ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672
2372 SCOMM 100. HOUSE SPEC.INTL.TRADE & TOURISM.... 1995-1996

COMMERCIAL SERVICE USA

CSUSA

PLEASE LIST YOUR ORGANIZATION'S NAME, ADDRESS, PHONE, FAX AND E-MAIL ADDRESS.

Commercial Service USA
421 West 1st Ave., Suite 300
Anchorage, AK 99501
TEL: (907) 271-6237 FAX: (907) 271-6242
cbecker@usdoc.gov

SECTION I, Programmatic Review

1. What is your organization's international mission?

The mission of the Commercial Service USA is to support U.S. international commercial interests and assist U.S. businesses in expanding sales and market share in world markets by:

- **Promoting U.S. exports of goods and services**
- **Participating in the development & implementation of strategic commercial policy.**
- **Protecting U.S. business interests abroad through advocacy, ensuring a level playing field, and encouraging open and fair procurement practices overseas.**
- **Assisting export-motivated and capable firms to realize their optimum export potential.**
- **Facilitating access to trade finance information from federal agencies and multi-lateral development banks.**
- **Supporting public/private sector export assistance partnerships and enhancing the export development infrastructure in each state.**

2. How does this mission benefit Alaskans?

Many Alaskan companies are export-motivated and capable.

3. Is your organization established in statute or created administratively? Please list here or attach your enabling statute or administrative order or document establishing your organization?

Organic authority was enacted in 1903; Reorg. Plan No. 3 of 1979, and the Omnibus Trade & Competitiveness Act of 1988. President Bush also issued a Memorandum of May 23, 1990 which established the Trade Promotion Coordinating Committee and designated the Secretary of Commerce as chair.

4. What is your parent organization? (Department of Commerce, University, etc.)

The International Trade Administration of the U.S. Department of Commerce

5. Please describe any types of international activities your organization conducts which are not directly reflected in your mandate or mission.

Classified information.

6. Which of your organization's employee positions are political or board appointments (exempt or PX) and which are classified (permanent) employees ?

2 FTE permanent slots - none political, each competitive.

7. List the three most unique international activities your organization conducts which distinguishes it from other organizations in the state?

A. Global capacity - 135 locations abroad, 70 domestically
B. Narrow, specific mission.
C. Non-ag oriented

7. Are there other organizations in the state which conduct similar international activities? List all that apply.

World Trade Center Alaska
Governor's Office of International Trade

8. Has your organization, over the last five years, filed any type of official report detailing your international activities ? Please identify here and attach to your response.

Yes. Samples available for review in this office.

9. List the top five organizations (in order of importance) which your organization works with on a regular basis to promote the international goals of Alaska.

1. World Trade Center Alaska
2. Governor's Office of International Trade
3. Export Council of Alaska
4. Alaska Congressional Delegation
5. Note: Not "in order of importance" - in order of frequency.

10. Is your organization a partner in a coordinated international trade effort aimed at benefiting Alaska? (e.g. Marketing Alaska, etc)

Yes.

If yes, describe the program and its intended benefits to Alaskans. How is it being conducted in conjunction with other local, domestic, or international organizations?

- ***Marketing Alaska Technical Services Committee*** **(documentation on structure and meetings available for review)**
- ***Troika Alaska Commercial Center*** **- A program to expand export sales of Alaska services and products into markets of the Russian Far East. Sponsored and administered by the Mayor's Office of the Municipality of Anchorage, the Governor's Office of International Trade and the World Trade Center.**
- ***World Trade Center Alaska*** **- Co-location partnership. Exporter's challenges and needs addressed as a team, resolved as a team; jointly sponsored trade seminars.**
- ***Export Council of Alaska*** **- See attached brochure for programs, projects and membership.**

11. Does your organization concentrate more on attracting foreign investment to Alaska or supporting the international activities of Alaskans and Alaskan businesses?

_No_ Foreign investment
Yes Supporting the international activities of Alaskan businesses
_No__ Supporting other international activities of Alaskans (educational, cultural, etc.)

12. Does your organization operate international offices or employ overseas representatives

Yes

If yes, list the location of each office or representative, their purpose, and amount it cost to maintain them over the last three years.

See *Business America*, May 1995 enclosed

13. Does your organization send representatives abroad?

Yes

If yes, list the travel destinations, what the purpose of each trip was, and what amount was spent on overseas travel for the last three years.

Dhahran, Saudi Arabia - To operate Commercial Unit at the American Consulate and to connect Alaska companies to the projects. USDOC/ITA expenditures estimated at $12,000

Vladivostok, Russia - To establish commercial connections for Alaska businesses. Participated in first congressional delegation into that city with Sen. Frank Murkowski - paid for by U.S. Senate

Providenya, Russia - To establish commercial connections for Alaska businesses. Sponsored by City of Little Diomede.

Taipei, Taiwan - Alaska trade mission led by Sen. Frank Murkowski, sponsored by Export Council of Alaska Expenditures $5000.

14. List any trade missions or product promotion campaigns conducted over the last three years. Include where and what the purpose of the trade missions were. What were the benefits to Alaska from this trade mission or campaign?

Taipei, Taiwan - Alaska trade mission led by Sen. Frank Murkowski, sponsored by Export Council of Alaska Expenditures $5000. Mission reinforced state's welcome for USA-ROC Economic Council Conferees; IDd partners for 3 firms.

15. What recommendations does your organization have for formulating a coordinated international policy in Alaska?

A) An industry-led strategic plan for tapping into foreign markets, spearheaded by the Governor's office, needs to be developed to ensure focusing of services currently available.

B) An expert in transaction and investment finance should be available to the Alaska business community beyond that which is already in place, co-located with WTCAK, CSUSA & OIT.

C) A program of high-level advocacy should be developed within the Governor's office. The program should work in tandem with that of the U.S. Department of Commerce. If a project is sufficiently critical to the corporate plans of an Alaskan company, and the firm is in competition with firms from other countries, the Governor and the Secretary of Commerce should be prepared to work together to advocate on behalf of that firm.

D) Co-locate the Governor's Office of International Trade with this office and the World Trade Center.

E) Restore budget of state's trade development office;

F) Follow strategy of Reps. Ramona Barnes and Gail Phillips to get foreign investors into Alaska to study investment projects;

G) Package investment projects.

H) Ensure that ALL ventures in this field are coordinated with ALL players and are in cooperation with ALL appropriate organizations.

16. Please attach or paste in here an organization chart for your organization. List each of your staff members directly involved in international activities

Included. This office has only two employees.

17. Who are your clients and how do they benefit from your activities?

Trade ready and capable companies in Alaska. They sell their products and services abroad.

18. Has your organization ever conducted a needs assessment of your constituent clients in order to confirm the usefulness of your international activities.

If so, please describe here or attach to your response.

Yes.

19. Has there ever been an external or internal management audit of your organization? If so, please attach it to your response.

N/A

20. Describe any ways your organization could be enhanced in order to serve Alaska better.

Co-locate the Governor's Office of International Trade with this office.

21. What are the barriers to achieving these enhancements?

I honestly wish I knew.

22. Do you have an advisory board, board of directors, or other committee which provided input on your activities? If so please list the members.

Yes. The brochure of the Export Council of Alaska (aka the Alaska District Export Council) is enclosed.

SECTION II, FISCAL REVIEW

1. What is your organization's total budget?

FY 1994
FY 1995 $158,470,000
FY 1996 165,060,000

2. Estimate of the amount of state general fund dollars your organization has spent on international activities during the past three years.

FY 1993: N/A
FY 1994:
FY 1995:

2. Estimate the amount of private or other public sector money your organization has spent on international activities during the past three years.

$450,000

3. How has your organization leveraged general fund dollars with other agencies for international activities?

N/A

4. Is your organization sufficiently funded to meet all of its responsibilities and goals?

___ Yes _X_ No

SECTION III, Activity / Programs Review

SECTION III, Question A: International Trade Services

1. List and describe all activities your organization conducts to ***promote international trade opportunities for Alaskan companies.***

Study of how to export	**Y**		
Export Statistics	**Y**		
Market research	**Y**	**Establish profitability**	**Y**
Standard compliance	**Y**	**Export/Import Restrictions**	**Y**
Distributors	**Y**	**Trade Leads**	**Y**
Finding local reps.	**Y**	**Trade shows**	**Y**
Trade missions	**Y**	**Trade catalogs**	**N**
Payment/Terms	**Y**	**Sales calls (facilitate)**	**Y**
Export insurance (referrals)	**N**	**Pre-export finance**	**N**
Currency exchange	**N**	**Contract law (models only)**	**N**

2. List other organizations in Alaska that provide similar services..

World Trade Center Alaska
Governor's Office of International Trade

3. Describe your organization's role in some specific international trade successes of Alaskan businesses.

Trade leads for seafood processors - significant amounts of cod to Korea resulted
Counseling & intelligence on doing business in NIS has generated sales of commodities and equipment.
Counseling on doing business in the Middle East has saved firms many $$.
AK company in JV with Romanian company now has exclusive Merck & Co. distribution rights.

4. Define your targeted constituency for this activity.

See above

5. Is this activity part of a coordinated effort to benefit Alaska.

Yes

6. Describe how these activities reflect your original mandate.

Coincident w/ mandate

SECTION III, Question B: Education Component

1. List and describe all activities your organization conducts to ***promote the international awareness or education level of the constituency.***

Co-sponsor country, industry and issue specific trade seminars.
Annual Export Alaska Banquet orchestrated

2. List any similar activities conducted by other organizations in Alaska.

---

3. Briefly explain how each of these activities contribute to promoting international educational opportunities for Alaskans.

Awareness & knowledge gained

4. Define your targeted constituency for this activity.

Same

5. Is this activity is part of a coordinated effort to benefit Alaska.

Yes

6. Describe how this activity reflects your original mandate.

Same

SECTION III, Question C: Creation of Jobs

1. Please list and describe all of your organization's international activities which ***directly promote job creation in the state.***

See above

2. List any similar activities conducted by other organizations in Alaska.

See above

3. Briefly explain how each of these activities contributes to promoting job opportunities for Alaskans.

See above

4. Define your targeted constituency for this activity.

See above

5. Is this activity is part of a coordinated effort to benefit Alaska.

Yes

6. Describe how this activity reflects your original mandate.

Same

SECTION III, Question D: Foreign Investment

1. Please list and describe all activities your organization conducts to ***promote foreign investment in the state.***

None

2. List any similar activities conducted by other organizations in Alaska.

Many performs similar activities.

3. Briefly explain how each of these activities contributes to promoting foreign investment in Alaska

N/A

4. Define your targeted constituency for this activity.

N/A

5. Is this activity is part of a coordinated effort to benefit Alaska.

N/A

6. Describe how this activity reflects your original mandate.

Not in mandate.

SECTION III, Question E: Other International Activities

1. Please briefly describe ***any other international activities your organization conducts*** (cultural, sports, etc).

N/A

2. List any similar activities conducted by other organizations in Alaska.

N/A

3. Briefly explain how each of these activities goes about benefiting Alaska.

N/A

4. Define your targeted constituency for this activity.

N/A

5. Is this activity is part of a coordinated effort to benefit Alaska.

N/A

6. Describe how this activity reflects your original mandate.

Not part of mission

SECTION III, Question F

For organizations which offer or conduct personalized counseling or ad-hoc (unplanned) assistance to Alaskans.

1. Please estimate of the number of companies or individuals you would typically serve in a year.

# of companies - 175 # of contacts - 250 - 300

Although we do ad hoc counseling, most of our activity and contacts are planned.

2. Please list the types of services you would provide to companies (i.e., personalized counseling sessions on exporting in general, literature on specific markets or trade opportunities, referrals to other private or public sources, etc.)

- **Personal Counseling**
- **Market specific & Sector specific trade seminars**
- **Market research**
- **Standards compliance assistance**
- **Distributor/Agent/Partner Searches**
- **Background checks on foreign firms**
- **Trade missions**
- **Matchmaker Missions**
- **Documentation**
- **Trade Leads**
- **Trade finance referrals**
- **Investment financing referrals**
- **Export Regulation interpretation**

3. Do your counseling or ad-hoc activity efforts focus more on assisting companies which are already exporting (or experienced and knowledgeable in exporting fundamentals) **or companies which have never exported before or have limited experience and knowledge in exporting? Explain.**

We do both. Our target clients are exporters seeking to expand their market share, penetrate new markets or new-to-export firms.

Is personalized international counseling or ad-hoc international business assistance a direct part of your mission or mandate?

1. _X_ Yes
2. ___ No

THANK YOU FOR YOUR COOPERATION IN RESPONDING TO THIS QUESTIONNAIRE.

ANCHORAGE-
MAYOR'S
OFFICE OF
INTERNATIONAL
AFFAIRS

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ANCHORAGE -
MAYOR
(Gov Summit)

RECEIVED
AUG 24 1995

INSTRUCTIONS

Please complete all questions in all sections unless otherwise directed and make all responses as concise as possible.

