

HOUSE FILE 2442
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HF 652)
(COMPANION TO SF 360
BY JENSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to international relations including the creation
2 of an international relations advisory council and the
3 designation of legislative and executive branch protocol
4 officers.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6
7
8
9

10 ALL NEW LANGUAGE BY THE HOUSE

11
12
13
14
15
16
17
18
19
20
21

HF 2442

1 Section 1. NEW SECTION. 2D.1 INTERNATIONAL RELATIONS
2 ADVISORY COUNCIL.

3 1. An international relations advisory council is created
4 to provide coordination of state and local international
5 relations activities, through both the public and private
6 sectors, and to provide recommendations to the governor and to
7 the general assembly relating to international relations
8 activities.

9 2. The international relations advisory council shall
10 consist of all of the following members:

11 a. The co-chairpersons of the international relations
12 committee established by the legislative council, or their
13 designees.

14 b. Two members of the senate who are members of the
15 international relations committee of the legislative council,
16 appointed by the majority leader of the senate, after
17 consultation with the president of the senate, and the
18 minority leader of the senate, and two members of the house of
19 representatives who are members of the international relations
20 committee of the legislative council, appointed by the speaker
21 of the house, after consultation with the majority leader and
22 the minority leader of the house of representatives.

23 c. The director of the department of economic development,
24 or the director's designee.

25 d. The secretary of agriculture, or the secretary's
26 designee.

27 e. The director of the department of general services, or
28 the director's designee.

29 f. The director of the department of workforce
30 development, or the director's designee.

31 g. The director of the department of cultural affairs, or
32 the director's designee.

33 h. The director of the department of education, or the
34 director's designee.

35 i. The director of the department of public health, or the

1 director's designee.

2 j. Representatives of agriculture, private business and
3 industry, international programs provided through universities
4 and colleges located in this state, Iowa sister states, the
5 refugee services center of the department of human services,
6 and others, selected by the legislative council, based upon
7 recommendations made by the international relations committee
8 of the legislative council.

9 3. The co-chairpersons of the international relations
10 committee of the legislative council shall serve as co-
11 chairpersons of the advisory council.

12 4. The executive branch protocol officer and the
13 legislative branch protocol officer shall act in a
14 consultative capacity to the advisory council. The
15 legislative branch protocol officer shall provide staff
16 support to the advisory council.

17 5. The advisory council shall do all of the following:

18 a. Create a statewide network to coordinate international
19 relations activities involving the executive and legislative
20 branches, business and industry, public and private
21 educational institutions, and other entities involved in
22 promoting international relations. The network shall include
23 provision of information to the public via electronic access
24 utilizing the most advanced and cost-effective and efficient
25 technology.

26 b. Coordinate existing resources, provided through state
27 agencies and other entities with international relations
28 expertise, to facilitate international relations activities.
29 Resources shall be utilized in a manner which is most
30 appropriate to the type of international relations activity
31 involved.

32 c. Provide continuity, over time, at the state level in
33 the development and enhancement of partnerships with
34 international colleagues.

35 d. Develop a comprehensive, state international relations

1 policy and define the state's role in the international
2 relations arena.

3 e. Coordinate efforts with the executive branch and
4 legislative branch protocol officers.

5 f. Sponsor an annual state summit on international
6 relations capacity to promote international relations
7 activities in a variety of arenas including but not limited to
8 international market development and civic, cultural, and
9 educational opportunities. The summit should incorporate
10 input from city, county, and state entities from both the
11 public and private sectors.

12 g. Inform and educate the public, workforce, students,
13 businesses, and state policymakers regarding the importance of
14 international involvement in both economic and noneconomic
15 international relations activities.

16 h. Compile reference materials and a listing of resources
17 to be available to policymakers and the public in preparing
18 for international relations activities and travel. The
19 compiled materials and listing of resources shall be provided
20 via electronic access utilizing the most advanced and cost-
21 effective and efficient technology.

22 Sec. 2. NEW SECTION. 2D.2 INTERNATIONAL RELATIONS
23 COMMITTEE -- PROTOCOL.

24 1. The international relations committee of the
25 legislative council shall establish and utilize protocol for
26 visitors to the capitol, who may include state, national, or
27 international visitors. The protocol established shall
28 include provisions relating to transportation of visitors to
29 and from the capitol, the designation of an official point of
30 entry and a receiving area for visitors, security provisions,
31 official introduction of visitors to the general assembly
32 while the general assembly is in session, the provision of
33 gifts to visitors, and other provisions appropriate to the
34 visitor's position.

35 2. The international relations committee shall work with

1 the executive branch protocol officer and with the legislative
2 branch protocol officer in developing the protocol and in
3 coordinating the visits of state, national, and international
4 visitors to the capitol.

