



DAVE MURPHY

State Representative • 56th Assembly District

ASSEMBLY BILL 548 AND SENATE BILL 594 TESTIMONY OF STATE REPRESENTATIVE DAVE MURPHY

Mr. Chairperson and members of the committee, thank you for the opportunity to testify on Assembly Bill 548 and Senate Bill 594 today.

Before I begin, I'd like to point out that I have an amendment here with me today that we are looking at introducing that would attach the commission to DOA instead of WEDC. After discussions with Legislative attorneys, DOA seems to be a better fit for this commission.

These two bills create a Wisconsin-Ireland Trade Commission between the State of Wisconsin and the Republic of Ireland. As I mentioned, with the amendment, the Commission will be attached to the Department of Administration. The mission of the Commission will be to promote and advance mutual economic interests between Wisconsin and the Republic of Ireland.

The Commission will have seven members, each serving two-year terms, and be made up as follows:

1. Two senators appointed by the president of the senate,
2. Two representatives to the assembly appointed by the speaker of the assembly, and
3. Three members nominated by the governor with the advice and consent of the senate.

Of the members appointed by the governor, at least one must be a representative from a public institution of higher education, at least one must be a representative from an organization that represents Wisconsin's business interests, and at least one must represent Irish-American communities or interests.

The Commission will work to do the following:

1. Promote the advancement of bilateral trade and investment between Wisconsin and the Republic of Ireland,
2. Recommend joint action on policy issues of mutual interest to Wisconsin and the Republic of Ireland,
3. Promote business and academic exchanges between Wisconsin and the Republic of Ireland,
4. Encourage mutual economic support between Wisconsin and the Republic of Ireland,
5. Encourage mutual investment in the infrastructure of Wisconsin and the Republic of Ireland, and

6. Address other related issues as are determined by the commission.

The Commission must report its findings, results, and recommendations to the governor and the legislature within one year of its initial organizational meeting, and by February 1 of each succeeding year.

Finally, the Commission may raise funds or accept gifts, grants, or bequests to defray the commission's administrative expenses and to carry out its purposes. **Assembly Amendment 1** made members of the Trade Commission subject to the ethics requirements for governmental employees. The substitute amendment I have here with me today covers the ethics protections of Assembly Amendment 1.

Thank you for your time and consideration.



MEMORANDUM

TO: Senator Dan Feyen, Chairman
Honorable members of the Senate Committee on Economic Development and Technical Colleges

FROM: Missy Hughes, Secretary and CEO
Wisconsin Economic Development Corporation

SUBJECT: Senate Bill 594 / Assembly Bill 548

The Wisconsin Economic Development Corporation (WEDC) would like to provide the following information on its role in international trade and business development for the State of Wisconsin and its businesses for the committee's consideration of Senate Bill 594 and Assembly Bill 548.

More than 7,000 businesses in Wisconsin are exporters that exported a total of \$27 billion in goods in 2022. Almost half of Wisconsin's exports go to just two countries, namely, Canada and Mexico. Exports to Canada are larger than the combined exports to Mexico, China, Germany, the U.K. and Australia. Of the top six export destinations, all but China saw double-digit percentage growth from 2021-22.

While 2020 saw lower economic activity across the globe, exports have bounced back dramatically to all-time highs in both 2021 and 2022. Exports are up by over 33% since 2020 and by nearly 11% from 2021. So far in 2023 (through August, the latest data available), exports are up 1.5% from the same period in 2022.

WEDC, through our division of Global Trade and Investment, focuses our resources on helping businesses build relationships in markets around the world. WEDC's four market development directors work with other state agencies and a team of experts that represent 114 countries and territories to assist businesses with market assessments, partner searches, and business meeting facilitation.

WEDC has typically offered at least six trade ventures a year, where we bring businesses into the countries and assist them in understanding the market, setting up customized one-on-one meeting schedules and assisting in follow-up when they return to the state. Each year we lead trade ventures to Canada, Mexico and China as these countries represent Wisconsin's largest export destinations.

