not extinguish these good ideas, so that we can continue to innovate and grow in different states?

Mr. SALAMIDO. Thank you, Senator. The first step is to hold up a mirror to yourself and have the courage to know what you are not good at, and to look at the economy and to ask the hard questions early on. So that is what we did. The business community came together with business-minded public officials and said, OK, what are we not good at? And we got really courageous and thoughtful about that.

And then we put them into buckets, that I talked about earlier—education and talent, competitive business climate, infrastructure—and then made the conscious decision that we have to do them all, and how do we do them. Well, let's take bites out of them. Let's take one-year bites out of each of those things, because we know where we want to be. Back then they were saying 3 million people were going to come to North Carolina by 2030. We surpassed that about 5 years ago, right, and they are continuing to come for our quality of life, they are continuing to come for a good job and a good place to raise their family.

So you have to look in the mirror. You have to make the hard decisions. You have to realize you have to do it year after year, and never be complacent. And that is why North Carolina has been so good. It was really courageous back in 2010, 2012, because a lot of folks were indicating that that is too much, too fast. But we did not. We did it at a good and a balanced pace, whether it was tax

reform, whether it was regulatory reform, or whether it was infrastructure investment, and diversifying how we pay for things.

So it takes courage up front, and then just a steady one-year plan to execute on that. And then the best time to change your game is when you are on top of your game, continue to make those hard investments in our education systems now, and in our infrastructure systems, and protect the paper on the good policies that we have passed.

Senator BUDD. I know you talk with a lot of your other colleagues around the country. What is something that discourages the surfacing of these good ideas in leadership? I am sure you see it done poorly. But without naming names, who has done it wrong and what discourages growth?

Mr. SALAMIDO. A lack of predictability. I mean, businesses, as you know, being a business owner, you just want a steady, predictable—you want to know what the rules are. And you want a judicial system and a legal system that calls balls and strikes. So not having that predictability keeps investment on the sideline, because you want to know if you are going to put your investment in, not only what it is worth today but what is it worth tomorrow, and am I going to be able to generate more jobs tomorrow because I am certain of what I am going to be facing.

So I think when you look around, wherever there is uncertainty, wherever there is volatility, wherever there is lack of predictability in a legal climate, unbalanced regulations that go too far in either direction, I think those are the things that businesses say, hold on, let me wait a little bit and see before I invest.

So to the extent that our state and other states can balance that out and have a clear plan, that helps businesses invest.

Senator BUDD. Thank you, Chair.

Senator ROSEN. Thank you. I would like to recognize Senator Klobuchar. She is remote. Thank you, Senator Klobuchar.

**STATEMENT OF HON. AMY KLOBUCHAR,
U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. Thank you. I returned. And I appreciate you letting me say that minute, but I got my questions done in a very important hearing here. And this really matters to, as I noted, our state a lot, and I just do not think there is enough emphasis on rural export, when over 95 percent of the world's consumers live outside the U.S., and there is literally a world of opportunity. So I really appreciate the Chair and the Ranking Member's focus.

One of the things that U.S. exporters in my state were very concerned about, and continue to be concerned, is just the cost of shipping. And that is why Senator Thune and I teamed up several years ago to pass the bipartisan shipping reform bill, that the President signed into law. And that was a major effort out of the Commerce Committee, and actually the rates went down for quite a while. They are still not where they were at the peak of the pandemic, which is good and affects manufacturers and farmers. There are still some issues that I have been hearing about the effect of terrorism and other things on shipping rates.

But Mr. Davidson, can you talk to the importance of having a reliable, resilient supply chain when it comes to exporting?

Mr. DAVIDSON. Thank you, Senator. Yes, supply chain is a huge factor, especially for agriculture and food production. With Nevada exports primarily utilizing the three key ports of Oakland, L.A., and Long Beach, the likelihood of exports being taken advantage of at the port is likely. But thanks to the bill that you and your colleagues passed, it has helped protect those producers from being declined at the port.

Although that part is taken care of, we do see some struggles with our southern border and getting our fresh onions into the Mexico market. They passed all of the USDA and U.S. regulations, and then when they get into the market they get denied and sent back, and then that producer is no longer allowed to import into the Mexican market.

So I think there is still work to be done on getting exports out there. I think the Ocean Shipping Reform Act is one step, but to continue those efforts.

Senator KLOBUCHAR. Very good. Mr. Salamido, Brand USA, as Senator Rosen is well aware with her work on tourism and her leadership, is a public-private partnership that promotes international tourism in the U.S. It does not use taxpayer dollars. It uses fees on visas, on visitors from foreign countries. It has generated \$56 billion to our economy, this foreign travel, since 2013. It supports about 40,000 jobs each year. Senators Blunt and Moran and I have worked on this for years, Blunt when he was here.

Talk about how the Congress can support tourism in rural areas. Again, this is one of those exports that you do not think of it as an export, because it is not like a sugar beet. But could you talk about how you can actually make money off of tourism in rural?

