

SCOMM

83:7

Alaska State Legislature

COMMITTEES:

MEMBER

RULES

INTERNATIONAL TRADES & TOURISM

LABOR & COMMERCE

ETHICS

WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE



P.O. BOX 1441
WRANGELL, ALASKA 99929
(907) 874-2316

While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4905

House of Representatives

ROBIN L. TAYLOR
MINORITY LEADER

SPONSOR STATEMENT

HB 249

HB 249 establishes a small business export trading consortium in the World Trade Center Alaska of the University of Alaska Anchorage. The Consortium is intended to assist small businesses enter the complex world of international trade.

Small and medium sized companies are often ill equipped to deal with such complexities as product development, financing, shipping and marketing. There are several agencies in Alaska designed to provide assistance. but the resources are fragmented and lack coordination. The Consortium brings the needed services under one umbrella, creating a "one-stop" shop.

The Consortium would engage in: identifying local sources for specified products, services and raw materials for U.S. and foreign businesses; market research to identify target markets and buyers; establishing appropriate distribution channels for products; and directing exporters to sources of financing for transactions, licensing and countertrade. Seminars, workshops, college courses and individual counseling will be offered to provide exporters with the technical skills and confidence to succeed in international markets.

The Small Business Development Center of UAA estimates that small businesses receiving such assistance elsewhere in the nation have 25% higher sales, are 83% more profitable, and hire 24% more employees. The keys to Alaska's economic development and diversification lie with expanded exports. Direct export assistance is the best method of achieving this goal.

PAGE TWO - SPONSOR STATEMENT HB 249

The beauty of the Consortium plan is that it is intended to become self sufficient within five years. It would be funded by legislative appropriation and matching funds. The match would come from a combination of a commission fee charged client businesses, private sector contributions and annual dues. The percentage needed from the State would decline as the Consortium expands.

Meanwhile, AIDEA has had \$50 million since 1987. Part of the earnings from the interest on that fund could be used for Consortium start-up and AIDEA could be directed to proactively and aggressively pursue export projects that merit grants, loans or loan guarantees.

In short, HB 249 will combine the resources of several agencies at relatively little increased cost. The Consortium would provide a needed and valuable service, without re-inventing the wheel. I ask for your support for HB 249.



UNIVERSITY OF ALASKA ANCHORAGE



3211 Providence Drive
Anchorage, Alaska 99508

ALASKA CENTER
FOR INTERNATIONAL BUSINESS
4201 Tudor Centre Drive, Suite 120
Anchorage, Alaska 99508

MAR 25 1991

Telephone: (907) 561-2322
Fax: (907) 561-1541
Telex: 981074 WTCA AHG UD

March 22, 1991

Representative Robin Taylor
Alaska House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Taylor:

As you suggested, I have carefully reviewed with my able staff and faculty your proposed bill for a small business international trade assistance center. We have been working on a similar program that we call the X-PORT Trading Consortium. Last year we invited Herb Ouida, the founder of the XPORT Trading Company at the New York World Trade Center, Port Authority of New York and New Jersey, to come to Alaska to explore ways to develop a similar program in Alaska. Some materials on the conference are enclosed for your information.

Out of that conference, the representatives of government agencies, businesses, and academic institutions agreed to form the X-PORT Trading Consortium at the World Trade Center Alaska (WTC) and the Alaska Center for International Business (ACIB) at the University of Alaska Anchorage. The Consortium plan and member list is enclosed. The X-PORT Trading Consortium is now in place and met officially for the first time on March 1, 1991. The Consortium members discussed your proposed bill in detail. What follows are some important points that surfaced during the discussions.

1. Your Assistance Center concept was generated from the same program as the Consortium. The Assistance Center was modeled after the Washington State Export Assistance Center. The Washington Center, in turn, was modeled after the New York XPORT Trading Company. It is more than coincidence that we have such a strong belief that small businesses around the state need direct assistance. The Consortium members unanimously stated that there is a real lack of people to provide export

business assistance in rural areas across the state. We need a program specifically designed for assisting small business exports. Results from Small Business Development Center national surveys have shown that businesses receiving assistance:

- have 25% higher sales
- are 83% more profitable
- hire 24% more employees.

We both know that the key to Alaska's economic development and diversification lies with expanded exports. Direct export assistance is the best method of achieving this goal.

The Consortium members would like to suggest that, rather than create another Center, you incorporate all of your specific objectives in helping small business into the framework already established by the X-PORT Trading Consortium. This move would eliminate the need for a director, equipment, and other costs associated with a new Center.

The needed services would be delivered across the state through the following staffing level:

- 5 Export Assistance Specialists (one each for Southeast, Southwest, Southcentral, Interior, Northwest/Arctic).
- 1 Export Assistance Coordinator at the Consortium
- 1 Secretary/Bookkeeper.

The Export Assistance Specialists would be physically located in ARDOR's or SBDC offices in the regions. These individuals would work closely with local economic development organizations. They would also have the information support provided by the Consortium coordinator in Anchorage. (Please see the list of Consortium services in the enclosure.) This structure is the best way to coordinate the resources housed in Anchorage (OIT, ACIB, WTC, USDC-ITA) and Juneau (DCED) with the exporters' needs which are located away from these information centers. The Coordinator and bookkeeper would be located at the WTC office in Anchorage.

2. Government agencies are not allowed to receive funds including program receipts, commission fees, service charges or other forms of outside revenues. Therefore, it would not be appropriate to locate your Assistance Center in state agencies.

3. Both the small Business Development Center and the ACIB/WTC are units of the University of Alaska Anchorage which have statewide missions. It is University policy that the SBDC is to focus on assisting business development within the state, while the ACIB is mandated by both the University and the state legislature to assist business development in world markets. As you see, the missions are clearly defined between ACIB/WTC and SBDC. This structure was designed to eliminate duplication and conflict but to compliment each other.

4. As for the funding sources, I would like to suggest the following:
\$250,000 annual legislative appropriation for the first 5 years.
\$150,000 annual matching funds from other sources.

The legislative appropriations will have a five year limit to give the Consortium time to become self-sufficient. Other matching funds will come from a 2% commission fee based on completed sales, private sector contributions and Consortium annual member dues.

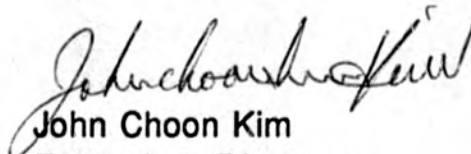
5. The export finance assistance program at AIDEA has had \$50 million since 1987 but AIDEA has never completed one single loan to a small exporter. The Consortium suggests creating an autonomous export arm of AIDEA to proactively and aggressively pursue export projects that merit grants, loans, or loan guarantees. The consortium agrees that establishing a new funding authority would be quite costly, and AIDEA already has the infrastructure and talent in place.

I concur with your deep concerns about small businesses which have not had any specific export assistance, particularly in small communities. Here at ACIB we attempt to assist businesses from timber operators in Southeast to reindeer herders in the Northwest. We also offer seminars and workshops across the state, and our attendance last year alone was 2,500 people. This effort, however, only begins to scratch the surface of the needs of many businesses. What is needed is to place trained specialists in the field armed with the most current and accurate information to solve the problems of small exporters. The ACIB and World Trade Center Alaska, along with other trade organizations, will provide the ammunition for the export specialists in the field.

I have made some minor changes in the language of your proposed bill to address some of the possibilities listed above. This copy of the

bill is also enclosed for your information. Please consider the Consortiums recommended suggestions on your proposed bill. Please discuss the proposal with Jim Kohler, the President of the Southeast Conference and Juneau Economic Development Council. Jim has been committed to the Consortium's development since Mr. Ouida's visit last year; he's even printed the enclosed envelope with the Consortium logo. The Consortium will meet again on April 1 if you would like the members to consider any changes. I would be very happy to assist your efforts in any way possible.

Sincerely,



John Choon Kim
Executive Director

cc: Consortium Oversight Committee Members



UNIVERSITY OF ALASKA
3211 Providence Drive
Anchorage, Alaska 99508 USA

Tel 907-786-7710
Fax 907-786-7739

Victor Fischer, Director of Soviet Relations

March 11, 1991

MAR 18 1991

Representative Robin L. Taylor
Alaska State Legislature
House of Representatives
Minority Leader
PO Box V
Juneau, AK 99811

Dear Robin:

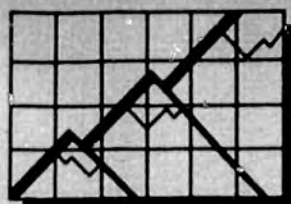
The concept of the Trade Center Legislation is fascinating, and I understand it has worked quite well in some other jurisdictions. Jane Angvik (as Commissioner of Commerce and Economic Development), Dr. John Choon Kim (Director of UAA's Alaska's Center for International Business), and others have given much thought to the outline in the draft legislation. There are some good arguments to be made for it, and some consideration against setting up a new mechanism.

I would suggest you contact Dr. John Choon Kim, Alaska Center for International Business, 4201 Tudor Centre Drive, Suite #120, Anchorage, AK 99508, 561-2322, Fax 561-1541, and ask for his advice and assistance. John is far more knowledgeable in this arena than I and I am sure he will be fully cooperative.

If I can be of any other help, please let me know.

Very best personal regards,

Victor Fischer
Director of Soviet Relations



University of Alaska
Small Business
Development Center

APR 2 1991

March 25, 1991

Representative Robin L. Taylor
Alaska State Legislature
P.O. Box V (MS3100)
Juneau, Alaska 99811

Dear Representative Taylor,

Our office received a copy of the House Bill you recently introduced which proposes the establishment of a small business international trade assistance center. We were contacted as an interested party by the Governor's Office of International Trade.

In talking with OIT staff just last week, they indicate that you are currently revising the Bill.

I certainly concur that there is a need for small business assistance in the area of international trade, and I believe the delivery system for that assistance is critical not only to the success of program results but also to accountability for those results.

I would very much appreciate the opportunity to continue to review and comment on your proposed legislation. As you probably know, our statewide network of Small Business Development Centers is very much involved in one on one counseling with small business owners. We are in the process of preparing an informational packet for Legislators which you should receive in the near future.

I look forward to receiving a copy of your revised legislation. Thank you very much.

Sincerely,

Jan Fredericks
Jan Fredericks
State Director

STATE

Post-It™ brand fax transmittal memo 7671 # of pages > 1	
To DR. KIM	From Joe Ambrose
Co.	Co.
Dept.	Phone #
Fax # 561-1541	Fax #

JR J. HICKEL, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF INTERNATIONAL TRADE

March 13, 1991

 JR FRONTIER BUILDING
 3601 C STREET, SUITE 788
 ANCHORAGE, ALASKA 99503-6934
 PHONE: (907) 561-5585

 Representative Robin Taylor
 Minority Leader
 P.O. Box V
 Juneau, Alaska 99811

Dear Representative Taylor:

Thank you for forwarding a copy of your draft bill on an Export Assistance Center. I have reviewed your proposed bill as well as the abstract on the Washington State bill and offer the following comments for your consideration.