The other trade ventures are usually selected through the ExporTech program, a nationally recognized export strategy development program run in conjunction with the Wisconsin Center for Manufacturing & Productivity (WCMP). During this training, companies identify their best export markets. WEDC evaluates the countries identified by the participants each year and typically select the top countries identified by the ExporTech participants. To date, WEDC has assisted about 250 companies in their ExporTech participation through scholarships.

This two-prong strategy provides our Wisconsin companies with the greatest opportunities available by strategically focusing countries that purchase the largest amount of Wisconsin products or those countries identified in ExporTech as having the greatest potential for the largest number of graduates.

LOOK FORWARD 

Since 2022, WEDC has offered eight trade ventures. In 2023, two of our trade ventures were virtual, which have proved quite popular because they allow Wisconsin businesses to make valuable international contacts without having to leave our state. The destinations were Canada, Mexico, South Korea, England and Scotland, Australia and New Zealand (virtual), Israel (virtual) and Thailand and Vietnam. Additionally, Governor Evers led a trade mission, which is the term we use for a trade trip in which the governor participates, to Belgium, the Netherlands, and Luxembourg in the fall of 2023.

Should companies want to visit markets beyond those covered in the annual trade ventures, they can apply for an International Market Access Grant (IMAG) of up to \$25,000. Companies can use IMAGs to create self-guided trade ventures designed by WEDC's authorized trade representative network and our federal partners. This program's budget is \$1.04 million. WEDC has provided 512 IMAG awards since FY13.

To best serve Wisconsin businesses and help them grow internationally, WEDC contracts with in-market representatives. This is done for a variety of reasons, but chief among them is the enormous advantage of local knowledge as well as the cost savings to the state.

Local knowledge is essential when it comes to export promotion and foreign direct investment attraction. Our businesses benefit greatly from having a partner that knows the language, customs, government, and history of their intended destination. Using contractors who may have other states, countries, or organizations as clients is useful because they can have more clout or recognition in a market than a representative of a single state. They may also be larger operations with increased resources.

We currently have 14 contracted trade representatives who represent 114 countries, including Ireland. Our network offers a reliable, trusted, and economical alternative to having our own state representatives scattered across the world. Most of WEDC's representatives are hired through the Great Lakes St. Lawrence Governors & Premiers Council where Wisconsin collaborates with other Midwestern states to negotiate favorable rates for trusted trade representative services around the world.

In cases where we would benefit from in-country assistance of U.S.-origin, the U.S. Commercial Service (USCS) is already available. USCS is better positioned to provide the services needed due to greater expertise, proximity to official U.S. diplomats, history in the region, and more.

As of 2022, Ireland ranks 25th for Wisconsin exports (at \$156 million), and sixth for Wisconsin imports (at \$2.52 billion). Ninety-five percent of the imports we receive from Ireland are vaccines, a trend that we have observed since 2017. Wisconsin's top export commodities to Ireland include scientific and medical instruments, plastics and industrial machinery.

WEDC has not led any recent trade ventures or investment attraction trips to Ireland. However, the country remains an important source of foreign direct investment in Wisconsin, particularly in the food and beverage sector. Several large food companies based in Ireland have operations here, including Kerry Group and Ornuia Ingredients, both having locations throughout the state. Other large names such as Trane Technologies, Eaton Corporation and Medtronic are also legally incorporated in Ireland.

Wisconsin ended the practice of focusing on specific markets by maintaining exclusive trade offices overseas years before WEDC was formed, under one of its predecessor agencies.

As we have outlined, WEDC's trade strategy is driven by the businesses who are actively looking to engage with targeted markets. By creating a commission to oversee trade between Wisconsin and one

particular partner, Senate Bill 594 and Assembly Bill 548 would limit WEDC's ability to respond to the needs of Wisconsin businesses and their target partners by elevating the interests of one particular country above all others. Since WEDC is funded by an annual block grant, this new requirement could force WEDC to divert resources from existing economic development programs and awards, as well as other trade opportunities, to meet this new obligation.