Mr. SALAMIDO. Thank you, Senator, and thank you on your work on Brand USA, because tourism is a critical component of North Carolina's economy, from the mountains to the coast. For us, it is a total direct spending is about \$35 billion a year. We employ over 227,000 folks in the tourism industry throughout there. And those areas are in non-urban and rural areas, so it is critically important. We appreciate the work you have done on Brand USA.

We have a public-private partnership in North Carolina for economic development also, and a key arm of that is tourism, and making sure that those jobs that are in rural areas, that allow people to explore mountains and rivers and our coast and everything in between. So critically important to what we do.

Our visitor spending per day is almost \$100 million in North Carolina for tourism-related activities. So that is a lot of small businesses, a lot of rural businesses who can feed their families and invest in their communities because of the importance of tourism to our rural community.

Senator KLOBUCHAR. OK. Mr. Westcott, the Rural Export Center in Fargo, North Dakota, which also helps that part nearby of my state, provides data analytics and resources to support small businesses in rural areas. Senator Hoeven and I have long led the Promoting Rural Export Act to authorize this center permanently. Can you talk about the role that data analytics plays in supporting small businesses? So it is basically so they know where to go with their product, when they do not have an entire arm of a small business of 20 people may be devoted to exporting in Kazakhstan or

other places, like some of our big businesses have trade experts in regions of the country that small businesses just would not be able to have the funding to hire.

Mr. WESTCOTT. Yes. Thank you, Senator. I appreciate the question. I think you hit the nail on the head there. The big thing is these centers and the resources and the research that they provide are allowing small companies to compete on the global stage, in areas where they would not be able to otherwise. It provides them with insights, tools, and data that was previously reserved only for the biggest corporations who were able to operate in multiple markets all over the world and finance folks in the most far-flung destinations.

So these centers are crucial. They provide folks with much-needed data to understand the size of the potential market they are working with, who their potential partners might be, given them just generally a 30,000-foot look into the potential market they are exploring internationally. So they are fantastic, and we are very, very happy to see them continue this for small businesses.

Senator KLOBUCHAR. Thank you. And I will do my last question on the record because everyone has been so patient. But it is about the importance of the farm bill passing, Mr. Davidson, and the Ag export piece of this, with both the Market Access Program and the Regional Agricultural Promotion Program, which play a key role in rural as well as some of the other things we have talked about today.

So hopefully we can get that farm bill done this year.

Senator ROSEN. Thank you, Senator Klobuchar.

Senator KLOBUCHAR. Thank you, Senator Rosen.

Senator ROSEN. I appreciate it. I had one final question, and so does Senator Budd. So I want to just make a comment about workforce, and I am just going to ask everybody a yes or no, because we need workforce and we need capital, right. They have to exist together.

So does everyone here support expanding apprenticeships, internships, and incentives? Would that be a good thing to help our rural businesses? You can just—

Mr. SALAMIDO. Emphatic yes.

Senator ROSEN. Emphatic yes. Mr. Davidson?

Mr. DAVIDSON. Absolutely, Senator.

Senator ROSEN. Mr. Westcott?

Mr. WESTCOTT. I could not agree more.

Senator ROSEN. Yes, I know many of us have bills. I have a bill. You talked about adult education works for returnships, people who have stepped away from the workforce, maybe for childcare or elder care or other kinds of issues in their life, so they want to upscale or rescale. So these are really important.

But I am going to move on to the second piece of this, which is access to capital, because you need people and the finances to do things, right? So small businesses, we know they often cite a lack of access to capital, and one of the main obstacles they have reaching their foreign markets. So it is really vital. And exporting activity can actually just be more costly than domestic business due to its complicated regulatory hurdles and logistics, as you have all alluded to.

And so despite its importance to their operation, rural export businesses face significant barriers accessing capital, with many relying on a dwindling number of small banks, local banks for financing. You have spoken about this too, Mr. Westcott.

I am going to ask each of you a little bit different question. Mr. Westcott, what specific characteristics of export businesses make financing particularly difficult, and how can we exacerbate these challenges in rural communities? And then I will have a separate question for each of you.

Mr. WESTCOTT. Thank you so much, Senator. I appreciate that. So the number one thing that I heard in talking to my members about this exact issue was they have noted that a lot of banks have an issue with the specific sizes of loans that they are looking for. So given economic headwinds, inflationary pressures, other financial uncertainty, banks, in some of my members' experience, tend to prefer giving a single larger loan to a larger business or a larger operation that has that guarantee tied to it, as opposed to the corresponding 10, 15, 20 smaller loans that would kind of feed into that.

So I think it is really a size issue, as well, as much as anything else.

Senator ROSEN. Thank you. And so Mr. Davidson, how can Congress expand and strengthen existing Federal export finance programs to better reach rural businesses, and if you could talk to us about the structural barriers or the requirements that make these programs difficult for small businesses to access? Maybe they want large loans, not the micro loans, right?

