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On S. 2010, A Bill
To Provide for Business Development
And Trade Promotion for
Native Americans

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Good morning, Mr. Chairman and members of the Committee. I am Dan McLaughlin, Deputy Assistant Secretary of Commerce for Domestic Operations for the U.S. & Foreign Commercial Service. I am pleased to have the opportunity to discuss the range of activities that the U.S. Department of Commerce has undertaken to assist American Indian companies.

Given the wide number of Commerce programs that benefit American Indians, I have brought with me two specialists who can provide details on two interrelated but separate sides of our efforts. First Ms. Melanie Cook of the Secretary's office can comment on Department wide activities focused on economic development for Indian communities. Then, Ms. Maria Solomon, my point person on Native American issues, can comment on our recent efforts at helping Native American and other minority companies to gain a foothold in overseas markets.

The U.S. & Foreign Commercial Service, as you are aware, operates a domestic network of Export Assistance Centers across the United States. A list of those offices is supplied with my testimony. The issue of reaching out to and supporting Native American and all minority entrepreneurs has long been a focus of the Export Assistance Center Network. Central to this work has been the National Rural Export Initiative that I will be discussing later in my testimony.

Before discussing the efforts of the US & Foreign Commercial Service, I'd like to review some of the work that has been done by the Department of Commerce and other Commerce Agencies who play a significant role in support Native American economic development. As you will see, there is an important need to ensure that these Agencies work together to address some of the most intractable problems which American Indian businesses face.

On March 30, 1995, Secretary Ronald H. Brown signed the first Department of Commerce policy concerning American Indians and Alaska Natives. The policy recognizes Indian tribes' inherent sovereignty and right to self-government; acknowledges the federal trust responsibility; commits to a government-to-government relationship; directs components to consult with and remove impediments to working with Indian tribes and to promote economic development and self-sufficiency for Indian tribes.

The Department of Commerce was one of the major sponsors of the Conference on Building Economic Self-Determination in Indian Communities, August 5 - 6, 1998, in Washington, D.C. This historic conference marked the first White House conference focused on bringing together tribal leaders, tribal business owners, industry leaders, and federal agencies to discuss economic development in Native American communities.

The mission of the Department of Commerce is to promote job creation, economic growth, sustainable development, and improved living standards for all Americans. The Department is firmly committed to building stable, diversified economies in tribal communities. To that end, the Commerce Department is reaching out in several ways.

Through the Economic Development Administration, the Department of Commerce funds a network of over 60 tribal planning organizations. Over the past five years, EDA has awarded over \$50 million in grants through these groups. These funds are used to create full-time permanent jobs and income. For example, a grant to a tribe in Alaska is being used to improve a fish processing facility. It is expected to save over 300 jobs and create over 70 new ones. In North Dakota, funds were used to expand a tribally-owned data entry business. This created 300 new jobs for the unemployed and members of low income families in the area.

Thanks to a grant to a Native American research company, we now have an updated directory of American Indian Reservations and Trust Areas for the first time in 24 years. This 700-page document will be useful to economic developers and potential investors in Indian Country. It will soon be available on the Internet.

EDA has awarded a grant to the National Congress of American Indians to prepare case studies of best practices in Indian economic development. When the project is completed, two conferences targeted to Native American economic development will be held.

The Department's Minority Business Development Agency funds eight Native American Business Development Centers and a Native American Business Consultant. These services provide management and technical assistance to the Native American business community. Richard Mike, a member of the Navajo Tribe, used these services to help obtain and manage several Burger King restaurants. Marilyn Hawkins, a member of the Cherokee tribe, was selling her candles and cards from a kiosk in the California sun. The heat was melting her inventory. So she opened a shop and concentrated on wholesale sales. MBDA provided marketing and general management advice. Now she is selling to national chains like Nordstrom and Urban Outfitters.

In order to assist minority firms in locating business opportunities, MBDA created the Phoenix database which is a listing of minority-owned enterprises doing business in the United States. MBDA uses the Phoenix database in conjunction with our "Opportunity Database" to refer listed minority companies contract and other business opportunities via email and fax. This is a FREE service provided by the Department of Commerce. Native American businesses can register for this service at www.mbda.gov.