Please return this completed questionnaire no later than September 1, 1995 to the following address:

Interim Legislative Task Force:
International Trade Strategy
c/o Senator Drue Pearce
716 West 4th Avenue, Suite 500
Anchorage, AK 99501
Tel: (907) 258-8185
Fax: (907) 258-0226

PLEASE LIST YOUR ORGANIZATION'S NAME, ADDRESS, PHONE, FAX AND E-MAIL ADDRESS.

Mayor's Office of International Affairs, PO Box 196650, Anchorage, AK 99519-6650, (907) 343-4804, FAX (907) 343-4499 E-Mail ANCMAYOR@ALASKA.NET

SECTION I, Programmatic Review

1. What is your organization's international mission?
To position Anchorage as the North American gateway to and from the Pacific Rim and an internationa distribution center for the northern hemisphere. We are working to bring back the vital components - i.e.international airlines - in order to once again become the air crossroads for the globe. In this broad context, we are referring to making Anchorage the warehousing and distribution hub for high technology cargo.

2. How does this mission benefit Alaskans?
Jobs and creation of additional tax base.

3. Is your organization established in statute or created administratively?
Please list here or attach your enabling statute or administrative order or document establishing your organization?
Created administratively.

4. What is your parent organization? (Department of Commerce, University, etc.)
Municipality of Anchorage

5. Please describe any types of international activities your organization conducts which are not directly reflected in your mandate or mission.
Assisting mandated organizations in lobbying efforts (e.g.AEDC, Anchorage International Airport, ACVB). Liaison with foreign governments at all levels, interacting with Department of State on official in-bound missions, welcoming foreign dignitaries, and supporting Sister Cities activities.

6. Which of your organization's employee positions are political or board appointments (exempt or PX) and which are classified (permanent) employees ?
There is only 1 individual in this capacity - me. I serve at the pleasure of the Mayor.

7. List the three most unique international activities your organization conducts which distinguishes it from other organizations in the state?
A. Mayor-to-Mayor, city-to-city good will exchanges with 7 sister cities - usually on a rotation basis.

B. Acting as de-facto Russian consulate in providing assistance to Russian visitors in need of direction and support.

C. **n/a**

7. Are there other organizations in the state which conduct similar international activities? List all that apply.
No. However, when OIT had a Russian Desk per se, they also assisted Russians on a regular basis. As of now, there is no single clearing house of information on the RFE.

8. Has your organization, over the last five years, filed any type of official report detailing your international activities ? Please identify here and attach to your response.
No.

9. List the top five organizations (in order of importance) which your organization works with on a regular basis to promote the international goals of Alaska.

1. World Trade Center

2. US Department of Commerce

3. OIT

4. Troika Alaska

5. DEC

10. Is your organization a partner in a coordinated international trade effort aimed at benefiting Alaska? (e.g. Marketing Alaska, etc.)

If yes, describe the program and its intended benefits to Alaskans. How is it being conducted in conjunction with other local, domestic, or international organizations?
This office plays a supporting role in most international efforts to include trade missions, written support for trade activities, conferences, etc.

11. Does your organization concentrate more on attracting foreign investment to Alaska or supporting the international activities of Alaskans and Alaskan businesses?

We are interested in both, however, in practical terms our efforts are more aimed at exports and creation of new jobs which are generated by increased demands on products and/or services.

It should be noted that the current efforts are aimed at bringing more international carriers to AIA and on attracting international companies to Anchorage to use the city as a warehousing and distribution hub.

__Y Foreign investment
__Y Supporting the international activities of Alaskan businesses
__Y Supporting other international activities of Alaskans (educational, cultural, etc.)

12. Does your organization operate international offices or employ overseas representatives? **No**

If yes, list the location of each office or representative, their purpose, and amount it cost to maintain them over the last three years.

13. Does your organization send representatives abroad? **Yes.**

If yes, list the travel destinations, what the purpose of each trip was, and what amount was spent on overseas travel for the last three years.

Magadan Russia **Courtesy cultural/business trip**
Inchon(Seoul) **Trade mission/courtesy call on sister city's**
Administration **(upcoming in October of 1995)**
Taipei **Lobbying USA/ROC Conference to participate in Anchorage**

14. List any trade missions or product promotion campaigns conducted over the last three years. Include where and what the purpose of the trade missions were. What were the benefits to Alaska from this trade mission or campaign?
See above

15. What recommendations does your organization have for formulating a coordinated international policy in Alaska?
We need a formal State of Alaska policy on international trade to be put into place and one which is not subject to political whims - sacrosanct from new directions by every Governor. We also need an international trade office staffed by professional trade specialists with global connections who do not serve at anyone's pleasure and who are hired by an Executive Director who is responsible to a Board of Directors and not a political appointee or his or her designate. Once in place, the policy, staff and the Executive Director are allowed to do their job, establish credibility by

showing continuity. This office must be well funded as a long term investment and not as a begrudgingly needed expense to the State.

16. Please attach or paste in here an organization chart for your organization. List each of your staff members directly involved in international activities
I am responsible directly to the Mayor who is free to accept or reject my recommendations.

17. Who are your clients and how do they benefit from your activities?
We primarily serve interested Alaskans who are on fishing expeditions to see what this business of international trade is all about. Our most successful clients are Russians who are referred to this office by other Russians living in the RFE.

18. Has your organization ever conducted a needs assessment of your *consituent* clients in order to confirm the usefulness of your international activities. No formal assessment done.
If so, please describe here or attach to your response. (Do you mean CONSTITUENT?)

19. Has there ever been an external or internal management audit of your organization? If so, please attach it to your response. **No**

20. Describe any ways your organization could be enhanced in order to serve Alaska better.
Wider utilization by other agencies of our contacts and expertise.

21. What are the barriers to achieving these enhancements?
Realities of human frailty and the battle for recognition and turf. Budgetary restrictions.

22. Do you have an advisory board, board of directors, or other committee which provided input on your activities? If so please list the members.
No

SECTION II, FISCAL REVIEW

1. What is your organization's total budget?

None. What small expenses we incur come from the Mayor's budget.

FY 1993

FY 1994

FY 1995

2. Estimate of the amount of state general fund dollars your organization has spent on international activities during the past three years.
None

FY 1993:

FY 1994:

FY 1995:

2. Estimate the amount of private or other public sector money your organization has spent on international activities during the past three years.
$30,000 - mostly in donations and grants to assist with a video on Anchorage as a place to do business.

FY 1993:

Amount:

Source:

Purpose:

Sub-contractors hired:

FY 1994:

Amount:

Source:

Purpose:

Sub-contractors hired:

FY 1995:

Amount:

Source:

Purpose:

Sub-contractors hired:

3. How has your organization leveraged general fund dollars with other agencies for international activities?
N/A

4. Is your organization sufficiently funded to meet all of its responsibilities and goals?

___ Yes _xxx__ No

SECTION III, Activity / Programs Review

INSTRUCTIONS:

¥ Each of the following questions have six parts.

¥ Please use examples of organizational activities or programs for completing this section.
Include things like seminars, trade shows, special community events, etc.

¥ Use specific examples for clarity when necessary.

¥ Please skip any questions which do not apply to your organization.

¥ Question F of this section deals with organizations which offer or provide personalized
counseling or other ad-hoc (unplanned) assistance to Alaskans. Make all responses concerning counseling and ad-hoc activities in Question F only.

SECTION III, Question A: International Trade Services

1. List and describe all activities your organization conducts to promote international trade opportunities for Alaskan companies.

2. List other organizations in Alaska that provide similar services..

3. Describe your organization's role in some specific international trade successes of Alaskan businesses.

4. Define your targeted constituency for this activity.

5. Is this activity part of a coordinated effort to benefit Alaska.

6. Describe how these activities reflect your original mandate.

SECTION III, Question B: Education Component

1. List and describe all activities your organization conducts to promote the international awareness or education level of the constituency.
East-West Air Route Development conference
Sakhalin Colloquium
Doing Business with Taiwan

2. List any similar activities conducted by other organizations in Alaska.
To a degree - World Trade Center. Agencies which SHOULD be doing more, are not.

3. Briefly explain how each of these activities contribute to promoting international educational opportunities for Alaskans.
East-West Air Route - brought together aviation experts from Russia, China, Japan, Canada and the US to look at the future of new route development in the circumpolar regions.

Sakhalin Colloquium examined the role Alaska would play, if any, in the petroleum development of that Russian Far East region.

Doing Business with Taiwan was organized primarily because no one at the State level paid much particular interest to the Island Nation, at least not from a local business community perspective.

4. Define your targeted constituency for this activity.
Anchorage and Alaskan business people with specific interest in some area being addressed - aviation, petroleum. exports.

5. Is this activity is part of a coordinated effort to benefit Alaska.
In part. We work with World Trade Center and, to a much smaller degree, with OIT as co-sponsors. Majority of the planning and actual presentation come from this office.

6. Describe how this activity reflects your original mandate.
Positioning Anchorage as an international center and a community which presents internationally-flavored conferences and explores international issues.

SECTION III, Question C: Creation of Jobs

1. Please list and describe all of your organization's international activities which directly promote job creation in the state.
Can not be measured. Our goal, at least at this point, is to become recognized by the world as a city which has international aspirations.

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contributes to promoting job opportunities for Alaskans.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question D: Foreign Investment

1. Please list and describe all activities your organization conducts to promote foreign investment in the state.

Facilitating foreign visitors/business executives by arranging introductions, providing tours of facilities. making the services of AEDC available on as needed basis. We have opened a new chapter by beginning to use the resources of AEDC, which we in part fund.

2. List any similar activities conducted by other organizations in Alaska.
AEDC itself. Some OIT and World Trade Center.

3. Briefly explain how each of these activities contributes to promoting foreign investment in Alaska.
Hands on exposure to opportunities and the credibility and strength of the Mayor's personal interest in assisting.

4. Define your targeted constituency for this activity.
Any credible foreign investor or firm.

5. Is this activity is part of a coordinated effort to benefit Alaska.
Yes.

6. Describe how this activity reflects your original mandate.
Follows it very specifically - international affairs.

SECTION III, Question E: Other International Activities

1. Please briefly describe any other international activities your organization conducts (cultural, sports, etc.).
We sponsored. In part, the First Annual Northern Lights Film Festival. There will be three Sister Cities cultural exchanges in 1995.

2. List any similar activities conducted by other organizations in Alaska.
Unknown.

3. Briefly explain how each of these activities goes about benefiting Alaska.

4. Define your targeted constituency for this activity.
The residents of the sister cities, and their elected administrations.

5. Is this activity is part of a coordinated effort to benefit Alaska.
Yes.

6. Describe how this activity reflects your original mandate.

SECTION III, Question F

For organizations which offer or conduct personalized counseling or ad-hoc (unplanned) assistance to Alaskans.

1. Please estimate of the number of companies or individuals you would typically serve in a year.
75

2. Please list the types of services you would provide to companies (i.e., personalized counseling sessions on exporting in general, literature on specific markets or trade opportunities, referrals to other private or public sources, etc.)
Counseling from the perspective of not having anything personal to gain. Unbiased and objective.

3. Do your counseling or ad-hoc activity efforts focus more on assisting companies which are already exporting (or experienced and knowledgeable in exporting fundamentals) or companies which have never exported before or have limited experience and knowledge in exporting? Explain.
Neither, majority are international visitors seeking contacts locally.

Is personalized international counseling or ad-hoc international business assistance a direct part of your mission or mandate?

1. **xx Yes**
2. ___ No

THANK YOU FOR YOUR COOPERATION IN RESPONDING TO THIS QUESTIONNAIRE.

UAA,
INSTITUTE FOR
CIRCUMPOLAR
HEALTH
STUDIES

PLEASE LIST YOUR ORGANIZATION'S NAME, ADDRESS, PHONE, FAX AND E-MAIL ADDRESS. UAA Institute for Circumpolar Health Studies

SECTION I, Programmatic Review

SEE ATTACHED FOR RESPONSE TO QUESTIONS 1 - 4

1. What is your organization's international mission?

2. How does this mission benefit Alaskans?

3. Is your organization established in statute or created administratively? Please list here or attach your enabling statute or administrative order or document establishing your organization?

4. What is your parent organization? (Department of Commerce, University, etc.)

5. Please describe any types of international activities your organization conducts which are not directly reflected in your mandate or mission.

NONE

6. Which of your organization's employee positions are political or board appointments (exempt or PX) and which are classified (permanent) employees ?

NONE

7. List the three most unique international activities your organization conducts which distinguishes it from other organizations in the state?

A. Health Research and Information exchange

B.

C.

7. Are there other organizations in the state which conduct similar international activities? List all that apply.

NONE

8. Has your organization, over the last five years, filed any type of official report detailing your international activities ? Please identify here and attach to your response.

NA

9. List the top five organizations (in order of importance) which your organization works with on a regular basis to promote the international goals of Alaska.

1. American Society for Circumpolar Health
2. International Union for Circumpolar Health
3.
4.
5.

10. Is your organization a partner in a coordinated international trade effort aimed at benefiting Alaska? (e.g. Marketing Alaska, etc)

NA

If yes, describe the program and its intended benefits to Alaskans. How is it being conducted in conjunction with other local, domestic, or international organizations?

