

**SCOMM**

**100:11**

**JOINT INTERIM TASK FORCE ON INTERNATIONAL TRADE POLICY**

February 21, 1996

4:12 p.m.

**MEMBERS PRESENT**

Senator Steve Rieger, Co-chair  
Representative Beverly Masek, Co-chair  
Representative Alan Austerman  
Representative Brian Porter  
Representative Caren Robinson

**MEMBERS ABSENT**

Representative Jeannette James  
Representative Irene Nicholia  
Representative Pete Kott

**TASK FORCE AGENDA**

-- DISCUSSION OF INTERNATIONAL TRADE RECOMMENDATIONS TO BE MADE BY  
TASK FORCE

**WITNESS REGISTER**

Ms. 'Pete' Nelson, Chairman  
World Trade Center Alaska Advisory Board  
421 West 1st Avenue  
Anchorage, AK 99501

James Burns  
Petro Marine Alaska  
3111 C St., No. 500  
Anchorage, AK 99503

Ben Barrett  
P.O. Box 100600  
Anchorage, AK 99510

Ms. Debby Sedwick, Assistant Commissioner  
Division of Trade & Development  
Department of Commerce & Economic Development  
3601 C Street, Suite 700  
Anchorage, AK 99503-5934

Dan Rowley  
2515 A Street  
Anchorage, AK 99503

Lee Wareham  
24865 Teal Loop

Chugiak, AK 99567

Mark Wilson  
1400 West Benson, No. 150  
Anchorage, AK 99503

Ron Sheardown  
717 L Street, No. 7  
Anchorage, AK 99504

Bob Stiles  
711 H Street, No. 600  
Anchorage, AK 99501

Patrick Burden  
421 West 1st Avenue, No. 310  
Anchorage, AK 99501

Patrick Rumley  
405 West 36th Street, Suite 203  
Anchorage, AK 99503

Tim Lane  
International Trade Consultant  
North Carolina

Ms. Robin Zerbel  
World Trade Center Alaska  
421 West 1st Avenue, Suite 300  
Anchorage, AK 99501

Ron Noel  
3230 C Street  
Anchorage, AK 99503

Kevin Krauklis  
3253 Riverview Drive  
Fairbanks, AK 99709

Charles Neff  
University of Alaska, Anchorage  
3211 Providence Drive  
Anchorage, AK 99508

David Heatwile  
421 West 1st Avenue, Suite 300  
Anchorage, AK 99508

**ACTION NARRATIVE**

TAPE 96-3, SIDE A  
Number 001

**SENATOR RIEGER**, Co-chair, called the meeting to order at 4:12 p.m. He stated the purpose of the meeting was to consider a draft resolution summarizing the recommendations of the task force regarding the state's international trade and focusing on the budgetary aspects. He then opened the meeting to public testimony.

Number 015

**'PETE' NELSON**, Chairman, World Trade Center Alaska, commended the task force on the draft resolution, which, she said, does a good job of balancing the current needs of the international business community with available resources. While it does not include everything for everyone, it is a good start.

However, Ms. Nelson pointed out the draft resolution does not address one of the top priorities of industry, which is a provision for an export finance specialist. She also referred to the second paragraph of the resolution, which speaks to providing a government "presence" on trade missions to countries, and suggested after "presence" adding the language "and protocol assistance," because protocol is very badly needed in this issue as well.

Number 112

**SENATOR RIEGER** said the task force could certainly consider adding an export finance specialist to the resolution, but he questioned the appropriateness and the practicality for the state to be doing that kind of a function, as opposed to using the actual financial entities already available. **MS. NELSON** responded there is a need for an expert knowledgeable in international finance issues, and the state's financial institutions don't have that expertise available. She pointed out that places like Seattle, New York and Houston have international financing divisions or departments within their banks to handle the international finance issues.

**SENATOR RIEGER** asked Ms. Nelson if she thinks this is something the state should pay for. **MS. NELSON** acknowledged she does, because she likens it to the people the state is already paying for to assist international trade in the state of Alaska.

Number 188

**JIM BURNS**, Senior Vice President of Marketing, Petro Marine Services, testifying from Anchorage, said he has been involved for a number of years in exporting finished petroleum products out of Alaska to Japan, Korea and, more recently, Russia. He spoke of the assistance he has received through the years from the World Trade Center Alaska, which he sees as a very good mix between private and public funds working towards a common goal. His experience with the other agencies and groups that are supposed to assist in exporting Alaska products or services overseas has been more on the negative side. He suggested the state of Alaska needs to have a

more coordinated effort with both a combination of public and private sector money, and the World Trade Center should be funded and supported by both the state and by private enterprise.

Number 282

**REPRESENTATIVE AUSTERMAN** asked Mr. Burns for his comments on having a export finance specialist in the state. **MR. BURNS** said he sees that as a positive move and a good beginning point for addressing the question of how to create a Seattle-type model in the state for Alaska companies.

