



U.S. Trade and Development Agency

Linking U.S. businesses to global infrastructure opportunities

Trade Talk: Smart Grid Arlington, VA

Opening Remarks The Honorable Leocadia I. Zak, Director

As prepared for delivery

February 28, 2014 – Good afternoon. Thank you, Verinda, for that kind introduction. It is truly a pleasure to welcome you to the U.S. Trade and Development Agency for Trade Talk: Smart Grid. I was excited to see several familiar faces around the room, and to hear that so many of our partners have joined us via webinar.

We convened this meeting to describe, for those of you who may be unfamiliar with our work, the ways that USTDA links U.S. businesses to global infrastructure opportunities in promising sectors like smart grid. I am pleased that our government and industry colleagues are here to help us highlight our support of smart grid projects in emerging markets. We look forward to discussing the results of these activities when the company case studies are presented later this afternoon.

But the larger goal of today's event is to foster a dialogue about how the public and private sectors can better work together to increase exports of U.S. smart grid technologies to emerging markets. We want to hear your ideas about how we can push our efforts to the next level. To get a sense of where things stand, how many of you are currently exporting to overseas markets? For those of you that raised your hands, how many are active in more than one market?

I asked those questions because they get to the heart of USTDA's mission: To increase exports of U.S. goods and services in developing and middle-income countries. For those of you who are not yet exporters, we want to help you expand your business beyond U.S. borders. And for those of you who are only exporting to one market, we are here to encourage you to consider destinations that might not yet be on your radar.

The companies that have worked with us before know that USTDA is focused on tangible results. We target our activities to specific commercial opportunities, or to the policy and regulatory changes that can lead to them. We prioritize our funding in markets and sectors that have the greatest opportunity for U.S. exports, and we believe smart grid is one such sector. As most of you know, U.S. investments in smart grid are starting to trend down, while the numbers in international markets are going up – in some places, as you will hear, the statistics are truly staggering.

Here at USTDA, we have a cross-regional team that is devoted to tracking those trends around the globe. Can the team members in the room please raise your hands? This smart grid team works with U.S. industry and our U.S. government colleagues to identify project opportunities. They serve as conduits of information about smart grid developments, which they share with the rest of our program staff in order to create the best possible activities to help you, our partners.

The team has been very busy lately. Just two weeks ago, we were in Bogotá, Colombia, for a workshop that brought U.S. industry – including some of the people here today – together with decision-makers from Colombia’s energy sector to identify opportunities for collaboration. We heard from our Colombian partners that they have successfully completed some grid optimization projects. But they are looking to implement these solutions in a larger, more coordinated manner. In fact, they specifically stated that they are seeking international partners to help them develop a smart grid roadmap for Colombia. These efforts represent enormous opportunities for U.S. companies.

There are also tremendous prospects in sub-Saharan Africa. As you may have heard, the Power Africa initiative aims to increase electricity access to 20 million households and businesses by 2018. At USTDA, we believe smart grid solutions offer the most immediate means to achieve measureable results for Power Africa. That is why our team hosted senior leaders from four of Nigeria’s recently privatized distribution companies on a reverse trade mission to the U.S. last fall. These companies have a combined budget of over \$800 million with which to procure solutions that will cut their distribution losses in half within five years. We would love to see as much of that money as possible be used to buy U.S. goods and services.

As these stories illustrate, Colombia and Nigeria are very promising smart grid markets, but they are certainly not the only ones. While the specific challenges – and the associated opportunities – vary by location, some common themes have emerged in USTDA’s energy work around the globe. Many foreign governments are developing plans to build smarter, greener, more integrated cities – and some of these plans will leapfrog current structures to adopt the latest technologies. Other countries are making significant investments to improve their existing infrastructure, including transmission and distribution systems.

As I mentioned, the data shows that these investments are increasingly concentrated outside the U.S. – and outside traditional U.S. export destinations. In fact, China surpassed the U.S. as the world’s largest smart grid market last year. A significant portion of their investments went to the installation of smart meters and, as a result, China now has more than twice as many household smart meters as the U.S.¹

As a whole, the Asia-Pacific region is expected to account for almost 35% of global automated demand response-enabled sites in 2019 – up from less than 0.5% today. By contrast, North America’s share of

¹ Bloomberg New Energy Finance, “China Outspends the US for the First Time in \$15BN Smart Grid Market,” published February 20, 2014, available at: <http://about.bnef.com/press-releases/china-out-spends-the-us-for-first-time-in-15bn-smart-grid-market/>.

ADR sites is expected to drop by almost 40% in that same timeframe. Indeed, it seems that the global electricity transmission and distribution market, which is forecast to reach nearly \$500 billion over the next seven years, is increasingly concentrated outside our borders.²

The opportunities are tremendous, and we do not want you to miss out on them. Now is the time to broaden your perspective to include non-traditional partners – and to turn them into your future customers. I can assure you that your foreign competitors are already developing in-roads in these markets. I would hate to see U.S. companies show up in five years – or even one year from now – only to discover that non-U.S. technology is already in operation. I also do not want to see our international competitors taking these opportunities and turning them around to gain an advantage in the market here at home.

We all know that this work can be difficult. And we all have limited resources – we must focus those resources where we see the best opportunities for success. I often challenge my team to come up with new and creative ways of achieving tangible results. In fact, the idea for today’s event came out of one of those challenges. During our annual strategic planning session, it was suggested that USTDA host a series of Trade Talks to solicit feedback from our U.S. industry partners on how we can better support your efforts in promising sectors. USTDA is willing and able to lead the way into emerging markets, but we need to hear from you about how we can do it most effectively.

So now, I challenge you to take advantage of this chance to make your voice heard. The agenda for this afternoon’s program was designed to allow for the sharing of best practices, as well as for brainstorming about the way forward in the sector. First, Verinda Fike, our Electricity Transmission and Distribution Team Leader, will moderate a discussion of the existing challenges and future opportunities for smart grid projects in emerging markets. Then she will introduce some of our industry partners, who will talk about the success they have experienced as a result of their collaboration with USTDA. I encourage you to ask them questions about the lessons they learned when trying to break into new markets. And finally, Carl Kress, our Energy Sector Team Leader, will ask for your ideas on how the U.S. government can better support your efforts to expand your business overseas.

We understand that this is a dynamic, fast-paced industry that is constantly evolving. We want to hear about where you think the sector is going, and how we can help you get there. By having these conversations today, we can all help ensure your company’s place in the world’s leading markets of tomorrow.

Thank you for being here. I look forward to today’s discussion.

² Navigant Research, “Smart Grid: 10 Trends to Watch in 2013 and Beyond,” published 1Q 2013, available at: <http://www.navigantresearch.com/research/smart-grid-10-trends-to-watch-in-2013-and-beyond>.