

SCOMM

100:5

Agenda

Interim Task Force on International Trade Policy

January 18, 1996

**Co-Chairs: Senator Steve Rieger and
Representative Beverly Masek**

Members: House Committee on International Trade and Tourism

- I. Presentation of a private industry needs assessment survey which was performed by the World Trade Center Alaska
- II. Presentation of an agency survey prepared under legislative contract
- III. Testimony - private industry representatives and government agencies
- IV. Questions and comments by committee members
- V. Adjournment

Tim

INTERIM TASK FORCE ON INTERNATIONAL TRADE

Co - Chair by Senator Steve Rieger
and
Representative Beverly Masek

- The review process includes three primary elements:
 1. A survey of the private sector to assess the demand and utility of international trade support services in Alaska. Responsibility for conducting the survey was contracted out to the World Trade Center Alaska.
 2. A survey of public international trade support organizations in Alaska to identify areas of activity duplication and obsolescence.
 3. A review of international trade support network models in other states within the context of the following areas: export assistance, foreign investment promotion and protocol activity, and international education.
- Our efforts focus on three central elements of state international policy:
 1. Policy - What role should state government take in providing international trade support services in Alaska?
 2. Structure - What is the most effective and efficient way to structure Alaska's international trade support network?
 3. Fiscal aspects - Are there cost-efficient alternatives to any of the activities currently being conducted by Alaska's international trade support organizations.
- The hearings we will be holding today are intended to complement the legislature's overall review of Alaska's international policy and trade strategy. The input we receive from public trade organizations and private sector companies is vital to the overall success of the legislature's efforts. We appreciate your participation.
- Today's hearings process will be divided into three parts. First, the World Trade Center Alaska will present the findings of the private sector needs assessment survey. Secondly, we will be asking follow-up questions to international trade support organizations which were surveyed and also inviting these organizations to provide supplementary comments. Finally, we will invite the public to provide testimony on the matters at hand.

**Interim Task Force on International Trade
International Support Network Restructuring Recommendations**

DIVISION OF TRADE AND DEVELOPMENT

Recommendations:

1. Dedicate the Division of Trade and Development as the state leader in foreign investment promotion, protocol activity, and advocacy on behalf of Alaskan companies in the international marketplace.
2. Assign responsibility for the development of a dynamic, comprehensive international economic development strategy for Alaska to DTD.
3. Direct DTD to discontinue all export assistance services (including export counseling, export related publications, etc.)
4. Eliminate funding for DTD office in Seoul, Korea.
5. Eliminate funding for DTD office in Tokyo, Japan.
6. Direct DTD to reclassify all employees as classified.
7. Direct DTD to strategically reassess staff qualifications based on the elimination of export assistance services.
8. Provide funding for the maintenance of one protocol officer stationed in Japan to coordinate and manage Asian Pacific Rim affairs.
9. Provide an enhancement to DTD for expanding the context and focus of Alaskan protocol activities.

Suggested cuts:

- Korea office: \$ 218,000
- Japan office: \$ 324,000
- Export assistance services: \$ 100,000 (Recommend that remaining funding targeted for export assistance activities be internally reallocated.)

Total suggested cuts: \$ 642,000

Suggested enhancements:

- Asian Pacific Rim protocol officer (stationed in Japan): \$ 125,000
- Funding for the expansion of Alaskan protocol and foreign investment promotion activities: \$ 75,000

Total suggested enhancements:

\$ 200,000

NORTHERN FORUM

Recommendations:

1. Transfer funding responsibility for the Northern Forum to the Governor's budget.

ALASKA CENTER FOR INTERNATIONAL BUSINESS

Recommendations:

1. Transfer budget oversight for ACIB from the University of Alaska endowment to the Department of Revenue.
2. Eliminate ACIB funding being diverted to World Trade Center Alaska.
3. Eliminate funding for ad-hoc export assistance services (market research) at ACIB.
4. Eliminate funding for ACIB's international trade data base.
5. Eliminate funding for ACIB's efforts to "coordinate the efforts of state sponsored organizations involved in assisting and promoting the development of trade in international markets for Alaskan products."
6. Provide ACIB an enhancement for expanding its academic research links with University of Alaska campuses in Fairbanks and Juneau.