5 Sec. 3. NEW SECTION. 2D.3 LEGISLATIVE BRANCH PROTOCOL
6 OFFICER.

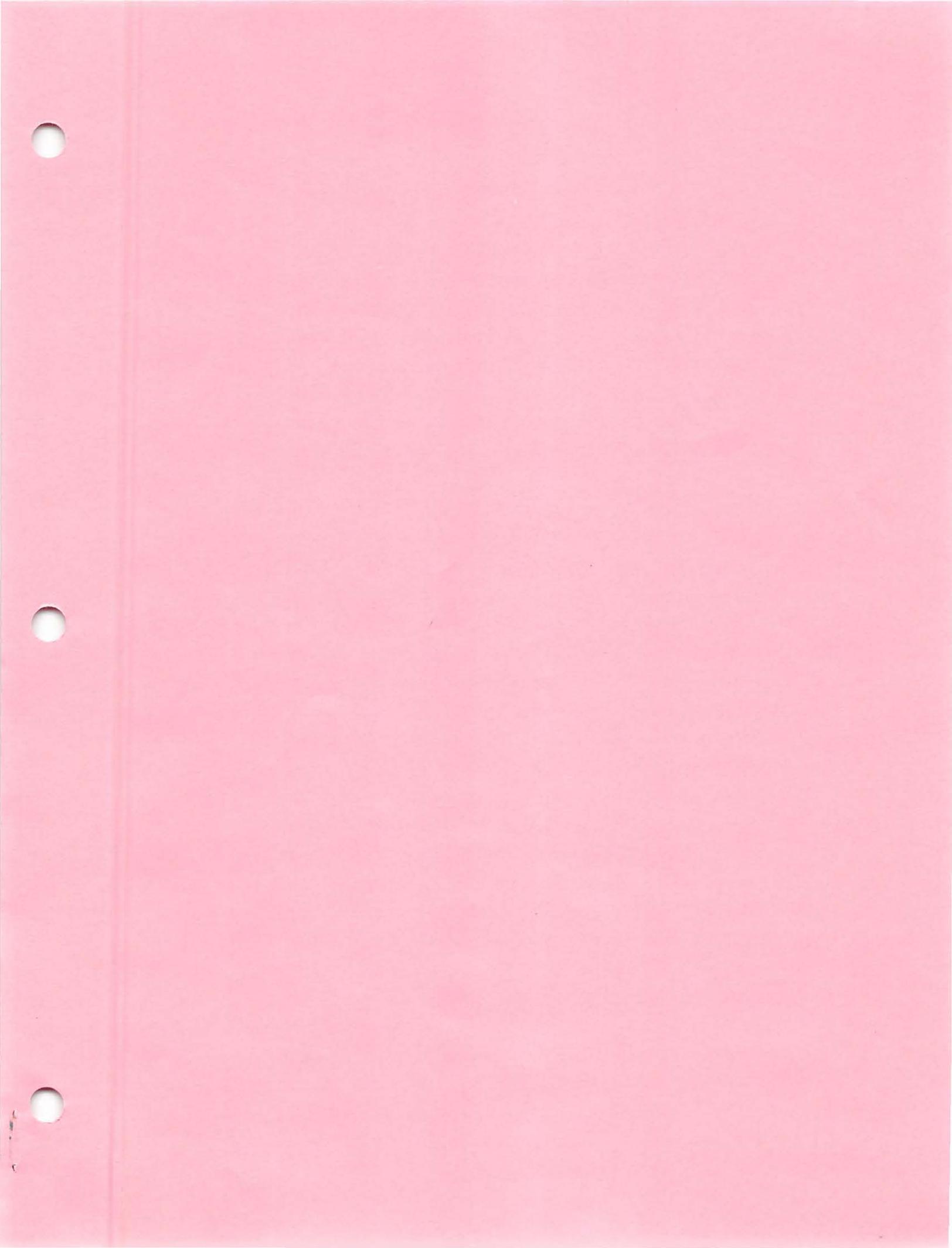
7 The legislative service bureau shall employ a legislative
8 branch protocol officer to coordinate activities related to
9 state, national, and international visitors to the state
10 capitol or with an interest in the general assembly, and
11 related to travel of members of the general assembly abroad.
12 The protocol officer shall serve in a consultative capacity
13 and shall provide staff support to the international advisory
14 council. The protocol officer shall also work with the
15 executive branch protocol officer to coordinate state,
16 national, and international relations activities. The
17 legislative branch protocol officer shall submit periodic
18 reports to the international relations committee of the
19 legislative council regarding the visits of state, national,
20 and international visitors and regarding international
21 activities.

22 Sec. 4. NEW SECTION. 2D.4 EXECUTIVE BRANCH PROTOCOL
23 OFFICER.

24 The lieutenant governor, or the lieutenant governor's
25 designee, shall be the executive branch protocol officer. The
26 protocol officer shall serve in a consultative capacity to the
27 international relations advisory council. The protocol
28 officer shall work with the international relations committee
29 of the legislative council and the legislative branch protocol
30 officer in developing and implementing protocol for state,
31 national, and international visitors to the state capitol and
32 in improving coordination between the legislative and
33 executive branches in international relations activities.

34

35



FEB 24 2000
Place On Calendar

HOUSE FILE 2442
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HF 652)
(COMPANION TO SF 360
BY JENSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act establishing a protocol for visitors to the state capitol.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

HF-2442

1 Section 1. NEW SECTION. 2.47B LEGISLATIVE COUNCIL --
2 PROTOCOL FOR VISITORS TO THE CAPITOL.

3 1. The international relations committee of the
4 legislative council, in cooperation with the lieutenant
5 governor, shall establish and maintain protocol for visitors
6 to the capitol who are state, national, or international
7 officials. The international relations committee, in
8 cooperation with the lieutenant governor, shall coordinate its
9 efforts with the director of the department of economic
10 development, the director of the department of general
11 services, and the directors of any other departments, as
12 necessary to provide for all of the following:

13 a. Designated areas for vehicles transporting visiting
14 officials to the capitol.

15 b. Provision of information, telephones and other
16 communication devices, coordination of transportation, and
17 coordination of appropriate activities.

18 c. Coordination of meetings between the visiting officials
19 and the governor and other state officials.

20 d. The designation and development of a receiving area
21 that is designed to promote the state.

22 e. A clear and attractive path of ingress to and egress
23 from the capitol.

24 f. Security provisions.

25 g. Official introduction of visiting officials to the
26 general assembly while the general assembly is in session.

27 h. Other elements as appropriate to the visitor's
28 position.

29 2. The international relations committee shall designate
30 three members of the senate and three members of the house of
31 representatives to greet visiting officials and to make
32 recommendations to the full committee for any changes in the
33 protocol.

34 3. The international relations committee in cooperation
35 with the lieutenant governor and with appropriate heads of

1 departments shall develop the protocol in a manner which
2 reflects the specific position of the visiting official, and
3 the particular protocol used may vary.

4 Sec. 2. NEW SECTION. 7.23 PROTOCOL OFFICER FOR OFFICIAL
5 VISITORS TO THE CAPITOL.

6 The lieutenant governor shall be the state protocol officer
7 for state, national, and international officials visiting the
8 capitol. The lieutenant governor shall cooperate with the
9 international relations committee of the legislative council
10 pursuant to section 2.47B when acting in this capacity.

