How to Contact Your TAAC

The Trade Remedy

Thank-you Letter to Congress

Dear Congressman Young:

We are writing to thank you for your support of legislation that has recently secured $522 million in federal funding for the Trade Adjustment Assistance for Firms program for FY 05. This appropriation will play an instrumental role in reviving small and medium-sized American manufacturers crippled by imports, and will stimulate the creation of jobs for thousands of American workers.

Each year, TAA certifies between 130 and 150 small and medium-sized manufacturers eligible for assistance, and provides financial assistance to help increase their competitiveness in the global market. TAA for Firms increases American manufacturers’ ability to compete in the market by offering 50/50 cost-sharing in developmental projects for their business. TAA funds subsidize half of the cost of such projects, while eligible recipients finance the remainder. TAA funds are applied toward an array of services such as financial consulting, quality assurance, and development of marketing strategies. Since the initial authorization of TAA for Firms in 1974, thousands of American manufacturers have utilized program funds to revive, improve, and save their businesses. In doing so, such manufacturers have created thousands of jobs. Between 1998 and 2002, TAA for Firms saved and created 49,286 jobs nationwide. TAA does more than serve American manufacturers; it saves and creates jobs for the American worker.

Once again, we, and the American business community, thank you for your support of the TAA for Firms program.

Sincerely,

Robert S. Taylor
Executive Director

The Honorable C.W. Bill Young, Chairman
Committee on Appropriations
United States House of Representatives
2407 Rayburn Office Building
Washington, DC 20515

The Trade Remedy

Published by the American Business Council, a non-profit corporation dedicated to supporting America’s manufacturing and producing firms through the effective use of the Trade Adjustment Assistance for Firms and Industries program.

Editor: Dana Marie DiOttavio
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The President’s Budget Delivered to Congress on February 7, for the Trade Adjustment Assistance for Firms program in FY06. Since its creation in 1974, the TAA program has provided critical turnaround assistance to thousands of American manufacturing companies impacted by escalating foreign imports, saving tens of thousands of jobs across the country in the process. Not funding this trade remedy threatens to accelerate the decline of America’s manufacturing base at a time when imported goods are flooding the U.S. marketplace at record levels.

Changes within the Commerce Department: The President is making significant changes in funding for economic development programs by dramatically reducing funding for the Economic Development Administration (EDA), which administers the TAA program.

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“Thank you” For Me?
Questions and comments like this are the norm for Trade Adjustment Assistance Center (TAAC) business development managers as they talk to prospective manufacturing clients throughout the United States.

Congressional Comment Requested

Please provide us with your candid comments on this issue of the Trade Remedy. We plan to publish quarterly, and want to know what would ensure your continued readership and involvement in raising the profile of the TAA for Firms and Industries program.

Write Dana DiOttavio at danamaria@erols.com with your remarks.
Textile Industry, Congress at Crossroads

As the New Year Rang in, Rules that supported the domestic textile mills’ protection from foreign competition expired with the total removal of textile import quotas. Against a backdrop of more than a decade of rapidly climbing imports and offshoring of production, the number of American textile workers has been reduced by more than half. To say that the rest are justifiably apprehensive would be a large understatement.

Predictably, there is the great debate about whether the further globalization of textiles will benefit consumers through lower clothing prices, catapult China to the top of the textile exporter’s heap, or, ultimately, foster the long-term creation of new jobs through increased consumer spending power due to reduced prices on textile goods of all types. All of these positive results of free, open trade are potential realities in the long run; that is, however, the very long run for the approximate 665,000 remaining industry workers.

One thing is certain right now, though: Long run or not, textile producers and textile companies cannot compete on a labor cost basis with newly industrialized nations outside the industry with no-cost capital, bear no workers’ compensation or health insurance costs, and can manage their finance regulations such as OSHA and EPA. Further, the garment industry worldwide is intrinsically oriented applications. The government s of those fabric and yarn producers that benefit consumers through improved fabrics such as stain-resistant treatments and money, period - money in the pocket. It logically follows, then, that those survival companies that want to grow and thrive must continually strives to become globally competitive or face the harsh realities of market decline, job attrition, and factory closure. Like all great policy debates, there is unlikely to be a consensus on the relative benefits versus costs of America’s rapid free trade policy until the passage of time offers some clearer picture. There should be no disregard, however, that given its intrinsic contribution to the American economy, the manufacturing sector is deserving of at least an opportunity to adjust to the new global reality.