**REPRESENTATIVE AUSTERMAN** pointed out that with most banks, if they have a housing specialist or real estate specialist, the specialist usually covers his own salary by charging a fee, and he asked Mr. Burns if he would be willing to pay a fee for the services of an export finance specialist. **MR. BURNS** answered that he thought he would, but he also added that perhaps something could be modeled after the World Trade Center where public and private sector funds go into a pool for services.

Number 335

**BEN BARRETT**, Vice President & Manager, Corporate Relations Department, National Bank of Alaska, testifying from Anchorage, said he is leading the bank's efforts in looking at the Russian Far East for business opportunities. The bank's mission is to assist in facilitating trade financing, letters of credit, transfers, etc. for customers that are attempting to do business in Russia. The best way he has found to do that is networking with the people, finding out who in the private sector is doing business in Russia, meeting with them, and the most helpful source of that information has been the World Trade Center. He stated he is very supportive of what the World Trade Center is doing.

Number 403

**SENATOR RIEGER** asked Mr. Barrett for his comments on a state-funded finance specialist, or a user fee supported state employee who is an export finance specialist. **BEN BARRETT** related that with emerging markets such as Russia, it is a different situation than it was a few years ago, and, as of right now, NBA does not have that expertise. They do not know of everything that is available to help one of their customers, so he thinks it is something that at this time is necessary and would be very helpful. To fund an export finance specialist, he suggested there could be some type of membership structure, and it would have to be a private/public partnership.

Number 475

**REPRESENTATIVE AUSTERMAN** asked Mr. Barrett how important he thinks

it is for legislators to participate in visits to different countries to initiate contacts and explore the trade markets. **BEN BARRETT** replied he believes it very important, especially when talking about Russia where the culture is that government is the final word. Having high level trade missions will open doors for the business person to meet with the proper officials in that part of the world, and the participation of high level officials is very important.

Number 511

**DEBBY SEDWICK**, Assistant Commissioner, Division of Trade & Development, Department of Commerce & Economic Development, said the recently completed survey offered some important insights and suggestions. The department agrees that there is a need for a more coordinated effort with one point of contact, a need for the state to take the lead in setting a strategic trade policy and vision, and a need for the state to create a more business friendly climate.

Ms. Sedwick referred to the last resolve clause of the draft resolution which recommends a continued reduction of general fund support for the fixed costs of overseas locations. She said the division has been working hard to reduce costs in their overseas offices. She said international trade is big business in Alaska. Alaska's expertise lies in resource development and the natural markets are in countries where they are undergoing resource and industrial development and they can make use of Alaska's expertise, technology and techniques. The primary activity and demands for Alaska's exports now rests in Asia and will continue to do so in the distant future. She questioned if this is the time to pack our bags and tell our cash paying companies and the Alaska companies that Asia is not a priority and that our overseas presence is expendable.

Ms. Sedwick stated she is deeply troubled by some of the recommendations that have been placed before the task force because they do not reflect comments in the survey nor actions already taken within their divisions. She cautioned that slashing the operations in Japan and Korea without careful planning will seriously undermine decades of effort spent securing Alaska's position in the most important Asian markets. To be most effective in the international market, industry needs government leadership and trade promotion opening the door.

In her closing comments, Ms. Sedwick said it important to remember the reality of our already strong trading partners in Asia without closing the doors to new markets for Alaska's goods and services.

Number 617

**SENATOR RIEGER** asked Ms. Sedwick if she thought the industries her

office has worked with would contribute user support to keep the overseas offices open as the general fund support is reduced.

**MS. SEDWICK** responded that the department hopes to leverage more private sector dollars into the program. If it reaches a point where those offices overseas can't be maintained because of finances, she hopes that they will have the ability to go to the private sector to ask for their help. She has been in discussions with ACVB and others about combining their Korea office with private offices that are already there in an effort to not have an overhead figure for rent and utilities. She is hopeful something can be firmed up before the end of the fiscal year.

Number 640

Responding to a request from Representative Robinson, Ms. Sedwick explained the operation of their overseas offices.

Number 675

**REPRESENTATIVE ROBINSON** asked if after being on the job for six months, Ms. Sedwick was requesting time to work with all the industry people on where the dollars should come from to keep these overseas offices going. **MS. SEDWICK** said when she came on the job in September, it was very important that they reduce costs. For instance, in Tokyo, Japan, the tourism office and the trade office have been consolidated, which will amount to a \$40,000 to \$50,000 savings during this year. They are hoping to do the same thing in Korea.

**TAPE 96-3, SIDE B**

Number 758

**REPRESENTATIVE MASEK** asked aside from the natural resources in our state, why the Asian Pacific Rim markets are significant to Alaska. **MS. SEDWICK** answered that the natural resources is the most important thing.