11 EXPLANATION

12 This bill directs the international relations committee of
13 the legislative council to develop protocol to be used when
14 state, national, and international officials visit the
15 capitol. The bill directs the committee to cooperate with the
16 lieutenant governor in this effort and to coordinate efforts
17 with the directors of the department of economic development,
18 the department of general services, and any others as
19 necessary. The bill also directs the committee to select
20 three members of the senate and three members of the house of
21 representatives to greet visiting officials and to make
22 recommendations regarding changes in protocol to the full
23 committee. The bill designates the lieutenant governor as the
24 state protocol officer and directs the lieutenant governor, in
25 this capacity, to cooperate with the international relations
26 committee in implementing the directives of the bill.

27
28
29
30
31
32
33
34
35

An Assessment of States' International Capacity



The Council of State Governments

January 2000

Table of Contents

<u>Section</u>	<u>Page</u>
Introduction.....	1
Conference Calls	1
Acknowledgments	1
The Expanding International Role of the States.....	3
Economic Development	3
Other International Goals	4
State International Trade Offices	6
Assessment	6
Best Practices.....	6
Success Measures	9
Regional Cooperation	10
Other Actors in State International Activities	12
Assessment	12
Trade Programs	12
Technical Assistance	13
Local Governments.....	14
Regional Cooperation	14
Obstacles to State International Activities	15
Assessment	15
Future State International Activities.....	18
Assessment	18
Trends	18
Future Plans.....	19
For Further Study	21
Appendix A: Summary of Conference Call Participants	A-1
Appendix B:	
U.S. Exports from 1996 to 1999 Q3 YTD, by CSG Region.....	B-1
Foreign Direct Investment in the United States, by CSG Region	B-2
Foreign Tourists from 1996 to 1998, by CSG Region.....	B-3
U.S. States and Territories with Sister City Partnerships	B-4
Appendix C: Best Practices of State Trade Offices.....	C-1
Appendix D: Other Actors in State International Activities	D-1
Appendix E: Trends	E-1

Introduction

Recognizing that the world is becoming increasingly interdependent as we enter the 21st Century, The Council of State Governments is committed to assisting states in meeting the opportunities and challenges of engaging the international community. The CSG assessment of states' international capacity intends to share information among state officials so they can better realize the full benefits of internationalization.

The assessment of states' international capacity looks at how states mobilize and direct resources to improve their residents' quality of life. The assessment examines trade and investment programs, other international aspects of economic development, such as tourism and workforce education, and non-economic aspects of international capacity, such as public education and technical assistance exchanges.

This white paper reviews the forces motivating states to think globally and the variety of international activities they pursue. It then examines state international trade offices, highlighting their best practices, success measures and future plans. Next, the white paper looks at the role of other actors involved in state international activities. It then highlights obstacles faced by states' international programs and goals states could be pursuing to enhance their international capacity. Finally, the white paper indicates where further study would be useful to state officials.

Conference Calls

This assessment is largely based on a series of conference calls CSG hosted for state trade directors and others involved in state international activities. The Advisory Group assisting CSG with this project suggested that the assessment look beyond the available trade and investment statistics to talk with the people involved in state international activities. The group recommended that CSG collect qualitative information through interactive group interviews rather than written surveys.

Toward this end, CSG hosted a series of conference calls to identify which international programs states consider most successful, the measures they use to gauge their success, the goals they set for their international programs, and the obstacles that limit their efforts. Four conference calls among state trade directors focused on state programs that use international trade and investment to enhance economic development. Two conference calls among other actors in state international activities discussed the role organizations other than state trade offices play in trade promotion and other goals, such as providing technical assistance overseas. For more information about these conference calls, see Appendix A.

Acknowledgments

CSG thanks the representatives of state trade offices and other organizations involved in state international activities who participated in the conference calls. The information they provided during the calls and in follow-up correspondence is the basis for this assessment. Without their input, this white paper would not have been possible.

CSG appreciates the time and expertise devoted by the authorities on state international capacity who serve on the Advisory Group guiding this project. The group played a key role in identifying how this assessment could contribute to existing information on state international activities. The group members also reviewed a draft of this white paper.

CSG appreciates both the funding and support provided by the U.S. Agency for International Development through the U.S.-Asia Environmental Partnership. This partnership fosters states' international capacities through such programs as the State Environmental Initiative, which matches states' management, policy, regulatory and technological expertise with Asian demand for environmental improvements.

Advisory Group

Carlos Barbera, Director, International Trade Division, Indiana
Department of Commerce

Representative Daniel E. Bosley, Massachusetts

Michelle Burkheimer, Office of the Secretary of the State, Washington
Senator John Chichester, Virginia

Peter Cunningham, Executive Director, Center for International, Office
of Gov. Ridge, Pennsylvania

Professor Earl H. Fry, Brigham Young University

Professor John Kline, Georgetown University

Jeff Lane, Vice President, State and Local Government Relations, The
Procter and Gamble Company

Jerry Levine, President, Mentor International

Mary Regel, Administrator, Division of International Development,
Wisconsin Department of Commerce

Dag Ryen, CSG Fellow, Kentucky League of Cities



The Expanding International Role of the States

What are the forces motivating states to think globally? The trends of globalization and devolution of power from the federal to state governments are contributing to the internationalization of states. State governments tend to focus on economic goals in their international activities, but they also pursue a variety of other objectives, such as educational, cultural and environmental.

Technological advances in transportation and information services are increasing the mobility of people around the world and the volume of communication among individuals from different nationalities. Sub-national governments, which are smaller, more flexible and closer to citizens' needs, are becoming more influential in world affairs. This is particularly true in the U.S. federal system, in which states traditionally act as laboratories for democracy and policy innovation.