This can be done through a modern, properly funded trade remedy like TAA for Firms, which requires full participation, financial and managerially by those businesses seeking recovery help. Budgetary reinstatement and adequate funding can help prevent the virtual loss of a whole industry and the long-term abolishment of the American middle-class worker. Here’s hoping that the message is heard, and that its not too late for the textile and apparel workers left to benefit.

On the Hill in 2006

(TAAs) are available to U.S. manufacturers under the following categories:

1. **Trade Adjustment Assistance for Firms (TAA)**: This program is available to firms that are affected by imports and offshoring of production. The TAA program is designed to provide firms with financial assistance for adjusting to the new global reality.

2. **Trade Adjustment Assistance for Workers (TAA)**: This program is available to workers who have been adversely affected by imports or offshoring of production. The TAA program provides workers with financial assistance for retraining and relocation.

TAA’s Measurable, Proven Results: The President’s FY 2007 Budget Message states, “In every program, and in every agency, we are measuring success not by good intentions, or by dollars spent, but rather by results achieved.” In this context, however, forgetting to fund the TAA program is particularly surprising given the TAA program’s proven record of job retention and sales generation for small to mid-sized American manufacturers.

A landmark independent evaluation conducted by the Urban Institute found that the TAA program has demonstrated that it effectively serves trade-impact-assisted companies. The Urban Institute conservatively calculated that the program supported one job for every $5,651, or generated $87 in sales for every TAA dollar invested, and identified an estimated return on investment of 37 percent. The report went on to say that “If Congress is at all serious about using trade adjustment assistance as a trade remedy, it makes considerable sense to increase appropriations to the Trade Adjustment Assistance program.”

Next Steps: Despite the President’s FY06 Budget proposal, TAA for Firms is still authorized by statute to be in existence until Sept. 30, 2007. Over the next several months, the American Business Council will be vigorously working to demonstrate the value and results of the TAA program to Congress. The council hopes to open up his books or his entire operation to Mid-America TAAC representatives, in spite of the program’s confidentiality assurances. Schroer was a business owner who was reluctant to believe there must be a catch.

The objective appraisal provided by TAAC quantified the areas of action and cost and resulted in truly drill down and focus on what we were doing right, but more importantly, where we were headed in the wrong direction. The finding is echoed by hundreds of TAAC clients throughout the country who have benefited from similar reviews. The companies who participate in the adjustment program identifies specific projects that are handled on a cost-share basis between the client firms and TAACs.

Once an adjustment proposal is approved by the Commerce Department, client firms then begin the implementation phase of the program, where the identified projects are completed on a cost-sharing basis. Unitech has implemented several projects in the last year since its recovery plan was submitted and approved. According to Schroer, there has been an immediate impact. “We saw results immediately, in the form of orders being processed and shipments going out the door in a much more efficient manner.”

Schroer has been able to implement projects in each of the three key areas identified by the Mid-America TAAC team in the adjustment proposal. When asked if he and his company have benefited from the experience to date, his response was twofold: “focusing on the immediate impact.”

“Trade Adjustment Assistance for Firms does what?”

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The Competitive Pathway

William J Bujalos, Director
MidAtlantic Trade Adjustment Assistance Center

IF YOU'RE IN BUSINESS, YOU DON'T have to be convinced that your organization’s competitiveness is just about the most important aspect of its human culture - especially if you expect to do more than just simply survive. If your objective is to attain and then reside in your industry's upper quartile by a certain date you already know, if only in your gut, that it ain't gonna happen by accident. As a matter of fact, the sum total of your firm’s work ethic, academic and experiential credentials, cohesiveness, and team orientation is not enough to get that job done without a thoroughly understandable road map and some accountability to ensure achievement.

The Competitiveness Pathway has been around for a long time. I suspect businesspeople were using it at the time we humans built the pyramids. They used it to assure themselves that the playing field would not be level. As with most things that work, it’s really quite simple:

a). Develop a methodology that leads to and eventually assures mastery over the continuous incremental reduction of internal costs - expressed as a percentage of revenue.

b). Develop a methodology that leads to and eventually assures mastery over the continuous incremental increase in volume.

c). Develop a methodology that leads to and eventually assures mastery over the continuous incremental increase in both the launch velocity and value-added sophistication of new products developed.

The sequence is important, too. Progress must be made first through “a”, then “b” and finally “c”, unless of course you've attained mastery in one of them already. By initially concentrating on the mastery of costs and volume, the company attains the ability to self-fund its new product development efforts and subsequent market diversification without excessive reliance on bank debt.

That’s it. Simple, huh? Now go ahead and try to get it done! But don’t forget the little things in the meantime such as: putting out those fires, providing coverage for the people who didn’t show up today, finding out why yesterday’s shipments were off, making sure your customers get some face-time, dealing with paying the bills and collecting on your invoices, and maybe making payroll by Thursday afternoon!