11. Does your organization concentrate more on attracting foreign investment to Alaska or supporting the international activities of Alaskans and Alaskan businesses? NA

___ Foreign investment
___ Supporting the international activities of Alaskan businesses
___ Supporting other international activities of Alaskans (educational, cultural, etc.)

12. Does your organization operate international offices or employ overseas representatives

If yes, list the location of each office or representative, their purpose, and amount it cost to maintain them over the last three years.

NA

13. Does your organization send representatives abroad?

If yes, list the travel destinations, what the purpose of each trip was, and what amount was spent on overseas travel for the last three years.

NONE

14. List any trade missions or product promotion campaigns conducted over the last three years. Include where and what the purpose of the trade missions were. What were the benefits to Alaska from this trade mission or campaign?

NA

15. What recommendations does your organization have for formulating a coordinated international policy in Alaska?

NA

16. Please attach or paste in here an organization chart for your organization. List each of your staff members directly involved in international activities

NA

17. Who are your clients and how do they benefit from your activities?

NA

18. Has your organization ever conducted a needs assessment of your constituent clients in order to confirm the usefulness of your international activities.
If so, please describe here or attach to your response.

NA

19. Has there ever been an external or internal management audit of your organization? If so, please attach it to your response.

SEE ATTACHED

20. Describe any ways your organization could be enhanced in order to serve Alaska better.

21. What are the barriers to achieving these enhancements?

22. Do you have an advisory board, board of directors, or other committee which provided input on your activities? If so please list the members.

BOARD OF REGENTS

SECTION II, FISCAL REVIEW

1. What is your organization's total budget?

FY 1993	$280,000
FY 1994	$490,000

FY 1995 $480,000

2. Estimate of the amount of state general fund dollars your organization has spent on international activities during the past three years.

FY 1993: $5,000

FY 1994: $5,000

FY 1995: $3,000

2. Estimate the amount of private or other public sector money your organization has spent on international activities during the past three years.

NA

FY 1993:

Amount:

Source:

Purpose:

Sub-contractors hired:

FY 1994:

Amount:

Source:

Purpose:

Sub-contractors hired:

FY 1995:

Amount:

Source:

Purpose:

Sub-contractors hired:

3. How has your organization leveraged general fund dollars with other agencies for international activities?

NO

4. Is your organization sufficiently funded to meet all of its responsibiiities and goals?

___ Yes ___ No

SECTION III, Activity / Programs Review

INSTRUCTIONS:

- Each of the following questions have six parts.
- Please use examples of organizational activities or programs for completing this section. Include things like seminars, trade shows, special community events, etc.
- Use specific examples for clarity when necessary.
- Please skip any questions which do not apply to your organization.
- Question F of this section deals with organizations which offer or provide personalized counseling or other ad-hoc (unplanned) assistance to Alaskans. Make all responses concerning counseling and ad-hoc activities in Question F only.

SECTION III, Question A: International Trade Services

NA

1. List and describe all activities your organization conducts to ***promote international trade opportunities for Alaskan companies.***

NA

2. List other organizations in Alaska that provide similar services..

3. Describe your orga..ization's role in some specific international trade successes of Alaskan businesses.

4. Define your targeted constituency for this activity.

5. Is this activity part of a coordinated effort to benefit Alaska.

6. Describe how these activities reflect your original mandate.

SECTION III, Question B: Education Component

1. List and describe all activities your organization conducts to ***promote the international awareness or education level of the constituency.***

SEE ATTACHED

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contribute to promoting international educational opportunities for Alaskans.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question C: Creation of Jobs

NA

1. Please list and describe all of your organization's international activities which ***directly promote job creation in the state.***

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contributes to promoting job opportunities for Alaskans.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question D: Foreign Investment

NA

1. Please list and describe all activities your organization conducts to ***promote foreign investment in the state.***

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contributes to promoting foreign investment in Alaska

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question E: Other International Activities

SEE ATTACHED

1. Please briefly describe ***any other international activities your organization conducts*** (cultural, sports, etc).

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities goes about benefiting Alaska.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question F

NA

For organizations which offer or conduct personalized counseling or ad-hoc (unplanned) assistance to Alaskans.

1. Please estimate of the number of companies or individuals you would typically serve in a year.

2. Please list the types of services you would provide to companies (i.e., personalized counseling sessions on exporting in general, literature on specific markets or trade opportunities, referrals to other private or public sources, etc.)

3. Do your counseling or ad-hoc activity efforts focus more on assisting companies which are already exporting (or experienced and knowledgeable in exporting fundamentals) **or companies which have never exported before or have limited experience and knowledge in exporting? Explain.**

Is personalized international counseling or ad-hoc international business assistance a direct part of your mission or mandate?

1. ___ Yes
2. ___ No

THANK YOU FOR YOUR COOPERATION IN RESPONDING TO THIS QUESTIONNAIRE.

INSTITUTE FOR CIRCUMPOLAR HEALTH STUDIES
UNIVERSITY OF ALASKA ANCHORAGE

HISTORY

The Institute for Circumpolar Health Studies (ICHS), was established by the Alaska State Legislative in 1988 as a step toward improving the health of the peoples of Alaska and other circumpolar areas through instruction, information services and basic and applied research in health and medicine.

AS 14.40.088. Establishment of Institute for Circumpolar Health Studies. (a) The University of Alaska shall establish an Institute for Circumpolar Health Studies in an appropriate unit of the university at its Anchorage campus. The institute shall consist of a research and instruction branch and an administration and information branch. (b) The institute shall: (1) encourage international cooperation, especially among circumpolar nations, with regard to research, studies, information and instruction relating to circumpolar health issues; (2) serve as center for the collection and exchange of information and medical and health sciences data relating to circumpolar health issues; (3) provide a mechanism for communication and cooperation between the university and the commissioner of health and social services in addressing the needs of Alaskans for health care services, opportunities for education in medical and health sciences, and other mutual concerns of the university and the department; and (4) conduct research and provide instruction and other services consistent with the mission and goals of the University of Alaska.

MISSION OF THE INSTITUTE

The Institute provides information, coordination, research, training and professional development for the international medical and health sciences community. The role of ICHS is to coordinate and stimulate research in practical health problems which affect Alaska and the circumpolar north.

PROGRAMS AND ACTIVITIES

RESEARCH

The Institute for Circumpolar Health Studies is the only research unit within the University of Alaska with a primary focus on public health. Accordingly, the agenda for research emphasizes those areas where ICHS can make unique contributions in Alaska and the Circumpolar North. This agenda can be grouped into three complimentary categories. First, is epidemiologic studies of population health problems. Second, is studies of health services access, utilization, and need. Third, is the evaluation of health services delivery and specific interventions. These areas reflect existing and future needs for research, in Alaska and the circumpolar north.

For FY96, external funding in ICHS should exceed $350,000 from both federal and state sources. This represents a two-fold increase over FY95. Funds from the National Institutes of Health support research and prevention work designed to stem the increase in diabetes among Alaska natives, and state contracts involve ICHS in addressing primary care needs in rural Alaska, reduction in domestic

violence, improvement in health services for women and young children, evaluation of alcohol treatment programs serving villages, and the development of cost saving and access enhancing strategies for health care for all Alaskans. University funding for ICHS maintains core staff, and is used to leverage external funding that multiplies the capacity of the Institute of address health problems in Alaska and the circumpolar north. All positions in the Institute are now supported, at least in part, by external research funds.

INSTRUCTION

The Institute plays a supportive role to academic programs at the University, and facilitates additional curriculum opportunities for students and the public. Visiting faculty, local health professionals, and Public Health Schools affiliated with ICHS bring additional resources to UAA campus. ICHS helps to coordinate common interests among these programs and to encourage cooperative efforts between programs. In addition, ICHS faculty and staff contribute directly to UAA instructional programs.

SERVICE

Since its inception, ICHS has participated in an active program of medical exchanges, collaborative relationships, and international agreements. More than 500 health professionals have participated in expeditions to the former Soviet Union, 17 scientific working groups have been established, and agreements have been signed with Magadan, Chukotka, Khabarovsk and Novosibirsk. In recent years, these activities have become almost entirely self-sustaining. ICHS has also emphasized Alaska Native Health issues through participation in the Alaska Native Science Commission, the Inuit Healthy Lifestyles Conferences, and projects focusing on FAS/FAE, diabetes, mental health, traditional medicine, and chemical dependency.

AMERICAN RUSSIAN CENTER

PLEASE LIST YOUR ORGANIZATION'S NAME, ADDRESS, PHONE, FAX AND E-MAIL ADDRESS.

The American Russian Center, 3211 Providence Drive, Anchorage AK 99508
Phone : 786 4338 Fax: 786 4319

SECTION I, Programmatic Review

1. What is your organization's international mission?

The mission of the American Russian Center is to provide training to improve business skills of Russian Small business men and women , to promote small business development in the region, improve the business climate in the Russian Far East and coordinate University of Alaska sponsored educational, cultural and economic exchanges and programs with Russian institutions of higher learning in the Russian Far East.

The American Russian Center serves as the administrative Center for University of Alaska Anchorage (UAA) programs in Russia. The center provides the management and control mechanisms to plan and supervise the execution of the USAID business training program in Russia and to execute business training programs for Russians in Alaska. The center provides direction for ARC projects, coordinates ARC center activities in Alaska and in the RFE, coordinates and manages logistical support for ARC centers in the RFE, manages resources and staffs ARC projects as they are implemented.

2. How does this mission benefit Alaskans?

Improves business climate in the RFE which in turn creates opportunities for Alaskan businesses seeking to do business in the region. Also provides an opportunity to promote Alaska's role as a model for development in the region. This creates opportunities for Alaskan companies to develop and market their expertise.

3. Is your organization established in statute or created administratively? Please list here or attach your enabling statute or administrative order or document establishing your organization?

ARC funded by grants from USAID, USIA and some funds from UA.

4. What is your parent organization? (Department of Commerce, University, etc.)

University of Alaska Anchorage

5. Please describe any types of international activities your organization conducts which are not directly reflected in your mandate or mission.

ARC's immediate goal is to infuse immediate small business expertise into RFE economy by providing small business related training and counseling on-site in Russia to "prime " the Russian small business pump. ARC's long term goal is to train Russian business specialists who can provide assistance to Russian small businessmen and women in the future.

To accomplish this mission the American Russian Center is executing a three part business training and development program. The keystone of ARC's business training has been the establishment of 4 Small Business Development Centers in Yakutsk, Khabarovsk, Yuzhno-Sakhalinsk and Magadan. These centers provide on site basic business training, business counseling and assistance to local entrepreneurs who wish to open small businesses. The second component of ARC's business training program is a US based business education/intern program

to train 65 entrepreneurs a year in advanced business skills and to provide up to 140 entrepreneurs a year with guided practicums in the US on western business practices. The third component of ARC's business training program is a comprehensive technical assistance training program that provides tailored extension business training on specialized topics to Russian entrepreneurs and that promotes business linkages between US and Russian companies.

6. Which of your organization's employee positions are political or board appointments (exempt or PX) and which are classified (permanent) employees ?
All classified.

7. List the three most unique international activities your organization conducts which distinguishes it from other organizations in the state?

A. On site and US based business training for Russian small business entrepreneurs

B. On site business information collection in Magadan, Yakutsk and Yuzhno-Sakhalinsk

C. Facilitating business linkages between US and Russian businesses.

7. Are there other organizations in the state which conduct similar international activities? List all that apply.

Troika collects information and facillitates linkages in Khabarovsk
WTCAK also facillitates business linkages in Anchorage

8. Has your organization, over the last five years, filed any type of official report detailing your international activities ? Please identify here and attach to your response.
ARC files a report to USIA and USAID every quarter.

9. List the top five organizations (in order of importance) which your organization works with on a regular basis to promote the international goals of Alaska.

1. UAA Business School

2. ACIB

3. World Trade Center AK

4. Office of International Trade

5.

10. Is your organization a partner in a coordinated international trade effort aimed at benefiting Alaska? (e.g. Marketing Alaska, etc)

If yes, describe the program and its intended benefits to Alaskans. How is it being conducted in conjunction with other local, domestic, or international organizations?

11. Does your organization concentrate more on attracting foreign investment to Alaska or supporting the international activities of Alaskans and Alaskan businesses?

___ Foreign investment
_x_ Supporting the international activities of Alaskan businesses
_x_ Supporting other international activities of Alaskans (educational, cultural, etc.)