After two weeks on the job as the Deputy Commissioner for International Trade and Development, I have come to appreciate efforts afoot to centralize trade related services to Alaskan businesses. I am aware of a proposed Export Consortium, of proposals to co-locate the Office of International Trade at the Anchorage World Trade Center -- to mention only a few. However, I am equally aware of duplication of services and fuzzy mission definitions.

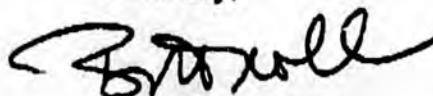
Upon my arrival at OIT, the existing staff members pointed out two issues that are recurring in office efforts to assist small businesses with the export market: The first problem is financial assistance for the small, new-to-export business person. The office is repeatedly asked for financial assistance because small businesses have trouble locating sources of capital to begin their international business development plans. Secondly, the office has discussed the possibilities of charging fees for services, however nominal, to establish commitment on the part of the business person seeking assistance.

Your proposed bill would address the two main points raised by OIT staff -- funding and fees. I am generally supportive of the bill however I have a recommendation: The Small Business Development Center is funded by both the State of Alaska Department of Commerce and the University of Alaska. The Center's mission is to assist with the development of business plans and strategies for small companies and new entrepreneurs. The Center currently charges a fee for services and has the authority to handle money and administrative details related to the receipt of funds. I encourage you to look at using the Center rather than OIT for establishment of a fund/grants.

Once the Center worked with the business to develop a business plan, then OIT could step in and assist with the international components of proposed activities in your draft bill. This would entail primarily the marketing end of the venture. OIT would still collect a fee, but it would be upon receipt of funds from successful sales abroad, as is noted in your draft bill.

I have asked our fiscal office in DCED to provide you with a fiscal note. I am available to speak further in person or on the phone regarding this bill or any other questions you may have on international trade. I appreciate the opportunity to comment and look forward to seeing you in Juneau on one of my trips to the Capitol. Please let me know if I can be of further assistance to you or your staff.

Sincerely,



 William Noll
 Deputy Commission for International Trade
 and Development



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX (907) 561-8998

February 20, 1991

Honorable Robin Taylor
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

ATTN: Mr. Joe Ambrose

Dear Mr. Ambrose:

Thank you for furnishing me a copy of the proposed legislation on a Trade Assistance Center. While the concept of such an organization may be needed, the Authority is probably not the most appropriate organization to administer the program.

A review of the Authority by the Institute of Social and Economic Research (ISER) indicates that the export promotion activities may best be located elsewhere. While we disagree with some of ISER's findings, we do agree that the export program has not to date been successful. As it appears that the primary purpose of the bill is to provide marketing and technical expertise to small businesses wishing to export as well as administer grants related to the preceeding, both the Office of International Trade (now in the Department of Commerce and Economic Development) and the University of Alaska's Center for International Business be considered as logical alternatives.

As you indicated that both New Jersey and Washington were considering similar legislation, it might be worth while to identify the potential universe of firms that would be candidates for such a program within Alaska. Some type of "quick and dirty" needs assessment could provide a better focus on exactly who the legislation would benefit and what its impact may be.

If you would like me to go through and do a section-by-section analysis, let me know.

Sincerely,

Bertram L. Wagnon
Executive Director

BLW/ss

Economic Development Specialist Position Description

The Economic Development Specialist (EDS) has considerable independence and minimum supervision in the implementation of the department's Rural Economic Development Initiative (REDI). The primary responsibility of the EDS is to provide expertise and support to rural communities in diversifying their economies.

To fulfill this responsibility, the EDS is required to facilitate cooperation between public and private interests. The EDS is responsible for the direct leadership for the REDI program in the service area or region. This leadership extends to being the focal professional drawing together a variety of resources to support Rural Development Projects.

REDI program goals and objectives are: (1) to achieve community, sub-regional, and regional programs and projects that will create long term job employment opportunities, and (2) reduce the level of imported services and/or goods to strengthen local economic self-sufficiency.

Specifically, the EDS's duties require the following:

- ☐ Identifying economic development potential of communities and sub-regions.
- ☐ Identifying projects serving that potential in the communities and sub-regions.
- ☐ Conducting community meetings, symposia, and workshops to advance the principles of economic development as well as support specific projects.
- ☐ Assisting communities and sub-regions in preparing economic development plans and strategies that are components of the REDI overall work plan.
- ☐ Reviewing project grant and loan proposals; providing technical assistance for economic development project loan and grant application packages under the Department's REDI Loan and Grant Programs (REDI-CDBG, REDI-RDA, and REDI-RDF) as well as other financing programs including AIDEA, CFAB, and private lenders.
- ☐ Assisting the Department in evaluating ED project activity including press monitoring of programs and projects funded.
- ☐ Assisting communities and individuals to identify and obtain funds from public/private sources.
- ☐ Performing financial and credit analysis, referral, and loan and bond packaging assistance for projects for rural communities.
- ☐ Assisting communities and individuals in conducting and hiring contractors to develop the market and feasibility assessments for an economic development project.

In addition to the stated duties and responsibilities, the EDS makes recommendations and conducts technical review of the Department's development of new economic development programs or revisions to existing programs including the regulations, application and reporting forms, and provides analysis on program performance.

The professional assistance and training prided by the EDS are occasionally monitored by the Department and much of the delivery of expertise and services are conducted when working alone in a community or at the regional office. Any errors or omissions in any assistance provided may not be detected until a legal or financial problem reaches serious ramifications and creates discredit to the Department. Therefore, the position requires certification through the National Economic Development Finance Professional Program to administer the REDI Program and qualify as an EDS for the Department.

EDS's will be assisting and training a variety of clients; they must be able to communicate complex information simply and accurately.

The Goal of Economic Development Financing

- ☐ To stimulate private sector investment into long-lived physical plant and equipment
- ☐ To increase productivity
- ☐ To create new permanent private sector jobs

The Form of the Stimulus

- ☐ Loans to private sector businesses
- ☐ Ratio of DCRA to other participation
 - Goal: 1:1
 - Goal: TA : Successful funding/any source
 - Goal: TA : Clear other agency roadblocks
 - Goal: Comprehensive case management approach
- ☐ Provide comprehensive Economic Development training
 - Goal: To Municipalities and Municipal associations
 - Goal: To Regional Economic Development (Rural) associations
 - Goal: To Regional and Village profit corporations

The Long-Term Gap

80% of the new jobs in the nation are created by companies employing less than 100 people. Ironically, these businesses are the least able to obtain reasonable financing for creating plant expansions and new jobs.

Therefore, three steps are essential in closing this gap: Capital formation; capital transfer; and capital management (funds flow).

The challenge in rural Alaska is even greater; there is virtually no private sector lender in the DCRA client area, funds available are on a Statewide competitive basis, and funding agencies are just now recognizing the value of information sharing for maximum effectiveness. Basic needs such as water, sewer and transportation are expensive and barely adequate for residential use let alone business needs.

Solutions

- Strong Economic Development Oriented Staff
- Community Reinvestment Act
- Coordinated Interagency Agency Task Force
- Private Sector Capital Pools
- Coordinated Interagency Council
- Community ED Plans
- Community Project Consensus Development
- Community Coordinated Project Development Teams
- Public Equity Investment Funding

The Rule of the EDS

- Managing the system
- Marketing the program and its tools
- Screening, structuring and analyzing deals
- Packaging loans
- Assisting in securing lenders' commitments
- Case management of closed deals, i.e. loans or grants
- Program development
- Educational TA on Economic Development

EDS Time Allocations

FUNCTION	% OF TIME
Marketing & outreach	25
Screening/analyzing/packaging	30
Program management/development	25
Case management	10
TA/Training/Coordination	10

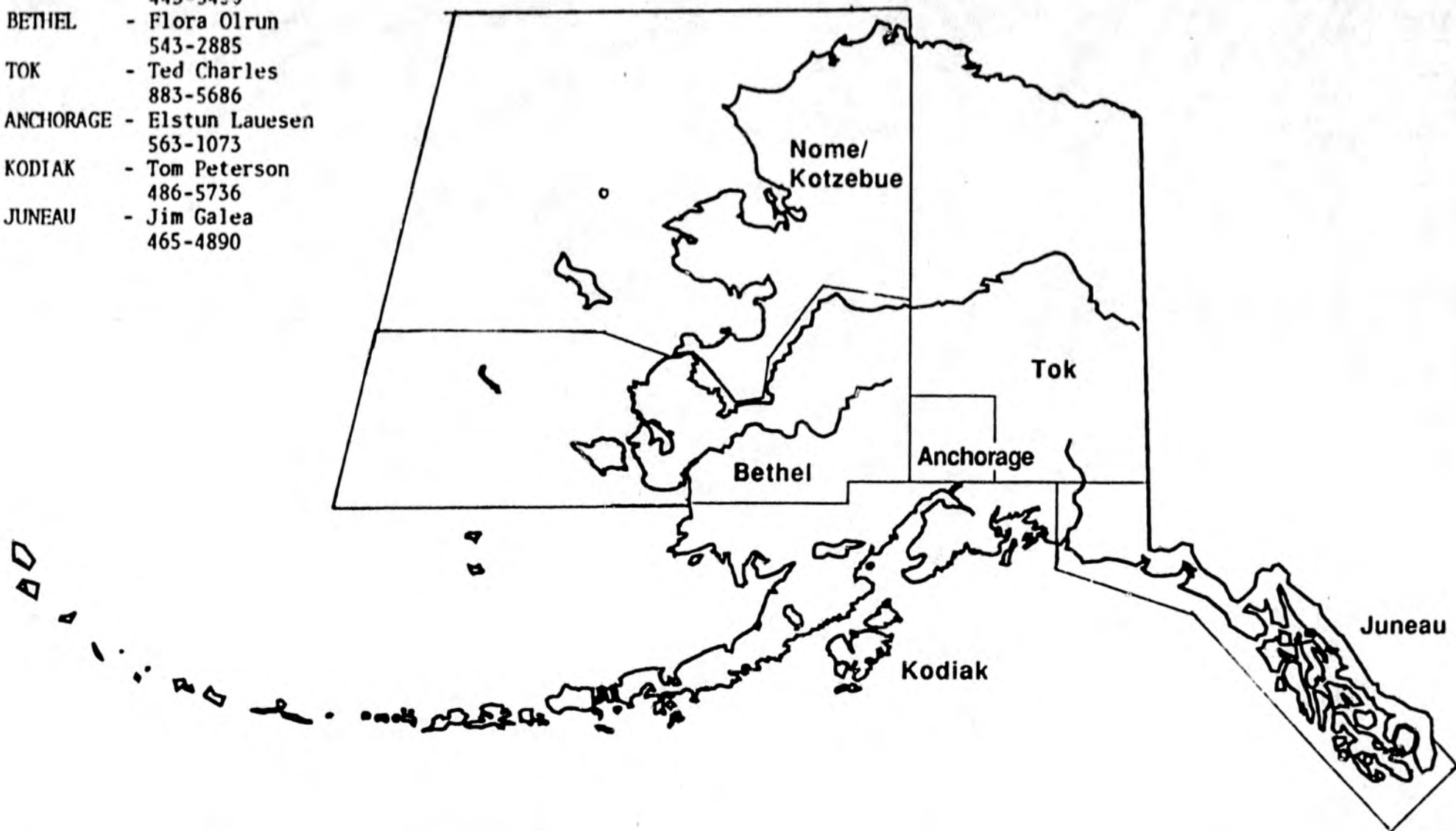
Performance Goals

The goal of the system is to stimulate enterprise investment using State and Federal grant sources and leverage in private investment from local sources.