Number 737

**DAN ROWLEY**, director of business development for an architectural engineering firm in Anchorage, said as a member of the Governor's Task Force for Marketing Alaska, he had the opportunity to observe the activities of the Division of Trade & Development, the World Trade Center, etc., and the fact there is the need for a comprehensive strategic plan with respect to international trade is very obvious. Equally obvious is the need for a coordinated implementation program. He observed that the multiple trade organizations each have some very talented and dedicated people trying to do the job as they best perceive it, however, he has the clear impression that there is no overall plan for a coordinated approach. He believes the private sector has the ability to provide the structure and it is an approach that is needed to focus

Alaska's international trade activities. In closing, he said he believes redefining the Division of Trade & Development's role to be the state leader in foreign investment in Alaska is a step in the right direction.

Number 855

**LEE WAREHAM** of Chugiak said he, in his work, has been involved in the relationship between Alaska and the Russian Far East since its very beginning in 1988. He advised that the relationship between the governments be maintained on a warm and friendly basis. Since he has been involved in international trade, he has watched to see what works, and he has observed that the World Trade Center consistently does very well with their limited resources. He recommended in considering how to consolidate and focus, as well as to aim in a particular direction to carry out a defined trade policy, to look closely at the World Trade Center and emulate the successes that they've been able to achieve. He also recommended taking a close look at contracting functions that are probably transitory with regard to trade because of the lack of inherent stability over time in a lot of the requirements.

Number 960

**MARK WILSON**, testifying from Anchorage, echoed earlier comments made in support of the World Trade Center. He is looking forward to the opportunity to work on these issues, and he expressed his hope that the economy of the state of Alaska and the issue of export trade from Alaska will continue to grow.

Number 080

**RON SHEARDOWN**, testifying from Anchorage, said he has made approximately 50 trips through Russia mainly dealing in mining activities, and the World Trade Center and the Troika centers in Russia have been very helpful and very vital. He stressed the importance of having someone from government along on trade delegations and having a working relationship in the emerging markets. He also pointed out that the smaller business community is getting very little help, financially, or loan support, or trade support, which is very vital for the smaller companies working in these countries. He believes continuing trade missions are very vital and export assistance is very vital.

An area that Mr. Sheardown finds is negative and problematic, especially in Russia, is with the university and some of the other associated relationships there where staff people are running their own businesses. He said a major problem, especially in Russia, is conflicts of interest right up to the highest levels crime, the graft and everything else that goes with it. He asserted people are running their own business and also representing both the university and other areas. He suggested some of those areas

really need to be looked at.

Number 156

**REPRESENTATIVE PORTER** asked Mr. Sheardown if he was speaking about university officials in Russia. **MR. SHEARDOWN** responded that he thinks there are problems here, too, with people running their own businesses that are doing business in Russia. **REPRESENTATIVE PORTER** requested that Mr. Sheardown send any specifics he has to the task force.

**BOB STILES**, testifying from Anchorage, said over a 15-year period most of his trade activity has been in the marketing of steam coal. His corporation has worked with the Office of International Trade, primarily in Anchorage, with very limited involvement with the office in Japan. They have also worked with the World Trade Center and U.S. Foreign Commercial Service and have found both of their services extremely useful. His corporation has found there is a very definite need for a coordinated and cooperative strategic plan to pull together the public/private sector work. In the areas where they've have contacted the Office of International Trade, it has been responsive to their requests, but he believes that particular division has suffered from lack of leadership, mission and direction for an extended period of time. He suggested the task force should try to come up with some way to eliminate some of the political football characteristics of that office. Concluding, Mr. Stiles voiced support for the draft resolution.

Number 226

**PATRICK BURDEN**, Northern Economics, testifying from Anchorage, requested expansion of the international trade program within the state. He believes there is a need for an international finance specialist or an export finance assistance center to provide direct export finance counseling to businesses. He also thinks it is necessary for the state to participate financially in this program, more at the beginning, and then the level of support could diminish. It is also important that people who use a service pay for it to offset some of the costs.

Number 273

**PATRICK RUMLEY**, testifying from Anchorage, stated he was testifying as a private individual although he is a member of the World Trade Center Alaska. He noted he has had six years of educational and work experience in Japan. He stated his support for comments made by Ms. Sedwick, especially her remarks concerning the importance of government's role in contacts with the Asian market, as well as the importance of the Asian market, in general. He attributes part of the problem with the present office in Japan to the need for a clear definition of what is expected of the people who run those offices instead of setting up too broad a mission for these people,

or not defining any mission at all. He also believes there is a need for a public and a private sector partnership, and that continuity is critical, particularly in Asia.

Number 320

**TIM LANE**, International Trade Consultant, testifying from North Carolina, speaking to the issue of foreign offices, explained that the correlation between the perceived need to maintain foreign offices in the actual export of Alaska's natural resources in the Asian Pacific Rim is very weak. For example, a substantial amount of Alaska seafood is exported to Japan and Korea, however, the primary transactions themselves aren't handled in Alaska. The primary export of Alaska seafood, with the exception of marginal producers and specialty products producers, takes place via intermediaries in Seattle. Also, the demand for Alaska timber well exceeds the supply, its customers are well established, and primary timber exported at the lowest level use either intermediaries or specialized trade techniques with well-established partners. In the mineral industry there are only a handful of Alaskan large mineral producers who conduct exports, and most of the companies have in-house expertise already in place and are among the last people who need assistance with the establishment of an export marketing strategy. He reiterated that while Japan and Korea are the primary recipients for natural resources, the natural resources, which are actually exporting, have among the lowest export assistance needs of any industry classification in the state.