12. Does your organization operate international offices or employ overseas representatives

If yes, list the location of each office or representative, their purpose, and amount it cost to maintain them over the last three years

Magadan - open 10/10/94
Yakutsk - open 30/08/93
Khabarovsk -open 01/12/94
Yuzhno-Sakhalinsk - open 10/10/93

$700,000/year to maintain and staff all 4 centers / year

13. Does your organization send representatives abroad?

If yes, list the travel destinations, what the purpose of each trip was, and what amount was spent on overseas travel for the last three years.
Magadan/Khabarovsk/Yakutsk/Yuzhno-Sakhalinsk
Multiple trips by trainers and Russian entrepreneurs.
Purpose: training

14. List any trade missions or product promotion campaigns conducted over the last three years. Include where and what the purpose of the trade missions were. What were the benefits to Alaska from this trade mission or campaign?
N/A

15. What recommendations does your organization have for formulating a coordinated international policy in Alaska?
1. Develop a vision of Alaska's role in development of RFE trade
2. Develop a viable strategy to achieve that vision
3. Resource the implementation of that vision
4. Do it now

16. Please attach or paste in here an organization chart for your organization. List each of your staff members directly involved in international activities

ARC Anchorage

RABC Khabarosk	RABC Magadan	RABC Yakutsk	RABC Yuzhno-Sakhalinsk	USIA 9 Projects

19 Staff support international training and cultural/educational exchange programs

17. Who are your clients and how do they benefit from your activities?
Russian entrepreneurs

18. Has your organization ever conducted a needs assessment of your consituent clients in order to confirm the usefulness of your international activities.
If so, please describe here or attach to your response.
Each center has done needs assessment

19. Has there ever been an external or internal management audit of your organization? If so, please attach it to your response.
GAO audited USAID program in February of 1995. Results have not yet been released.

20. Describe any ways your organization could be enhanced in order to serve Alaska better.
Receive a modest state appropriation in order to enhance probability of larger external support.

21. What are the barriers to achieving these enhancements?
See 20

22. Do you have an advisory board, board of directors, or other committee which provided input on your activities? If so please list the members.

N/A

SECTION II, FISCAL REVIEW

1. What is your organization's total budget?

All Funding is Federal grants

FY 1993 2 million Set up and operate small business training program for Russian entrepreneurs.

FY 1994 3 million base funding. ARC also administered $2 million of USIA funding for cultural exchanges and $650,000 of additional training grants.

FY 1995 3.25 million (1.5 million USAID/RFE Small Business Development Training, $1 million USIA cultural exchange and 750,000 Partnership project)

2. Estimate of the amount of state general fund dollars your organization has spent on international activities during the past three years.

FY 1993: 0

FY 1994: 0

FY 1995: 0

All funds received are federal funds

2. Estimate the amount of private or other public sector money your organization has spent on international activities during the past three years.

See previous question.

3. How has your organization leveraged general fund dollars with other agencies for international activities?

Not yet

4. Is your organization sufficiently funded to meet all of its responsibilities and goals?

_x_ Yes _ No

Current funding adequate
Will need additional support in the future.

SECTION III, Activity / Programs Review

INSTRUCTIONS:

- Each of the following questions have six parts.
- Please use examples of organizational activities or programs for completing this section. Include things like seminars, trade shows, special community events, etc.
- Use specific examples for clarity when necessary.
- Please skip any questions which do not apply to your organization.
- Question F of this section deals with organizations which offer or provide personalized counseling or other ad-hoc (unplanned) assistance to Alaskans. Make all responses concerning counseling and ad-hoc activities in Question F only.

SECTION III, Question A: International Trade Services

1. List and describe all activities your organization conducts to ***promote international trade opportunities for Alaskan companies.***
Trains Russian business people so that they will be reliable partners who understand free market system.
Promotes business linkages
Provides information on business in RFE
Provides limited assistance in cities without ABC (Magadan/Yakutsk)

2. List other organizations in Alaska that provide similar services..
None

3. Describe your organization's role in some specific international trade successes of Alaskan businesses.
Introduced Yakutian buyer to AK plastic pipe maker
Assisting in coordinating sale of meat plants to Russian buyer
Coordinated visit of 25 Yakutian entrepreneurs who spent an estimated $40,000 and went on to establish business relationships with Alaskan companies
Helped Alaskan food sales company establish relationship with Russian buyers
Helped Costco and Sams set up relationships with Russian buyers
Trained over 2800 Russian entrepreneurs in the RFE

4. Define your targeted constituency for this activity.
Russian entrepreneurs and small business owners.

5. Is this activity part of a coordinated effort to benefit Alaska.

Yes

6. Describe how these activities reflect your original mandate.

SECTION III, Question B: Education Component

1. List and describe all activities your organization conducts to ***promote the international awareness or education level of the constituency.***

Primary purpose of ARC'a activity is business education and training of Russian entrepreneurs

2. List any similar activities conducted by other organizations in Alaska.

None

3. Briefly explain how each of these activities contribute to promoting international educational opportunities for Alaskans.
Redundant

4. Define your targeted constituency for this activity.
Redundant

5. Is this activity is part of a coordinated effort to benefit Alaska.
Redundant

6. Describe how this activity reflects your original mandate.

SECTION III, Question C: Creation of Jobs

1. Please list and describe all of your organization's international activities which ***directly promote job creation in the state.***

Unable to track this information

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contributes to promoting job opportunities for Alaskans.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question D: Foreign Investment

1. Please list and describe all activities your organization conducts to ***promote foreign investment in the state.***

N/A

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities contributes to promoting foreign investment in Alaska

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question E: Other International Activities

1. Please briefly describe ***any other international activities your organization conducts*** (cultural, sports, etc).
1994-1995 brought 325 Russians to Alaska on cultural exchanges and sent 180 Alaskans to Russia. See attached summary.

2. List any similar activities conducted by other organizations in Alaska.

3. Briefly explain how each of these activities goes about benefiting Alaska.

4. Define your targeted constituency for this activity.

5. Is this activity is part of a coordinated effort to benefit Alaska.

6. Describe how this activity reflects your original mandate.

SECTION III, Question F

For organizations which offer or conduct personalized counseling or ad-hoc (unplanned) assistance to Alaskans.

1. Please estimate of the number of companies or individuals you would typically serve in a year.
400 US Companies / 500 Russian companies
2500 Russians

2. Please list the types of services you would provide to companies (i.e., personalized counseling sessions on exporting in general, literature on specific markets or trade opportunities, referrals to other private or public sources, etc.)

Personal counseling on trade with Russia
Information on business climate, taxes, customs duties
Contact information

3. Do your counseling or ad-hoc activity efforts focus more on assisting companies which are already exporting (or experienced and knowledgeable in exporting fundamentals) **or companies which have never exported before or have limited experience and knowledge in exporting? Explain.**

Half and half

Is personalized international counseling or ad-hoc international business assistance a direct part of your mission or mandate?

1. _x_ Yes
2. ___ No

THANK YOU FOR YOUR COOPERATION IN RESPONDING TO THIS QUESTIONNAIRE.

University of Alaska Anchorage

ARC AMERICAN RUSSIAN CENTER

3211 Providence Drive, Anchorage, Alaska 99508-8356
▲ Telephone (907) 786-4300 ▲ Facsimile (907) 786-4319

The American Russian Center
Accomplishments and Purposes

The American Russian Center of the University of Alaska Anchorage began operations with a $2.15 million grant from the U.S. Agency for International Development in April 1993. ARC opened small business development centers in Yakutsk and Yuzhno-Sakhalinsk in the fall of 1993. In May 1994, ARC's AID funding was increased to $3 million. As a result, new centers were opened in October 1994 in Khabarovsk and Magadan.

ARC oversees a $2 million grant from the U.S. Information Agency, with which it supports 24 separate cultural and educational exchange projects between Alaska and the Russian Far East.

ARC received a USAID Partnership grant of $1.5 million in 1995 which links the three campuses of the University of Alaska with institutions in Sakhalin, Yakutsk and Magadan.

ARC also was selected by the Academy for Educational Development to oversee three separate training projects in Reindeer Meat Processing, Oil and Gas Management, and Economic Education which provided training to 60 Russian entrepreneurs and teachers.

Here is a brief summary of ARC's major accomplishments between October 1993 and May 1995.

AID-sponsored activities:	Russians Served
Khabarovsk Business Training Center	70
Magadan Business Training Center	54
Yakutsk Business Training Center	375
Yuzhno-Sakhalinsk Business Training Center	628
Technical Assistance Projects	1013
Alaska, Based Advanced Business Training	117
Specialized Business Training Trips to Alaska	64
Training/Technical Assistance Total:	**2321**

Business Linkage Assistance:

- Developed comprehensive data base on U.S. and Russian businesses in the RFE.
- Set-up business library for firms working in the RFE.
- Provided assistance/information to more than 200 U.S. businesses and over 300 Russian businesses throughout the RFE.

USIA-sponsored activities:

- 26 separate exchanges are near completion, focused on every major population center of the RFE and originating in most major communities of Alaska. About half the projects are affiliated with the University of Alaska; the remainder are with non-profit and government entities.
- As of May 1995, 308 Russians had participated in Alaska-based programs and 196 Alaskans had traveled to the RFE as a result of the USIA support.
- Eight projects focused on democratization, 8 on the role of a free market, 6 on educational issues and 4 on improved communications and information sharing. Six projects specifically targeted issues of concern to Native peoples.
- Similar activities will be continued under new grant commencing in July 1995, supporting eight projects of somewhat larger size.

Cultural/Educational Exchanges Total **504**

5/22/95

SCOMM 100:9

STATE OF ALASKA

Agency Evaluation Recommendations
to
Interim Task Force on International Trade Policy
Co-Chairs Senator Steve Rieger
and
Representative Beverly Masek

Commissioned by:
Alaska State Legislature

Prepared By:
Timothy C.F. Lane

December 10. 1995

The following report is intended to complement the executive summary in presentation to the legislature. The information contained in this report is supplementary only and is in no way intended to reflect all elements of a comprehensive state international policy. Instead, the issues discussed are intended to be used as theoretical evidence for policy restructuring recommendations.

I. INTRODUCTION

The question of whether or not the continued internationalization of Alaska is critical to the state's prosperity is no longer equivocal. For those who are unaware of the importance of global preparedness, consider this one fact: no Alaskan company is immune from global competition - the United States is such a strong node of import activity that Alaskan companies must either adjust to the dynamics of the global marketplace or face imminent losses in market share.

This international marketplace which now begirds the Alaskan economy has changed substantially since the state's entry into the theater of global competition. Thirty years ago, Alaskans weren't exporting much of anything - in 1994, Alaskan exports exceeded five billion dollars - the overwhelming majority of which were natural resources heading for the Asian Pacific Rim. While natural resources have formed the mainstay of Alaskan export activity since the state's entry into the international marketplace, new industry sectors are testing the waters of global competition. Service sector and light manufacturing companies are quickly discovering that Asian Pacific Rim market cultivation works for natural resources - but lacks the flexibility required to effectively promote other product and service niches.

In addition to changes in export assistance requirements among Alaskan businesses, deviations in socioeconomic development throughout the world have expanded the scope of issues which now must be monitored by state leadership.

Twenty years ago, state protocol efforts were primarily aimed at developing relationships with Asian Pacific Rim markets to promote the sale of Alaskan natural resources. Today, the export of natural resources is largely controlled by outside intermediaries operating in well developed trading channels. Service sector firms and manufacturers of specialized equipment winding down from operations on the North Slope are now attempting to penetrate new markets in Russia, Africa, and South America. The need for expanding the focus of state protocol activity is more critical than ever.

In response to such challenges, other states began to strategically reassess their role as international service providers. Throughout the 1980s, state and federal expenditures on international activities skyrocketed. However, it was quickly discovered that public international service networks which lacked close links with the private sector, in-house capabilities for responding to changes in the global marketplace, and benchmark performance standards were inadequate. Economic development strategists responded by developing highly streamlined and responsive international service networks built around three tools of internationalization: international education, export assistance, and protocol / foreign investment promotion activities.

The breadth of activities currently being conducted by the various international support organizations in Alaska has fimbriated into fields which deviate substantially from primary mandates or missions - much like organizations in other states prior to the development of comprehensive international plans. In Alaska, the situation has led to considerable confusion (and in some cases, resent) among private sector companies seeking to penetrate foreign markets or benefit from state-led protocol initiatives. For instance, throughout the private sector needs assessment survey, numerous Alaskan businesses - across industry lines - commented that they simply did not know where to turn to

procure state provided export assistance. The private sector's confusion is understandable - six public organizations in the state offer export assistance services while five conduct foreign investment promotion activities. Alaska's international service network is a hotbed of service duplication, obsolete market assumptions, intense interorganizational competition, and governmental waste. Clearly, our state can do better.

A. The 1995 Interim Task Force on International Trade

In March of 1995, the Alaska State Legislature commissioned a special interim task force to examine Alaska's international trade support network. The goal of the task force was to assess Alaska's international policy in terms of the following areas:

- Policy: What is the appropriate role of state government in international trade and affairs?
- Structure: What is the most effective and efficient way to structure Alaska's international trade support network?
- Budget: The development of a comprehensive budget plan for Alaska's international support network.