FUNCTION/SOURCE	Target to ED
CDBG Grants	50%
CDBG Loans	100%
RDA Grants	50%
RDA Mini Grants	75%
Marketing	3 Mayors conferences per year 3 major ED conferences per year 10 interagency coord. actions 5 bank contacts to enlist support for rural projects 5 trips to individual communities to orient in Economic Development
Screen/Analyze deals	20 deals
Package non-agency loans	5 deals
Case Management	Follow up on all approved deals once a month
TA/Training	Assist MRAD Work Plan
Program Management	50 referrals, 20 TA actions 2 major program review sessions with management Oversight of economic issues Component BRU Staff

EDS Service Areas

NOME/KOTZ - Vic Goldsberry
443-5459
BETHIEL - Flora Olrun
543-2885
TOK - Ted Charles
883-5686
ANCHORAGE - Elstun Lauesen
563-1073
KODIAK - Tom Peterson
486-5736
JUNEAU - Jim Galea
465-4890



Program Summary Chart

Program Name	Brief Description of Your Program	Who Are Your Clients and Do You Provide Services to Rural Alaska?	Has Your Program Worked With REDI or Other Economic Development Projects?	Briefly Describe An Example	How Should EDS or LGS Contact Your Program for Assistance?
JTPA Job Training Partnership Act	Employment and training program for economically disadvantaged persons, with emphasis on those with barriers to employment	Yes. Clients are unskilled, unemployed, handicapped, dislocated, youth, older workers, offenders, low income, etc.	Yes	Shishmarek: tannery Selawik: store Emmonak: clinic construction and training	Contact CDS in Regional Offices
Energy: ERIC, WX, ICP, CPR, REAT, HELP, State Energy Standards, ACHP	Deliver Federal and state programs for education in energy efficiency and conservation.	Yes. Consumers, small businesses and communities, non-profits, government agencies, housing industry, schools and hospitals.	Yes, CPR	Allakaket freezer project	Call ERIC at 800-478-INFO Mimi B. at 273-9451 Bob S. at 273-9438
Local Government Assistance	Provide Training, Technical Assistance and Advice to clients	Yes. Small cities, non-profits, Tribal organizations, appropriate village entities, and unincorporated communities.	Yes	Technical Assistance with applications, city land disposal for RDF loan to build a store	Call LGS in Regional Offices
Child Care Programs	Child care and small business programs that promote family economic independence; stimulate & expand small businesses; enlarge local work force; create new jobs thru demand for services; and, retain money in the community.	Yes. LMI families; child care businesses; also, local govts, Children's Advocacy Orgs, and private sector employers	Yes	New Child Care Center funding in Nome Facility upgrade in Cordova Child Care Center	Call Child Care Programs or come visit
Housing Assistance Program	Provide funding for safe and affordable housing for single family dwelling and rental units.	Yes. Provide funding to communities with a population of 4500 or less; 1st Judicial Districts or 2nd, 3rd, & 4th Judicial Districts not tied by road or rail systems to Anchorage or Fairbanks.	Yes. RDF Programs. Loan staff sat on REDI Committee. Also housing staff provide mechanic end of RDF. Loan examiner referrals of potential REDI projects. Loan closer of RDF loans. Accounting & maintaining integrity of RDF program.	RDF Program. Eight RDF loans	Processing of RDF loans. Become more involved in the local government requirements of the RDF program.
Land Planning and Technical Assistance: ANCSA, ACMP, NFIP, Community Planning, Land Mgmt TA/ing, Profiles/ Data Base maps	TA to identify 14(c)(3) & negotiate settlement. Hold land in trust for "unincorporated." Develop community/ project plans (sewer, water, roads). Economic plans. \$1.2 million ACMP for land planning/dvp policies. Site control. Land ordinances (disposal, subdivisions)	Cities, "unincorporated," local staff, village corporations, CRSAs, ARDORs/ regional strategy.	Yes. Review grants/assist applicants. Site control (on-going) Community/economic dev planning Flood info for capital projects Econ Dev Profiles	SWAMC Econ Dev Profiles Emmonak Economic Development Plan ANA grant review	Call Regional Office Planners or contact Program Coordinator for NFIP/profiles, data base, maps)
DAS/Grants Legislative Grants, Fiscal Accountability; Travel, procurement, audit, budget, personnel	A) Economic Development Equipment purchases Road Improvements Alaska Legal Services B) Relationship: Audit, Fiscal, Grants	Internal - All staff External - 1. DAS Legislative Grants 2. All clients of all programs administered by DCRA	Yes	All the previous examples given by programmatic staff	Contact Sam Thomas Mary Stovall Tena Bavard Roger Foisy

➔ Child Care
➔ JTPA
➔ Housing

➔ Land Planning and
Technical Assistance
➔ DAS/Grants

➔ Energy & Weatherization
➔ Local Government Assistance





UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration

World Trade Center
4201 Tudor Centre Drive, Suite 319
Anchorage, Alaska 99508-5916
Tele: 907/261-4237 Fax: 907/261-4242

United States and Foreign Commercial Service
FACT SHEET

PROGRAMS AND SERVICES

EXPORT INFORMATION

o **Commercial News USA.** A magazine published 10 times a year which promotes the products or services of U.S. firms to more than 110,000 overseas agents, distributors, and government officials.

o **Agent/Distributor Service.** A customized search for interested and qualified foreign representatives which will identify up to six foreign prospects who have examined the U.S. firms literature and expressed interest in representing it.

o **World Traders Data Reports.** Custom reports that evaluate potential trading partners. Includes background information, standing in local business community, credit-worthiness and overall reliability and suitability.

o **Market Research.** Analysts in foreign posts provide US&FCS with timely, accurate and in-depth marketing data on high export potential industrial sectors in the most promising countries.

o **Comparison Shopping Service.** Tailored product-specific marketing reports which compare various aspects (i.e.; sales potential, going price, methods of distribution, competitive factors and qualified purchasers) of a specific U.S. product with comparable foreign market products.

o **Trade Opportunities Program.** Provides timely sales leads from overseas firms seeking to buy or represent U.S. products or services. Leads are available electronically through the Department and are redistributed by the private sector.

TRADE EVENTS:

o **Matchmaker Program.** These trade delegations are designed to match participants with potential agents, distributors, licensees, franchisees or joint venture partners. Matchmakers are composed of 10 to 100 senior executives, usually of small, new-to-export or new-to-market companies.



PROGRAMS AND SERVICES
FACT SHEET
PAGE TWO

TRADE EVENTS --CONTINUED

o Catalog and Video/Catalog Shows. Companies can gain market exposure for their product or service without the cost of traveling overseas by providing the US&FCS with their product information or promotional video or both.

o Overseas Trade Fairs and Seminars. U.S. exporters may participate in a large program of overseas trade fairs, missions and other local trade events which will enable them to meet customers fact-to-face and assess the competition.

o Foreign Buyer Program. Exporters can meet qualified foreign purchasers for their product or service at trade shows in the U.S. The US&FCS promotes the shows worldwide to attract foreign buyer delegations, manages an international business center, counsels participating firms and brings together the buyer and seller.

DOMESTIC OFFICE COUNSELING

o Trade Specialists. International trade experts are available at US&FCS district and branch offices to counsel exporters. Trade specialists conduct conferences and seminars on topics such as marketing your product abroad; EC 1992 and your business; or doing business with Canada.

o Presidential E Awards. This award program recognizes persons, firms or organizations who contribute significantly in the effort to increase U.S. exports.

For additional information contact: Charles F. Becker *(907) 261-4237.

Worldwide	'86	'87	'88	'89	'90
Fish	506,617,747	576,251,328	913,703,912	1,095,641,170	1,447,238,811
Timber	261,855,214	390,807,438	527,209,494	635,180,050	617,188,017
Petrol	342,977,526	427,077,637	411,092,770	415,146,466	448,150,651
Coal	28,010,651	30,578,326	30,554,547	25,005,969	31,431,267
Minerals	926,505	3,507,980	13,231,835	31,762,063	139,303,103
Other	149,196,610	127,391,246	166,259,673	358,059,674	902,376,796
Total	1,289,584,253	1,555,613,955	2,062,052,231	2,560,795,392	3,585,688,645

Asia	'86	'87	'88	'89	'90
Fish	492,783,218	563,821,164	897,753,679	1,059,325,898	1,342,111,378
Timber	245,064,647	363,920,162	484,860,836	583,728,731	579,853,108
Petrol	301,658,379	383,696,586	358,625,884	363,696,608	413,009,048
Coal	28,010,651	30,578,326	30,554,547	25,005,969	31,431,267
Minerals	1,148	163,753	70,014	4,528,476	34,970,336
Other	123,305,068	100,768,372	135,083,959	321,732,877	855,130,752
Total	1,190,823,111	1,442,948,363	1,906,948,919	2,358,018,559	3,256,505,889

Europe	'86	'87	'88	'89	'90
Fish	1,274,154	2,273,687	9,677,611	17,494,184	97,666,910
Timber	7,340,116	12,084,533	25,359,737	26,829,054	21,946,519
Petrol	0	4,499,049	4,341,894	0	0
Coal	0	0	0	0	0
Minerals	898,557	3,332,227	13,110,396	27,201,545	102,117,158
Other	7,033,467	7,572,002	13,786,028	13,524,670	22,939,654
Total	16,546,294	29,761,498	66,275,666	85,049,453	244,670,241

Americas	'86	'87	'88	'89	'90
Fish	12,560,375	10,156,477	6,272,622	18,821,088	7,460,523
Timber	5,482,196	8,646,019	12,762,410	9,423,144	6,969,713
Petrol	29,080,603	13,566,058	7,760,219	23,842,433	10,199,205

Coal	0	0	0	0	0
Minerals	26,800	12,000	51,425	32,042	2,215,609
Other	16,571,578	17,109,274	8,420,391	18,122,595	21,069,784
Total	63,721,552	49,489,828	35,267,067	70,241,302	47,914,834

Japan	'86	'87	'88	'89	'90
Fish	468,726,083	540,483,649	865,995,682	999,383,128	1,235,797,004
Timber	201,263,612	272,701,815	344,980,339	441,654,461	431,801,454
Petrol	254,675,402	277,376,669	242,669,606	265,363,031	251,433,169
Coal	0	0	1,392,711	0	0
Minerals	0	160,159	67,632	2,808,073	31,893,157
Other	32,027,755	36,687,412	66,934,301	163,530,777	435,755,583
Total	956,692,852	1,127,409,704	1,522,040,271	1,872,739,470	2,386,680,367