In July of this year, the Department's National Telecommunications and Information Administration (NTIA) issued a report on the nation's use of computers and telephones based on 1997 and 1994 Census Population Survey data. "Falling Through the Net II: New Data on the Digital Divide" shows that among the "least connected" Americans are the rural poor and rural and central-city minorities. Based on past data and more recent anecdotal evidence, we believe that those on American Indian reservations continue to lag behind the national and rural telephone and computer penetration rates.

Because it may take time before American Indian and Alaska Native households are fully connected, NTIA is working to ensure that these communities gain access to the benefits of the Information Superhighway. The Internet is not just an important commercial tool, but can help to improve education, health care, public safety, and access to jobs. Through its Telecommunications and Information Infrastructure Assistance Program (TIIAP), a competitive, matching-grant program that provides grants to non-profit entities and tribal, state and local governments, NTIA has provided over \$5 million in funds to over a dozen tribal projects since 1994. These projects are serving as models within Indian Country and across the nation to demonstrate how to use telecommunications and information technology to improve the quality of life.

In addition, through its Public Telecommunications Facilities Program (PTFP), NTIA has provided grants to over forty tribal communities for the planning and construction of their first public radio or television station. PTFP-funded projects are helping to strengthen Indian communities, as they are now able to access educational programming through the public broadcasting system and use the medium as a tool for cultural and language preservation through the origination of local news and information. In addition, NIST has a program to help businesses and organizations prepare for the year 2000 computer bug.

On August 6, 1998, President Clinton directed the Department of Commerce to coordinate a study on the state of technology infrastructure needs in Indian communities, including distance learning facilities, telecommunications capabilities, and manufacturing facilities. This report will identify the technology infrastructure needs in Indian country and will set forth proposals that would help address these needs. The President also directed the Secretary of Commerce, the Secretary of the Interior, and the Administrator of the Small Business Administration to develop a strategic plan for coordinating existing economic development initiatives for native American and Alaska native communities, including initiatives involving the private sector. The Department of Commerce is taking the lead in developing the strategic plan. Pending completion of that plan, we believe it is premature to consider whether to create any new office to provide better coordination as set out in section 201 of S. 2010.

As part of this strategic plan, the Department will conduct "listening" sessions during

the National Congress of American Indian's annual conference and other conferences throughout the country. During these sessions we will seek advice and recommendations from tribes and business owners on how to improve the delivery of economic development programs to Native American and Alaska Native communities.

As you can see, technology represents both an obstacle and an opportunity for American Indian companies. The network of Export Assistance Centers has long recognized the importance of reaching out to the traditionally under-served Native American community. The Commercial Service is actively engaged with programs and activities to assist Native Americans export their products and services. As you will see, technology plays a vital role in that effort. Much of the resources that have allowed the efforts thus far have come from the Rural Export Initiative.

During the past fiscal year, the Rural Export Initiative (REI) has had a major impact on U.S. Commercial Service outreach efforts in rural and minority communities throughout the United States. The REI team has been at the forefront in adapting innovative electronic commerce products and practices in order to better educate and serve small and mid-sized companies. Our priority has been to bring as many rural and minority U.S. firms to the global marketplace as possible, utilizing the most effective information technology tools available. The following are recent REI team activities in the month of September, which highlight this priority:

On September 17, REI successfully launched in Aberdeen, South Dakota a video technology pilot program that enables business persons in different countries to communicate via "real time" on desktop computers. Utilizing this technology, we assisted a small Native American company secure an exclusive agreement with a Swiss firm to sell tea in over 200 stores throughout Switzerland. U.S. Ambassador to Switzerland, Madeline Kunin, personally inaugurated this groundbreaking event. "Video Gold Keys" offer a low cost, low risk opportunity to meet trade partners overseas, a particularly critical concern for rural companies. (Please see attached newspaper articles for further information.)