The international policy assessment included four primary elements:

1. A private sector international business needs assessment survey was conducted to assess the demand for and utility of international trade support services in Alaska. (Responsibility for conducting the survey was contracted out to the World Trade Center Alaska).
2. Public international trade support organizations in Alaska were surveyed to identify areas of activity duplication and obsolescence.
3. International trade support network models in other states were reviewed within the context of the following areas: export assistance, foreign investment promotion / protocol, and international education.
4. A final hearings session was held to complement the legislature's overall review Alaska's international policy and trade strategy.

B. Methodology Comments

In order to simplify the scope of issues associated with the general globalization of Alaska for use in a policy review, organizations comprising the state's international support network were evaluated according to activity in three areas:

- Export assistance
- Foreign investment promotion / protocol activity
- International education

Organizations were specifically examined to identify areas of activity duplication and obsolescence, service specialization, interorganizational cooperation, and the overall extent to which activities were relevant within the context of the changing global marketplace. In effect, the task force took a step back and considered how the state's international service network might look if redesigned from scratch (utilizing integrated models developed in other states). Existing international support organizations were then carefully examined to identify how each group could most effectively benefit the state within the context of the private sector international business needs assessment and Marketing Alaska. Recommendations made regarding adjustments to Alaska's international support network are the exclusive result of the above-mentioned process.

III. EXPORT ASSISTANCE

A. Introduction

Alaska's public export assistance service "network" spans seven organizations - five of which are recipients of general fund dollars. While each organization brings a different measure of expertise to the state's trade system, no group is charged with primary responsibility for balancing interorganizational export assistance services. Consequently, it was not surprising to discover that export assistance coordination in Alaska is virtually nonexistent. What was surprising (and disappointing) to discover was the very weak understanding these organizations had of the Alaskan private sector's true international needs. Examples include:

- Small businesses represent one of the greatest sources of potential exporter growth in the Alaska. However, the promotion of export growth among small and medium sized businesses in Alaska is virtually non-existent.
- While natural resources comprise the overwhelming majority of Alaskan exports, it is estimated that over three-fourths of natural resource companies utilize either specialized in-house exporting techniques or intermediaries to execute international transactions. In other words, natural resource companies have the among the fewest export assistance needs in the state.
- No state supported organization in Alaska has developed an effective capability for providing export assistance to service sector companies.
- With the exception of natural resources, market prospects for Alaskan goods and services are no better in Japan and Korea than for any other developed country in the world.
- No international support organization in Alaska has ever conducted a "community sweep" to determine actual and potential clientele for international services.
- Several international organizations in the state do not clearly divide between activities aimed at assisting exporters and activities aimed at promoting foreign investment. (As a result, establishing interorganizational benchmarks for measuring export assistance success is nearly impossible.)
- Export finance is a major obstacle to Alaskan exporters. However, no international support organization in Alaska has facilities in place for assisting companies with the technical elements of export finance.

B. Critical Overview of Alaska's Export Assistance Network

<u>Alaska Center for International Business</u>

The self-described mission of the Alaska Center for International Business is "to facilitate the development of business relations with Alaska and other nations of the world". How ACIB goes about fulfilling this goal is as abstract as the rationale the Center uses for offering export assistance services. According to ACIB's survey and testimony, the Center's export assistance activities are focused on specialized market research. However, aside from academic activities, the Center's ad-hoc (company requested) research activity is an overt duplicate of information available through the NTDB. ACIB's claim that international market information available through the NTBD has limited utility because it lacks an "Alaskan perspective" is entirely unfounded.

In fact, ACIB's broad research scope, dissemination of primarily generic international market material, and intense focus on natural resource based industries drastically reduces the Center's potential usefulness as a provider of export assistance services in Alaska. Because ACIB is not by design primarily linked to the private sector, it simply cannot successfully take a leadership role as an advocate of Alaskan businesses in the international marketplace.

<u>Commercial Service of the U.S.A.</u>

CSUSA's mission is to support American companies which seek to export their products and services to foreign markets. In support of this mission, the CSUSA (in conjunction with the federal Department of Commerce) maintains one of the most comprehensive trade networks in the world. Services include:

- 170 offices;
- Distributor / joint venture partner search services available for nearly every international market;
- Federal advocacy support;
- The National Trade Data Bank - the ultimate clearinghouse of international market information in the United States.

The CSUSA is important to Alaska's international support network for several reasons:

1. CSUSA provides Alaskan companies access to the most comprehensive range of trade support services in the United States (at no cost to the state of Alaska). CSUSA's services are so complete that every state supported export assistance organization in Alaska essentially duplicates CSUSA services in one way or another.
2. The National Trade Data Bank provides Alaskan companies with comprehensive market research and export information on virtually every country in the world.
3. The CSUSA Gold Key Service provides Alaskan companies with joint venture partner / distributor search services in virtually every market in the world.
4. CSUSA's expertise on export related issues is unparalleled in Alaska. Mr. Chuck Becker, Director of the CSUSA Alaska was the only representative of an international trade support organization mentioned by name as a trade resource in the private sector needs assessment survey (he was mentioned three times).

While the CSUSA is an extremely high profile trade organization in Alaska, it appears that state supported trade groups have not effectively coordinated their activities with the Commercial Service. For instance, CSUSA offices in Japan and Korea are fully capable of providing specialized export assistance to virtually any Alaskan company - including natural resource sector firms. However, the state of Alaska still pours hundreds of thousands of dollars into the maintenance export assistance services aimed at servicing companies interested in Asian Pacific Rim trade. Substantially enhancing activity coordination with the CSUSA is a critical first step towards the development of a streamlined and efficient state export assistance network - especially considering that CSUSA's services provide a highly effective (and essentially free) alternative to numerous state supported export assistance activities.

Division of Trade and Development

Since its inception, DTD has been the flagship state supported international trade organization in Alaska. The organization's enabling legislation requires DTD to engage in a wide range of international activities which span export assistance, foreign investment promotion, and international education. While DTD's high profile presence in Alaska is an asset, its diversified activity base is a detriment. Like the CSUSA prior to its recent reorganization, DTD represents an excessively diversified agency which lacks any measure of interorganizational specialization. This condition is not necessarily DTD's fault - the legislation which enacted the (then) Office of International Trade required the organization to lead the state on a number of international issues. Addressing this condition is an important first step in enhancing DTD's overall effectiveness.

While export assistance is among DTD's strongest preoccupations, it is clearly the organization's weakest activity point. This appears to be primarily due to DTD's self-imposed limitations on export assistance activities rather than any deficiency in funding or support. For instance, DTD's incessant Asian Pacific Rim market focus is not only obsolete,

but also represents a potential barrier to companies seeking assistance with the development of flexible export marketing strategies (particularly in the case of service sector companies). Over sixty percent of Alaska's exports are headed for the Asian Pacific Rim - however, over ninety percent of these exports are natural resources - and it is estimated that over ninety-five percent of natural resource export transactions take place in well established trading channels or via specialized intermediaries (i.e., Alaskan natural resource exporters have comparatively few export assistance requirements). For nearly all other Alaskan products and services, market opportunities in the Asian Pacific Rim are generally no better than for any other developed country.

Where DTD does represent a critical element in Alaska's export assistance network is in the area of advocacy. Because DTD reports directly to the state administration, the organization is well suited to "go to bat" for Alaskan companies facing the wrath of unfair international trading practices. DTD's continued leadership on company and industry-wide advocacy matters should grow in importance as more Alaskan companies enter the licentious theater of international commerce.

World Trade Center Alaska

As the only public international trade organization in Alaska which actively generates revenue, the World Trade Center has an unique role in facilitating trade in the state. The simple presence of over 200 fee paying members indicates that a demand for WTCAK services exists. However, these export assistance services are certainly not suitable for all companies in Alaska. A quick look at the World Trade Center membership list reveals that a number of members are larger companies with in-house trade resources in place or smaller companies with a dedicated international focus. For companies lacking export experience or in-house trade capabilities, the $ 300 - $ 2,500 annual membership fee probably represents an excessive addition to aggregate international business risk. Consequently, the World Trade Center's role as an international service provider is Alaska is clearly limited. However, utilizing the World Trade Center Alaska as a leader in providing expert assistance to larger companies and experienced exporters would be an effective complement to the state's international policy.

Because the World Trade Center Alaska is membership based, its revenue generating activities can offset operational expenses and ensure that services are consistent with member needs. Supporting the establishment of the World Trade Center Alaska as an entirely autonomous unit would further enhance the Center's ability to provide flexible, client oriented services.

C. Issues

1. Export Assistance and the Global Approach

Ask any economic development watcher in Alaska about international trade, and their answer is likely to include something about the Asian Pacific Rim. The common-sense justification for this emphasis is clear - over sixty percent of Alaskan commodity exports (nearly all of which are natural resources) are destined for the Asian Pacific Rim marketplace. In addition, Alaska's strategic location within the Pacific Rim has facilitated the noticeable growth of trans-Pacific air cargo activity in Anchorage and Fairbanks. Despite these factors, the correlation between Alaskan export activity and the perceived need to focus export assistance services on the Asian Pacific Rim (e.g., state funded trade offices in Japan and Korea) is very weak. The results of the private sector needs assessment revealed that most Alaskan companies maintain a comparatively "global" trade focus. That is, private sector international marketing plans

consistently transcended the state's string of protocol efforts.

This suggests that one of two fundamental changes have taken place within the Alaska private sector - either companies have fully recognized that the advent of advanced telecommunications, rapid air travel, and global economic integration has substantially reduced an American company's need to limit their international horizons to trading nations of historical political favor or close geographic proximity - or the state's protocol and export marketing efforts are plainly inconsistent with changing realities in the international marketplace. Either way, the fact that Alaskan companies are willing and able to undertake business ventures in any corner of the world suggests that the state's intense focus on Asian Pacific Rim markets is obsolete. (This assertion assumes that the majority of Alaskan natural resource export transactions are handled via established trading channels.)

While the private sector's comments on export marketing strategies were in direct contrast to prevailing ideas on international trade requirements in Alaska, they were hardly surprising. Advances in the delivery of international market research have substantially reduced a state's need to focus export assistance on a handful of foreign markets. Unlike a manufacturing intensive state (in which intensive foreign marketing efforts can contribute towards export growth), an Alaskan trade delegation cannot simply land in foreign country and say, "This is what we make, what do you want to buy?" The Alaskan private sector is built around a number of unique small and medium sized businesses - most of which require a customized export assistance approach. Japan and Korea are tremendous natural resource and tourism targets - in fact, their strategic importance to these industries is nearly unparalleled. However, for nearly all other industries in the state, Japanese and Korean market potential is no better than for any other developed country in the world (consider the market for oil field services, specialty jams, or Arctic engineering expertise in Japan and Korea) .

This is not intended to suggest that reducing Alaska's *diplomatic* ties with Japan and Korea would in any way be beneficial. Economic growth in Asia remains very strong and Alaskans should never lose sight of the tremendous business, cultural, and educational exchange opportunities available within the region. However, the absolute benchmark for evaluating *export assistance* services should be export sales - and, as the private sector needs assessment revealed, sales opportunities for Alaskan goods and services have emerged all around the world. As technology and service companies wind down from activity on the North Slope (and infrastructure development requirements expand in developing countries), the state has an excellent opportunity to capitalize on demand for Alaskan expertise in emerging markets. Facilitating access to these opportunities requires the adoption of a fundamentally new approach to export assistance.

2. The Global Approach and the Service Sector (in an export assistance context)

A long-term managerial commitment to international trade is clearly a prerequisite to success in global marketplace. However, because the Alaskan economy is structured differently than most (i.e., the overwhelming majority of Alaskan exports are natural resources), international trade support organizations must be receptive to the relative lack of global "sophistication" which might exist within the managerial structure of Alaskan service companies. Consequently, simply prepossessing export interested service sector firms to a standardized marketing plan is an inadequate approach to export assistance.

In particular, primary export assistance for service companies (i.e., joint venture

partner / distributor searches) should be globally focused at every level. For instance, the maintenance of a region specific export assistance network is useless to a terminal-contract service exporter (i.e., construction, engineering, etc.) unless the bulk of global toxic waste spills, oil field discoveries, and infrastructure development projects are consistently concentrated in the same countries. Thus, an effective service sector export assistance program must be as globally flexible as a service company itself.

Similarly, utilizing protocol as a market penetration tool on behalf of service companies must be a strategically targeted venture. Even if Alaska negotiates a spectacular bilateral trading agreement, the effort is useless it is driven by the private sector.
(The widespread inability of Alaskan companies to utilize state protocol efforts as a tool for penetrating the Sakhalin market illustrates this point. While Alaskan trade groups were pondering how to "enter" and "partner" with the Sakhalin market, Korean and Chinese companies (and a handful of motivated Alaskan firms) were making deals. Alaskan businesses which expected to simply follow the state's lead into the Russian Far East were left to discover that numerous opportunities had already been grabbed by foreign firms. The time and effort associated with the state's "Sakhalin effort" might have been better utilized by individually working with service companies, isolating their strengths and weaknesses as firms, and identifying a handful of projects around the world where their expertise could be specifically applied - companies identified as having potential in the Sakhalin market could then perhaps initiate a joint venture partner search.)
As an alternative to such activities, several surveyed companies recommended conducting short-term missions in developing regions where infrastructure and natural resource development project opportunities were emerging (e.g., the Middle East, Africa, Vietnam, Sakhalin, etc.) Japan and Korea - as nations possessing an abundance of advanced service technology, few natural resources to extract, and comparatively well developed infrastructures - do not represent significant market prospects for Alaskan service companies. In fact, with the exception of a notable interest in the Russian market, surveyed service exporters reported engaging in international activities throughout the world. Export assistance services and protocol efforts aimed at benefiting Alaskan service sector firms should reflect this reality.