Korea	'86	'87	'88	'89	'90
Fish	22,296,854	21,574,492	24,165,060	46,379,460	81,265,327
Timber	12,335,877	22,184,331	49,789,749	44,519,207	53,094,954
Petrol	28,052,269	52,432,335	36,822,076	26,618,869	97,017,836
Coal	28,010,651	26,472,724	29,161,836	25,005,969	31,431,267
Minerals	0	3,594	0	1,662,900	3,036,974
Other	49,235,575	33,336,955	29,848,467	31,998,305	117,188,473
Total	139,931,226	156,004,431	169,787,188	176,184,710	383,034,831

Taiwan	'86	'87	'88	'89	'90
Fish	329,738	985,329	5,976,519	13,465,564	22,363,164
Timber	13,643,915	20,907,347	41,056,562	49,540,850	33,349,187
Petrol	4,306,426	11,570,101	32,926,878	18,816,091	7,803,494
Coal	0	4,105,602	0	0	0

Minerals	0	0	2,382	3,148	6,237
Other	1,424,564	4,193,924	19,580,213	18,126,201	36,543,946
Total	19,704,643	41,762,303	99,542,554	99,951,854	100,066,028

China	'86	'87	'88	'89	'90
Fish	1,426,943	758,694	0	0	81,849
Timber	9,182,937	24,659,015	24,928,569	25,680,026	22,993,346
Petrol	8,418,640	31,368,788	41,427,720	30,179,156	56,747,002
Coal	0	0	0	0	0
Minerals	0	0	0	0	0
Other	20,487,276	15,233,183	726,461	1,168,845	6,613,493
Total	39,515,796	72,019,680	67,082,750	57,028,027	86,435,690

Germany	'86	'87	'88	'89	'90
Fish	48,658	33,567	231,239	367,350	46,123,337
Timber	1,416,026	1,764,157	3,555,737	3,414,377	2,709,732
Petrol	0	0	0	0	0
Coal	0	0	0	0	0
Minerals	0	0	0	0	0
Other	638,048	551,270	1,479,276	1,816,000	772,702
Total	2,102,732	2,348,994	5,266,252	5,597,727	49,605,771

Belgium	'86	'87	'88	'89	'90
Fish	0	0	22,808	24,556	0
Timber	1,107,070	2,122,948	1,903,914	4,929,281	2,827,544
Petrol	0	2,178,000	0	0	0
Coal	0	0	0	0	0
Minerals	0	0	0	23,509,636	71,670,256

Other	148,622	218,570	554,774	93,943	53,056
Total	1,255,692	4,519,518	2,481,496	28,557,416	74,550,856

U.K.	'86	'87	'88	'89	'90
Fish	154,686	479,742	0	0	1,709,036
Timber	27,483	12,811	60,227	87,097	428,687
Petrol	0	0	0	0	0
Coal	0	0	0	0	0
Minerals	0	3,300,750	13,001,490	3,691,909	13,095,358
Other	1,568,869	1,506,534	1,941,232	7,229,656	15,580,549
Total	1,751,038	5,299,837	15,002,949	11,008,662	30,813,630

Canada	'86	'87	'88	'89	'90
Fish	12,560,375	10,156,477	6,272,622	18,821,088	7,460,523
Timber	4,108,052	8,111,337	11,421,100	9,423,144	3,526,840
Petrol	0	816,738	785,383	8,281,673	4,559,602
Coal	0	0	0	0	0
Minerals	26,800	12,000	51,425	32,042	100,078
Other	16,498,554	15,317,537	7,570,109	17,066,453	20,322,950
Total	33,193,781	34,414,089	26,100,639	53,624,400	35,969,993

Alaska January and February Exports 1986 - 91

	'86	'87	'88	'89	'90	'91
Fish	19,859,207	34,027,856	83,424,518	145,793,752	141,907,414	285,904,286
Timber	20,945,733	27,796,416	34,567,787	62,120,071	71,680,260	55,389,610
Petrol	65,522,236	76,363,154	96,295,812	69,272,161	66,580,583	100,559,483
Coal	5,509,639	2,728,709	904,111	2,747,586	5,830,052	6,699,308
Minerals	0	3,594	50,846	12,127	11,812,794	2,308,513
Other	14,031,220	14,148,605	18,700,618	16,141,997	93,512,391	228,579,881
Total	125,868,035	155,068,334	233,943,692	296,087,694	391,323,494	679,441,081

TANNER CRAB

XPORT

PORT AUTHORITY TRADING COMPANY

World Trade & Economic Development Department

XPORT Trading Company
One World Trade Center, 63E
New York, New York 10048Fax: 212-432-0297
212-839-0530

Telex: 427346 NYAND NJ

Telephone: (212) 466-3248

TO: Carolyn De Palatis, World Trade
ATTENTION: Center, Anchorage
FROM: Herbert Ouida
DATE: Feb. 9, 1990

Number of Pages 6
(Including this one)

Please find the attached.

February 9, 1990

TO: Carolina DePalatis, Anchorage WTC

Thanks for answering all my questions. My thoughts and prayers are with you. We do not have By-Laws or Articles of Incorporation as we operate under the Port Authority. Attached is a draft of an application for certification under the Export Trading Company Act that we are considering submitting. Please keep it confidential.

Herb Ouida

Application of The Port Authority of New York and New Jersey
(Continued)

Item 2: None

Item 3: The Port Authority of New York and New Jersey is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the said two States, and thereafter consented to by the Congress of the United States Act of August 23, (Public Resolution No. 17, 67th Congress First Session) (For the text of the Compact, as subsequently amended and supplemented, see McKinney Unconsolidated Laws §6401 et seq. and N.J.S.A. 32:1-1 et seq.) Attached are: (a) the By-Laws of The Port Authority of New York and New Jersey, and (b) the resolution of the Board of Commissioners of The Port Authority of New York and New Jersey dated March 11, 1982, entitled "The World Trade Center - Authorization to Enter into Export Marketing Agreements or Form a Trading Company or Companies if Necessary," authorizing the establishment of an export trading company.

Item 4: Attached are: (a) The Port Authority of New York and New Jersey Comprehensive Annual Financial Report for the year ending December 31, 1988, (b) XPORT brochure - "Bringing New Products to the World's Great Market Places," with listings of the product areas in which XPORT represents manufacturers as of December 1989, and (c) Official Statement dated January 9, 1990, which was furnished by the Authority on such date in relation to the sale by the Authority of the \$100,000,000 Consolidated Bonds, Sixty-seventh Series (see, also, page 49).

Item 5: None

Application of The Port Authority of New York and New Jersey (Continued)

Item 7:

- very extensive services*
- A. The Port Authority of New York and New Jersey through XPORT, its export trading company, provides, as an export trading intermediary, export trade facilitation services which include, but are not limited to: consulting, international market research, advertising, marketing, insurance, product research and design, legal assistance, transportation, trade documentation, freight forwarding, communication and processing of foreign orders, warehousing, foreign exchange and financing. The Port Authority of New York and New Jersey wishes to be certified to export all products and services.

- B. (A list of SIC numbers is not included because it would be too extensive).

- C. Export markets include all parts of the world except the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands and the Republic of South Africa.

Item 8:

- A. The Port Authority of New York and New Jersey, through XPORT, provides its services to firms in New York and New Jersey which are primarily new-to-export or new-to-market.

- B. 1. "Total domestic sales" - i.e., the total revenues from services provided by XPORT:

Year ending December 31, 1987:	\$427,398 ✓
Year ending December 31, 1988:	\$674,498 ✓
Year ending December 31, 1989:	\$513,957 ✓

- ii) "Total export sales" - i.e., the total sales facilitated by XPORT on behalf of the clients it represents were as follows:

Year ending December 31, 1987:	\$ 8,025,079
Year ending December 31, 1988:	\$15,837,590
Year ending December 31, 1989:	\$20,300,645

Application of The Port Authority of New York and New Jersey (Continued)

Item 9: XPORT does not sell any goods, wares or merchandise in the United States.

Total revenue from providing export facilitation services by XPORT in the United States was \$427,398 in 1987 and \$674,498 in 1988 and \$513,957 in 1989. (Source of information: internal records of XPORT).

We have no information as to the value of goods, wares, merchandise or services sold in the United States by the firms serviced, or to be serviced, by XPORT.

Item 10:

Although the Port Authority currently enjoys immunity from the antitrust laws under the "state action" doctrine and the Local Government Antitrust Act of 1984, the Port Authority wishes to be certified in recognition that XPORT:

- AB
- a. requires that exporters using its services to sign exclusive contracts allowing XPORT to be the sole export intermediary for sales to specified markets and to export through the Port of New York.
 - b. signs exclusive distributorships with overseas export intermediaries which require a foreign distributor not to handle competing products.
 - c. signs exclusive arrangements with its clients that require XPORT not to represent directly competing companies.

Item 11: XPORT's activities do not involve agreements or exchanges of information among suppliers of the same or similar products or services with respect to domestic prices, production, sale or other competitively sensitive business information.

Application of The Port Authority of New York and New Jersey (Continued)

Item 12: *Handwritten: This situation may be different*
 The Port Authority does not intend or reasonably expect that any of the goods or services handled on behalf of XPORT's clients will re-enter the United States, in either original or modified form.

Item 13: At present XPORT represents approximately 70 New York and New Jersey firms who are primarily new-to-export or new-to-market. This number is subject to change.

Item 14: Application Summary:

The Port Authority of New York and New Jersey provides, through XPORT, its export trading company, as an export trading intermediary, export trade facilitation services which include, but are not limited to: consulting, international market research, advertising, marketing, insurance, product research and design, legal assistance, transportation, trade documentation, freight forwarding, communication and processing of foreign orders, warehousing, foreign exchange and financing.

The Port Authority of New York and New Jersey wishes to be certified in recognition that XPORT:

- a. requires that exporters using its services to sign exclusive contracts allowing XPORT to be the sole export intermediary for sales to specified markets and to export through the Port of New York.
- b. signs exclusive distributorships with overseas export intermediaries which require a foreign distributor not to handle competing products.
- c. signs exclusive arrangements with its clients that require XPORT not to represent companies in the same industry.

Item 15: None

XPORT

PORT AUTHORITY TRADING COMPANY

World Trade & Economic Development Department

XPORT Trading Company
One World Trade Center, 635
New York, New York 10048

Fax: 212-432-0297
212-839-0530

Telex 427346 NYAND N

TO: WTC, Anchorage
ATTENTION: Coralyn Depalatis
FROM: Herbert Dwyer
DATE: February 7, 1990

Number of Pages 9
(Including this one)

As you requested!

1. The Port Authority of New York and New Jersey (hereinafter referred to as the "Port Authority") doing business as "XPORT Port Authority Trading Company" hereby offers on the terms provided herein, to act as Export Marketing Representative for _____ (hereinafter referred to as "you") in connection with sales of your products specified in Schedule A (the "specified products") attached hereto which are made to buyers in any of the geographical areas specified in Schedule A (the "specified areas").