Suggested cuts:

- Funding redirected to World Trade Center Alaska: \$ 128,000
- Export assistance services: \$ 125,000
- Other auxiliary activities: \$ 225,000

Total suggested cuts:

\$ 478,000

Suggested enhancements:

- Funding for expanding ACIB's research links with University of Alaska campuses in Fairbanks and Juneau: \$ 100,000

Total suggested enhancements:

\$ 100,000

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Recommendations:

1. Direct AIDEA to contribute \$ 600,000 (\$200,000 over each of the next three years) towards the maintenance of an export finance specialist co-located with the World Trade Center Alaska and Commercial Service of the U.S.A.

WORLD TRADE CENTER ALASKA

Recommendations:

1. Support the establishment of the World Trade Center Alaska as a quasi-autonomous export assistance server in Alaska.
2. Direct World Trade Center Alaska to target larger businesses, experienced exporters, and companies with a dedicated international focus for its primary recruitment efforts.

EXPORT ASSISTANCE SPECIALIST

Recommendations:

1. Provide funding for the hire of one qualified export assistance specialist (in addition to the export finance specialist) to be co-located within the organizational structure of the World Trade Center Alaska. The individual should have the following responsibilities:

- Providing customized export assistance services to Alaskan companies. (Note: the export assistance specialist is intended to operate autonomously from the World Trade Center Alaska).
- Engage in revenue generating activities (possibly similar to Minority / Disadvantaged Business fee for service arrangements).
- Expanding the number of Alaskan small and medium businesses involved in exporting.
- Developing and maintaining different export marketing strategy "blueprints" for major industry groups in the state (e.g., natural resources, services, light manufacturing / retail, small businesses etc.) This should be done in conjunction with Marketing Alaska whenever appropriate.
- Providing referrals to private sector sources of export assistance whenever appropriate.
- Maintaining and updating a comprehensive list of all current and potential exporters in Alaska (i.e., conduct regular "community sweeps" to determine actual and potential clientele for export assistance services in Alaska).
- Coordinating interorganizational activities among export assistance service providers in Alaska - especially CSUSA, SBDC, WTCAL, DTD (on protocol matters), and private sector sources of export assistance.
- Assist in the coordination of export promotion related trade missions (in conjunction with CSUSA, WTCAL, and DTD).
- Maintaining outreach capabilities for providing export assistance services throughout the state (e.g., 1-800 number, coordination with ARDORs and SBDCs, installation of NTDB software or NTDB internet subscriptions in rural communities, etc.).

Suggested general fund contribution:

- Suggested annual general fund contribution: \$ 75,000

**Alaska International Support Network
Budget Recommendations, 1995**

	1995 GF Support	Suggested 1996 GF Support
Alaska Center for International Business:	\$545,373	\$167,373
Division of Trade and Development:	\$1,145,000	\$703,000
The Northern Forum:	\$100,000	\$100,000
World Trade Center Alaska:	\$0*	\$200,000
Alaska Seafood Marketing Institute:	\$550,000	\$550,000
Division of Tourism:	\$949,900	\$949,900
Total:	\$3,290,273	\$2,670,273

* World Trade Center Alaska funding was passed through ACIB in 1995.

ALASKA CENTER FOR INTERNATIONAL BUSINESS

Enhancements:

<u>Expanding ACIB research links with UAE, UAS:</u>	<u>\$100,000</u>
Total Enhancements:	\$100,000

Cuts:

World Trade Center Alaska funding:	\$128,000
Export assistance services:	\$125,000
<u>Other auxiliary activities:</u>	<u>\$225,000</u>
Total Cuts:	\$478,000

Suggested 1995 general fund support:	\$167,373
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DIVISION OF TRADE AND DEVELOPMENT

Enhancements:

Asian Pacific Rim protocol officer stationed in Japan:	\$125,000
<u>Expansion of protocol / foreign investment promotion efforts:</u>	<u>\$75,000</u>
Total Enhancements:	\$200,000

Cuts:

Korea office:	\$218,000
Japan office:	\$324,000
<u>Export assistance services:</u>	<u>\$100,000</u>
Total Cuts:	\$642,000

Suggested 1996 general fund support:	\$703,000
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WORLD TRADE CENTER ALASKA

Enhancements:

Funding formerly directed via ACIB:

\$128,000

Export assistance specialist:

\$72,000

Total Enhancements:

\$200,000

Suggested 1996 general fund support:

\$200,000