In the current environment of devolving governmental authority from the federal to state level, state involvement in the nation's global agenda is growing. The federal government has less to spend on international programs in the current balanced budget environment, and states can step up to fill in the gaps in export assistance and in educational, cultural and technical exchanges. Many policies traditionally controlled by state governments have become critical to American competitiveness internationally. Earl H. Fry explains this trend in the following passage from *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations, 1998, p. 9):

Arguably, the future competitiveness of the nation as a whole is rooted in local politics and economics. Without any doubt, the nation will require a well-educated workforce to remain competitive in the decades ahead, and education is largely the responsibility of state and local governments. States are also the ongoing laboratories for democracy and capitalism, providing the impetus for programs as diverse as voter referenda, welfare reform, research centers and enterprise zones. They also are spending most of the money earmarked for the construction of a modern infrastructure and have assumed the key role in the development of human capital. Increasingly, state and local governments are involving themselves in foreign commercial activity and selected foreign affairs issues, with this urge to be engaged beyond the "water's edge" expected to intensify in the new millennium.

Economic Development

State officials are moving to take advantage of the economic benefits of globalization. As the level of government traditionally responsible for economic development, states benefit from the policy tools made available by the expanding global economy. Through trade promotion policies, for example, state officials can open profitable, unexplored markets. By recruiting foreign direct investment, they can tap new capital sources. Likewise, through technical cooperation with other countries, states can foster relations and good will that create a better climate for exploring economic opportunities for businesses.

Key statistics illustrate the critical importance of economic development through globalization. Overseas markets are an excellent source of growth for American companies. Between 1985 and 1994, U.S. exports rose 112 percent while gross national product rose only 25 percent. The

value of exports for each state and region is shown in Appendix B. Doing business internationally gives companies access to new sources of raw material, opens new investment opportunities, and evens out the business cycle by tapping into markets with different seasons, events and cultures.

Foreign direct investment also benefits the American economy. U.S. affiliates of foreign companies held more than \$800 billion in property, plant and equipment in 1997. That total is broken down by state and region in Appendix B. Foreign-owned companies also invested \$19.7 billion in research and development in 1997. Foreign-owned assets in the United States in 1998 totaled more than \$6 trillion.

Exports and investment create both the quality and quantity of jobs that state officials want to bring to their states. The wages at trade-related jobs average 5 percent to 6 percent higher than those for other employment. Exports generated an estimated 5 million new jobs in 1997. The U.S. subsidiaries of foreign-owned companies employed more than 5 million Americans in 1997, representing 5 percent of the private-sector workforce and 12.3 percent of all U.S. manufacturing jobs.

Foreign tourists also can be a boom for state economies. More than 14 million foreign tourists visited the United States in 1996, spending an average \$1,600 each, not including airfare, during their stay. The tourism surplus — what foreign tourists spend here minus what American tourists spend abroad — averaged \$21 billion during the past decade. The number of foreign tourists to each state and region is listed in Appendix B.

Other International Goals

Just as the global economy presents state officials with economic development opportunities, globalization also enriches states in other policy areas. For example, through international cooperation states can effectively battle some of the health issues, such as tuberculosis and AIDS, that threaten their residents but that are not bound by state and national borders. Most states already cooperate with one another to control the spread of infectious diseases because they realize these problems cross state lines. Similarly, they cross national lines — effective control of tuberculosis requires cooperation with other countries.

Solving some environmental problems, such as global warming, also requires international cooperation. And the American states have a lot to offer other nations in environmental policy and technology. Many states have capitalized on their environmental expertise through the State Environmental Initiative, a multi-million dollar matching grants program that partners state agencies and business with Asian governments and businesses. The program, established by the U.S.-Asia Environmental Partnership and managed by CSG, has awarded \$3.4 million in grants to 22 states since 1994, matched by the partners with contributions of more than \$7 million.

The SEI program demonstrates that international activities aimed at non-economic goals ultimately can benefit states economically. So far, SEI projects have resulted in more than \$5 million in confirmed U.S. sales to Asian countries. They also have generated numerous agreements and partnerships, including a dozen memorandums of understanding and joint venture agreements. SEI projects have established university and industrial extensions to

facilitate the flow of U.S. academic and manufacturing research and development information, curriculum development, and training opportunities.

Recruitment of foreign students is another example of an international strategy that allows states to meet a variety of goals. States recruit foreign students to American colleges and universities for the cultural and educational benefits to their communities. These students also contribute to the local economy. Nearly a half million foreign students attend U.S. institutions of higher learning each year, pumping about \$7 billion into the U.S. economy, most of which comes from foreign sources.

As states meet economic and other policy goals through internationalization, they create benefits for their overseas partners. States add to policy innovations worldwide by sharing effective governance tools, institutional structures and technologies. States play a role in U.S. foreign policy by promoting international understanding. The states even contribute to world peace through such programs as the National Guard State Partnership Program, which allows states to transfer their experience with civilian control of the military to former Warsaw Pact nations.

States as International Partners

Colorado has an SEI project in Malaysia that demonstrates why states are able to work so well with international partners.

"I have always felt imposed upon by the United States of America because of its sheer size... However, when the Colorado-Malaysia program began, I could not help but feel that 'It is only Colorado after all.' I think the success of this program ... will have been because of this strategy," said Thaya Kulentran, deputy chair for the Cleaner Promotion Network of Ensearch in Malaysia.

State international activities sometimes are motivated by less tangible benefits than economic growth or health and environmental gains. As Dag Ryen explains in the following passage from *Going Global: Ensuring Municipal Success in the New Millennium* (Kentucky League of Cities, p. 3), policy-makers realize that building an international capacity has other rewards:

There is an added benefit to international involvement that is harder to quantify but may ultimately be more significant. Communities that nurture international ties generally reap unexpected rewards in the form of cultural activities, improved educational standards and quality of life. A state with a sense of its role in the world becomes a richer state.

State International Trade Offices

An official presence in key countries can help state governments promote exports and court investors. Virginia opened the first overseas trade office in Europe in 1969. By 1995, 39 states and Puerto Rico operated an average of four overseas offices each. The most popular locations are Tokyo, Seoul, London, Frankfurt and Mexico City.

The National Association of State Development Agencies surveys state trade offices biennially. The resulting *State Export Program Database* includes such detailed information as the offices' staffing, budgets, activities and administrative structures. Because this quantitative data already exists, the CSG assessment focuses on sharing best practices, success measures and future plans among the trade offices. The Advisory Group suggested that state officials could use this information to enhance their own trade efforts.