Mr. Lane said foreign offices are appropriate in some conditions for some states. Research that he has been doing reveals that manufacturing companies can benefit from foreign offices in many ways because the export marketing strategies for manufacturing companies are substantially different than those for natural resource companies. However, these are usually more appropriate for manufacturing states like California, New York and Kentucky.

Mr. Lane said for natural resource states' economies, the approach which is necessary is a more global flexible approach. The market essential for companies in the highly technologically competitive Korean and Japanese markets is very low. The opportunities lie in emerging markets such as Indonesia, Malaysia, etc.

Number 414

**ROBIN ZERBEL**, Director, World Trade Center, Anchorage, stated she would like to see the issue of export finance assistance as part of the draft resolution. The export finance assistance program is a very clear-cut project, with an investment of \$200,000 per year. She said the trade center has been trying to get a program like this going for four years.

**TAPE 96-4, SIDE A**  
Number 001

Ms. Zerbel noted that numerous financial institutions support an export finance assistance program, and she urged it be included in the resolution, because it is the highest and best use of state dollars.

Number 035

**RON NOEL**, General Counsel, Tesoro Alaska Petroleum Co. in Anchorage, has been involved in activities of various types in Russia since 1991, representing clients, and, most recently, Tesoro. Throughout that five-year period, he has been associated in one way or another with the people at the World Trade Center and it has been an invaluable service to him and his clients.

Mr. Noel echoed previous statements about the need for export finance assistance expertise and further assistance to find ways to allow Alaska banks to get involved in the process.

Number 124

**KEVIN KRAUKLIS**, a Fairbanks businessman testifying from Fairbanks, supports active state participation in trade missions where the private sector participation is of sufficient strength to finance the state's participation. He believes it is also a more appropriate way of financing offices in Japan and Korea. He said if the private sector is not willing to step up to the plate and pay for those offices, or a significant portion of those offices, then one has to wonder why they are there. He also voiced his support for an export finance assistance program.

Number 227

**CHARLES NEFF**, representing the University of Alaska Anchorage and testifying from Anchorage, said he is director of the American Russian Center, as well as director of the Alaska Center for International Business in the Office of Russian Affairs. He said in the development of foreign markets, much of what is done within the state of Alaska is to help businesses establish new activities in foreign markets and to support the activities. The American Russian Center has been involved in training Russians and has so far involved more than 6,000 Russians in various kinds of training programs. As the market in the Russian Far East begins to develop, it is a resource that is going to be very valuable to Alaskan businesses.

Addressing the draft resolution, Mr. Neff said behind that resolution is a report that suggests changes that require a lot more examination. One is the transfer of the endowment of the Alaska Center for International Business to the Department of Revenue, and he believes that it is premature to close down the

Alaska Center for International Business without a thorough review of its work and its current services to the state.

**REPRESENTATIVE MASEK** asked Mr. Neff if he would describe the operation of the American Russian Center and how he thinks it is going to help the state of Alaska. **MR. NEFF** explained the American Russian Center programs are sponsored by three separate grants. He added that these are not funds that are designated to directly help Alaskan businesses except to the extent that they have tried to provide connections between potential Russian businesses and Alaskan businesses. They are responsible through the university contract to the federal agencies to achieve the goals they have promised to address during the course of the contracts.

Number 366

**DAVID HEALTWILE**, President of the Alaska Russia Company, testifying from Anchorage, related that in the three years his small company has been in business, they have sold a little over \$15 million worth of goods to Russia. He said their competition is the "big boys" down south who are closer to manufacturers; they are better financed and they have some focused government programs working for them. Although he receives very meaningful help from the World Trade Center's Troika program, he said the state could help in two ways: one is to continue to provide him with the trade leads similar to what he is receiving from the World Trade Center, and the second is to provide some means of export financing.

Number 418

There being no further witnesses to testify, **SENATOR RIEGER** stated it was his intent to have one more meeting after the task force takes the comments it has received under advisement and has another draft resolution prepared. He then adjourned the meeting at 6:05 p.m.