In February 1998, the Commercial Service signed a Joint Project Agreement with the South Dakota International Business Institute to develop a joint training program for Native American businesses. In fact, tomorrow, this Institute will be conducting the second in a series of new services we are tentatively calling the video gold key program. The effort will connect four 100% Native American owned companies from North and South Dakota with a large German retail store based in Dusseldorf, Germany through the use of video desktop technology. Two of the four companies are expected to place significant product orders during the video negotiations. This event will be ODO's second video technology pilot. Commerce will soon begin a two-year rollout of this technology in 100 plus domestic offices and over 150 overseas offices.

Also underway at this very moment, is another innovative electronic commerce product at the "High Tech Mexico 98" tradeshow in Mexico City on September 29. 80 U.S. companies are marketing their goods and services through a virtual trade show website. My Director General, Awilda Marquez could not be with us today as she is inaugurating this new program. Commerce's E-Expo USA website allows U.S. companies to exhibit products and services internationally for one year, on line via the Internet. At "Hi-Tech Mexico 98", the U.S. Commercial Service has online booths where trade show visitors can review company overviews, details on up to five company product or service lines, hotlinks to the company website, and e-mail links to appropriate company contacts. Virtual trade shows present a low cost, low risk opportunity for small and medium - sized firms to participate in a major trade show. For more information on this innovative new product, visit the E-Expo website at <http://expo.qsi.com>.

On September 22, the Rural Export Initiative held Commerce's largest videoconference ever on doing business with our friendly neighbors Mexico and Canada. Broadcast out of Atlanta, this live conference was simulcast via Internet and via satellite to over 70 downlink locations. It is still available for on-demand viewing on the World Wide Web at <http://www.globalspeak.com/doc/> (Please see attachment.)

These are just a few examples of REI outreach activities in FY 98. Information technology is proving to be extremely effective in assisting small companies in exporting, particularly firms located in rural communities which do not have easy access to a normal trade infrastructure. U.S. Department of Commerce statistics illustrate that over the last couple of years exports from rural communities are growing at twice the rate as exports from metropolitan areas. The REI team is working hard to ensure that our innovative products and services will introduce increasing numbers of rural and minority companies to the global marketplace. The REI has funded many of the activities of the American Indian Sub-Team of the National Multi Cultural Team of the U.S. Commercial Service. Teams are our way of allocating resources and personnel to pressing issues of national concern.

The Multicultural Team (referred to as the Team hereinafter) is committed to informing all minority-owned firms about opportunities for U.S. exporters as they develop around the world. The Team is composed of four Sub-Teams, each targeting a different ethnic group and region of the world. The mission of the American Indian Sub-Team is to promote exports by American Indian businesses, particularly in the areas of jewelry, arts and crafts, tourism and entertainment. In addition to this industry focus, the American Indian Sub-Team is committed to informing American Indian owned firms about opportunities for U.S. exporters in all industries as they develop around the world.

Recognizing that the American Indian community is complex, members interface with tribal councils, tribal enterprises, rural and urban Indian centers, national and regional

Indian organizations, private Indian owned and operated businesses and non-Indian businesses that specialize in marketing Indian made products and services.

The sub-team provides quality export counseling and promotes targeted foreign trade events to American Indian owned companies. The sub-team works with federal, state and private organizations that provide financial and technical assistance for increased business and the expansion of trade. The Commercial Service has developed outstanding partnerships at the federal, state and local levels. The sub-team members utilize these partnerships to promote opportunities for American Indian owned firms. The sub-team members engage the SBA, MBDA's Minority Business Development Centers, the Economic Development Agency, Foreign Agriculture Service and Bureau of Indian Affairs in assisting the Commercial Service in this endeavor. The sub-team keeps the American Indian community informed of events supported by the National Multi Cultural Team.

In FY 1998, the Team was represented at the events listed below. Our participation in these events has allowed us to develop contacts and establish ourselves within the American Indian community.