Mr. DAVIDSON. Absolutely. Thank you, Senator. I think just being able to expand on the existing programs that we have and really looking at the Federal export finance programs and SBA lending programs. I mean, especially in the food and Ag sector, it requires a lot of loans. We actually have a 24-year-old farmer in Fallon, Nevada, who is currently \$2 million in debt because he needs to purchase land and equipment to be able to have a livable production facility. It is not sustainable for younger producers or, frankly, anybody.

So by looking at these lending programs and the financial constraints to be able to kind of relieve some of these, maybe it is a lower interest rate on some of the loans or more access to be able to get into these loans. Because where is a 24-year-old going to find \$2 million to be able to build their business?

Senator ROSEN. Yes. We have a lot of wonderful young folks in Nevada that do want to do these things.

Mr. Salamido, I am going to finish my last bit of question with you about the private sector. What private sector financing options are available to the small rural export businesses, and how might we partner better?

Mr. SALAMIDO. Yes, a real hidden gem that we all need to do a better job of, getting the information out about our Small Business Administration groups, units, within our states. Our SBTDC has about 7,000 clients right now, and that is money that the Federal Government has put forward and North Carolina government has put forward to give small businesses, of all sizes and shapes, understanding on how to get into the export market, how to access

capital. And it is there at no cost to the small business. It has been paid for with their tax dollars already, and the SBTDC sits there and brings people in and helps them become bankable.

And that is why we created the Capital Opportunities app. Let's use the small business experience. Let's create an access to the capital. The capital is there. We have to help small businesses understand how to get bankable and that there are resources there available to them. On our 17 campuses of our university system, they are all right there.

Senator ROSEN. Fantastic. I am going to turn it over to you, Senator Budd.

Senator BUDD. Thank you. Mr. Salamido, you know, banking deregulation has been huge for North Carolina in recent decades. But kind of using that as an example, are there other areas, specifically if there was deregulation or if there was regulation reform or outright removal, is there any area specifically that would help North Carolina's economy, and it would specifically help rural economies if there was deregulation reform or outright removal of regulatory constraints?

Mr. SALAMIDO. Yes, I think there are two specific areas related to workforce where regulatory reform, modernization, and elimination really would be helpful. One is in childcare. In childcare right now, if two people are working it is really difficult to get childcare that facilitates work. It is very expensive. So there are ways to modernize and look at our childcare regulations, keep our children safe by all measures. But let's look at how we use innovation, how we use our young people, how we use our education, and what are educational requirements for childcare workers, making sure they are aligned with today's economy and what the needs are in those areas. So I think childcare is an area.

Housing is a significant area. As we look at permitting reform, how do we make sure that we modernize our permits. I think it affects two things. It affects our urban areas and it affects our rural areas, because of the competition for land. So if we allow and free our urban areas up to appropriately modernize their permits to allow for different ways, that also keeps the urban areas from expanding into the rural areas for housing and land.

It becomes really complicated when there is this generational shift going on in our agriculture community now. There are just not as many young people and big families as there were before. So a farmer who has had a farm for a long time has to be able to get something out of that, and if there is no one to give it to then the competition for land goes up significantly.

If we can do permitting reform to allow our urban areas not to necessarily need to expand out into our rural areas as much, I think it will be significant.

So housing and childcare are two particular areas. It should never take us longer to permit something than it does to build it.

Senator BUDD. That is often the case. Thank you so much for coming up, and I thank the panel.

Senator ROSEN. Well, I want to thank all the witnesses. We have a lot of notes and a lot of work to do. I sit on both committees of jurisdiction. I do want to say, Mr. Salamido, that Senator Ernst and I have a great bipartisan bill we have been working on called

the Small Business Child Care Investment Act, that allows the SBA, if you are a nonprofit, if you are a church, a synagogue, a boys' and girls' club, a YMCA, any other nonprofit, it allows you suddenly access to SBA resources to put up childcare. Because there are childcare deserts all across this country, urban and rural, affordability, availability. We have even had senior centers who say, look, we have the land, we have commercial kitchens, they are nonprofit, we could put up childcare right on our campus, which would be very helpful in some of our rural communities.

So we are trying hard to get that passed, and like I said, it just removes the guardrails for nonprofits to be able to do that and address this very issue you are talking about.

But I want to thank all of you so much for participating in today's hearing, for the hard work you are doing, for the thoughtfulness and care that you are putting behind what you are thinking about, how you are planning for the future, how you are reaching out to our communities, reaching out to our small businesses, whether they are as young as 24 years old, people who want to start out, or we do not want to say going up in maybe the family farmer who wants to give it to their grandchildren. And so it is really important.

We really appreciate examining the rural export businesses, the landscape for that, and your testimony has just been terrific.

So the hearing record will remain open for two weeks, until Tuesday, August 12, 2024. Any Senators who would like to submit questions for the record should do so by Tuesday, August 12, 2024. And for those of you who testified today, we ask if you get those questions for the record that your responses be returned to the Committee as quickly as possible, and in no case later than two weeks after receipt.

That concludes today's hearing. Thank you again.

[Whereupon, at 11:26 a.m., the hearing was adjourned.]