# **DRAFT**

## **Draft Resolution For Senate/House Interim Task Force On International Trade**

### **BE IT RESOLVED BY THE SENATE/HOUSE INTERIM TASK FORCE ON INTERNATIONAL TRADE:**

**WHEREAS** the task force recognizes that government participation in trade missions is a significant help to the state's exporters in countries where there is a high expectation of governmental involvement; and

**WHEREAS** the state's international trade efforts should focus on availability of information on international trade and providing a government "presence" on trade missions to countries which expect to see such governmental presence; and

**WHEREAS** the state's present international trade promotion efforts are spread among a wide number of agencies, including the Division Of Trade And Development in the Department Of Commerce, the Alaska Center For International Business in the University Of Alaska, the World Trade Center supported in part by money from the Alaska Center For International Business, the Alaska Seafood Marketing Institute and the Division Of Tourism in addition to maintaining overseas offices or a contractor for trade promotion efforts in Japan, Korea, and Germany; and

**WHEREAS** the cost of maintaining overseas trade offices is very high;

**BE IT RESOLVED** that the task force recommends to the House and Senate Finance Committees that the committees should appropriate moneys for a more consolidated international trade information source and that the provision of information on international trade should be consolidated; and be it

**FURTHER RESOLVED** that the location should be proximate to or integrated with the information provided by the U.S. Commercial Service and should be integrated as much as possible with any privately-supported networks to make research as efficient as possible for private business, avoid duplication, and save costs. The combination of efficiencies through consolidation and transfers to user fee support should result in savings of at least \$500,000 in 1997, and another \$500,000 in 1998; and be it

**FURTHER RESOLVED** that the task force recommends the state move toward a continued reduction of general fund support for the fixed costs of overseas locations, in part because of budget pressures and in part because the

# DRAFT

fixed office locations are not necessarily responsive to changing trade patterns and might rob from efforts in countries in which the state does not have an office. This trade mission component should have significant user support with offices needing to be either cut back or transferred to user support. The task force recognizes that to the extent that the actual physical presence reduces, it would benefit from a graduated transition period to mitigate any negative perceptions in the host country.

Copies of this resolution shall be sent to the President of the Alaska State Senate, the Speaker of the Alaska State House, and members of the Alaska State Senate and House Committees on Finance.

## **ALASKA KOREA BUSINESS COUNCIL**

705 West Sixth Avenue, Suite 201  
Anchorage, Alaska 99501

February 13, 1996

Alaska State Senate Finance Committee  
Alaska State House of Representatives Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801-1182

Dear Committee Members:

I am writing on behalf of the Alaska Korea Business Council to urge you to not only fully fund the Alaska State Office in Seoul, Korea, but to increase its funding.

The Alaska Korea Business Council was founded in the early eighties by a group of prominent business and government leaders to promote business, educational and cultural relations between Alaska and Korea, Alaska's second largest trading partner. A great deal of time, money and effort has been spent to further those goals. Many trade missions have gone back and forth forging lasting friendships and business relationships that have taken many years to accomplish.

One success of this relationship was the opening of the Alaska State Office in Seoul in 1985. At the time, Alaska was the first state in the United States to open an office in Seoul. Since 1985, more than 30 states have opened offices after recognizing the importance of trade with Korea. Alaska is still recognized as the number one state as a result of our opening the first state office in Korea. A very important distinction. It is interesting to note that Korea and Japan recognize the importance of a business relationship with Alaska by maintaining large Consulate General offices in Anchorage for many years.

I can not emphasize how important it is to have an ongoing presence and representation in any foreign country in which we wish to do business, especially so in the Far East. Most business in the Far East requires government to government contact and approval before business contracts can be formalized. Once a State Office is established, obtaining appointments and introductions through the State Office makes contacts by Alaska businesses much easier and contacts are made at a higher level than could be made by a business on their own.

It should be obvious that having an office and full time representation in Korea and Japan, our two largest trading partners, is necessary to insure our future relationship remains as solid as it is today. If anything, we should be increasing our presence in this two countries as well as Taiwan, China and perhaps Vietnam. The Pacific Rim nations are the major buyers of our products, services and resources and we should be increasing our friendly relations with them. There are a number of other countries competing with Alaska for Pacific Rim business. Such as Australia and Thailand for coal and natural gas. The Scandinavian and South American countries for fish and timber. And the emerging countries of Russia and China are competing very heavily with Alaska in Korea and Japan in virtually every area of commerce.

As in any business, the State owes it to the public to perform periodic internal audits to assure and ensure them that the State is using its assets most effectively. I believe that is what you are doing now in regard to the Office of Trade and the overseas offices. While you are performing that assessment, please don't throw Alaska's best trained representatives and sales people out in the street.

If the present trend of across the board reductions to reduce state expenditures continues, without evaluating and prioritizing every program in the state, the overseas offices will be reduced to the point that they are totally ineffective. At that point, like a wounded animal, the humane thing to do is put them out of their misery. Before, reaching that decision, however, be aware that once an overseas office is closed, because of the message that is sent to the host country that they are no longer important to Alaska, we can never recapture the relationship we presently enjoy with these countries.

Before making any irreversible decisions regarding the Office of Trade and the overseas state offices, I urge you to seek more information as to their effectiveness from businesses, foreign trade councils, local government leaders, educators and other state agencies.

Yours truly,

A handwritten signature in cursive script, reading "Loren H. Lounsbury".

Loren H. Lounsbury, Chairman  
Alaska Korea Business Council

# **National Bank of Alaska**



Corporate Headquarters P.O. Box 100800 Anchorage, Alaska 99510-0800 (907) 276-1132

February 9, 1996

Gail Phillips  
Speaker of the House  
Alaska State Legislature  
Room 298, State Capital  
Juneau, Alaska 99801-1182

Dear Gail,

I would like to express my support for the initiative to establish an Export Finance Assistance Program in Alaska.

