Responding to Global Trade Shifts: Safeguarding Washington's Competitiveness

A Presentation to the Senate Business, Financial Services & Trade Committee

Karl Dahlgren & Radi Simeonova

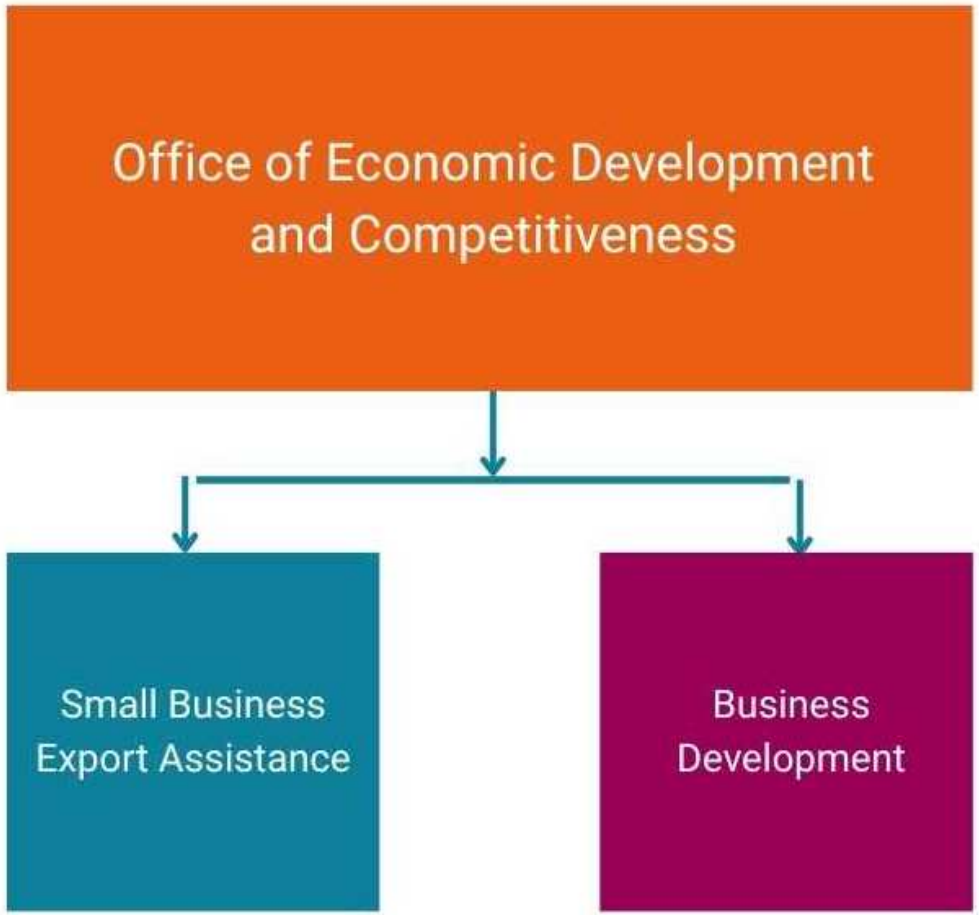
OFFICE OF ECONOMIC DEVELOPMENT AND COMPETITIVENESS (OEDC)

OCTOBER 30, 2025

Washington State Department of Commerce

International trade efforts at the Department of Commerce

How our business units are structured within the Office of Economic Development and Competitiveness (OEDC).



Today's discussion: Key points

- Export assistance and new business development
  - Creating jobs and growth opportunities for small businesses, attracting industries, expanding tax base
- Changing global trade environment
  - Sweeping new tariffs
- Two examples of our work
  - Paris Air Show and Fruit Attraction
- Federal funding and State's competitiveness at risk
  - The State Trade Expansion Program (STEP), a critical tool to help Washington small businesses access the global marketplace

Exports strengthen communities
and grow the Washington economy

Markets Over 95% of world consumers and 75% of the world's purchasing power reside outside the U.S.*

Employment Two of every five jobs are tied to global trade

Higher wages Exports increase earnings by 18% on average across the U.S. manufacturing industries*