2. In order to increase the likelihood that the compensation to be paid under this Agreement will be sufficient to help defray at least a portion of the expenditures made by the Port Authority in reliance on this Agreement to promote sales of the type described in paragraph 1 hereof, you hereby represent that during the term of this Agreement no person, firm, corporation, association or other entity is or will be authorized by you to act as an export marketing representative in connection with such sales either in place of or in addition to the Port Authority; that the terms of any such sale of the type described in paragraph 1 hereof, including but not limited to the prices, discounts, warranties and delivery terms, shall be at least as favorable as the terms of sale by you of the same type of products to wholesalers or distributors in the continental United States, i.e., all states except Alaska and Hawaii; and that you will notify the Port Authority in writing at least thirty days in advance of any change in the prices or other such sale terms, the result of which would be to make the sale less favorable to a prospective buyer than the terms of sale which you previously authorized the Port Authority to offer to prospective buyers.

3. This Agreement shall be effective as of the date of its execution by the Port Authority and, unless previously

-2-

terminated in accordance with the provisions of this Agreement governing termination, shall continue until

4. The Port Authority shall, through such marketing techniques as it may deem appropriate, endeavor in the specified areas which it may deem appropriate to procure orders for purchase of the specified products (herein referred to as "purchase orders"). The Port Authority makes no representation or guarantee that it will in fact procure such purchase orders, nor shall the Port Authority by virtue of its referring to you a prospective buyer or transmitting to you a purchase order be deemed to guarantee either the credit status of or payment or other performance by such buyer.

5. You shall cooperate with the Port Authority in the effectuation of its obligations under this Agreement.

6. The Port Authority may perform its obligations under this Agreement either through its employees or through its duly authorized agent(s), subsidiary(ies) or assign(s).

7. You shall promptly notify the Port Authority of all inquiries, leads or orders of any nature whatsoever concerning sales of the type described in paragraph 1 from prospective buyers of the specified products or from others (including but not limited to purchasing missions or agencies of the United States Government or any foreign government). Moreover, you shall at no cost to the Port Authority furnish to it for use in promoting the specified products, appropriate samples, catalogs, brochures, technical and pricing data and other marketing aids which you customarily furnish to distributors or sales representatives. In addition, at the request of the Port Authority, you shall furnish to prospective buyers, of your products, at no cost to the Port Authority or the prospective buyer, samples of products requested. As of a date sixty (60) days from the date of execution of this Agreement, all advertisements as well as all samples, catalogs, brochures, technical and pricing data and other marketing aids which promote the sale of the specified products and which are intended for distribution to any of the specified areas, shall identify XPORT

X Port Authority Trading Company, a service of The Port Authority of New York and New Jersey, as your exclusive Export Marketing Representative.

X 8. Any information given to the Port Authority, its employees, agents, subsidiaries or assigns in connection with this Agreement, either before or after execution of this Agreement and whether orally or in writing, is not given in confidence and may be used or disclosed to others for any purpose and at any time without liability of any kind whatsoever. This provision is not intended, however, to grant to the Port Authority rights to use any matter which is the subject of existing or future valid letters patent. Any statement in conflict with this provision whether made as part of or in connection with any information received from you, shall be void and of no effect.

9. The Port Authority shall transmit to you such purchase orders as it may procure from prospective buyers. You shall have the right to accept or reject such orders. Acceptance shall be effectuated by means of a communication directly from you to the prospective purchaser within such time period as is stipulated by or acceptable to such purchaser. You shall immediately notify the Port Authority of your acceptance of any such order. The Port Authority shall not be a party to any contract resulting from such acceptance.

10. During the term of this Agreement you shall immediately notify the Port Authority of your intent to market during such term any new or modified products substantially the same as those specified in Schedule A. Such notification shall include a brief description of the new or modified product as well as the date(s) of its availability for sale. As of the date of availability for sale of such new or modified product it shall be deemed to be included in Schedule A.

11. You shall, for each sale of the type described in paragraph 1 hereof made during the term of this Agreement or within one year following expiration or termination of this Agreement, within fifteen (15) days of your receipt of full or partial payment by the buyer, pay to the Port Authority a fee of

X * of the Sales, Price, F.A.S. Vessel Port of New York; such fee to be computed by applying the above rate(s) of commission against each such full or partial payment received by you. The Port Authority shall be entitled to the same fee on any sales of the type specified in paragraph 1 hereof, irrespective of whether the Port Authority was instrumental in making such sale or obtaining a purchase order for such goods. As used herein "Sales Price" shall mean the final price agreed upon between you and the purchaser, less the applicable discount(s) and F.A.S. Vessel Port of New York. Sales, if any, expressed in currencies other than United States dollars shall be converted to United States dollars as of the date of issuance of the bill of lading or other document of title. In addition to commissions on sales, you shall within fifteen (15) days of your receipt of the Port Authority's invoice therefor pay to the Port Authority any other costs or expenses which may be specifically reimbursable to the Port Authority under this Agreement.

12. During the term of this Agreement and for one year following its expiration or termination, commencing within sixty (60) days of the execution of this Agreement by the Port Authority and every thirty (30) days thereafter, you shall certify to the Port Authority in writing all sales includible in the computation of the Port Authority's fee hereunder which have been made during the previous 30 or 60 days, as the case may be. Such certification shall include a computation of the fee earned by the Port Authority hereunder on each such sale and shall separately identify for each such sale, the Sales Price, any applicable discounts, a brief description of the product, the date of sale, and the date on which you received any payment from the buyer. In addition, such certification shall separately state for the period covered by it the total of all sales made which originated with purchase orders transmitted by the Port Authority to you, as well as the total of all other sales includible in the computation of the Port Authority's fee hereunder.

13. The Port Authority shall have the right to inspect all records, receipts, accounts, purchase orders, bills of lading, invoices, bills of sale, letters of credit, delivery tickets or any other documents pertaining to any compensation

-5-

payable to it hereunder. Such records, receipts, accounts, purchase orders, bills of lading, invoices, bills of sale, letters of credit, delivery tickets or any other documents shall be maintained by you within the States of New York or New Jersey for a period of two years after expiration or termination of this Agreement.

14. No acceptance of any payment hereunder shall estop the Port Authority from showing at any time that such payment was incorrect or preclude the Port Authority from recovering any money due and owing in excess of that paid.

15. The Port Authority shall use reasonable efforts to assist you in arranging for shipping, insurance, financing and other documentation or arrangements required for export in connection with sales of the type described in paragraph 1 of this Agreement. You shall pack or crate each shipment in a condition appropriate for export handling.

16. You shall indemnify and hold the Port Authority harmless from any and all claims, demands, actions and causes of action whatsoever, arising directly or indirectly from transactions under this Agreement, and for all expenses incurred by it including attorneys' fees, in defending any such claims, demands, actions and causes of action.

17. You shall not assign, transfer, convey, subcontract or sell or otherwise dispose of this Agreement or any part thereof without the prior written consent of the Port Authority. Any attempt by you to do so shall be void as against the Port Authority.

18. Except for those to whom this Agreement may be assigned, transferred, conveyed, subcontracted, sold or otherwise disposed of in accordance with the terms of this Agreement, nothing contained in this Agreement is intended for the benefit of any person or entity other than you and the Port Authority.

19. The validity, performance and all matters relating to the interpretation and effect of this Agreement and any

-6-

amendment thereto shall be governed by the internal substantive law of the State of _____

20. The Port Authority may, at any time, in its sole discretion and with or without cause, terminate this Agreement as to any service not yet rendered, such termination to be effective upon your receipt of written notification.

You shall have the right to terminate this Agreement 1) at any time provided just cause exists therefor, or 2) at the times and subject to the conditions indicated in the following:

- a. If during the period 1985 to 1986 gross sales of your products made under this Agreement do not reach the amount of _____ you may terminate by notifying the Port Authority thereof after 1986 and prior to 1986, such termination to be effective upon the Port Authority's receipt of such notification;
- b. If during the period 1986 to 1987 gross sales of your products made under this Agreement do not reach the amount of _____ you may terminate by notifying the Port Authority thereof after 1987 and prior to 1987, such termination to be effective upon the Port Authority's receipt of such notification;
- c. If during the period 1987 to 1988 gross sales of your products made under this Agreement do not reach the amount of _____ you may terminate by notifying the Port Authority thereof after 1988 and prior to 1989, such termination to be effective upon the Port Authority's receipt of such notification.

In computing the amount of sales for the purpose of this provision dealing with termination, all sales made as of the dates specified herein shall be included, whether or not payment has yet been received. Termination by either party shall be by certified letter addressed to the other at its address set forth herein.

21. Neither party shall be liable for any failure, delay or interruption in carrying out its obligations under this Agreement if such failure, delay or interruption is caused by war, civil unrest, fire, flood, labor strike or other causes beyond its reasonable control.

22. In the event of expiration or termination of this Agreement for any reason, you shall promptly pay to the Port Authority an amount representing all fees and reimbursable expenses to which the Port Authority may be entitled as of the date of such expiration or termination, notwithstanding that delivery of and payment for the products sold, on which such amount or any portion thereof is based, may occur after such expiration or termination.

23. No Commissioner, officer, agent or employee of the Port Authority or any subsidiary of the Port Authority now existing or which may hereafter be created shall be charged personally by you with any liability or held liable to you under any term or provision of this Agreement or because of its execution or attempted execution or because of any breach.

24. The entire agreement between the parties shall consist only of this letter and accompanying Schedule A. No change in or modification, termination or discharge of this Agreement in any form whatsoever shall be valid or enforceable against either of the parties unless it is in writing and signed by the party to be charged therewith or his duly authorized representative, provided, however, that termination in the manner hereinbefore expressly provided shall be effective as so provided.

25. In order to effectuate the policy of the Port Authority, you shall comply with all provisions of any treaty to which the United States is a party or of any federal, state, municipal, local and departmental laws, ordinances, rules, regulations and orders, if such provisions would affect sales transactions hereunder and those engaged therein if this Agreement were between you and a private corporation, except where stricter requirements may be contained in this Agreement.

26. If any provision of this Agreement shall be such as to destroy its mutuality or to render it invalid or illegal, then if it shall not appear to have been so material that without it this Agreement would not have been made by the parties, it shall not be deemed to form part hereof but the balance of this Agreement shall remain in full force and effect.

If the foregoing meets with your approval, please indicate your acceptance by signing this copy and one of the enclosed copies of this letter in the lower left hand corner and returning them to the Port Authority addressed to the attention of the Director of the World Trade Department.

Sincerely,

Stephen Berger
Executive Director

ACCEPTED:

By: _____

Title: _____

Date: _____

Pacific Northwest Export Assistance Center

Abstract



A Proposal by
Senator Emilio Cantu



November 1, 1990

Introduction

This study was undertaken to provide the needed catalysts for getting our small manufacturers involved in the international economy. Washington state should provide an optimum level of comprehensive export assistance so our small manufacturers can enter and compete in global markets.

This extensive examination of U.S. and foreign export services shows the Port of New York and New Jersey X-PORT program provides the most successful model for replication in Washington state.

Several national publications have reviewed X-PORT very favorably since its creation. Publications such as *Nations' Business*, *Business America*, and *U.S. News and World Report* have all written about X-PORT and its innovative approach to economic development.

X-PORT received the U.S. Department of Commerce's "E" Award for Excellence. Presented by President Ronald Reagan on May 19, 1986, the award was in recogni-

tion of "outstanding contributions to the increase of U.S. trade abroad."