A growing number of Alaskan firms are expressing a need to tap capital for their international trade project needs. Alaska's private sector lenders, to my knowledge, although very willing are currently unable to provide expertise necessary in this area. International business financing, in the level and diversity *now* required by Alaskan businesses, is a new diverse element few private lenders are competent in. Without this expertise our Alaskan businesses are at a disadvantage. I would assume as the demand increases the lenders' expertise will also increase. The question is, can our local businesses wait that long and still survive?

You are in the process of soliciting a cohesive and streamlined international trade strategy for Alaska. The addition of a Trade Assistance Specialist is an important element in the equation. There are successful models in other States that this program could be patterned after.

Sincerely,

Benjamin A. Barrera VP  
Corporate Relations Department

**Key Bank of Alaska**

*A KeyCorp Bank*

Post Office Box 100420  
Anchorage, Alaska 99510-0420  
(907) 562-6100



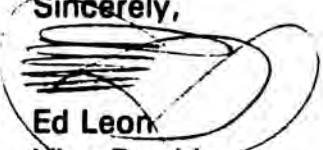
February 12, 1996

Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
Room 208, State Capitol  
Juneau, Alaska 99801-1182

Madam Speaker of the House:

I would like to express support for the initiative to establish an Export Finance Assistance Program in Alaska to assist small and medium sized businesses. Alaskan firms have expressed the need to access capital for their increasingly diverse international trade, investment and project needs. This Program could be a key element in developing a cohesive and streamlined international trade strategy for Alaska.

Sincerely,



Ed Leon  
Vice President

Via Fax  
***WORLD EXPRESS TRAVEL***

From the Desk of Glenn Reed, Director of Business Development

1900 W. Emerson Place, Suite 100

Seattle, WA, USA 98119-1649

Phone (206) 286 4446 Fax (206) 283 9478

America On-Line address - GLIRSA@aol.com

**DATE:** February 16, 1996

**TO:** Sen. Drue Pearce  
President of the Senate  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

**FROM:** Glenn Reed  
Director of Business Development  
World Express Travel  
1 206 283 9478

**RE:** International Trade Initiatives

**PAGES:** 2

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Dear Sen. Pearce,

I would like to express my support of your initiatives regarding the implementation of an effective international trade policy for the State of Alaska. I believe a consolidated effort will be more successful for the private and public sectors.

One critical need in today's business environment is for accurate information that is current and available in a timely manner. Consolidation of resources would support this need.

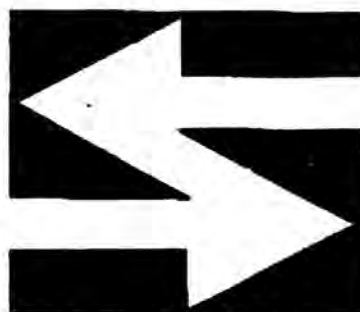
As a member of the international trade community, I have planned, and continue to plan, numerous trade missions and trade shows overseas. Personally and as a former state official, I have participated in state trade missions and believe strongly that these trade missions should be offered on a more consistent basis. In addition, I would like to see more involvement by the private sector, such as destinations driven by private sector interests. Specifically, I am in support of the funding for an Export Finance Assistance Specialist, as well as continued funding for the Northern Forum.

I am certain your initiatives will both strengthen Alaska's position in the international marketplace and save precious state resources. For Alaska to be more competitive internationally, I encourage you to start implementing these changes now.

Thank you for your consideration.

Sincerely,

Glenn Reed



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February 15, 1996

Rep. Gail Phillips, Speaker of the House  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Gail,

As a member of the Alaska World Trade Center, our firm recently had the chance to sit down with one of the leading specialists on trade financing on the west coast, Warren Gross, of the Export Finance Assistance Center in Seattle, supported by the State of Washington. My first reaction was, "No wonder Alaska is losing out to Seattle on so many facets of Alaska-Russia trade. We need a guy like that here!"

SATCO, our firm, has represented virtually every major tourism company doing business in the Bering Strait region of Russia since 1989. We pioneered ecotourism for small groups and mid-sized cruise ships alike. During the winter months, the firm has earned income by flying groceries from Alaska to Provideniya. And we've recently formed a marketing alliance with Foss Maritime and Bowhead Transportation for container service to Provideniya and the eastern end of the Northern Sea Route.

I write because Alaska-Russia trade is at the point where there is enough of a track record to involve long-term financing. There is a huge array of federal export assistance programs, plus a number of unique national/international banking programs that more people in Alaska should be able to use, not just with Russia but with other nations. With the financial expertise here, we can keep the business here.

I understand you are receptive to funding an international trade finance specialist here in Alaska. It would be a great thing to see -- and it would work well if the person is co-located with the U.S. Commercial Service and World Trade Center Alaska.