That’s why consultants were created, and because of TAA’s ability to provide some of the seed funds with which to match your investment, why it’s possible for you to get started on this powerful path. As you might imagine, it may take a few years to see it through to conclusion. It will involve the selection of innovative and superior consulting talent over a sequence of projects, the management of their efforts, and not a little leadership by you and your management team. But every day that you delay on the front end will … well, you know the rest of that saying. Get started. This nation’s global competitiveness can only be achieved one firm at a time! Make sure that you’re the next one off the block.
New Designs for Profitability Help Put Elite Back in the Black

JUST OVER THREE YEARS AGO, preparations for the International Formalwear Association’s annual trade show were under way in Las Vegas. Management and sales representatives from Elite Formal Designs, Inc. arrived early to prepare displays of their latest designs in cummerbunds, ties, vests and other tuxedo accessories manufactured at their Davie, Fla., factory.

The date was Sept. 11, 2001.

The ripple effects following the terrorist attacks in New York and Washington were felt in Nevada, where the suspension of air travel forced cancellation of the trade show. Also grounded were the hopes for a banner sales year at Elite, putting the company’s very survival in jeopardy.

“The IFA show is where we present our new line for the coming year to our customers and where most of our orders for the coming year are generated,” explains company treasurer, Jo Knorr.

Elite Formal Accessories is a family-operated business founded in 1985 by Jerry Parness, who serves as president. The company specializes in the design, manufacturing, marketing and distribution of tuxedo accessories under the Bill Blass, Jean Yves and Bracci labels. Elite’s accessories are sold to retail outlets, primarily men’s merchandisers and formalwear rental shops.

Without the trade show mainstay in 2001, sales fell by more than 40 percent.

Fallout from the 9/11 attacks also made the company more vulnerable to pressure from the recession and “the effects of imports that have been devastating the apparel industry,” says Parness.

Once back in Florida, Brian Parness, Elite’s chief financial officer at the time, began hunting on the Internet for programs that could help them weather the impending difficulties.

His search turned up the Southeastern Trade Adjustment Assistance Center (SETAAC).

SETAAC provides technical and management assistance to help companies improve their productivity and competitiveness.

Once Elite’s eligibility for assistance was certified, SETAAC staff prepared a comprehensive company profile that identified Elite’s competitive strengths and weaknesses, and included information about the company’s sales and marketing, financial posture and productivity.

The diagnostic report outlined several projects to boost the company’s bottom line. Given the imperative of introducing new designs to the marketplace, the first order of business was a new-product photograph shoot for Elite’s catalog. SETAAC funding was the most important aid in producing this bread-and-butter sales tool because “it meant that we didn’t have to pull money from somewhere else in the company to do it,” Knorr says.

The next project involved an upgrade of Elite’s materials resource planning (MRP) software to reflect the availability at any given moment of inventory items for sale, as opposed to items still technically on-site but already sold and packed for shipment.

The adoption of lean manufacturing methods was another SETAAC recommendation embraced and implemented by Elite’s management. The factory floor layout was changed so products move more efficiently through the manufacturing process, leading to a 2.7 percent reduction in labor costs.

In the past, during peak demand, Elite outsourced work it could not handle alone. The SETAAC report concluded that outsourcing is more expensive than in-house production. The efficiencies and increased capability gained from lean manufacturing techniques have allowed Elite to virtually eliminate its outsourcing.

Better customer service is another benefit, according to Knorr. Thanks to both the MRP software upgrade and streamlined production methods, the company can ship a larger number of complete orders and in less time than before, she notes.

The final project involved implementation of an electronic data interface (EDI), which allows customers to automatically order and track merchandise online, a preferred practice in the retail business.

This past season Elite posted its first profit in three years, and the coming year looks promising, Parness notes.

“There’s still room for improvement, and we’re looking forward to improving our areas of production, EDI, advertising and marketing.”

Knorr adds: “We’ve put in a lot of hard work and a lot of sacrifice to get us where we are, but SETAAC deserves a lot of the credit, too. Quite simply, we could not have done it without them.”
Textile Industry, Congress at Crossroads

AS THE NEW YEAR RANG IN, RULES that protected the remaining U.S. textile mills’ protection from foreign competition expired with the total removal of textile import quotas. Against a backdrop of more than a decade of rapidly climbing imports and of shrinking of production, the number of American textile workers has been reduced by more than half. To say that the rest are justifiably apprehensive would be a large understatement. Predictably, there is the great debate about whether the further globalization of textiles will benefit consumers through means other than cost-efficiency or health insurance. The apparel makers that want to grow and embracing the reality of this brave new world will benefit consumers through technology, increased production automation, and implementation of technological applications. This can be done through a modern, properly funded trade remedy like TAA for Firms, which requires full participation, financially and managerially, by those businesses seeking recovery help. Budgetary reinstatement and adequate funding can help prevent the virtual loss of a whole industry and the widespread unemployment of the American middle-class workers. Here’s hoping that the message is heard, and that it’s not too late for the textile and apparel workers left to benefit.