Assessment

Of the 23 state trade offices that responded to CSG's invitation to participate in this assessment, representatives from 17 offices participated in one of four one-hour conference calls held in early October. Eleven participants were state trade directors, two were deputy directors, three were trade specialists or consultants, and one was the director of a governor's international office. For more information on conference call participants, see Appendix A.

The mission statements and long-term goals of the participating trade offices most frequently mentioned two objectives: increasing the number or enhancing the quality of jobs; and increasing investment in the state. Other popular objectives included increasing the level of exports or the number/value of sales and increasing the level of knowledge about trade.

Two participating trade offices listed marketing the state internationally as an objective, which can enhance the state's identity beyond the international business community. For example, the International Division of the Connecticut Department of Economic and Community listed this vision statement: "Connecticut will be recognized as one of the premier locations in the world for doing business, living and vacationing." By fulfilling this vision, the division will attract foreign visitors to the state, in addition to businesses.

Best Practices

Best practices were a central topic of the conference call discussions. The participating trade offices were asked to describe practices or programs that other state trade directors might consider as models of success. The participants' best practices fell in the broad categories of:

- Industry-specific programs;
- Administrative practices;
- Technology use;
- Foreign investment attraction; and
- Overseas-office programs.

At least one program from each category is highlighted below, and the remaining best practices are summarized in Appendix C. The programs featured below and in future sections were selected on three criteria: the uniqueness of the program; featuring as many participants as possible; and whether sufficient information was provided by the conference call participant to

accurately describe the program. All conference call participants were asked to submit detailed information about their best practices. Every program submitted is summarized in the appendix.

Industry-specific programs. Seven participants described programs targeted to specific industries. With these programs, the trade offices enhance an industry within the state that already has the potential for significant growth, or they work with an industry that the state wants to develop.

The Alaska Division of Trade and Development is strengthening a key state industry by assisting small and medium-sized processors to expand their export of fresh and live seafood, which are value-added products. The campaign utilized the division's trade and development specialists, overseas offices and public-private partnerships (e.g., freight forwarders). The division's efforts have led to greater exports of these higher priced goods.

The South Dakota International Business Institute uses incubator programs to help small businesses that need in-depth assistance to develop an export capacity. One successful program provides Native American entrepreneurs with a trade incubator cooperative to develop international market opportunities. The institute trains the participants on international business procedures and effective service to international clientele. The Native American Trade Incubator Program has resulted in \$150,000 of exports to Western Europe, and the U.S. Department of Commerce is attempting to duplicate the model in New Mexico, Arizona and Washington.

Other conference call participants who highlighted industry-specific programs were: the International Division of the Connecticut Department of Economic and Community Development; the International Trade Division of the Georgia Department of Industry Trade and Tourism; the International Trade Division of the Kentucky Cabinet for Economic Development; the New Jersey Commerce and Economic Growth Commission; and the Oregon Economic Community Development Department. These best practices, as well as an SEI project by the Arizona Environmental Technology Industry Cluster, are summarized in Appendix C.

Administrative practices. Six participants described processes that help their offices meet goals efficiently. These administrative practices deal with how the trade office is organized and how it operates internally, with its clients and with its partners. Best practices in this category range from software programs that allow that office to track its clients to contracting out the state's trade and investment assistance.

The Delaware Economic Development Office is an example of state government agencies cooperating with one another and other partners to improve coordination of the state's available international resources. The office manages a coordinated, cohesive effort among all organizations involved in trade, including the chambers of commerce. The office offers a toll-free telephone number for questions about international trade and directs inquiries to the appropriate state agency or organization. Recognizing that any international contact eventually may lead to a trade opportunity, the office tracks all international activities in the state, including cultural events and educational delegations.

Other administrative practices described by conference call participants are summarized in Appendix C. They include trade databases maintained by the Georgia Department of Industry, Trade and Tourism and the Indiana Department of Commerce. The Mississippi Department of Economic and Community Development uses a marketing plan process that it considers an

administrative best practice. South Dakota contracts with the South Dakota International Business Institute at Northern State University to provide trade and investment assistance.

Technology use. Three participants highlighted ways technology is enhancing and simplifying their jobs. State trade offices are using technology to overcome the barriers of distance. An excellent example of states putting advanced telecommunications technology to work is video conferencing. While there is no substitute for face to face meetings, video conferencing is an effective, low-cost way for firms to meet or follow up with potential overseas buyers or distributors without leaving their home state.

The International Trade Division of the Georgia Department of Industry uses video conferencing to communicate with the state's businesses and to tie them to the world. The RECON Trade Video Conferencing Network offers statewide access to prospective customers, business affiliates, and trade experts and export counseling advice in export markets where Georgia's international trade representatives are located.

The Northeastern states and Puerto Rico, members of the Eastern Trade Council, are working together to establish a video conferencing network. The South Dakota International Business Institute is making sure all businesses in the state have a Web page to help in marketing to distant buyers. Technology as simple as a database, such as the Georgia International Trade Data Network, can help trade offices keep track of interaction with clients and progress toward performance goals. These programs are summarized in Appendix C.

Foreign investment attraction. Two participants described their programs for attracting investment to their states. Rather than offering financial incentives to companies, these programs use creative strategies to increase awareness of the state in key foreign markets. By enhancing the state's image in targeted countries, these programs aim to increase the likelihood that businesses will want to invest in the state and citizens will want to visit.

The Kansas Department of Commerce and Housing uses an Editorial Marketing Campaign to promote state exports and to attract foreign investors to the state. The department recently hosted a delegation of 23 German aviation journalists, recruited through contacts that department staff made at a Kansas pavilion in Europe last year. The department spent about \$2,000 for the day's events. Already, a half-page editorial article on Kansas aviation appeared in the Frankfurt newspaper. The state got an impressive return on its investment since a half-page advertisement in the same newspaper would have cost \$18,000.