Virtually every facet of our business runs from transaction to transaction. If we're to build long term infrastructure and long-term trade, longer term financing would help. Thank you for giving this idea your serious consideration.

Mead Treadwell, Chairman



12 February, 1996

Representative Gail Phillips  
Speaker of the House  
Alaska State Legislature  
Room 208, State Capitol  
Juneau, AK 99801-1182

Dear Gail,

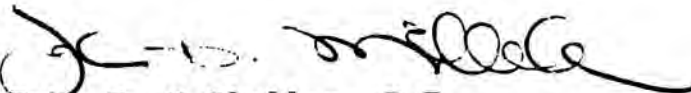
I would like to express my support for the initiative to establish an Export Finance Assistance Program in Alaska.

As a member of the World Trade Center Alaska Advisory Board and a representative of a company committed to expanding its business throughout the world, I have been one of the earliest and strongest advocates for such a proposed program. It is clear that companies who have been successful in international business have learned an important lesson of using international financing and funding programs established to support U.S. companies.

Alaskan firms will not have an opportunity to be truly competitive until they learn to function within these finance systems and networks. This will only happen with a trade finance expert who can work with export ready companies to walk them through the complex sources of matching funds to meet their particular business needs.

Respectfully,

ARCTIC SLOPE REGIONAL CORPORATION



John D. McClellan, P.E.  
Vice President  
Business Development

February 12, 1996

Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
Juneau Alaska 99801

Dear Gail,

I have been asked the question, "What can state government do to help promote international trade"? Having "been in the trenches" for the past 3 years establishing and operating an international trading company, the answer is pretty simple—provide a means for export financing or venture capital. All of the federal government programs designed to help exporters do not work for the small business person- the Overseas Private Investment Corporation and Ex/Im Bank are designed for multi-million dollar companies. Even the Small Business Association's Export Assistance program, excludes Russia—Alaska's new trading partner.

If Alaska could come up with some sort of export financing for Alaska business, we would have an "edge" over our competitors in the lower 48. Although it could be argued that the Alaska Export and Development Authority could provide this service, to my knowledge they are not providing any assistance to Alaskan Exporters.

Alaska Russia Company, with a three year track record of profitable operations in Russian trade, has shown that we know how to export. We have created jobs for Alaskans and shown that Alaska can compete with other locations in selling to the Russian Far East. Lack of capital is the largest single factor limiting our growth.

I realize that you are facing some tough choices in reducing state spending. From the view point of a private sector business person, Alaska will get the "biggest bang" for its international trade dollar by providing export finance assistance to Alaska based business.

Thank you for considering my opinion.

Sincerely,

David Heatwole  
President

February 12, 1996

Honorable Gail Phillips  
State Capitol Building, Room 208  
Juneau, AK 99801-1182

Dear Representative Phillips:

A few weeks ago I had the opportunity to participate in a teleconference with the Legislative task force reviewing the state's role in international business. During my brief presentation I mentioned that the State of Washington had an Export Finance Assistance Center co-located with other export assistance service providers in the U.S. Export Assistance Center. I believe that the Legislature should consider the Export Finance Assistance Center as a potential model for Alaska as you evaluate the State government's role in international business.

The Export Finance Assistance Center provides direct export finance counseling for small businesses participating in the global economy, is administered by a three person staff for the entire State of Washington. The individuals in the program have an extensive knowledge of public and private trade financing sources, including those that are less conventional in nature. They have good connections with the various financing agencies and understand the nuances of language that are required while preparing successful applications for atypical transactions. I think a similar program in Alaska could help obtain trade financing for exports to Russia, and increase Alaskan exports throughout the world.

There are adequate resources within existing state agencies involved in international business to implement such a program in Alaska. A new state agency or department is not necessary; existing resources can be transferred from less beneficial activities to this program. Locating the program in an office with other organizations involved in international trade would moderate costs as well as providing synergy for the organizations and their clients. Charging a nominal fee for these services would also ensure that clients recognize the value of the service as well as reducing the level of support required from state government.

Thank you for the opportunity to discuss this program. It is encouraging to see the Legislature recognizing Alaska's role in the emerging global economy and taking steps to ensure that Alaskan businesses have the support to actively participate in this arena.

Sincerely,  
Northern Economics



Patrick L. Burden  
Principal Economist

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ANCHORAGE, ALASKA 99501  
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# WELLS INTERNATIONAL

P.O. Box 189, Pearblossom, California 93553  
TEL (805) 944-2146 FAX (805) 944-0449

February 14, 1996

Ms. Robin Zerbel, Director  
Alaska World Trade Center  
421 First Avenue, Suite 300  
Anchorage, Alaska 99501

Dear Robin,

It was nice talking to you the other day, but I hope things are going smoother for you as you read this than it seemed to you at the time we spoke. Sorry I am so late in sending the enclosed as I promised, but I had to leave "town" for a few days.

I thought you would enjoy seeing the copy of the Western Legislative Conference's resolution and material for its certainly supports your case. I am also sending a copy of the two "Clearinghouse" reports on Alaska and a flyer on the new export assistance on the Internet which includes excerpts from the new edition of our book.