In September 1990, X-PORT accepted the Innovations in State and Local Government Award administered by Harvard University for the Ford Foundation.

David Osborne states, "The best of the state export programs appears to be the New York/New Jersey Port Authority's export trading company . . . Exporting is so difficult that small and medium sized firms need more than advice; they need comprehensive services over a period of time."

The Pacific Northwest Export Assistance Center (PNEAC), proposed in this report, is the adaptation of the X-PORT model to our region.

Washington's Changing Economy

Washington's economy is in a period of rapid transition. The state's industrial competitiveness and high living standards are no longer measured solely within a national context. Rather, an ability to compete in global markets will determine the future prosperity of Washington state's business community.

One of Washington's largest industries, forest products, is an excellent example of our changing world. The spotted owl ruling threatens to reduce timber related employment. The Employment Security Department forecasts the loss of 21,330 direct and indirect forest related jobs in Washington state. 30% of these workers are ineligible for unemployment insurance benefits. This fact

promises to make the economic impact on the state more significant than in a more typical scenario of industrial layoffs. The multiplier effect of lost sales and incomes will have a particularly severe shock on local economies around the state.

Timber communities, and the state in general, would benefit from the development of a globally competitive value-added wood products industry. Small aggressive manufacturing firms could create family supporting jobs in timber communities. Unemployed forest workers could remain in their communities without suffering severe economic hardships. To help this industry expand, the PNEAC assigns two professional trade experts to work with small value-added wood products companies in expanding their exports. Similarly, the PNEAC assigns one marketing specialist to each of the following Department of Trade and Economic Development (DTED) targeted industries: computer and peripherals, food processing, and biomedics.

For a complete copy of the report, contact:
Mr. Forrest Bathurst
Associate Analyst
Washington State Senate
Economic Development & Labor Committee
410 John A. Cherberg Building; MS: QW11
Olympia, Washington 98504
(206) 786-7429

This proposal is an effort to help the small manufacturing community address prominent needs as stated in recent government sponsored studies. The PNEAC channels tax dollars back into a focused, efficient, innovative, and accountable program that helps small manufacturers enter foreign markets with minimal commercial and political risk.

Trends in International Trade

If manufacturing employment continues to decrease in the U.S., many of our key industries will not be able to provide high paying jobs to future generations. As a result, we may find we are increasingly dependent on the growth of smaller globally competitive manufacturing firms for our economic health.

International trade has grown dramatically during the last twenty years. Washington state's foreign trade has increased from \$12.5 billion in 1978 to an excess of \$60 billion in 1989.

With this growth, trade has become an even more integral part of the state's economy. Today, one in every six Washington workers depends on exports for their livelihood.

Despite this increase in trade, Washington state's exports nosedive when transportation equipment and forest products are taken out of the trade figures. Trade with Japan falls by 58%, the United Kingdom by 84%, South Korea by 60%, West Germany by 75%, and so on. This shows, in part, how dependent Washington state is on transportation equipment and forest products for international trade.

Due to the end of the cold war, commercial strategy is quickly becoming the major topic of political debate. Nations are focusing on expanding their capacity to compete in global consumer and industrial markets. International economic competition is becoming increasingly fierce. Countries are fighting for industrial supremacy, technology, control of markets,

and monetary strength. Nations that are successful in building trade capacity and implementing well designed strategic plans for opening foreign markets will be the winners of future global economic battles. The United States, like any nation today, will improve or surrender its standard of living based on its ability to penetrate foreign markets with value added goods.

Washington State's Role in Export Promotion

Washington state cannot control the international environment, nor can it manage our nation's foreign policy. However, Washington state can strive to provide small manufacturing firms with comprehensive, efficient, accountable, and professional trade services. Most of our international competitors provide comprehensive trade services, they are successful, and we can learn from them. We should study our competition, as our

competitors examine us. The state has a responsibility to its citizens to carefully select and experiment with elements of national and international trade promotion models that benefit our small business community.

This feasibility study has designed an innovative export program for Washington's small manufacturing businesses. It replicates elements of tested national and international models while being tailored to the specific needs of our region.

The program's goals are two-fold. First, the PNEAC helps diversify our economy and reduce risk associated with our heavy reliance on the transportation equipment and forest products industries for export products. Second, it helps small manufacturers compete in growing foreign markets with minimal commercial and political risks. It improves our state's standard of living and helps create secure family supporting jobs for future generations.

Is There a Need For a Comprehensive Public Export Promotion Program?

In approaching the challenges and opportunities presented by international trade, it was very important that the needs of our small manufacturers were identified. It was also necessary to analyze the ability of existing trade programs to provide coordinated, comprehensive, effective, and accountable services.

The PNEAC provides the types of services most often requested by small businesses. Its comprehensive export services are easily accessible in one location. Its clients do not have to find and coordinate several different trade programs at once. The PNEAC provides comprehensive services so small manufacturers can focus on their primary mission, producing quality value-added products that meet the needs of foreign markets.

Studies show the small business commu-

nity frequently requests certain kinds of help. These include: international financial counseling, selecting foreign distributors, writing international business plans, completing export documentation, setting up export networks, and introductions to incoming foreign buyers.

The PNEAC is one export program that provides all of these services. It helps clients select appropriate public and private export services and leads them through the maze of trading requirements. It helps determine the types of trading services most beneficial to a firm. The PNEAC helps select the most effective delivery programs and export networks.

This proposal balances the need for comprehensive and targeted services with fiscal restraint. The program charges commissions and fees for its services. It recovers its operating costs through fees and increased tax receipts tied to new business income and payroll.

Perhaps most important, the PNEAC is a catalyst to unite the various existing trade related services into a

cohesive unit. The PNEAC enables them to act cooperatively and efficiently in the overseas promotion of Washington's goods and services.

This proposal responds directly to the recommendations in the Final Report of the Governor's Conference on Small Business. As recommended by small business participants, there is a need for a comprehensive and targeted international trade promotion program.

The Final Report of the Governor's Conference on Small Business

The final report on the Governor's conference on small business lists export and import challenges as the third major issue out of sixty discussed. These issues highlight current obstacles faced by small businesses in responding successfully to trading opportunities. There was broad and intense discussion of these issues. The goal of the participants was to develop five recommendations,

that if addressed by the state, would improve the ability of small businesses to meet the challenges of international trade.

The PNEAC addresses each of these major issues:

- 1) Improving access for small businesses to trade information and services. Participants wanted an aggressive, consistent, proactive system directed at small business. Small businesses are asking the state to improve the availability of contacts, information, and services.
- 2) Improving the marketing of the state's products and services abroad. Specifically, small businesses are asking the state to enhance the allocation of resources devoted to export promotion. Small businesses need better coordination of trade shows and missions between departments, and they ask for new, targeted, trade promotion activities.
- 3) Recognize the state is part of a global economy. The state must internationalize its education

and language curriculum.

- 4) The commercial banking system does not adequately serve the special needs of small business exporters. Small businesses recommend the state's constitution be amended to allow for loaning the state's credit. This would enable a state export finance authority to support small business export sales.

- 5) The state must improve its product quality and competitiveness for small business by providing better access to technological and financial services, access to foreign standards information, product certification procedures, and the like.

Pacific Northwest Export Assistance Center (PNEAC)

Administration

The Small Business Export Finance Assistance Center of Washington State

(SBEFAC) manages the PNEAC as a separate demonstration project. The PNEAC's sunset review does not affect the SBEFAC's current export finance operations.

The SBEFAC is chosen to manage the PNEAC pilot project due to superior operating, product-market, and management fit. Our research indicates the SBEFAC has the best potential of offering these services skillfully and cost effectively.

Counseling & Services

Counseling and services include:

- 1) Helping clients get debt or equity financing, in constructing competent business proposals, and assessing federal guarantee and insurance programs that underwrite exporting risk.
- 2) Helping clients in evaluating their international marketplace by selecting and testing foreign markets, and developing tailored export marketing materials.
- 3) Aiding firms in finding foreign

customers by conducting foreign market research and testing distribution systems. It helps select and negotiate with foreign agents, distributors, and retailers. The PNEAC helps promote products by attending trade shows abroad.

- 4) Advising companies on their products, guarantees, and after sales service requirements necessary to compete effectively in a foreign market.
- 5) Designing a competitive strategy for a firm's products in targeted markets, and providing professional advice on methods of reducing commercial and political risks.
- 6) Securing for clients specific help as needed, outside the PNEAC's expertise, by referrals to other public or private organizations.

Clients

The PNEAC has a focused mission. The project helps 40 small to medium sized manufacturing firms relatively new to exporting. 90 percent of each annual cadre of

clients must have gross annual revenues below \$5 million at the time of their initial contract. No new PNEAC client may have gross annual revenues over \$25 million at the time of their initial contract.

The PNEAC will phase in its full client load over a three year period. The project will select 13 new clients each year during the first two years of operation, and 14 new clients in the third year. In this manner, there are spaces available for new clients each year.

The PNEAC relies on ADO's, Ports, and the Departments of Trade and Economic Development and Agriculture to provide lists of potential PNEAC clients.

Marketing Contract

The PNEAC signs a three year marketing contract with clients. Contracts are not renewable unless there are compelling reasons to do so. No contract can be renewed beyond an additional two years. Contracts have mutual performance clauses, that if not met, are grounds for releasing each

party from its provisions.

The PNEAC will release any client from its contract if the client requests a transfer and produces a valid contract from a private export management firm.

Grants

The PNEAC offers an annual \$2,500.00 education grant to each client. This grant is to enable employees to attend courses and seminars related to international trade and market development. As suggested in the Final Report of the Governor's Conference on Small Business, the state must internationalize education. It is undeniably in the public's best interest to have a growing number of small businesses in Washington state that are skilled in global trade. These grants encourage small business people to develop their foreign marketing skills by studying trade in a continuing formal setting.

The PNEAC offers grants for each client to attend one foreign trade show per year. The PNEAC provides an \$85 per day allowance for the duration

of the fair. This includes one day for setting up and dismantling, and two days for travel. The PNEAC provides 50% of the cost for space rental, designing, erecting, and dismantling an exhibit. It pays for half of one round trip economy air fare. Clients are responsible for all shipping costs of products to and from the trade fair.

Trade shows and missions are excellent ways to make contacts in foreign markets. Our study indicates that trade shows and missions are the single most important part of a small business export promotion strategy. This is one of the most frequently requested services by small businesses. Foreign trade shows provide an opportunity for small businesses to experience a foreign market firsthand, see their competition, display their products, meet potential distributors, and build sales. The PNEAC will work closely with the Washington State International Trade Fair Association in selecting and arranging for clients to participate in trade shows.

Budget

The suggested biennial appropriation for the SBEFAC is \$3,029,266.00. This enables the SBEFAC to continue offering its export finance services while providing the PNEAC's comprehensive export assistance program.

The phase in of PNEAC clients over a three year period requires an appropriation of \$1,744,121.00 for the first biennium of operation (\$668,318.00 for year 1; \$1,075,803.00 for year 2), and the full biennial appropriation of \$3,029,266.60 for the third and fourth years of operation.