The South Dakota International Business Institute's Foreign Direct Investment Initiative is summarized in Appendix C.

Overseas office programs. One conference call participant highlighted a unique program in its overseas office. The EuroRep program, offered by the Office of International Business in the Maryland Department of Business and Economic Development, creates a "virtual employee" for Maryland businesses in the state's Rotterdam office. Each company pays a monthly fee of \$1,250 to \$1,500, which covers one-third of the EuroRep's salary and some of the overhead. For more details about the EuroRep program, see Appendix C.

Success Measures

In their discussion of success measures, many conference call participants agreed that fair, meaningful measurements are hard to find. A trade office's supervising agencies often want to see bottom-line results, such as the dollar amount of increased exports generated by the office's activities. These measures may not reflect accurately the office's value to the state, or, as one trade director on the conference calls said, "Don't confuse outcome with effort." The participants identified at least four challenges to implementing and communicating such success measures.

First, it is difficult to predict when measurable results of the office's activities will materialize. Companies that meet a potential overseas customer while on a trade mission organized by the office may not record an actual sale until 18 months after the trip. If the office's performance is measured annually, the value of that sale will not be attributed to the trade mission.

Second, companies that benefit from the office's programs often are reluctant to disclose bottom-line figures such as export sales. The International Trade Division of the Georgia Department of Industry, Trade and Tourism says its clients are more willing to provide this sensitive information because the division is organized by industry, and the staff develops good relationships with the businesses in their industry sector. On the other hand, the Delaware Economic Development Office no longer asks for dollar figures; instead, it asks companies to provide the percentage increase in export sales and for a letter describing successes.

Third, quantitative success measures do not account for factors outside the office's control, such as the recent Asian economic crisis. If the trade office's performance is judged solely by whether the value of exports rose or fell, then the office may be penalized for an economic downturn affecting all businesses. A trade director on one conference call explained, "Whatever the measure, it's important that we're measured by what's under our control."

Finally, results-oriented measures do not accurately gauge the success of those trade offices that focus on building the capacity of all businesses — even those not ready to export — to trade in the long term. If the trade office must demonstrate an increase in the dollar value of exports, then the office will focus on the businesses that already export or have the greatest potential to export. The office then has fewer resources to devote to educating and assisting small businesses.

Defining "Success"

The success measures used by the state trade offices represented on the conferences calls tended to be shaped by whether the office's objective is to assist all business to build export capacity or to assist ready-to-export firms to achieve their potential. For example, the Indiana Department of Commerce uses success measures that reflect its goal of helping all Indiana businesses export. The department does not expect every client it serves to export and realizes that building a capacity to export can be a long-term process. As a result, the department uses process-oriented measures to demonstrate its outreach efforts, such as requiring that trade specialists serve and recruit an established number of clients and that overseas staff be responsible for introducing a specific number of clients to their markets.

In contrast, the International Division of the Connecticut Department of Economic and Community Development assists companies that will achieve measurable results quickly, so priority is given to those companies that are ready to export. The division's success measures

— which are based on three-year objectives outlined in the division’s strategic plan — tend to be results oriented. For example, the division measures its progress toward goals by the number of: foreign businesses investing in the state, Connecticut companies increasing foreign sales, and loans supporting international transactions.

Tracking Success

A few of the state trade offices represented on the conference calls use software programs to track their progress toward goals. The Mississippi Department of Economic and Community Development, for example, uses its Global Trade Management Software to track company data, client participation in its programs and results of its trade efforts. The database is searchable by congressional district, which allows the department to share success stories with the appropriate legislators. For more details on this software and the Indiana Department of Commerce’s International Trade Database, see best practices in technology use in Appendix C.

Several conference call participants survey their clients about results of trade office programs and their satisfaction with the office’s performance. In two cases, an outside agency performs the survey. The Division of International and Export Development at the Wisconsin Department of Commerce contracts with a state college to administer its annual survey, which asks the office’s clients about their satisfaction with all actors in the trade process, such as “state government” (i.e., the trade office), banks and freight forwarders. The survey of the International Trade Division of the Georgia Department of Industry, Trade and Tourism, which measures sales and gauges customer satisfaction, averages a 20 percent response rate.

Communicating Success

The Advisory Group and conference call participants agreed that accurately measuring the success of international programs is only half the battle — communicating those successes to the legislature is equally important. Legislators are more likely to support international programs during the budget process when they can point to specific benefits the programs provide their constituents. If a business in the legislator’s district wins an export award from the trade office, for example, the legislator will be aware that the office is impacting his or her district.

To make sure legislators know which businesses are benefiting from its programs, the Mississippi Department of Economic and Community Development uses its Global Trade Management Software to distribute district-specific reports to legislators every two years. The International Trade Division of the Ohio Department of Development encourages its clients to write letters of support and appreciation when they are pleased with the division’s services. The division keeps the letters on file to share with legislators.

Regional Cooperation

Many states’ trade offices are working with their regional neighbors. By pooling resources, states within a region can target key markets for export and investment promotion. Regional trade missions, for example, can include more businesses at a lower cost than missions organized by individual states. In addition, some programs, such as basic export education, can be transferred easily from state to state because they are “boiler plate,” as one Advisory Group member put it. In these cases, states can share ideas and resources rather than duplicating efforts. There are several examples of regional cooperation among state trade offices.

The members of the Council of Great Lake Governors pioneered the concept of joint foreign offices. The states opened their first joint office in Toronto in 1990 and now have offices in Sao

Paulo, Brazil; Santiago, Chile; Johannesburg, South Africa; and Buenos Aires, Argentina. Three to six states are co-located in each office. Each state is free to choose which offices, trade shows and missions it will join.

The Council of Great Lakes Governors attributes the success of its joint trade offices to the member states' common culture, similar products and services, and strong working relationships among the governors and their trade staffs. In a 1998 evaluation of the council's joint foreign offices, Mentor International found that:

The cooperative foreign office initiative of the Great Lakes states has clearly shown its worth and deserves emulation. For example, the Brazilian office, established just over one year ago, reports services to 260 companies.