Has anything happened relative to Sakhalin Islands interest in small business export support? I managed to come away without any business cards, but it would be interesting to contact them and see if there really is something of interest, for I could pull a good team together, depending on their areas of interest.

Best wishes for a good spring!

Regards,



L. Fargo Wells

Enclosures

WESTERN LEGISLATIVE CONFERENCE THE COUNCIL OF STATE GOVERNMENTS

121 SECOND ST 4TH FL SAN FRANCISCO, CA 94105 PHONE (415) 974-6422 FAX (415) 974-1127



November 27, 1995

*Re Alaskan*

Dear International Trade Director:

On behalf of the Western Legislative Conference of the Council of State Governments, I am pleased to forward for your review and consideration Resolution 95-2 adopted by western state legislators in Salt Lake City on October 10, 1995. The resolution urges you to consider establishing a state export finance office to help small and medium-sized businesses improve international trade opportunities.

I have enclosed a copy of the California statute creating such an office as an example. It is our understanding that approximately ten such offices exist nationwide, and we wanted to take this opportunity to share the California approach with other western states and island governments.

The Council of State Governments exists to promote excellence and innovation in state government. Sharing good ideas across state borders is one way we do this.

Western Region members of CSG include: *Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming, American Samoa, Guam, Northern Mariana Islands and Palau.*

Should you be interested in more information about the California experience, please call Jim Newton or Melissa Davis-Stirling with the California Trade and Commerce Agency at 714-562-5519.

We hope this material will be of interest to you.

Sincerely,

*Senator Andrew Levin*  
**Senator Andrew Levin, Chair**  
**Western Legislative Conference**

WESTERN STATES

ALASKA

ARIZONA

CALIFORNIA

COLORADO

HAWAII

IDAHO

MONTANA

NEVADA

NEW MEXICO

OREGON

UTAH

WASHINGTON

WYOMING

PACIFIC ISLANDS

AMERICAN SAMOA

COMMONWEALTH OF THE  
 NORTHERN MARIANA  
 ISLANDS

PALAU

International Associate

PAUL J. P. P.



**APPROVED RESOLUTION NO. 95-2**

**EXPORT FINANCE ASSISTANCE**

**(Urging State and Pacific Island Governments  
to Consider Establishing Export Finance Offices  
to Help Small and Medium-Sized Companies  
Improve International Trade Opportunities)**

**(Introduced by the Economic Development  
and International Trade Committee)**

**WESTERN STATES**

ALASKA

ARIZONA

CALIFORNIA

COLORADO

HAWAII

IDAHO

MONTANA

NEVADA

NEW MEXICO

OREGON

UTAH

WASHINGTON

WYOMING

**PACIFIC ISLANDS**

AMERICAN SAMOA

COMMONWEALTH OF THE  
NORTHERN MARIANA  
ISLANDS

GUAM

International Associate  
Member Status

**WHEREAS, businesses in states and Pacific Island Governments are increasingly competing in a global economy, with expanding international trade opportunities for companies of all sizes; and**

**WHEREAS, exporters are often at a competitive disadvantage from the onset because their international counterparts are supported by excellent government financial programs; and**

**WHEREAS, small and medium-sized businesses represent a large and vital segment of state and Pacific Island Governments economies; and**

**WHEREAS, small and medium-sized businesses require financial assistance to compete for international orders; and**

**WHEREAS, financing export opportunities permits these small and medium-sized businesses to compete more effectively in the global economy; and**

**WHEREAS, a budget-conscious federal government is unlikely to expand its role in export development; and**

**WHEREAS, at least 14 states have established export finance agencies to aid small and medium-sized businesses in enhancing international trade opportunities by providing working capital loan guarantees to financial institutions; and**

**WHEREAS, assistance must include financing guarantees for such items as purchase of materials, services, or labor necessary to carry out a specific export transaction; and**

**WHEREAS, the Export-Import Bank of the United States is supportive of state and Pacific Island Government export Finance assistance; and**

**APPROVED RESOLUTION NO. 95-2**

**Page 2**

**WHEREAS, the California Export Finance Office has proven to be an effective model of export finance companies by successfully working with financial institutions and international markets to provide export finance assistance to California companies that have exported \$1.28 billion worth of products and services and by creating a direct employment impact of 25,604 jobs since its creation in 1985;**

**NOW, THEREFORE, BE IT RESOLVED that the Western Legislative Conference (WLC), the Council of State Governments (CSG) urges legislators and economic development officials in all CSG member states and Pacific Island Governments, and the Western and National Governors' Associations, to carefully consider the potential benefit, to their economies generally and to local business specifically, of creating an export finance agency, such as the California Export Finance Office, to assist small and medium-sized businesses in expanding international trade opportunities.**

**(RESOLUTION APPROVED BY THE CONFERENCE AT ITS 1995 ANNUAL MEETING ON OCTOBER 19 IN SALT LAKE CITY, UTAH)**

**95-2-A**