Commissions & Fees

The PNEAC charges clients for its services. The President of the SBEFAC, in consultation with its Board of Directors, sets fee and commission rates. Fees and commissions are charged only after a sale is completed and the client is paid. Commissions and fees are deposited in the state's general fund.

The PNEAC minimizes its cost of operation to the taxpayers of Washington

state. Like the New York/New Jersey Port Authority program X-PORT, the PNEAC is expected to recover approximately 30% of its annual operating budget through commissions and fees by its sunset review in 1997. The remaining portion of its total cost is recovered through increased tax revenue tied to new business payroll and revenues.

Accountability

The PNEAC inherits the SBEFAC's detailed accounting system. The SBEFAC system provides detailed statistics on its economic development benefits to the State of Washington.

The PNEAC reports annually to the Governor and the proper Legislative oversight committees. The PNEAC provides evaluation criteria that are: 1). pre-established, 2). specific, 3). pertinent, 4). objective and verifiable, 5). goal oriented, and 6). quantitative and qualitative in nature.

As a precondition for participating in the PNEAC project, potential clients must agree to complete annual qualitative surveys. These surveys mea-

sure the project's general performance in helping clients penetrate foreign markets.

The SBEFAC will work with the Department of Revenue and the Employment Security Department in tracking the export performance of each PNEAC client over their contract period. The Department of Revenue and the Employment Security Department will prepare an annual quantitative report on the costs and benefits of operating the PNEAC. All information coming from PNEAC clients is confidential and will not be used in a way that identifies any specific firm.

Annual quantitative reports from the Departments of Revenue and Employment Security will provide an objective review of the pilot project's performance. The reports will provide PNEAC management with information needed to keep the program focused and accountable. The Department of Employment Security will periodically publish articles on the pilot project in their magazine *Labor Management Review*.

Both qualitative and quantitative evaluation procedures will collect data over the PNEAC's trial period. This is the basis on which the Legislature can impartially extend or sunset the project.

Sunset Review

A sunset review is scheduled for the sixth year of the PNEAC's operation. Consistent with the New York/New Jersey X-PORT program, the PNEAC is evaluated partly on its progress toward recovering its annual operating budget.

However, the major emphasis for PNEAC evaluation is its ability to show both quantitative and qualitative increases in export volumes of contracted clients.

As mentioned before, the PNEAC is separate from the SBEFAC. As such, the SBEFAC's export financing mission is not affected if the Legislature discontinues the PNEAC.

Relationship with Private Export Services

The PNEAC does not compete with private

sector export management or freight forwarding companies. The Department of Revenue estimates there are 9,940 manufacturing firms in targeted two digit SIC codes with annual revenues below \$5 million. Of these, only 12% (1,275 firms) are now exporting. 8,665 firms do not export. This bolsters the argument there is a sufficient number of small manufacturers in Washington state for both private and public export services.

These figures indicate the PNEAC targets manufacturing firms that are unattractive to private export services due to low volume or inexperience in foreign markets. Private sector export service firms are not willing to incur high market development costs associated with assisting a large number of small firms.

The PNEAC's goal is to transform a portion of these non-exporting small manufacturers into attractive potential customers for private sector export management firms. We believe the program will do so, just as X-PORT is doing today.

Whenever possible, the PNEAC will arrange for the private sector to provide export services for its clients. The project does not compete with private sector providers. It helps them by being a clearinghouse for their services. It forms a genuine public/private partnership for increasing Washington state exports.

The PNEAC opens new export markets for small to medium sized firms that cannot assume the high risks of going global without the help of experts. It targets our state's small manufacturers. It increases the pool of potential clients for private export managers. It creates jobs, helping labor unions and the general public. It increases incomes, helping retailers and service industries. The PNEAC improves the overall economic health of Washington state by numerous secondary effects tied to increasing the sale of our products in growing foreign markets.

Cost Recovery of the PNEAC Project

The citizens of Washington unques-

tionably demand fiscal responsibility from state government. A new era of financial accountability lies ahead for state government as it is forced to operate more efficiently with finite resources.

Fiscal responsibility requires that the costs and benefits of public services are carefully analyzed before new programs are implemented. Government services should be designed so tax rates do not need to be raised incrementally to pay for them. New economic development programs, whenever possible, should be created only if they are capable of recovering their costs within a reasonable time period.

The PNEAC pilot project is fiscally responsible and self-supporting. The program recovers its cost of operation through the collection of fees, commissions, and indirect revenues tied to new business receipts and payroll. It does not require increasing tax rates to pay for the program. Taken independently, the PNEAC pilot project begins recovering its cost of operation immediately and is completely self-sup-

porting within a reasonable period of time.

In many cases, American businesses look favorably on projects having a two to five year time frame for reaching a break even point (BEP). A BEP is the level of activity at which total revenues and total expenses are equal. In comparison to U.S. practices, many of our major foreign competitors undertake projects with BEP's as far out as 15 years. In addition to having much longer time frames, direct government subsidies and counter trade guarantees are provided by foreign governments to further encourage their firms to undertake risky international projects.

There are many reasons for short term American planning horizons, and all are beyond the scope of this study. However, the inability of American business and government to plan for the long term is frequently cited as a reason U.S. firms are not competitive in global markets. A primary objective in designing the PNEAC pilot project was to guarantee the program

reached a BEP consistent with the planning practices of our major international competitors.

The PNEAC pilot project is forecasted to reach its BEP within eight to twelve years. This estimate is thought to be quite conservative by some international trade experts reviewing the proposal. The methodology used in this analysis also tends to understate the potential of the project to recover its costs. In fact, some suggest the BEP may be reached as early as four to six years. Regardless of whether the point is eight or twelve years, this time range is consistent with the strategic international planning practices of our major foreign competitors.

As with all forecasting, these projections will undoubtedly be influenced by changing economic conditions and imperfect assumptions. However, it is hoped this type of analysis will become more commonly used by state government in analyzing the impact new and existing programs have on the state's general fund. Also, it is hoped those

interested in this project will critically review this methodology and come forward with new information for analysis if necessary.

Committee Minutes 5/8/91 on HB249

CHAIR MOYER ANNOUNCED THAT THE COMMITTEE WOULD NEXT HEAR HB 249 AND ASKED REPRESENTATIVE ROBIN TAYLOR TO TESTIFY.

NUMBER 060

ROBIN TAYLOR, PRIME SPONSOR OF HB 249, BRIEFLY EXPLAINED THE INTENT OF THE LEGISLATION. HOUSE BILL 249 ESTABLISHES A SMALL BUSINESS EXPORT TRADING CONSORTIUM IN THE WORLD TRADE CENTER ALASKA OF THE UNIVERSITY OF ALASKA ANCHORAGE. THE CONSORTIUM IS INTENDED TO ASSIST SMALL BUSINESSES ENTER THE COMPLEX WORLD OF INTERNATIONAL TRADE.

NUMBER 144

DR. JOHN CHOON KIM, EXECUTIVE DIRECTOR, UNIVERSITY OF ALASKA WORLD TRADE CENTER, TESTIFIED IN FAVOR OF HB 249. HE SAID THAT ALASKA'S EXPORTS HAD DRAMATICALLY INCREASED IN THE PAST FOUR TO FIVE YEARS. THE INTERNATIONAL TRADE ADMINISTRATION IN THE US DEPARTMENT OF COMMERCE, THE OFFICE OF INTERNATIONAL TRADE, THE ALASKA CENTER FOR INTERNATIONAL BUSINESS AND THE WORLD TRADE CENTER HAVE PLAYED KEY ROLES IN INCREASING ALASKA'S EXPORT ACTIVITIES.

THE WORLD TRADE CENTER ALASKA (WTCA) HAS ITS HEADQUARTERS IN THE NEW YORK WORLD TRADE CENTER WHICH HAS A VAST INTERNATIONAL TRADE NETWORK TO PROVIDE INFORMATION FOR SELLERS AND BUYERS. ALASKA CENTER FOR INTERNATIONAL BUSINESS (ACIB) HAS A WELL-KNOWN INSTRUCTIONAL PROGRAM ON CONDUCTING BUSINESS INTERNATIONALLY. LAST MONTH ALONE, THE ACIB TRAINED MORE THAN 350 PEOPLE AND LAST YEAR, 2,500 PEOPLE FROM AROUND THE STATE. THE ACIB ALSO CONDUCTS WORKSHOPS AND SEMINARS AROUND THE STATE. IN TERMS OF RESEARCH, THE ACIB MAINLY FOCUSES ON MARKET ANALYSIS OF THE PRODUCTS TO BE SOLD IN FOREIGN MARKETS. THE ACIB ALSO HAS ONE OF THE BEST DATA BASES AMONG THE UNIVERSITIES IN THE NATION.

DR. KIM PASSED OUT A SAMPLE OF THE TYPE OF INFORMATION ACCESSIBLE THROUGH THE ACIB'S DATA BASE. DR. KIM FELT THERE COULDN'T BE A MAJOR RISE IN EXPORTS UNLESS A LOT OF EFFORT IS EXERTED TOWARD ADDING VALUE TO COMMODITIES BEFORE THEY ARE EXPORTED. IN ORDER TO ACHIEVE VALUE-ADDED EXPORTS, ALASKA NEEDS TO INCREASE INVOLVEMENT OF SMALL AND MEDIUM-SIZED BUSINESSES. DR. KIM STRESSED THAT VALUE-ADDED PRODUCTS INCREASE JOBS AND PROFIT-MARGINS. TIMBER, FISHERIES, AND OTHER PRODUCTS ALASKA CURRENTLY SELLS, OFFER THE BEST MARKETS FOR ADDING VALUE TO ALASKAN PRODUCTS.

DR. KIM REITERATED THAT EXPORTS ARE THE KEY TO DIVERSIFYING ALASKA'S ECONOMY AND EXPANDING ITS ECONOMIC BASE. DR. KIM CITED LACK OF NECESSARY INFORMATION AND TRAINING AS ONE OF THE MAJOR REASONS WHY SMALL BUSINESSES AREN'T SUCCESSFUL IN ALASKA. SMALL BUSINESSES CAN'T AFFORD TO HIRE CONSULTANTS

TO CONDUCT INTENSE MARKET ANALYSES AND TRAIN THEIR EMPLOYEES. DR. KIM SUGGESTED THAT WELL-TRAINED SPECIALISTS BE PLACED IN DIFFERENT REGIONS AROUND ALASKA TO CONDUCT ON-SIGHT TRAINING OF ALL ASPECTS OF PRODUCING, DEVELOPING AND SELLING VARIOUS PRODUCTS.

CHAIR MOYER ASKED DR. KIM ABOUT THE WTC'S CURRENT ABILITIES.

DR. KIM SPOKE AGAIN OF THE WTC'S EXTENSIVE DATABASE. DR. KIM BROUGHT SOME SAMPLES FOR THE COMMITTEE. EVENTUALLY, THE WTC WOULD CONNECT ALL OF THE REGIONS MENTIONED BY A COMPUTER NETWORK WHICH WOULD ALLOW EACH REGION DIRECT ACCESS TO THE CENTER'S INFORMATION. THE WTC WOULD ALSO INVITE MARKETING, FINANCIAL AND INTERNATIONAL TRADE EXPERTS FOR EXTENDED ON-SIGHT SEMINARS.