3. The Global Approach and Foreign Offices (in an export assistance context)

According to the Division of Trade and Development, maintaining Alaska's offices in Japan and Korea costs the state over half a million dollars a year - nearly one-half of DTD's total budget and over four times the World Trade Center Alaska's annual general fund allocation. Closing these offices would free up a substantial portion of international trade dollars without adversely affecting Alaskan export activity. However, such a move would also require the development of an alternative foreign market penetration / assistance (and subsequent distributor / joint venture search) strategy. In response, the following model was developed to reorganize state export assistance / market penetration efforts.

- Vertically refocus state supported export assistance (i.e., assist with the development of customized export marketing strategies only). The following scenario illustrates how Alaska's export assistance network might approach customized trade support.

1. Conduct a community sweep of the Alaskan private sector (across industry lines) to determine actual and potential clientele for export assistance services and state sponsored trade missions.
2. Follow-up with specialized market research to identify every market in the

world where a measure of demand might exist for Alaskan products or services (e.g., a list of nations where oil field development projects are taking place). Such information can be readily accessed via the NTDB.
3. Provide company specific / industry specific export assistance. (That is, assist companies with the development of customized export marketing strategies rather than randomly penetrating foreign markets with the assumption that Alaskan companies will follow.)
• Follow-up by organizing customized trade missions to target markets after lengthy interaction with companies in the host foreign country (potential joint venture partners / distributors) and the Alaskan private sector OR facilitate joint venture partner / distributor searchers via the CSUSA Gold Key Service OR establish short-term trade liaison offices in strategic markets.

2. Utilize the foreign offices of other trade support organizations in lieu of Alaskan offices. Alternatives include:
• CSUSA operates over 170 liaison offices (including offices in Seoul, Tokyo, Taipei, and the Russian Far East). Each of these offices offer a full range of market research and distributor / joint venture search services to any American company (most services are either free or available at a comparatively low cost). In addition, the National Trade Data Bank maintained by the CSUSA offers Alaskan companies free access to up-to-date trade leads and market information on nearly every region in the world.
• The World Trade Center Alaska has associate offices in over 250 locations worldwide (including Seoul, Tokyo, Taipei, and the Russian Far East). Companies which are members of the World Trade Center can post and access trade leads and a range of international market information available through the World Trade Center network.
• Various international services and contacts are available through the United Nations, domestic and foreign universities, foreign embassies, etc.

4. Small Business

Small and medium sized businesses represent one of the greatest sources of potential exporter growth in Alaska. Unfortunately, few international support organizations in the state provide export assistance services targeted at expanding small business export activity. Expanding the scope of public export assistance services for small and medium sized enterprises should be an integral element in Alaska's export assistance network.

Export assistance services for small companies can be approached in essentially the same manner as for service sector firms (i.e., customized, globally focused export assistance). The only significant difference in approach is the need to determine "export readiness" among small or new-to-export companies. Generally, export readiness can be gauged according to managerial commitment (a long-term managerial commitment is a definite prerequisite to success in international markets). However, other factors such as product suitability, company development, and the ability to divert sufficient resources to international activities must also be considered. Consequently, it is recommended that export assistance servers begin to develop objective criteria for quickly evaluating export potential.

In order to encourage the growth of export activity among small and medium sized businesses in Alaska, it is suggested that export assistance servers expand their efforts to enhance the perception of exporting as a feasible venture. It is understood that working with small and medium sized businesses is not the shortest route towards increasing Alaskan export activity. However, it is a necessary part of Alaska's export assistance network. In addition to Marketing Alaska, the following international support network-wide suggestions were developed to enhance small and medium sized business export activity:

• Rural Alaska is home to a variety of specialized products and services. However, most rural communities do not have access to export assistance services or international market information. Installing National Trade Data Bank software (or subsidizing internet subscription to the NTDB) and coordinating outreach export assistance services (e.g., an 1-800 number to the Export Assistance Center) via ARDORs and SBDCs would alleviate part of this burden.
• While there are few dedicated private export management companies in Alaska, there is an abundance of other exporting expertise - particularly among seasoned international traders. Establishing an "export mentoring program" (possibly modeled after the Ohio Export Assistance Network) could assist in the expansion of export activity among small and medium sized businesses.

5. Export Finance

A number of respondents to the private sector needs assessment survey reported that export finance was a major obstacle in their quest to export. Export finance should not be a distant element in the export marketing strategy - rather, companies should begin thinking about how to finance their ventures at the same time they conduct preliminary market research. Similarly, export assistance organizations in the state should maintain export finance assistance services as an integral element in their outreach strategies.

Establishing a new export finance assistance arrangement in Alaska does not necessarily mean that establishing a new export finance assistance organization is necessary. A number of export finance tools (i.e., EXIM, SBA, OPIC, World Bank, TDA, etc.) are already available. Unfortunately, there is no clearinghouse of expertise on export finance in Alaska. Supporting the hire of an export finance specialist to work in conjunction with the primary sources of export assistance services in Alaska would alleviate this deficiency.

6. Trade Missions (Measuring Value and Horizontal vs. Vertical)

In the age of the information superhighway, sending state trade representatives to foreign markets to "look around for potential export opportunities" or "to get a sense of the market environment" is increasingly unnecessary. Up to date market research and hundreds of trade leads are available to companies on a daily basis. In response to complaints by the private sector that state funded trade missions are often poorly directed or unfocused, the following criteria were developed to measure the value of foreign travel by state officials:

1. The trip was paid for by private sector businesses; and / or
2. The government delegation is accompanied by businesses which are close to initiating actual deals ; and / or
3. The trip is in response to a special invitation by a foreign government of strategic significance (i.e., a protocol mission); and / or
4. Private sector companies place a request to open diplomatic ties with a certain region and demonstrate their interest by funding the diplomatic effort (with the exception of truly new markets (e.g., the former Soviet Union shortly after its disintegration.), detailed market research, business contacts, socio-political information, and culture notes are available in the National Trade Data Bank, World Trade Center Network, or even the local community. Technology has made it quite possible to structure trade missions around sales -- not "fact finding.");
and / or
5. Private sector industry representatives request a diplomatic escort for a trade mission and demonstrate their interest in the mission by covering a part of the government delegation's expenses.

Recall that the job of a state trade assistance program is to promote and respond to the ambitions and needs of private sector businesses in the international marketplace. Going beyond the predetermined needs and requests of private sector companies on export assistance related issues is inappropriate - no one knows the international needs of private sector companies better than businesses themselves (consider that managerial philosophy can affect the propensity to export as much as profit potential).

In addition to measuring private sector content, trade missions should also be evaluated according to structure (in particular, industry concentrations). While the Alaskan economy is comparatively undiversified, the breadth of companies which might benefit from a trade mission covers a range of highly specialized industries. As the cost associated with executing a horizontal "bombshell effect" trade mission can only be recovered if representatives from a range of foreign industries are present to make deals, it is strongly recommended that Alaskan export assistance servers vertically organize all trade missions.

IV. FOREIGN INVESTMENT

A. Introduction

The Division of Trade and Development is the only state supported organization charged with responsibility for coordinating Alaska's foreign investment promotion and protocol activities. The Alaska Center for International Business claims that part of its mission is to expand Alaska's relations will other nations of the world (however, ACIB's approach to foreign relations building is not worthy of extensive consideration on the matter). No organization in Alaska is charged with developing a strategic framework for promoting the general internationalization of Alaska - a task which necessarily focuses foreign investment promotion activities on a common goal. Unlike the export assistance arrangement in the state, there appears to be a deficiency of interest in building Alaska's "subtle" relationships with other regions of the world. Thus, Alaska's foreign investment promotion / protocol efforts can only be delivered in sporadic and unconcentrated batteries. The need for further promoting external investment in the state (foreign investment represents a significant source of potential economic development interest) and enhancing Alaska's reputation as a player in the global marketplace is obvious. However, fulfilling this goal requires a dedicated intensification, refocusing, and overall expansion of Alaska's reverse investment efforts.

B. Critical Overview of Alaskan Foreign Investment Promotion / Protocol Activity Efforts

Division of Trade and Development

As mentioned, the Division of Trade and Development is the only state supported organization in Alaska charged with responsibility for building Alaska's relations with other nations of the world. As an adviser to the governor, DTD is well-suited to continue its role as the lead protocol intermediary in Alaska. However, several factors limit DTD's ability to effectively deliver foreign investment promotion / protocol activities:

1. DTD is vulnerable to structural disintegration every time a new governor is elected (i.e. DTD trade specialists are PX employees).
2. Alaska has no strategic international plan for DTD to structure its protocol activities around. (DTD's self-described "Asian Pacific Rim" emphasis is far from adequate.) Consequently, protocol activity in Alaska is primarily conducted on an "as the opportunity arises" basis.
3. DTD has among the highest activity diversity levels of any international organization in the state. Alleviating part of DTD's responsibility load would undoubtedly enhance the organization's ability to conduct targeted and effective protocol activities.

4. DTD is not globally focused (i.e., DTD's self described emphasis is nearly exclusive to Canada, the Circumpolar North, and the Asian Pacific Rim).

DTD's inability to effectively address these issues is understandable - the legislation which enacted the (then) Office of International Trade required the organization to lead the state on virtually every international trade related matter. The elimination of export assistance services as a responsibility of DTD should provide the organization greater flexibility in its efforts to draw investment to Alaska.

Alaska Center for International Business

Because ACIB receives general fund dollars for "expanding Alaska's relations with other nations of the world", it was necessary to evaluate the organization in such a context. Doing so was not an easy task. As a research unit of UAA, ACIB's approach to foreign relations building is so abstract that it was difficult to evaluate in any context. According to ACIB, the center primarily fulfills its mission by conducting specialized international market research relevant to Alaska's main trading partners (i.e., the Asian Pacific Rim). However, aside from specialized research and instruction, the only evidence of ACIB protocol activity is found via the American Russian Center (including the University of Alaska Fairbanks' ties with ARC).

Evaluating ACIB's potential capability as an international relations liaison can be quickly simplified:
If a high ranking official from a foreign country traveled to Alaska, would they rather visit with the governor or the staff of the local university?

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, WTCAK, 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, WTCAK, 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:	
Expanding ACIB research links with UAF, UAS:	$100,000
Total Enhancements:	$100,000
Cuts:	
World Trade Center Alaska funding:	$128,000
Export assistance services:	$125,000
Other auxiliary activities:	$225,000
Total Cuts:	$478,000
Suggested 1995 general fund support:	$167,373

DIVISION OF TRADE AND DEVELOPMENT

Enhancements:	
Asian Pacific Rim protocol officer stationed in Japan:	$125,000
Expansion of protocol / foreign investment promotion efforts:	$75,000
Total Enhancements:	$200,000
Cuts:	
Korea office:	$218,000
Japan office:	$324,000
Export assistance services:	$100,000
Total Cuts:	$642,000
Suggested 1996 general fund support:	$703,000

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

SCOMM 100:10

JOINT INTERIM TASK FORCE ON INTERNATIONAL TRADE POLICY
January 18, 1996
4:04 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Representative Pete Kott

ALSO IN ATTENDANCE

Representative Gail Phillips, Speaker of the House
Representative Jerry Sanders
Senator Georgianna Lincoln

TASK FORCE AGENDA

-- ALASKA'S INTERNATIONAL TRADE SUPPORT NETWORK

WITNESS REGISTER

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ACTION NARRATIVE

TAPE 96-1, SIDE A
Number 001

SENATOR RIEGER, Co-chair of the Joint Interim Task Force on International Trade Policy, called the meeting to order at 4:04 p.m., and stated the purpose of the meeting was to hear presentations and testimony regarding international trade and the results of a private industry needs assessment commissioned by the legislature and conducted by the World Trade Center Alaska during the past interim.

Number 036

'PETE' NELSON, Chairman, World Trade Center Alaska Advisory Board, said it is her responsibility to represent their membership in programs that advance international trade that most directly benefits their Alaskan businesses. During her nine-year tenure on the board they've worked with a myriad of programs and on a host of projects to expand Alaska's opportunity in international trade. However, it has become increasingly evident in discussions with their members and with others in the private sector that it was not

clear if these programs or initiatives were responsive or consistent with the current international business efforts of Alaskans. What was clear, was that no one had asked a sampling of Alaska's private sector what their needs were regarding international trade, education assistance, policy or promotion efforts.