Resilience Exporting helps companies ride out economic downturns

Efficiency Fully use existing production capabilities

Profits Companies that export tend to be more profitable than those that don't



*Source: Office of the U.S. Trade Representative

Changing trade environment

Sweeping new tariffs, effective August 7

Small Business Export Assistance

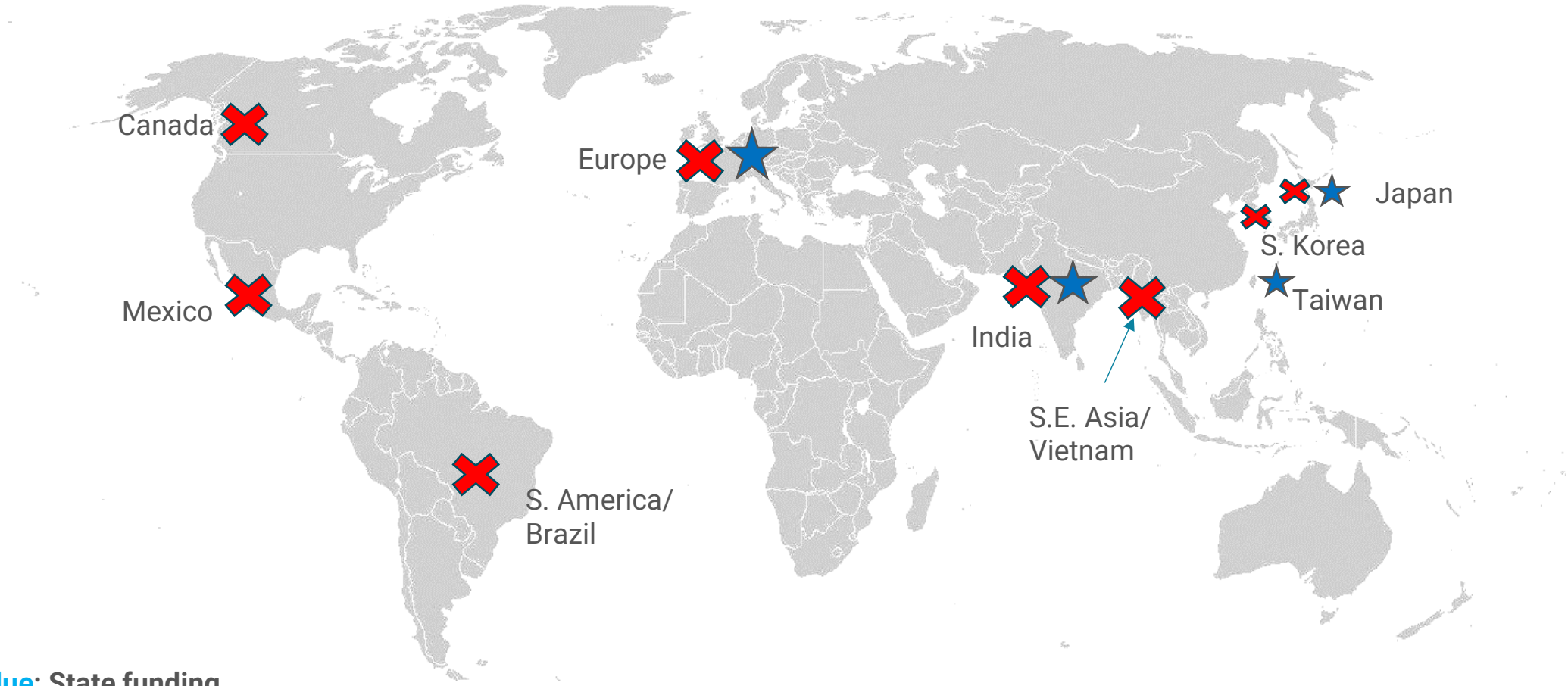
- The new tariffs threaten Washington exporters putting revenues, jobs, and our state's global competitiveness at risk
  - Reduce access to key foreign markets
  - Retaliation from other countries makes products more expensive and less competitive
  - Supply chain disruptions raise costs for manufacturers and exporters relying on imported inputs
- Declining exports mean slower production, job losses, and reduced spending in both rural and urban communities
- Exporters are seeking our support to navigate these unprecedented trade barriers

Changing trade environment
Continued…

Investment attraction Foreign Direct Investment (FDI)

- Tariffs drive companies to localize operations U.S. presence reduces trade exposure
- FDI offers a stable path amid shifting global trade policies
- International engagement supports resilient supply chains
- States with active outreach gain a competitive edge
- Now is the time to capture relocating global investment

Our overseas representation is at risk



Blue: State funding
Red: Potential loss of Federal funding (STEP)

2025 Paris Air Show June 15-22, 2025

Hear what our delegates have to say…



"The advantage of attending the Paris Air Show is that everyone is there—key partners, customers, and industry leaders are ready to talk aerospace ."