NUMBER 372

REP. HUDSON ASKED DR. KIM IF THE WTC WORKED CLOSELY WITH ASMI TO MAINTAIN MARKET SHARE OF FISH EXPORTS. DR. KIM RESPONDED THAT HE MET LAST YEAR WITH THE ASMI TO SHOW THEM THE INFORMATION THAT WTC CAN ACCESS. THE ASMI FOUND THE WTC'S INFORMATION VALUABLE AND THE TWO BODIES ARE CURRENTLY WORKING TOGETHER ON SEVERAL PROJECTS. REP. HUDSON EXPRESSED AN INTEREST IN SEEING MORE HANDS-ON HELP AND ASSESSING OF EXPORT BUSINESS POTENTIALS IN THE STATE. HE SUGGESTED THAT A PROFESSIONAL TEAM BE FORMED TO ADVISE SMALL BUSINESSES ON THEIR POTENTIAL IN THE INTERNATIONAL MARKET. DR. KIM AGREED THAT SMALL BUSINESS IS A HIGH RISK AREA AND MOST BUSINESSES CAN'T AFFORD INTENSIVE MARKET ANALYSIS AND ON-SIGHT TRAINING. DR. KIM HOPED THE PROPOSED SMALL BUSINESS EXPORT TRADING CONSORTIUM WOULD PROVIDE THE NECESSARY SERVICES.

CHAIR MOYER THANKED DR. KIM AND ASKED BILL NOLL TO TESTIFY NEXT.

NUMBER 465

BILL NOLL, DEPUTY COMMISSIONER, OFFICE OF INTERNATIONAL TRADE, AGREED WITH DR. KIM THAT ALASKA WAS WITNESSING AN IMPRESSIVE GROWTH IN INTERNATIONAL TRADE ACTIVITIES THROUGHOUT EVERY SECTOR OF THE ALASKAN ECONOMY. MR. NOLL SAID A GROUP CALLED THE EXPORT TRADING CONSORTIUM PREDICTED THAT BY THE YEAR 2000, THERE SHOULD BE AROUND \$10 BILLION IN EXPORTS IN THE STATE OF ALASKA. THE OFFICE OF INTERNATIONAL TRADE SEES ITS MISSION POSSIBILITIES AND RESPONSIBILITIES EXPANDING AS EXPORT ACTIVITY RISES DRAMATICALLY. MR. NOLL DID NOT FULLY ENDORSE FORMING AN EXPORT CONSORTIUM AS DEFINED IN HB 249 WITHOUT FIRST HAVING PUBLIC HEARINGS IN KEY SECTORS OF THE STATE TO FIND OUT WHERE THE ASSISTANCE IS NEEDED.

NUMBER 542

DAN SLABY, MAT-SU ECONOMIC DEVELOPMENT CORPORATION, TESTIFIED IN SUPPORT OF HB 249. MR. SLABY POINTED OUT THAT HB 249 WOULD ENABLE THE WTC TO PROVIDE HANDS ON HELP TO SMALL BUSINESSES. SMALL BUSINESSES DO NOT HAVE THE SUFFICIENT RESOURCES TO RESEARCH THE INTERNATIONAL MARKET OPPORTUNITIES AND TO CONDUCT PRODUCT DEVELOPMENT STUDIES. MR. SLABY ALSO SUPPORTED FINANCIAL ASSISTANCE TO SMALL BUSINESSES ENTERING INTO THE EXPORT MARKET AND LINKING LOCAL BUSINESSES WITH EXPORT MARKET OPPORTUNITIES IN A COMPUTERIZED DATABASE. MR. SLABY SAID THE MAT-SU ECONOMIC

...WANT TO DISCUSS HB 249 AND HE WOULD FORWARD THE COMMENTS OF THE BOARD.

NUMBER 513

RONALD VELTKAMP, ASSISTANT DISTRICT DIRECTOR FOR BUSINESS DEVELOPMENT, SMALL BUSINESS ADMINISTRATION (SBA), TESTIFIED IN FAVOR OF HB 249. MR. VELTKAMP BRIEFLY EXPLAINED THE SERVICES THAT SBA OFFERS AND FELT THE PROPOSED EXPORT TRADING CONSORTIUM WOULD FIT INTO THE GOALS OF SBA ESPECIALLY REGARDING TRAINING AND COUNSELING. MR. VELTKAMP ALSO STATED THAT HIS TRAINING IN INTERNATIONAL TRADE WAS LIMITED AND HE NEEDS A PLACE WHERE HE CAN SEND CLIENTS REQUESTING INFORMATION ON EXPORTS. AN EXPORT TRADING CONSORTIUM WOULD SERVE THIS PURPOSE BY PROVIDING KNOWLEDGEABLE AND QUALIFIED ASSISTANCE TO POTENTIAL EXPORTERS.

NUMBER 626

MIKE TAGLEVENO, EXECUTIVE DIRECTOR FOR THE KENAI BOROUGH ECONOMIC DEVELOPMENT DISTRICT, SUPPORTED HB 249, BUT WAS CONCERNED ABOUT ADDING ANOTHER LEVEL OF BUREAUCRACY.

TAPE 17, SIDE B
NUMBER 038

JIM KOHLER, DIRECTOR, JUNEAU ECONOMIC DEVELOPMENT COUNCIL AND SOUTHEAST CONFERENCE, TESTIFIED IN FAVOR OF HB 249. HE EXPLAINED THAT LAST YEAR, THE JEDC AND THE SOUTHEAST CONFERENCE SIGNED A COOPERATIVE AGREEMENT TO CREATE AN ONGOING EXPORT TRADING CONSORTIUM WITHIN SOUTHEAST ALASKA. THE PROPOSED LEGISLATION WOULD COORDINATE BUSINESSES STATEWIDE INSTEAD OF JUST REGIONALLY. MR. KOHLER FOUND IT CRITICAL THAT THE EXPORT CONSORTIUM WORK IN CONJUNCTION WITH EXISTING BUSINESSES. MR. KOHLER SAID THE CURRENT SYSTEM WAS FRAGMENTED AND THE VARIOUS GROUPS AND RESOURCES NEED TO BE BETTER COORDINATED. THE EXPORT TRADING CONSORTIUM WOULD NEED TO CONCENTRATE ON BUSINESSES THAT ARE ALREADY TRYING TO EXPORT RATHER THAN DREAMING UP NEW MARKETS FOR BUSINESSES.

NUMBER 183

REP. HUDSON ASKED MR. KOHLER IF THE PROPOSED LEGISLATION WOULD ACHIEVE WHAT MR. KOHLER HAD IN MIND.

MR. KOHLER ANSWERED THAT THE LEGISLATION WOULD ACHIEVE STATEWIDE WHAT THE JEDC AND SOUTHEAST CONFERENCE WERE TRYING TO ACHIEVE REGIONALLY. THE LEGISLATION WOULD ALSO PROVIDE THE FUNDING THAT HIS GROUPS WERE LACKING.

NUMBER 212

CHAIR MOYER ASKED WHY THE LEGISLATION PROHIBITED COUNSELING FOR THE IMPORTATION OF FOREIGN GOODS. HE FELT THIS WOULD SOMEHOW LIMIT THE CONSORTIUM. HE CITED TRADE WITH THE SOVIET UNION WHICH OFTEN IS CONDUCTED THROUGH BARTER AGREEMENTS.

NUMBER 240

JOE AMBROSE, LEGISLATIVE AIDE TO REP. TAYLOR, ANSWERED THAT HE DIDN'T KNOW IF THERE WAS A SPECIFIC LEGAL REASON FOR THE PROVISION. HE FELT THE COMMITTEE COULD DISCUSS THE

LEGISLATION IN GREATER DETAIL OVER THE INTERIM.

MR. KOHLER DIDN'T SEE ANY PROBLEM WITH ALLOWING FOR THE IMPORTATION OF FOREIGN GOODS ALTHOUGH OFTEN IT IS EASIER TO ALLOW A CONSORTIUM TO FOCUS ON ONE ASPECT OF INTERNATIONAL TRADE.

DR. KIM FELT THAT BARTER TRADE COULD GENERATE INTEREST IN FOREIGN MARKETS. HE ALSO FELT THE CONSORTIUM SHOULD REMAIN FLEXIBLE TO NEW IDEAS AND TRENDS.

MR. KOHLER SUGGESTED THAT THE CONSORTIUM WOULD HAVE TO REEXAMINE ANTI-TRUST LAWS SO AS NOT TO RUN INTO PROBLEMS LATER.

NUMBER 326

CHAIR MOYER SAID CONSORTIUM COULD COLLECT FEES FOR ITS SERVICES. HE FELT THERE WOULD NEED TO BE IDEAS ON HOW THE CONSORTIUM COULD EVENTUALLY BECOME SELF-SUPPORTING WITHOUT STATE FUNDING.

MR. AMBROSE AGREED AND SAID THE IDEA WAS FOR THE CONSORTIUM TO EVENTUALLY BECOME SELF-SUPPORTING.

CHAIR MOYER ASKED IF THE EXECUTIVE DIRECTOR WOULD REPORT TO DR. KIM.

DR. KIM SAID THE EXECUTIVE DIRECTOR AND PERSONNEL WOULD BE SCATTERED THROUGHOUT THE STATE TO ASSIST SMALL BUSINESSES.

NUMBER 388

CHAIR MOYER ASKED MR. AMBROSE IF THE DCED WOULD BE INVOLVED IN THE CONSORTIUM.

MR. AMBROSE SAID THAT MANY OF THE DEPARTMENTS FELT THE CONSORTIUM WAS A GOOD IDEA, BUT WASN'T ABLE TO GET MORE INVOLVED. DR. JOHN CHOON KIM, WITH THE WORLD TRADE CENTER, WAS THE ONLY PERSON WHO WAS WILLING TO WORK WITH MR. AMBROSE ON DEVELOPING THE IDEA.

DR. KIM SAID VARIOUS AGENCY REPRESENTATIVES WOULD BE ON THE CONSORTIUM'S OVERSIGHT COMMITTEE. THE OVERSIGHT COMMITTEE WOULD MAKE IMPORTANT DECISIONS ON THE DIRECTION OF THE CONSORTIUM.

CHAIR MOYER SAID IF THE MEMBERS WERE INTERESTED, THE COMMITTEE COULD WORK DURING THE INTERIM ON DEVELOPING THE SMALL BUSINESS EXPORT TRADING CONSORTIUM.

CHAIR MOYER ADJOURNED THE MEETING AT 6:25 P.M.

HB 249

Journal & Committee Action

Page 2 of 2

Current Status: (H) ITT

	Date	Page	Action
1	04/02/91	648	(H) READ THE FIRST TIME - REFERRAL(S)
2	04/02/91	648	(H) ITT, L&C, FINANCE
3	05/08/91		(H) ITT AT 5:00 PM CAPITOL ROOM 17
4	05/08/91		(H) MINUTE(ITT)