Several of the same states cooperate with other neighbors through the International Trade Working Group of the Midwest Governors' Conference, headquartered in the CSG Midwest office. Consisting of a top trade officer from the 10 member states, the group is focusing on two initiatives: educating state legislators about trade issues through regular meetings of the Midwest Legislative Conference, also in the CSG Midwest office; and organizing a major U.S.-based networking event for the region's exporters.

The networking event will be a reception on March 13, 2000, during the National Manufacturing Week in Chicago, an annual trade show that attracts about 1,500 international business participants. The International Business Networking Reception will allow international attendees to meet one-on-one with potential suppliers from the region. More than 200 companies from 10 Midwestern states will participate in the reception.

The Northeastern states and Puerto Rico established the Eastern Trade Council, an affiliate of the CSG Eastern Regional Conference, to achieve economies of scale and to more effectively promote the region's products overseas. Each state appropriates funding for the council and is represented by the state trade director or a designee.

The Eastern Trade Council performed a regional export market analysis that evaluated the Northeastern states export performance and identified overseas markets where demand for regional exports is strongest. In April 1999, the council supported the six New England states' first joint trade mission, which promoted biotechnology, software and electronic component industry sectors in Germany. The council's regional video conferencing network is described as a best practice in technology in Appendix C.

The Southern Growth Policies Board actively tracks developments in international trade and trade promotion. With funding from the U.S. Department of Commerce and the assistance of the Corporation for Enterprise Development, the board publishes the *Clearinghouse on State International Policies* newsletter, one of the most useful sources of current information on state international activities.

The Pacific Northwest Economic Region was formed in response to the advantages of a specific geographic location. PNWER, which was started in 1989 with help from the University of Washington, has an international membership that includes five American states and two Canadian provinces. PNWER's CATALIST program offers an electronic matchmaking service that provides businesses with electronic access to international and domestic trade opportunities.

Other Actors in State International Activities

A state's international activities are not limited to economic development by the state trade office. Other state agencies are active internationally. State agriculture departments, for example, often promote agriculture exports, typically in cooperation with the state trade office. Organizations outside state government also actively promote international trade. Local governments, chambers of commerce, and private and nonprofit trade organizations provide a network of resources to the state business community.

A comprehensive state international policy includes goals other than economic development. As seen in this assessment, for example, environmental, labor and utility regulatory agencies can be ambassadors for states as they provide technical assistance overseas. The Advisory Group emphasized the importance of pursuing goals other than export and investment promotion, such as: educating the public about the value of global engagement; preparing students to work in the global economy; hosting delegations of foreign students, officials and business people; and providing technical assistance to foreign governments and businesses.

These other actors and goals are vital components of a well-developed international capacity. A state's ability to interact globally and its image overseas are only enhanced by a variety of institutions active in an array of issue areas. Putting as many resources as possible to work in as many venues as possible maximizes the state's international investment.

Assessment

CSG invited 45 other state actors, as identified by the state trade directors, to participate in conference calls about other international programs. Of the 20 organizations that returned a registration form, 10 participated in one of two one-hour conference calls held in late October. Appendix A lists the conference call participants.

Most of these conference call participants said that they work very closely with other international actors in the state, including state government agencies. Though most of the participants represented organizations that promote international trade, most of the participants' mission statements and long-term goals included educational objectives. Many of the mission statements mentioned increasing exports/sales. Four of the 10 did not identify businesses as their main clients; instead, they provide technical assistance to foreign delegations, educate students or assist municipalities.

Trade Programs

Seven conference call participants promote international trade. Several of these organizations identified their role in the state international agenda as working with the new-to-export firms, which often requires time-consuming, individual counseling. All of the trade-oriented organizations work closely with the state trade office. In one case, the organization was under contract with the state to provide specific services to businesses. The Maryland International Trade Center Institute is the educational and research unit for the state's Office of International Business. The institute has assumed other responsibilities from the state over the years, such as the Maryland Sister States Program and the World Trade Resource Center.

Three organizations were co-located in the state international trade office or housed a branch of the state trade office or economic development agency. The Small Business International Trade

Center is located in the Oregon Economic Development Department. The state office refers new-to-export clients who need individual counseling to the center, which then works with the businesses until they have thorough marketing plans. The Oshkosh Chamber of Commerce hosts an International Trade Outreach office of the Wisconsin Department of Commerce. The chamber felt it was important to have the state office in its building, and the state prefers to be allied with chambers of commerce, if possible.

An example of trade programs outside of state international trade offices is the International Trade Center at Waukesha County Technical College, which exemplifies the Wisconsin technical college system's initiative to internationalize each institution. The center does market research for businesses and boasts the largest trade reference library in the state. The center partners with other trade organizations, housing a full-time office for the state development agency and a part-time office for the state agriculture department's international division. The two-year technical college offers an Associate's degree in international trade.

Three other trade-oriented organizations participated in the conference calls for other actors in state international activities: the World Trade Club of Indiana, the Ohio Export Assistance Network and the World Trade Center-Denver. These and the above organizations are described in greater detail in Appendix D.

Technical Assistance

As laboratories of democracy and policy innovation, the American states have much technical expertise to share with other national and sub-national governments. State governments already have developed workable solutions to problems just now being addressed in other countries. In the three examples in this assessment, Pennsylvania is assisting foreign governments with regulating the electric industry and with workforce development, and Vermont is working closely with Indonesia to clean a major water resource.

The Pennsylvania Public Utility Commission's Bureau of Conservation, Economics and Environmental Planning offers technical assistance to other countries on utility regulation and electricity restructuring. In the last 18 months, the bureau has hosted more than 20 foreign delegations. Bureau staff also travel overseas to offer technical assistance. For example, the bureau's director visited Ghana to help the country authorize and structure its first public utility commission. The bureau started working internationally because the PUC's "success with electricity deregulation has brought the world's attention to Pennsylvania," according to the commission's chief economist, Ahmed Kaloko. Kaloko says that the bureau is just "doing what we're supposed to be doing." The bureau funds its international activities through its existing budget, using its own resources to "extend good will."

