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Testimony before the U.S. – China Economic and Security Review Commission  
Hearing on “The Impact of Trade with China on New York State and Opportunities for Economic Growth”

Just to provide some additional background I am a small manufacturing business owner in Buffalo, NY. I have built my business from a two car garage in 1980 to a facility that is 34,000 square feet employing 20 personnel. I own two companies, National Manufacturing & Distribution, Inc. (NM&D) which designs, develops, and manufactures electrical and electronic components and serves the electrical utility and large industries. National Solar Technologies (NST) is a renewable energy business, which manufactures, develops, integrates solar and wind power systems and commercial solar powered lighting systems with customers around the world.

I do not claim to be an expert in U.S. – China relations, but I do have over 25 years experience in the manufacturing industry. Only recently have I been involved with importation of products from China to integrate into our solar product line. This was due to the fact that the availability of U.S. made similar products were either not available or not as competitive.

Funding provided by the State is focused on Research & Development (R&D) and is useful to R&D companies, colleges and universities. The perfect end result of an R&D project is a completed product. My experience as a small business is the high cost of developing a product for the market place. We have been involved in enhancing the R&D of Ontario Hydro Technologies (OHT) solar products from the acquisition of their technology, which created National Solar Technologies. OHT spent millions of dollars developing this product, and we spent an additional million to enhance the existing capability. It is not just the expertise and expense required to develop a technology. Once the product is created the more time consuming and expensive step is marketing your finished product.

NST was the recipient of a State Grant from the New York State Energy Research and Development Agency (NYSERDA) to develop an inverter control allowing for a larger power output utilizing solar panels. After researching the cost associated with designing, producing, and marketing this product we could not compete with a less expensive, similar capability produced by China. After this realization I declined the NYSEERDA grant. In my opinion I would recommend government funding be focused on not only R&D activities but also helping to market the final product. The inability to compete with Chinese manufacturing will hinder New York State (NYS) competitiveness in developing and manufacturing finished R&D products in the United States versus China. Many of the required R&D components are only manufactured in China, from electronics to machinery. This is like a competitor supplying you with essential parts. This provides the Chinese with control of the marketplace and cost of equipment. As a small business I cannot afford to invest in projects that could eventually be terminated or unaffordable due to competitor control. I would recommend that if a NYS company wishes to develop a capability with China, NYS government should not fund this endeavor.

Regarding NYS taxation, I have been contacted by State agencies, outside of New York, and offered lucrative incentives to relocate my business. I have chosen to stay in this region due to family ties and business associations. I would recommend that the incentives to entice other companies to come to NYS, including tax breaks, should apply to existing businesses especially during the current economic decline. Lower taxes and streamlining regulation will make NYS a more hospitable place to do business.

In summary, I believe that NYS government has the ability to make a difference by helping to create jobs in the region by supporting small businesses through additional tax breaks, funding R&D projects with companies planning on manufacturing the product in the US, as well as aiding in marketing the final designed and developed technology. These efforts will aid in increasing New York State's competitiveness in myriad industries.