

# A distress call on trade barriers

## Bird-X Inc. fears tariff hawks will kill its golden egg

By Ronald E. Yates  
TRIBUNE STAFF WRITER

Ronald Schwarcz has a message for those who want to raise tariffs and erect new trade barriers to protect American industries.

Don't!

Schwarcz, president of Chicago-based Bird-X Inc., a 32-year-old manufacturer of devices designed to repel birds and animals from places like airports and buildings, is just beginning to move aggressively into new foreign markets.

"If the U.S. sets up tariffs like some of these politicians want to, there will be countermeasures from abroad," Schwarcz said. "It could be devastating to a small company like ours that is trying to enter new foreign markets."

Yet, higher tariffs and new barriers to trade seem to be what's on the agenda of some political candidates at the national and state levels. Many are blaming international trade for everything from downsizing to stag-

nant paychecks.

Some politicians, such as Republican Sen. Bob Dole, have suggested a re-evaluation of America's involvement in the North American Free Trade Agreement and the World Trade Organization. Others, such as Republican presidential candidate Pat Buchanan, are convinced the U.S. should pull out of both trade bodies—and damn the consequences.

That's the last thing Bird-X needs, Schwarcz says.

The company is in the middle of an aggressive strategy to increase foreign sales from the current 5 percent of its \$7 million in annual revenue to 20 percent over the next few years.

"We want less government regulation, not more," Schwarcz said. "We want an international marketplace that is open and free—not one that is closed."

Bird-X first tested the international waters eight years ago. Today, the company's products, which range from ultrasonic machines that emit distress calls to frighten away ani-

mals to an "advanced scarecrow" with eyes that appear to follow unwelcome birds, can be found in airports and buildings from Brazil to Bali.

One of its devices is shooing seagulls away from Chicago's Navy Pier and another is being used by the National Aeronautics and Space Administration to keep woodpeckers from drilling holes in the heat shield of the space shuttle.

The company has just signed an agreement with a Chinese company to have its advanced scarecrow manufactured in China.

"We saw an opportunity for our products in the international marketplace and we have been very active in developing exports," Schwarcz said. "We see that as a way to increase our growth."

Schwarcz is on the right track, according to Dana Mead, chief executive of Tenneco Inc., the Houston-based manufacturing giant that racked up sales of \$8.9 billion last year—much of it in international

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Photo for the Tribune by Tim Zielenbach

Bird-X Inc. President Ronald Schwarcz and Mona G. Zemsky, marketing manager, inspect scarecrow device, one of the company's exports.

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markets.

"Increased exports have been responsible for nearly one-third of U.S. economic growth over the past decade... and that's the key to the creation of new, high-paying jobs," said Mead, who is also chairman of the National Association of Manufacturers (NAM). "It would be suicidal to erect new trade barriers. You can't compete in foreign markets if you are behind a trade barrier."

Mead's comments echo a new study released by NAM and the Institute for International Economics. The study says higher U.S. tariffs and trade barriers would be disastrous to American manufacturers like Bird-X, who are more competitive than they have been in three decades.

NAM, which represents 13,500 American manufacturers, says any move to build a trade wall around America would generate retaliatory measures that would shut American companies out of foreign markets at a time when many are just beginning to find success in them.

It's a view supported by the U.S. Commerce Department, which produced figures this month showing that exports of manufactured goods hit \$600 billion in the fourth quarter of 1995 and increased 15 percent for the year.

While some of that growth can be attributed to a devalued dollar that makes U.S. goods less expensive abroad, the NAM study found demand for American products is driven as much by improved quality, design and availability as by price.

That bodes well for the U.S. trade picture, say some economists. The U.S. ran a trade deficit of \$111 billion for 1995—up from \$106 billion in 1994—but researchers in the Office of Trade and Economic Analysis say the nation's trade deficit could fall to \$87 billion this year if the export engine doesn't sputter because of meddling by lawmakers who want to curb imports.

It's a view that appears to coincide with NAM's manufacturing sector study.

"This study explodes the protectionist myth that international trade is somehow bad for America," said NAM President Jerry Jasinowski. "Those who suggest raising tariffs on imported goods risk a trade war that would cut the legs out from under millions of American workers and thousands of companies, large and small."

The picture of American manufacturing is simply not as bleak as many politicians are making it out to be, Jasinowski insists.

While it's true that 1.7 million manufacturing jobs disappeared between 1988 and 1993, Jasinowski says most of those jobs were never the assembly line jobs typically associated with U.S. manufacturing.

"They were back-office jobs like

now contracted out to companies that the Labor Department classifies as service-sector firms," Jasinowski said.

The problem is not job losses, but the dearth of skilled workers so desperately needed by manufacturers, he said.

"Many jobs are going wanting," Jasinowski said. "Some manufacturers are so desperate for skilled assembly line workers that they've taken to hiring professional recruiting firms to help them find qualified applicants."

Especially in demand are workers who are computer literate and able to operate the advanced equipment on many of today's assembly lines.

According to the NAM study, manufacturing companies that export pay those employees 10 percent more than those that don't export. With the average annual wage of all manufacturing workers at \$40,000 a year and at \$50,000 to \$100,000 a year for skilled computer code writers and manufacturing software developers, that is significant.

At the same time, the study said, companies that export "grow" new jobs almost 20 percent faster than non-exporting manufacturers.

In Illinois alone, exporting accounts for one of every four manufacturing jobs—up from one in 10 in 1983.

Worker productivity at companies that export is 20 percent higher than at non-exporting companies, according to the NAM study. Why?

"Companies that decide to compete globally must constantly improve their productivity, technology and the skills of their workers," Mead said.

Productivity is higher at exporting companies because of a competitive environment filled with efficient foreign rivals, he added.

Walter Stashkiw, vice president of sales and marketing for the 100-year-old Wil-Burt Co. in Orville, Ohio, says it isn't just productivity that is pushed higher at exporting companies.

"Exporting forces tough quality programs through the company," Stashkiw said. "It requires innovative thinking... and it causes the person on the floor to focus on export customers."

Wil-Burt, which started out as a machine shop and metal fabricator, today produces products ranging from telescoping antenna masts to specialized buildings to house environmentally hazardous material. Exports account for about 15 percent of annual sales at the 300-employee company.

Instead of losing business and jobs because of international trade, Wil-Burt has discovered that exporting brings new business and new jobs, Stashkiw said.

"We realize that going to work and making metal parts for large companies actually turns on the lights, but exporting makes it interesting and exporting is what's going to let us survive."