WEDC and its overseas partners are working daily to create opportunities for Wisconsin businesses around the world. We are always looking for new ways to grow markets for Wisconsin products and to promote global investment in our state. WEDC greatly values the state's strong partnership with Ireland and looks forward to continuing that partnership for years to come.

Please feel free to contact me for more information.

Ireland-WI Trade Data & EU Context

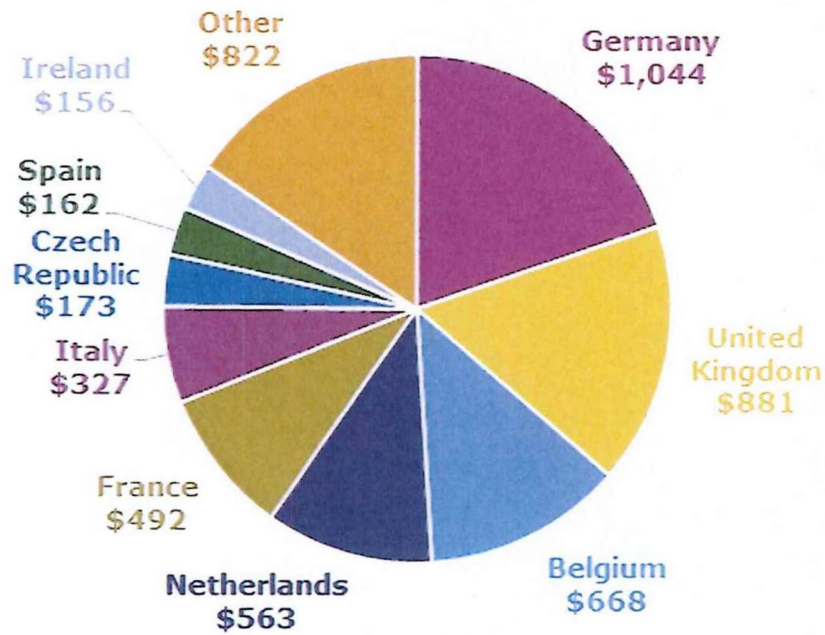
Exports

Commodity	2021 Exports (millions)	2022 Exports (millions)	% change 2021-22	Jan-Oct 2023 Exports (millions)	% change Jan-Aug 2022-23
Total	\$114.88	\$155.98	35.78%	\$152.28	16.71%
Medical & Scientific Instruments	\$32.09	\$49.93	55.58%	\$51.72	23.92%
Plastics	\$23.47	\$29.19	24.36%	\$29.95	35.71%
Industrial Machinery	\$16.91	\$21.97	29.93%	\$25.82	37.52%
Organic Chemicals	\$16.51	\$10.81	-34.49%	\$3.19	-69.63%
Ag products	\$4.27	\$9.16	114.31%	\$8.16	-10.85%
Other	\$21.62	\$34.91	61.48%	\$33.43	18.42%

Imports

Commodity	2021 Imports	2022 Imports	% change 2021-22	Jan-Oct 2023 Imports	% change Jan-Aug 2022-23
Total	\$2,865.65	\$2,519.01	-12.10%	\$3,107.47	67.55%
Pharmaceuticals	\$2,737.58	\$2,377.97	-13.14%	\$2,973.93	70.00%
Ag Products	\$64.25	\$69.99	8.93%	\$63.92	26.28%
Medical & Scientific Instruments	\$28.47	\$24.98	-12.27%	\$21.58	13.87%
Electrical Machinery	\$2.34	\$15.28	552.06%	\$17.21	57.33%
Industrial Machinery	\$7.76	\$9.56	23.17%	\$11.08	45.86%
Other	\$25.24	\$21.24	-15.85%	\$19.76	15.31%

Exports to EU (millions \$)



Imports from EU (millions \$)

