

Testimony of

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Field Hearing Testimony
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State of Vermont/Vermont Global Trade Partnership
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Senator Leahy, for the record, my name is Dana Eidsness, and I am the Director of International Trade for the State of Vermont, as well as the Director of the Vermont Global Trade Partnership. I want to thank you for the opportunity to speak on these important issues.

The Vermont Global Trade Partnership (VGTP) is Vermont's center for international business assistance and provides international market research, trade technical assistance as well as educational programs on topics important to Vermont businesses.

So far in 2007, the VGTP has completed over 350 international market research and technical assistance projects for Vermont businesses. We are able to serve so many companies largely owing to a federal earmark you made possible for us which among other things, I use to support our very successful internship program at Champlain College. With this funding, the VGTP trains and supervises student interns from Vermont colleges and universities. These are paid internships, training the future business leaders of Vermont. Through their work with us, we expose them to the state's most internationally-active businesses and more than quadruple our research output capacity.

Since the inception of the VGTP in 2004, the funding you provided has helped us support over 1400 Vermont business and organization contacts through research and technical assistance, educational programs and trade missions. Our services were responsible for \$23 million dollars in exports last year for small and medium-sized businesses in Vermont. I want to take this opportunity to thank you for this and your continued support of my program.

Increasingly, our technical assistance requests have centered on topics related to the logistics of doing business with Canada--we have inquiries regarding NAFTA compliance, shipping documentation, understanding Canadian Goods & Services Tax and Provincial Sales Tax, how to participate in Canada's Non-Resident Importer Program, and of course, questions regarding confusion over border crossing regulations.

The VGTP and its partners are seeing a greater volume of small and first time exporters interested in the Canadian market. This may be partially due to the parity of the Canadian dollar to the U.S. dollar; it is most definitely attributable to increased internet access and the global market exposure that a web presence affords these companies. For example, AI's snowmobile is selling product to customers on nearly every continent in the world from right here in Newport. Marketing for this company is done almost exclusively over the internet. 60% of AI's Snowmobile orders are coming from Canada.

Vermont businesses are retaining jobs and are growing because of opportunities to sell products and services to the market next door. A free and open border for Vermont manufacturers, R&D, and retail businesses is more crucial than ever if our businesses and organizations are to remain globally-competitive.

The United States and Canada enjoy the largest bilateral trading relationship in the world, with more than \$1.3 billion in goods and services crossing the border every day.

More than 300,000 business people, tourists and regular commuters travel between the United States and Canada daily.

Trade with the world--both exports and imports of goods and services create jobs in Vermont. Today, trade supports over 77,000 jobs in our state. Vermont's export shipments of merchandise in 2006 totaled \$3.8 billion dollars--our exports increased 51 percent from 2002 to 2006.

Our businesses exported to 148 foreign destinations in 2006 and it's no surprise that the state's largest market by far was NAFTA member Canada, which received Vermont exports of \$1.7 billion dollars or 44 percent of Vermont's merchandise export total.

A total of 828 companies exported goods from Vermont locations in 2005. Of those, 86% were small and medium-sized enterprises (SMEs).

Foreign-owned companies in Vermont, the majority of which are Canadian, employ more than 11,300 workers, nearly 4.3 percent of Vermont's private sector employment.

17,500 Vermont jobs are supported by U.S.-Canada trade.

In 2005, Vermont was Quebec's number 2 export destination in the world (behind NY) with over \$3 billion in exports to our state. We are perennially in the top 10 as an importer of Quebec's goods, sharing in the top ten ranking with the likes of the UK, China, Germany, France and New York.

Vermont and Canada have a long-standing, mutually-beneficial trade relationship. The prospect of complicating a process which is already overwhelming to many small and first time exporters--many of whom cross the border to deliver shipments themselves is worrisome.

The Western Hemisphere Travel Initiative (WHTI) requirements for air travel took effect on January 23, 2007. Since then, delays in processing passport applications under the WHTI air travel rules have resulted in a considerable backlog of applications, which in turn has resulted in significant inconvenience and costs to thousands of Americans. Premature release of the land-border rules will result in greater passport backlogs.

In the US and Canada citizens have come to rely on their drivers license as evidence of who they are. We have long relied on our license as being the only identity document needed, whether it is for opening a bank account or a quick trip across the nearest land border. The Western Hemisphere Travel Initiative (WHTI) is about to change that.

To date very few studies have been conducted on what, if any, economic impact WHTI may have on US Canadian travel, tourism or trade. My clients are concerned about the expense, the inconvenience of passport processing delays, delays crossing the border and how these issues will impact their flow of business.

Governor Douglas and Secretary Michael Chertoff (Department of Homeland Security) signed an agreement on September 26th 2007 that will allow Vermont to issue an Enhanced Driver License and ID card (EDL/ID) to Vermont citizens to use for cross border purposes.

The State of Vermont plans to begin issuing the EDL/ID in late 2008. The EDL/ID will securely denote identity and citizenship, and will become an acceptable alternative to a passport for re-entry into the U.S. at land and sea borders between the U.S., Canada, Mexico, Bermuda, and the Caribbean.

The State of Vermont believes that in order to preserve the economic gains of recent years, and to allow for free and easy travel between Vermont and Quebec it is equally important for the citizens of Quebec to have easy and affordable access to an Enhanced Drivers License. To date, there are no plans for a reciprocal arrangement.

Vermont's trade with Canada is tremendously important to our economy, and the Western Hemisphere Travel Initiative will have an impact on our businesses, the communities we serve and the Vermont and American economies. I understand the importance of secure borders for our State and Nation and I encourage measures to create an affordable, simple solution for businesses, tourists and commuters to travel across our borders for the mutual benefit of our economies and for the continued growth of our cultural and educational ties.

Thank you again Senator Leahy for allowing me this opportunity to outline the importance of ensuring efficient border crossing for Vermont's people and commercial goods; and a special thanks to you and your staff for the work you do to support Vermont businesses.