On the Hill in 2006

TRAAD Trade Adjustment Assistance for Firms does what?

“Trade Adjustment Assistance for Firms what does?”

“Sounds too good to be true; there must be a catch.”

Questions and comments like these are the norm for Trade Adjustment Assistance Center (TAAC) business development managers as they talk to prospective manufacturing clients factured in the year since its recovery plan was approved by the Commerce Department. Schroer has been able to implement projects in each of the three key areas identified by the Mid-America TAAC team in the adjustment proposal. When asked how and how he and the company have been able to implement projects on a cost-sharing basis between the client firms and TAACs. Once an adjustment proposal is approved by the Commerce Department, client firms then begin the implementation phase of the program, where the identified manageable projects are completed on a cost-sharing basis. Unitech has implemented several projects in the year since its recovery plan was submitted and approved. According to Schroer, he has been able to avoid the “too good to be true” simplicity of the TAA program. He initially learned about TAA through an NTMA networking event. “I was not an easy sell,” says Schroer. However, he eventually gathered and provided the necessary information (sales and employment data) for Mid-America TAAC to submit a petition to the U.S. Commerce Department so that Unitech could be certified for the program. Following that certification in the fall of 2003, members of the Mid-America TAAC in Lee’s Summit began the review and evaluation process at the Unitech plant. The company had just moved into a new facility, designed by Schroer, an electrical engineer, when the diagnostic review of the plant was completed. It resulted in a recovery plan, known in TAA circles as an adjustment proposal, which pointed out key strengths and weaknesses of Unitech’s operation. The plan also identified technical assistance needs in the areas of formalizing quality control, upgrading the design / programming software of the engineering and manufacturing departments, and targeting the firm’s advertising message.

Schröer has been able to implement projects in each of the three key areas identified by the Mid-America TAAC team in the adjustment proposal. When asked how and how he and the company have benefitted from the experience to date, his response was twofold: “focus” and “immediate impact.”

The objective appraisal provided by TAAC quantified the areas of action and efforts are truly down and focus on what we were doing right, but more importantly, where we were headed in the world that we are. The finding is echoed by hundreds of TAAC clients throughout the country who have been able to implement projects on a cost-sharing basis between the client firms and TAACs.
Thank you letter to Congress

[ continued from page 1 ]

Thank you letter to Congress

[ see THANK YOU, page 6 ]

How to Contact Your TAAC

[ see ON THE HILL, page 3 ]

Textiles and Apparel: The Exodus Isn’t Over

Rapidly rising imports and off-shoring of production have cut the number of American textile workers by more than half.

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THE PRESIDENT’S BUDGET DELIVERED to Congress on February 7, for the Trade Adjustment Assistance for Firms program in FY’06. Since its creation in 1974, the TAA program has provided critical turnaround assistance to thousands of American manufacturers crippled by imports, and will stimulate the creation of jobs for thousands of American workers.

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Sincerely,

Robert Velasquez
Chairman

How to Contact Your TAAC

[ see CONTACT INFORMATION, page 5 ]

Contact information for regional TAAC directors and state TAAC directors

How to Contact Your TAAC

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Contact information for regional and state TAAC directors

Congressional Comment Requested

[ see CONGRESSIONAL COMMENT REQUESTED, page 6 ]

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Write Dana DiOttavio at danamarie@erols.com with your remarks. [ see CONGRESSIONAL COMMENT REQUESTED, page 6 ]

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The Honorable C.W. Bill Young, Chairman

President’s Budget Forgets TAA for Firms Program

“The Trade Remedy”

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The Honorable C.W. Bill Young, Chairman

On the Hill in 2006

President’s Budget Forgets TAA for Firms Program

While EDA funding was drastically reduced (427 million), the International Trade Administration (ITA) received a modest increase (5396 million). The mission for this level of funding is the expansion of the U.S. exporter base through new markets and first-time U.S. businesses exporting. Assuring compliance with trade agreements is also part of this mission.

The American Business Council has advocated in the past for the TAA program be moved to the ITA to better reflect the trade-based nature of the program and to provide a wider array of trade-related