Simultaneously, the state of Alaska was initiating a review of fiscal plans to address the declining operating budget. This year the Alaska Legislature authorized a survey of Alaska's private sector, and the purpose of this project was to identify a state policy that would do more responsibly with less to enhance international business in Alaska. This project was supervised by an oversight committee selected by the legislature.

Ms. Nelson said the needs assessment survey should not be considered an end result, rather, it is a unified voice of Alaskans requesting an action, requesting a response from those who make policy.

[BECAUSE THERE WAS INTEREST EXPRESSED IN THE PRESENTATIONS BY ROBIN ZERBEL, TOM JENSEN AND TIM LANE, THEIR COMPLETE PRESENTATIONS WERE TRANSCRIBED]

Number 110

ROBIN ZERBEL, Director, World Trade Center Alaska:

"On July 10, the Alaska State Legislature contracted with the World Trade Center Alaska to conduct a needs assessment of the Alaska international business community. To achieve the results of a survey process that would be equitable and the results that would garner substantive data, the legislature requested the appointment of a broad-based oversight committee. This committee was composed of heads of trade associations throughout the state of Alaska that represented much of Alaska's industry. Tom Jensen, President of the Alaska State Chamber, represents one of those individuals serving on the oversight committee at the request of the House and Senate leadership. Mr. Jensen will be presenting the results of this survey on behalf of the oversight committee. "

"Members of this oversight committee met to review proposed needs assessment questionnaires and the survey process in August. At that time, the committee reviewed sample assessment questionnaires provided through our consultations with ISER (Institute of Social and Economic Research) and other professional assessment organizations. The committee resolved, at that time, the questionnaire should be open-ended. The document was revised and again reviewed by the oversight committee. Committee members approved the questionnaire you see before you today."

"Although the contract with the legislature stipulated distribution to 600 businesses, it was determined in the oversight committee meetings a larger distribution would be more favorable in assessing the needs. We therefore increased the distribution to 2,000 Alaskan businesses."

"Prior to the study, no academic trade organization or government agency had compiled a comprehensive list of current or potential exporters in Alaska. Although the export of products can be traced to Alaska origin, it was the growing service sector that was the most difficult to locate. The oversight committee indicated that only a small percentage of Alaskan companies, then estimated around 1,000, had likely ever exported or considered exporting. Identifying the sample was an arduous task. The actual mailing list was developed as follows:

1. A database of all Alaskan business license holders was purchased.

2. Businesses without any Alaskan zip code were deleted from the list, so these were strictly addresses within the state of Alaska.

3. The major industry groups were classified, as dictated by the oversight committee, to the kinds of industry that they wanted to survey.

4. The final step is the mailing list from the U.S. Commercial Service (1995 version), the World Trade Center Alaska (1994 - 1995 version), and the Alaska Office of International Trade (1994 version) were put together. The oversight committee suggested companies which had previously responded to trade agency mass mailings would be more likely to respond to an international trade questionnaire than companies randomly selected from the state's business license. Therefore, these two lists were cross-referenced and, therefore, that's how we came to the results of those who were actually surveyed."

Number 175

TOM JENSEN, Chair, Oversight Committee on the Private Industry Needs Assessment Survey:

"This group, the oversight committee, was formed at the request of Senate President Drue Pearce and Speaker of the House Gail Phillips. The committee consisted of 11 individuals and theY were: Joe Beedle, Juneau Small Business Development Center; Sherry Biggs, Kenai Economic Development District; Steve Borrell, Alaska Miners Association; Chris Gates, the Alaska Forestry Association; David Haugen, The Alliance; Carol Heyman, Anchorage Chamber of Commerce; Chris Mitchell, Alaska Fisheries Development Foundation; Kevin Krauklis, Fairbanks Economic Corporation and Fairbanks Chamber of

Commerce; and Dale Wade, Alaska Air Cargo Association -- a good cross section of organizations on the oversight committee. We were selected as individuals representing the broadest based constituency of the Alaskan private sector involved in international business."

"We were requested to provide oversight in three major function areas. First, we provided advice and comments on the assessment process, in general. Secondly, we provided advice and comments on the private sector survey tool itself. And lastly, we reviewed the process of this needs assessment from the beginning to the end. I must say that Alaska has taken its first and most critical step in enhancing the private sector's ability to successfully do business internationally. How? What we did is we asked the private sector, a big thing."

"Now, this needs assessment was unprecedented here in Alaska. A handful of other states have conducted international business needs surveys and those, and other states that have not, were contacted for survey samples. They were very interested in Alaska's survey process and the resulting changes in policy toward international trade. Respondents to the survey within Alaska were overwhelmingly appreciative of being solicited to provide their input in this process, and, in fact, that request prompted some individuals to get so enthused that they composed individual letters and went on and on and on. Of the 2,000 surveys that were mailed out, we had a 13.5 percent response rate and that's not bad. We received 271 completed surveys, many who favorably commented about this precedent-setting project. "

"Now, the important question: What is it that the survey tells us? Before you today are the complete results of that survey inclusive of the independent comments and each and every question responded to by those respondents in the survey. Additionally, it includes a copy of the survey, a list of who responded by the project completion date, and a breakdown of the industry sectors that were surveyed. Certainly, you and your staff will have a chance to review it at your own leisure and to see if there are other questions that we may not answer today that you may want answers for in the future."

"However, the reason that I'm really here today is to provide you with the major conclusions of this international business needs survey and to demonstrate, hopefully, how Alaska can do more responsibly with less. Now, after studying this document in great detail, some general observations were: information gathered show that 62 percent of the respondents are motivated to export or consider the export business because this is part of their long-term business development plan and they have some special knowledge of a foreign market opportunity. We also learned that 66 percent of the respondents gave an international trade lead the same

priority as a domestic lead; it's important to them, they are really interested. "

"Potential exporters, those who aren't exporting yet but have the idea in their mind, provided these statistics: 55 percent of those potential exporters responded that finding foreign customers and then finding the information on the market for their company's particular product or their company's service is the biggest obstacle they have. That's the biggest obstacle and that's what keeps their companies from exporting. 90 percent of potential exporters responded that they never ever use government assistance for international trade. Now, 25 percent of those potential exporters would seek a private source for more information in the international trade arena; 22 percent of those potential exporters would use the U.S. Commercial Service; 15 percent would use the state Division of Trade & Development; 13 percent would use the World Trade Center Alaska; 9 percent would use the University of Alaska, including the Alaska Center for International Business; 4 percent would use University of Alaska Fairbanks; 4 percent the Alaska State Legislature; and 1 percent would use the University of Alaska Southeast. "

"Now, of the exporters, those folks doing the business internationally, we gleaned from this document that 86 percent of them use bank lines of credit as their export finance source; 41 percent said that they are actively involved in foreign joint ventures, that's how they get in and that's how they stay in; and 56 percent said they have not used governmental assistance for any international trade -- those are the folks that are doing the job; 29 percent of those exporters say that they would use private sources for trade assistance -- they are willing to pay for private; 43 percent said that they would use private sources to find more information in the international trade world; 23 percent said they would use the World Trade Center; 16 percent would use U.S. Commercial Services; 10 percent would use the Alaska Division of Trade and Development; 6 percent would use University of Alaska Anchorage; and about 1 percent would use SBA."

"Respondents, again, on the exporting side of the house, their sales activity for the last fiscal year says that Japan was first, followed by Russia, Canada, Germany, the Peoples Republic of China, and South Korea. And those exporting project that by the year 2000 the international market activity will be: Number 1, Russia; Number 2, Japan; Number 3, Korea; then the Peoples Republic of China, Canada and Germany. So those are some of the statistics, the numbers, the percentages. So what does it all mean, what do we consider the key findings, the resulting conclusions?"

"From a global perspective, this is what we consider the key finding. The respondents stated clearly that international business is part of their long-term plan and they are doing or

seeking to do business throughout the entire world -- identified countries and regions were surprisingly varied. For example, they were looking at potential business in Ireland, Israel, the Ukraine, Indonesia, Indiana, Vietnam, Chile, Austria, the Middle East, Peoples Republic of China, and, of course, Russia. And the respondents projected to do business in an even greater extent in a broader variety of countries during the next five years -- they see it expanding and improving. The conclusion drawn from this information is that financial resources should be redirected to regions or areas where Alaskan businesses are considering doing international trade, as opposed to just the shotgun approach of shooting it everywhere. "

"What are some of the obstacles to trade international? Well, the survey showed that potential as well as experienced exporters identify that locating market information and foreign customers are their major obstacles to trade -- getting that information. The survey respondents familiar with the U.S. Commercial Service rate them very highly for their ad hoc services in locating market information."

"We therefore conclude that foreign market information is available free through the U.S. Commercial Service. Governmental agencies and organizations, as well as trade organizations and economic development organizations, should all refer individuals inquiring or soliciting information to this service as it was highly rated by the respondents as being the most effective. "

"We also conclude that the state of Alaska could better support those referrals to the availability of information to the U.S. Commercial Services."

"We conclude that Alaska could be better supported to overcome these obstacles by providing a centralized contact point, as opposed to the many points we have now."

"Another key finding was that respondents recognize the importance of trade missions and trade shows in finding foreign customers -- one of their major problems, it is important to do those things. And the conclusion would be that the state might establish a policy that trade missions and trade show destinations are driven by the private sector needs, as opposed to, possibly, speculation. This policy could include that funds allocated for any overseas travels by state officials would be considered as a trade mission with private sector participation. Lastly, the trade missions and/or trade shows should be contracted to an organization or an entity that can provide a consistent, a professional and an apolitical service."

"In the financial arena, the findings indicated the use of regular bank lines of credit to conduct business was documented as the

standard -- that's how they do it. The conclusion might be that we redirect funds from an existing trade promotion, provide assistance or financing through other entities to establish export finance assistance to those people. We also found that the federal program usage was negligible and state program usage was nonexistent -- it wasn't there. That leads us to conclude that a review and correct legislation and administration to respond with a newer, more effective program that meets their needs would be appropriate."

"Respondents, especially those who were experienced exporters, documented their high priority need for an access to money. That leads us to conclude that maybe this export finance unit to the private and the private/public entity working regularly with international business in the Alaska private sector would be helpful."

"Now, where do Alaskans go for assistance? The private sector is using the private sector for international business assistance, not government. They are using friends, family associates, customers, suppliers, or private consultants. So we conclude that Alaska's private sector is creating its own private sector for international expertise, as opposed to relying upon government entities."

"A large percentage of the respondents were unaware that the agencies indicated in the survey had services available. The conclusion there might be that the general fund dollars have been used ineffectively in communicating or in providing services to Alaskan businesses."

"Respondents also consistently rated the U.S. Commercial Service the highest for its effectiveness in ad hoc services. The World Trade Center rated the highest from exporters and the Division of Trade & Development, formerly the Office of International Trade, was rated the highest by potential exporters. Other programs and services received negligible responses. From that we conclude that the general fund dollars supporting trade policy, finance assistance and education could be streamlined. Maybe a more user friendly program that's flexible and responsive to the changing private sector is the service most wanted by our Alaskan firms looking at international trade."

"The respondents were very frustrated with the number of programs and services, the conclusion there being a centralized contact point that has credibility with the private sector has possibly the best chance of serving effectively the private sector."

"We believe that this survey and its results are good news, believe it or not, for government and for business. The reason for that is because in this time of fiscal planning, to provide data for targeting international trade with a rifle, as opposed to a shotgun, therefore allows us to be more responsible with less."

"That concludes my presentation."

Number 387

SENATOR RIEGER said in the presentation three things were outlined generally: information, diplomacy function, and financing. He said he has always had a preordained conclusion that only the first two were things that the state might have a legitimate role in, and he asked if there really is a unique need for financing that can't be met by the private sector in the financing side, or if there are other things beyond those basic three categories that he missed in the remarks. **ROBIN ZERBEL** responded that the survey didn't address what those particular needs are that are specific in finance. However, she added that from the World Trade Center's perspective and her personal experience, they don't really know what these companies want and the companies don't really know what they want -- everybody wants money, but they don't know how to get it. If there was a person identified to be working in this arena, then they could call that person and ask what the exporters, importers and investment people want for finance, and until that is done, they are never going to be able to answer that question. She also said that access to capital doesn't necessarily mean the state would have to finance anything.

Number 425

REPRESENTATIVE JAMES asked if anyone was using the Alaska Industrial Development and Export Authority (AIDEA) for export. **ROBIN ZERBEL** answered that AIDEA has funded a number of projects that are involved in export, but they are here and they have not had any takers on their export financing program. She added that if no one is using it, it seems to her that it is not working and that it needs to be fixed. Also, she is not sure that Alaska warrants a financing program, because there are a lot of other answers out there for that.

Number 443

REPRESENTATIVE GAIL PHILLIPS asked if on the centralized entity concept there was any feedback on how that centralized entity should look, where it should be located, etc. **ROBIN ZERBEL** said the respondents to the questionnaire offered all kinds of suggestions, but they all called for a central location. They don't really care where it is physically, but she believes there is a call here for them to ask for consistency, an entity that has credibility, and a unit that is working together. She commented that she would like to see it at the World Trade Center.

