



Good afternoon:

My name is Melvin Torres and I am the Director of Western Hemisphere Trade at the World Trade Center Arkansas or the WTCA. On behalf of the WTCA, I am pleased to be here today representing Arkansas companies. These companies represent manufacturers, small businesses, farmers, and service providers who are interested in the North America Free Trade Agreement (“NAFTA”) modernization.

I have had the privilege of working with many of these companies as they do business or seek to do business in markets throughout the Western Hemisphere. These companies perfectly reflect companies all across middle America - they face the same issues and could benefit greatly from the modernization of NAFTA.

We thank you for the opportunity to testify today on their behalf.

The World Trade Center Arkansas is a 501(c)(3) non-profit organization whose primary function is to assist Arkansas businesses and farmers enter new or existing global markets through robust export activities. We are the state’s flagship trade promotion agency.

Arkansas exports include: aerospace and transportation equipment (\$1.45 billion); chemicals (\$800 million); rice and processed foods (\$592 million); machinery (\$438 million); and paper products (\$291 million). Approximately 80% of companies that export from Arkansas are Small and Medium Sized Enterprises (SMES).

Arkansas is unique in that it enjoys a trade surplus with both Canada and Mexico. In fact, since the implementation of NAFTA, Arkansas exports have flourished to our two largest trading partners. Arkansas exports to Mexico have grown by 700 percent and are growing 3.6 times faster than exports to any other country in the world. As an example, 85% of rice exported from Arkansas rice, is exported to Mexico. Our #1 trade partner, Canada, remains the largest market for Arkansas goods with annual exports over \$1.4 billion, supporting 67,000 Arkansas jobs.

In a recent survey conducted by the Trade Center, our companies expressed interest in further deepening trade with Mexico and Canada. This also includes services such as retail, wholesale and distribution.

Some enabling factors include tariff reductions on products such as 3D printing parts, perishable foods, poultry goods, photo imaging parts, recycled composite building materials, and agriculture goods such as rice, soy, corn, and cotton. Others include craft beer and live poultry breeding stock. Our companies recognized there is further room for improvement related to “how they do business.” These include:

- Standards harmonization
- Enforcement of labeling requirements
- Clarification and consistency of classification and customs procedures

For example, Darin Alexander, owner of ArtCords in Gentry who manufactures equine cinches and saddle girths (leather) has suffered a complete loss of export sales due a lack of labeling enforcement. He would be able to export again if label requirements for the equine and textile industries were enforced.

Drew Wallis, director of sales and education for NWA D in Fayetteville, who manufactures 3D printing parts and provides services would be more competitive if import customs procedures were consistently followed and import duties on 3D printing parts were eliminated.

Alberto Torres, export manager of Cobb-Vantress Inc. in Siloam Springs who produces breeding stock poultry would be more competitive if inspection and SPS standards at ports of entry were expedited and simplified. When his baby chicks and fertilized eggs are stopped at the border, it has negative repercussions to the animal's welfare as well as his sales.

Additionally, they would be better able to enter these markets if they could provide services. If barriers to services such as the sale of commercial insurance, photo imaging and 3D printing, engineering design, consulting, tax and accounting services were eliminated, the companies would become competitive in the global market.

Furthermore, these companies kindly request the elimination of burdensome rule of origin, certificate of origin, and import licensing requirements for industries such as photo imaging, automotive parts distribution, recycled building materials, and agriculture equipment.

They also request the elimination of discriminatory competition laws or unfair competition from State-Owned Enterprises; the elimination of excessive or unfair government requirements related to investment or taxation; the elimination of technical barriers to trade (unfair standards, testing, labeling, or certification requirements) for the industries listed above as equine industry textiles, photo imaging parts, packaging manufacturing, medical supplies, apparel, signs and vinyl design goods.

They request that intellectual property rights protection problems be addressed, high or unfairly applied tariffs be eliminated, discrimination in government procurement be eliminated, import licensing to be simplified, and unfair sanitary and phytosanitary (SPS) – including animal and plant welfare – measures to be eliminated, especially for perishable foods and poultry breeding stock.

Thank you again for the honor to share the views of over 150 Arkansas companies. We appreciate your efforts and look forward to providing unlimited continued support during the modernization process.