Sebastien Doucet, Aerospace Sector Leader, HDR

2025 Paris Air Show continued…

Paris Air Show exposure

- The world's largest aerospace trade show, with 305K visitors, 2400 exhibitors, 48 countries
- Delegates connect with key players in the civil, defense, and space industries
- Washington State Pavilion offers a prime location and visibility
- Affordable and effective way to promote Washington companies, and their products and services

Largest delegation of companies

- In 2025, we welcomed 78 delegates representing 24 Washington companies

Business-to-business (B2B) matchmaking meetings with potential buyers

- Held 61 meetings with 35 companies

Meetings with global industry clusters

- Northern Ireland, Wales, Italy, Austria, France, Poland, Czech Republic, Canada, Mexico, and Brazil

Fruit Attraction, Madrid Sept 30-Oct 2, 2025
Agriculture Technology Expo — 2,000 exhibitors/56 countries



Our delegation included 11 companies from across the state

Ag Drones Northwest – Cle Elum (Kittitas County)
Chuy's Cherries – Wenatchee (Chelan County)
EcoFos – Spokane
Efeeo – Seattle
Felix Instruments – Camas (Clark County)
Iunu – Seattle
Nvirovate – Seattle
Orchard Robotics – Bellevue
Ryp Labs – Bothell (Snohomish County)
Tupl – Bellevue
VNS Sales – Addy (Stevens County)

How we encourage investment

Lead generation: Real results from the Paris Air Show

- Held 70+ business and multiplier meetings
- Generated 20 new qualified prospects
- Boosted investment attraction efforts at local level with 6 local econ dev partners
- Aerospace accounts for 20%+ of our state investment pipeline
- Presence at global shows is critical to compete with other U.S. states

Project opportunities: Economic growth in action

- Example: New sustainable aviation fuel (SAF) project leads
- Seeking large emitters as feedstock partners
- Estimated 150–200 new jobs
- Project requires 100+ MW of power

Recruitment projects in the project pipeline

Industry	Percent of recruitment effort
Aerospace	20%
Clean technology	20%
Manufacturing	17%
Food and beverage processing	8%
Forest products	5%
Information and communication technology	5%
Data centers	4%
Professional services	4%
Unspecified/other	3%
Agriculture	2%
Construction	2%
Recycling	2%
Maritime	1%

How we build our pipeline

We consistently target key trade shows and services that help us build our project pipeline.

Roughly 35-40% of our active projects are linked to foreign investors.

Being visible at major tradeshows is essential for building and maintaining these relationships.

Federal funding is at risk:
State Trade Expansion Program (STEP)

- What is STEP?
  - **Funded by** the Small Business Administration (SBA)
  - **STEP helps small businesses** sell products and services abroad and grow through exporting
  - **Year 13** maximum federal award ($900K)
  - **Export vouchers** up to $10K / small business
  - **International trade events** more than 10 per year
  - **Overseas consultants**
- When the federal government shutdown ends The SBA will give further guidance about this fiscal year's grant award
- Waitlist When the program was halted, 50+ small businesses had already applied for STEP
- Just last year **395 small businesses across the state** used STEP, collectively reporting **$39 million in international sales**

Our competitiveness is at risk

- **Federal funding is critical** Federal grants provide essential funding for trade and export promotion
- **Potential loss of STEP funding** Reduced competitiveness, revenue, jobs
- **Loss of presence at key trade shows** Ends face-to-face connection and collaboration with global partners
- **Washington must remain visible** On the global stage
  - We had the largest footprint among 23 U.S. states exhibiting at the 2025 Paris Air Show
  - We were the ONLY state present at Fruit Attraction
- **Risk of long-term impacts** On Washington small businesses, communities and local jobs

Thank you

Washington State Department of Commerce

www.commerce.wa.gov

Karl Dahlgren

SMALL BUSINESS EXPORT ASSISTANCE, OEDC

Karl.Dahlgren@commerce.wa.gov

Radi Simeonova

BUSINESS DEVELOPMENT, OEDC

Radi.Simeonova@commerce.wa.gov

Rebecca Ponzio

SENIOR POLICY ADVISOR

Rebecca.Ponzio@commerce.wa.gov