"Reservation Economic Summit and American Indian Business Trade Show 1998" in Denver, Colorado. This event was sponsored by the National Center for American Indian Enterprise Development, and featured over 100 exhibitors. The Western Region Director for the Commercial Service, Keith Bovetti, participated in a panel on exporting Native American products to Europe and Japan. This event was organized by Mark O'Grady, formerly in our Denver office, and now a of my special assistant.

The Team participated in the inter-agency conference, "Building Economic Self-Determination in Indian Communities" in Washington, DC. This seminar was sponsored by the Departments of Commerce, Agriculture, Defense, Health and Human Services, Interior, Justice and the Treasury, and the U.S. Small Business Administration. The Team, lead by Awilda Marquez, the Director General of the Commercial Service, organized an inter-agency presentation on exporting opportunities for Native Americans. The companies that attended this presentation left with a greater understanding of the resources available to companies desiring to engage in international trade.

Team members recently attended "Building Partnerships with Native Americans Trade Fair and Conference" Albuquerque, New Mexico, sponsored by Lockheed Martin. This event featured exhibits by 50 high tech Native American Companies, allowing us to learn more about American Indian owned firms.

Team members regularly meet with the Department of Commerce's Office of Small and Disadvantaged Business Utilization, EDA, MBDA, NTIA, TD and the Department of Interior, in order to facilitate a partnership with other government agencies to incorporate and not duplicate efforts in targeting the Native American

community. Working together allows us to distribute our limited resources more effectively to the under-served Native American community.

The team is distributing Rural Tool Kits to 22 Tribal Business Information Centers and Native American Business Development Centers (see attached list), in conjunction with the U.S. Small Business Administration and the Minority Business Development Agency.

Working with our overseas posts, the team is compiling targeted market research on Native American Jewelry and Arts and Crafts in Germany, the United Kingdom, the Netherlands and Japan for use by American Indian-owned firms.

The Team, along with Inland Empire Export Assistance Center (EAC) Director Fred Latuperissa, is currently negotiating with the San Manuel Band of Serrano Mission Indians to establish the first EAC on tribal property. Such a center would provide the San Manuels and local businesses with resources and expertise to help them market their goods and services in the global marketplace.

In November 1998, the Team will sponsor the first in a series of seminars entitled "Global Markets: The Basics of Exporting." This seminar will feature an overview on trade finance, international marketing, licensing, credit insurance, intellectual property rights, trade shows, and export promotion and will be targeted at the American Indian Community. This seminar will serve as a model for a nationwide series aimed at the new-to-export American Indian community in order to increase the U.S. Commercial Service's presence in this under-served market.

The Team is part of the Planning Committee for the National American Indian Tourism Conference, tentatively scheduled for August 1999. One of the goals of the conference is to expand Indian business opportunity in domestic and international tourism. In order to support this goal, the Team is working with the Tourism Industries office in the Department of Commerce. This office provides statistical research data on international travelers who visit Native American sites and lands. This data is useful for strategic planning and marketing purposes and are available online over the Internet at "http://tinet.ita.doc.gov/abstract/abst_p20.htm."

Tourism Industries also has a multicultural tourism workbook that provides checklists and technical know-how designed to assist Native American tribes seeking to create or expand their international tourism efforts.

ITA also operates the Industry Sector Advisory Committee on Small and Minority Business which ensures that the views of small and minority businesses are considered during trade negotiations. We would welcome nominees representing Native American-owned businesses.

While we believe S.2010, the Native American Business Development, Trade

Promotion and Tourism Act of 1998 merits serious consideration, several of the Department's bureaus already perform a number of the activities that the legislation proposes to be carried out by a new Office of Native American Business Development. In addition, on August 6, 1998, President Clinton directed the Secretary of Commerce, the Secretary of the Interior, and the Administrator of the Small Business Administration to develop a strategic plan for coordinating existing economic development initiatives for Native American and Alaska Native communities. Because the study is currently underway, we have not yet developed any formal recommendations concerning the need for the creation of a new Office of Native American Business Development as contemplated by the proposed bill.

Once again, I appreciate the opportunity to testify today and I welcome any questions you might have.