REPRESENTATIVE GAIL PHILLIPS asked if the conclusions in the report will tell the reader very specifically and very clearly that the services that we provide as a state today are not providing the

service that the client needs. **ROBIN ZERBEL** answered that some of the programs that were reviewed are not official state agencies or organizations, but the money that's gone into programs and initiative has not been effectively used to respond to the private sector.

Number 530

REPRESENTATIVE MASEK, Co-chair of the task force, asked how many of the 271 people that responded to the survey knew of the state agencies and the services available to help them in getting their business and trade started. **TOM JENSEN** responded that a number of the people responding to the survey didn't know of the services provided, or they were not comfortable with the services that were provided, or they didn't feel the services that were provided is what they needed so they went to the private sector. He added that over 70 percent aren't interested in government assistance at all, which tells you that the government program isn't doing the job. He reiterated that the theme that came through in the survey was centralization, to listen to the private sector as to where they are going and what markets they are after, and then target the assistance in those regions and in those markets as opposed to trying to be everything to everybody.

Number 561

SENATOR LINCOLN expressed her great interest in international trade, but she wonders how many Alaskans really know that Alaska has an offices in Taiwan, Korea, Japan and how many use those offices to promote their particular business or to have the particular business from those three countries to join forces with perhaps somebody in Alaska. She asked if when we have a presence in a country, is that a more positive versus closing down those three offices and not having any presence. **ROBIN ZERBEL** replied that only one respondent commented to keep those offices open, although that question was not asked. She noted a great portion of the survey represented the service sector, and the survey demonstrates the service sector is going all over the world.

Number 623

REPRESENTATIVE JAMES asked if as a member organization and in serving its membership, the World Trade Center receives a lot of contributions by the members who bring to this organization their knowledge and share it with other members. She also asked if that possibly is the kind of an organization that might have a better ability to do those kinds of things because of this growing information this is gleaned from the people who are actually doing the exporting or importing. **ROBIN ZERBEL** responded that she believes there is a real benefit because companies are paying a matching fee for their services, and that means that the state

doesn't have to subsidize the whole portion for assistance. It provides a lot of opportunity for people to use each other as the experts and use the private sector. Another benefit is that an organization like theirs has to respond to its membership, therefore, when markets change, there has to be a system in place to be able to respond rapidly to those changes.

REPRESENTATIVE JAMES asked Mr. Jensen if could expand on what he would visualize to be the state's role in any kind of trade show. **TOM JENSEN** suggested that private enterprise could represent itself at these trade shows, but he believes the state has a responsibility as a state to represent that industry in a whole, so therefore, the state would be a participant in assisting in funding that.

SENATOR RIEGER thanked Ms. Zerbel and Mr. Jensen for their presentations and then stated the task force would next hear from participants waiting to testify over the Legislative Teleconference Network. The first to testify was Tim Lane, who was contracted by the legislature to do an analysis of state agencies and federal agencies involved in international trade.

Number 684

TIM LANE, International Trade Advisor, testifying from North Carolina:

"In October, at the request of the legislature and in conjunction with the legislature's review of the state international policy, I conducted a comprehensive analysis of Alaska's trade assistance network. The analysis incorporated a number of elements, which I'll cover briefly as an introduction and leave as a basis for any future questions that you might have regarding the integration of the private sector survey or anything that I would hope to tell you."

"The primary three areas that we brought up were: (1) policy: the appropriate role of state government in international trade and affairs; (2) the structure - what is the most effective way to structure an international trade assistance network; and (3) to develop a fiscally sound trade budget to compliment a structurally sound international trade support system. In the budget element, in particular, it wasn't so much an attempt to set a certain number to cut, but, rather, to identify areas where the budget could be reduced, where organizational activities could be replaced by private or federal level, or where activities were no longer consistent with the changing realities of a global marketplace. "

"To intensify the scope of these issues among the organizations that we chose, each organization was evaluated according to its activity in three specific areas: (1) export assistance -- that is

the services that the state currently provides to companies seeking to export their products and services to foreign markets; (2) foreign investment promotion and protocol activity which was bunched together -- while both export assistance and foreign investment promotion are highly international in nature, the approach to effectively promote both of them is highly distinct, and naturally we felt they were separated; and (3) international education -- the focus of this was primary trade organizations and the international education services they provide to companies and the public at large. "

"Organizations were specifically examined, among other points, to identify areas of activity duplication, obsolete activities, service specialization -- that is the extent to which the organization specializes and perhaps excels in a certain capacity. The inner organizational cooperation -- that is the extent to which they cooperate with other trade groups in the state to promote Alaskan trade; and finally and most importantly for purposes of this analysis was the overall extent, which were relevant within the context of achieving a global marketplace. A number of these programs were set up 10 years ago or even longer and some of the activities are no longer necessarily consistent with the changing global marketplace. As a result, the primary analysis focused on that in great detail."

"That's the primary background on the methodology and the points which we reviewed. If you have specific questions, I'm open to answer any of those."

TAPE 96-1, SIDE B
Number 740

SENATOR RIEGER thanked Mr. Lane and stated that his international support network restructuring recommendations were just being presented to the task force and it was not his intention to ask the task force to take any action or position on them until they have had the opportunity to fully review the document.

Number 755

KEVIN KRAUKLIS, a Fairbanks businessman and member of the Project Oversight Committee, said until this past summer he was president of Flowline Alaska, a Fairbanks company specializing in pipe insulation. In 1993, Flowline Alaska and the City of Moscow, as 50/50 partners, formed a new Russian company to operate a pipe insulation plant in Moscow, which is still operating and doing well. Valuable Alaska resources used for setting up this business in Russia were the Alaska State Chamber of Commerce, U.S. Foreign Commercial Service, State Office of International Trade and the World Trade Center Alaska. He also said that if it were not for organized trade missions, Flowline Alaska would not be doing

business in Russia.

While he strongly prefers private sector initiative over public sector, Mr. Krauklis believes there is a very valuable role that the state government can play in helping Alaskans find the right opportunities in Russia. State government participants or organizing a trade mission to Russia can open a lot of doors that a private Alaskan cannot. One of the main keys to success of these trade missions, though, is a high level of private sector financial contribution and commitment to the organizing group's expenses.

Number 892

SENATOR RIEGER asked if the state's role in trade missions is that of being along to add credibility to the people who are on the trade mission, or is it in organizing it in the first place, or both. **MR. KRAUKLIS** replied he thinks it is in the sanctioning, of being part of the group. A government representative from the state of Alaska can open up a lot of doors over there.

Number 929

REPRESENTATIVE MASEK asked what can be done to strengthen and enhance the private sector's business and trade policies. **MR. KRAUKLIS** suggested consolidating some of the organizations that are involved in international trade because one-stop shopping would be very helpful. He also suggested there is a need to have the World Trade Center and the Division of Trade Development work on developing the trade missions and trade shows for Alaskan businesses to participate in. He added that he thinks the results of the survey and the recommendations that came out of the survey are pretty much on target.

Number 969

REPRESENTATIVE PORTER asked Mr. Krauklis where he went to determine the "do's and don'ts" when trying to establish a business relationship with Russia. **MR. KRAUKLIS** said that was another benefit of a trade mission. Just by going on a trade mission and watching the experienced people who are part of the trade missions, he was able to pick up many of the do's and don'ts.

Number 019

REPRESENTATIVE AUSTERMAN commented that he agrees with Mr. Krauklis that the state has to be the "door opener" and the lead in carrying the message of Alaska's trade to these other countries.

Number 040

SHERRY BIGGS, Kenai Economic Development District, ARDOR for the

Kenai Peninsula Borough, related that since 1990 they have been working with Russia and Japan in establishing sister city relationships. They have learned that foreign governments look to work with a regional or local agency. The assistance they have received from the Division of Trade Development, in both the Tokyo office and the Anchorage office, has been instrumental in the success of their establishing a sister city relationship with a city in Japan. There are now commercial wholesale representatives in Japan who are ready to purchase fish directly from Kenai businesses. She said they believe it is their role to open the doors and establish the rapport and set that level of credibility so that private business can then step in.

Number 078

JAMES KENWORTHY, Director, Alaska Science Technology Foundation, Anchorage, said satistics show that about one in seven jobs in Alaska is in the traded goods sector versus one in three nationally. He said the state can change its economic base over time. The state has to organize and justify its activities in terms of what expands the trade goods sector of its base -- that is what goods or services Alaska has to sell to the world. To do that, he suggested it is necessary to improve the competitiveness of existing firms and increase the start-up firms and the rate by which they can succeed. He noted all states and regions have done much better by trying to grow their own economy rather than creating incentives to attract outside investors to the state. The ingredients of growing businesses are nothing more than technology, capital and labor.

Number 165

MARK WILSON, an Anchorage businessman, said, in general, his experience has been that beginning with the state functions, activities and services, which he has used extensively, he has found that his experience with the international trade offices in Japan and Korea has been very keen. He has found the staff to be very helpful and, in many cases, have provided the services which he specifically needed, largely the facilitation of his efforts to make contact. They have been able to facilitate his ability to network with other exporters throughout the export/import market of Alaska. They have helped him participate in trade shows, many of which he could not have participated in individually, but he was able to participate by being an associate member with other businesses in Alaska. These trade shows were completely and exclusively supported by the Office of International Trade. He noted that he has not availed himself of the other agencies in the private sector, primarily because of cost, or he has found that he was probably more experienced at doing what they offered to do for him. He added that the World Trade Center Alaska and the U.S. Commercial Service have also been great sources for his company.

Number 252

JIM STEVENS, owner of a consulting firm in Anchorage that specializes in rural tourism development and marketing, stated his has used both the services of the Office of International Trade and the World Trade Center. In 1991, the Office of International Trade introduced him to the Korean market for tourism, and without their assistance, he would not have been able to generate the volume of business that he accumulated over the years. They were instrumental not only in introducing him to the markets, but supporting his efforts in developing those markets as well. No other agency, state or federal, has stood beside him like the Office of International Trade did.

Mr. Stevens also spoke to the need to reestablish an international trade office in Taiwan where other states with even less trade relationships than Alaska have a presence. An office in the Pacific Rim countries is necessary to understand the culture and in that culture the importance of face is fundamental. He said he sees no real benefit to cutting any of other state's efforts in the Pacific Rim countries, in fact, if anything, the funding should be increased.

Number 317

REPRESENTATIVE GAIL PHILLIPS asked Mr. Stevens his thoughts on centralizing the function for all of the world trade and international trade agencies. **MR. STEVENS** replied that it would probably work good in Alaska, but he didn't think it would work overseas because of the variations in cultures.

Number 330

PATRICK BURDEN of Northern Economics in Anchorage, spoke to the need for some sort of financing center in the state for international business. He is often contacted by companies and organizations in Anchorage about financing, but often he can't help them because they are small companies or they are new companies and they can't afford what his company charges. Most of his work is for the government entities, for the large corporations. He would like to help the smaller companies, but what they need is an inexpensive source or resource of information and guidance on getting financing for exports. He pointed out that the program the state of Washington has, perhaps with some modification, could be used as an model for establishing a program in Alaska. He suggested that such a center should be placed within an existing agency.

Number 375

REPRESENTATIVE PORTER asked what function or capability the

financing agency he described would have that AIDEA now doesn't do or have. **MR. BURDEN** answered that he thinks AIDEA has the authority, but he is not sure that they are really acting in that role, and, if they are, maybe the public isn't aware of their role in international finance. He also acknowledged that he wasn't specifically recommending that it would be government financing versus private financing.

Number 405

DEBORAH SEDWICK, Assistant Commissioner, Division of Trade & Development, Department of Commerce & Economic Development, testifying from Anchorage, stated their office has been eagerly awaiting the results of the survey, and that they look forward to seeing the results, as well as the recommendations. She expressed their willingness to work with the legislature, the administration and the private sector to do a better job with less.

Number 425

REPRESENTATIVE MASEK, in her closing comments, expressed her appreciation for all of the work that's been done so far and the task force's willingness to work with all of the people involved in trade in looking for better ways to ensure that Alaska is going to have a stronger and easier process for people wanting to get involved in trade.

SENATOR RIEGER, in his closing remarks, said the task force would welcome written testimony to accompany what had been testified to during the meeting, as well as written comments from anyone in the private sector who did not testify. He added that it is not clear yet what the format will be for the next meeting and how the task force is going to proceed, but that it is the intention of the co-chairs to schedule another meeting no later than the end of February.

REPRESENTATIVE PORTER commented that it is interesting that many of the comments in the survey are indicative of the perception that there is need for a coordination, continuity and combining other efforts, and the fact that this was a combined Senate and House meeting meets that need so that people don't have to come in and give identical presentations to separate committees.

REPRESENTATIVE SANDERS commented on the importance of having face to face contact with people of other cultures several times before being able to do business with them., as well as the important part that government plays in these negotiations.

CO-CHAIR RIEGER adjourned the meeting at 5:45 p.m.