



June 9, 2006

Albert A. Frink
Assistant Secretary of Commerce
Manufacturing and Services
U.S. Department of Commerce
14th and Constitution Ave, NW
Washington, DC 20230

Dear Al:

Thank you for assisting the global efforts of U.S. manufacturers and making export promotion a high priority for your office.

Attached is a letter that the Association of Equipment Manufacturers' president, Dennis J. Slater, sent to the Subcommittee on Science, State, Justice, and Commerce and Related Agencies addressing the issue of budget cuts to OMB Circular A-25 and Fee Offsets, the Market Development Cooperator Program (MDCP), and Office the of United States Trade Representative.

AEM has expressed its disappointment for all the programs that are affected by the proposed cuts, but we are particularly concerned about the halt of funds to the MDCP grant which contributed seed money to the establishment of the AEM Beijing, China office. Through this office, AEM has been able to help members effectively do business in a complex China marketplace. In addition, the existence of the Beijing office played a major role with the inaugural AEM-owned CONEXPO Asia. CONEXPO Asia was very successful, yielding 192 exhibitors and 9,293 attendees representing more than 70 countries.

Due to the assistance of the MDCP grant program and other export assistance programs, U.S. manufacturers are able to enhance their global competitiveness. It is imperative that Congress not only to continue its funding but increase funding for the upcoming years of the MDCP grant.

Sincerely,

Nick Yaksich
Vice President, Global Public Policy
Association of Equipment Manufacturers

Enclosure



June 7, 2006

The Honorable Frank R. Wolf
Chairman
Subcommittee on Science, State, Justice and Commerce and
Related Agencies
H-309 U.S. Capitol Building
Washington, D.C. 20515

Dear Mr. Chairman:

On behalf of the Association of Equipment Manufacturers (AEM), I am writing to address our concerns with the appropriations bill for the Subcommittee on Science, State, Justice, and Commerce and Related Agencies for FY 2007.

AEM is the North American-based international trade group providing innovative business development resources for manufacturers of equipment, products and services used worldwide in the construction, agriculture, forestry, mining and utility fields. AEM also owns or co-owns and produces several international trade exhibitions which are the industry leaders for their market segments.

AEM urges you to support and assist companies against the effect of the budget cuts in regards to the OMB Circular A-25 and Fee Offsets, the Market Development Cooperator Program, and the United States Trade Representative (USTR).

OMB Circular A-25 and Fee Offsets

With the full recovery requirement placed on the Foreign Commercial Service (FCS), services that were offered to American companies free, or at a nominal cost, to help them do business across the globe, is diminishing. In addition, the increase in fees for programs that were affordable to small medium enterprises (SMEs) is creating additional barriers of trade for American companies. With our growing trade deficit and American companies not having the opportunity to compete on equal grounds with some of their foreign competitors, the United States should be doing more, not less, to promote U.S. exports. Due to the A-25 process, OMB wants to cut FCS funding by an additional \$12 million believing that FCS can charge for its services to cover that amount. This is placing a tremendous amount of pressure on FCS and discouraging companies, particularly SMEs from using the FCS export promotion services. AEM opposes the fee offsets and urges you to drop them.

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Market Development Cooperator Program

AEM was disappointed to learn that the Commerce Department's Market Development Cooperator Program (MDCP), which provides seed money to U.S. organizations that have significant potential for export growth, did not receive funding in 2006. As a recipient of an MDCP grant, AEM opened its first office in Beijing, China to help members effectively do business in the promising but complex China marketplace. Through its office in Beijing, AEM offers a variety of services and expertise that can help both established exporters and new-to-market companies locate partners for manufacturing and distribution, and uncover new sales opportunities. This has been especially helpful to our SME members who are often reluctant to undertake new export marketing ventures without the support of the federal government.

Due to the existence of this Beijing office, AEM was able to take a significant step forward last month towards its goal to provide global services with the latest AEM-owned international trade exhibition. The inaugural CONEXPO Asia provided a quality learning experience with exhibits of the latest equipment and technologies, an extensive industry-focused education program and hands-on working equipment demonstrations. The quality and international mix of attendees was viewed favorably by both the Chinese and international exhibitors, and there were many reports of equipment sales and large orders for machinery. There were 192 exhibitors using 16,099 net square meters of exhibit space and 9,293 attendees representing more than 70 countries. The success of CONEXPO Asia has generated a lot of exporting opportunities for American manufacturers.

Given the success of the MDCP grant program, it is imperative that you not only continue to fund the program, but increase funding for the upcoming years.

U.S. Trade Representative Funding

USTR has one of the most important jobs when it comes to giving American manufacturers a fair playing field in global trade. Since America is only 5% of the world's population, it's fair to say that majority of the companies' potential customers are overseas, which makes the role of the USTR even more vital in opening markets throughout the world. With critical negotiations such as the WTO Doha Round at stake, USTR needs all the support available to make sure they are using all their power to achieve a successful round for American industries. Therefore, cutting the budget for USTR will negatively affect American manufacturers who are being handed less than a fair deal. It is our recommendation that the \$2 million cut from the USTR budget are restored.

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I thank you in advance for the consideration of our recommendations as you begin the appropriations process in the weeks ahead. AEM looks forward to working with you to address any of our above recommendations and providing further information.

Sincerely,

A handwritten signature in cursive script that reads "Dennis J. Slater".

Dennis J. Slater

President and Secretary

cc: Ranking Member Alan Mollahan
Subcommittee Members