Through its Center for International Relations, the Pennsylvania Department of Labor and Industry provides foreign governments with technical assistance on workforce development. The center's goal is to promote Pennsylvania's workforce and economic development initiatives as models around the world. Since its creation in December 1998, the center has formed a partnership with the Polish province of Silesia, which hopes to learn from Pennsylvania's experience in responding to the transformation in the coal and steel industries. The center currently relies on the labor department's budget, and the center director would like to tap external sources of funding to pursue all available international opportunities. Two of the center's initiatives are summarized in Appendix D.

The Vermont Agency of Natural Resources did not participate in the conference calls, but it is an excellent case study in providing environmental technical assistance overseas. With its Indonesian partner, the Lake Toba Heritage Foundation, the agency administers a State Environmental Initiative project that uses Lake Champlain as a role model for a clean environment enhancing a local economy. The project partners designed and implemented a comprehensive watershed management plan for Lake Toba, the largest lake in Southeast Asia.

The Vermont-Indonesia project's success won the attention of former Indonesian President Habibie, who declared Lake Toba a special zone for ecotourism, art and culture and proposed it to be considered a new world heritage site by the United Nations. Partly due to its participation in the SEI project, the Lake Toba Heritage Foundation will play a key role in the presidential designated authority that will manage the lake. Lisa Borre, director of the project, says, "It [the SEI program] goes beyond just the environment. It is also about exporting democracy and promoting local partnerships."

Local Governments

Many American local governments are active internationally. Through sister-city programs, for example, communities benefit from educational and cultural exchanges. Partnerships through Sister Cities International are listed in Appendix B. These programs can play a vital role in raising the public's level of awareness and understanding of the international community. The Advisory Group recognized the important contribution that local governments can make to the state's international capacity and urged state officials to work closely with their local partners.

One local government representative participated in the CSG conference calls, and he described a project that local and state officials may consider as a model for developing international capacity. The Kentucky League of Cities launched the Kentucky Cities and Strategic Planning for International Involvement project to enable Kentucky cities to select international activities that will provide maximum benefit to the community. This project, which begins beta testing in two Kentucky cities in January 2000, uses a three-step process. First, the KLC inventories the city's international assets and resources within the governmental infrastructure, the education establishment, the business community, and civil society. Then, KLC convenes a community-wide task force to discuss goals for international activity. Finally, KLC develops a strategic plan for city involvement in international activities.

Regional Cooperation

Just as many states cooperate on common economic development goals, they also work together in other policy areas. An example is the Midwest-Canada Relations Committee, created in 1991 by the Midwestern Legislative Conference of the CSG Midwest office. The committee includes legislators from the 11 Midwestern states and the Canadian provinces of Manitoba, Ontario and Saskatchewan. The committee has studied such issues as: implications of NAFTA for states and provinces; border issues and methods to simplify border crossings for tourism and commercial activities; and authority of states and provinces to enter into international agreements.

Obstacles to State International Activities

Despite the increased opportunities and incentives to internationalize, there are still limitations on states' ability to do so. States' international capacities can be limited by such factors as: inconsistent commitment and policies, which are detrimental to establishing the long-term relationships valued by other cultures; lack of knowledge and motivation among the business community; and lack of public understanding of or support for international programs.

A 1997 report by CSG and the U.S.-Asia Environmental Partnership identified seven principal constraints on state trade offices (see table). The officials from 25 states who were interviewed for that study most frequently listed the budget as a constraint — a complaint echoed by the other actors in state international activities who participated in the CSG conference calls.

In particular, inconsistent funding, which the report attributes to political transitions, stymied efforts to build state trade and investment programs. For example, from fiscal year 1992 to fiscal year 1994, 21 states experienced cuts in their state international appropriations ranging from 2 percent to 71 percent. Twenty-two states had budget increases of 1 percent to 446 percent in the same time period. The 1997 report explains the challenge of dealing with on-again, off-again budgets:

This cycle of budgetary feast and famine was identified as a major problem by officials in a plurality of states. Successful international relationships — in trade and elsewhere — often begin slowly and require a foundation of trust and stability. For new activities, there are start-up costs and learning curves.

While some conference call participants — both state trade offices and other actors — considered their budget situation a challenge, other participants were not struggling with this problem. These participants found that the budget for international activities in their respective states was sufficient and stable.

Principal Constraints on State International Trade Offices	
Constraint	Percentage of Trade Officials
Budget	48%
Business education/reluctance to export	28%
Perception of state by other countries	8%
Capital access	4%
Export market identification	4%
Interagency coordination	4%
New agency	4%

Source: *International Dimensions of American Federalism: State Policy Responses to a Changing Global Environment*. U.S.-Asia Environmental Partnership. p. 26.

Assessment

The representatives of state trade offices and of other actors in state international activities identified many obstacles they face. Members of the Advisory Group and the CSG International Committee also outlined challenges that states face in expanding their international capacities. These obstacles, as well as any solutions proposed by the conference call participants or group or committee members, are summarized below.

Lack of knowledge. The general public, the business community and policy-makers typically are not aware of the benefits of international programs. Without this understanding, international programs may not have sufficient support to sustain them. The conference call participants identified three solutions to this problem: education, education, education. State agencies and other organizations need to devote resources to spreading the good word about the benefits of international involvement. International trade awards were mentioned as one promotional tool. More broadly, international awareness should be integrated into the education system, as explained by one conference call participant:

The only solution to this problem is a long-term and comprehensive review of our educational processes across all aspects of society. We need to strengthen teaching at all levels in civics, geography, economics and languages, and we need to confront our cultural myths about political and economic supremacy.

Apathy among the business community. Particularly when the domestic economy is strong, businesses may not be interested in expanding their exports and investment sources overseas. Some businesses simply do not think of exporting as a legitimate source of growth. Again, education was the commonly proposed solution. According to one participant:

The best solution would be to educate the local businesses of the benefits of being a global trader and being a member of a globally trading community. More money and propaganda material would be needed to tackle this obstacle.

Cyclical nature of the political process. Inconsistent support for international activities by state leadership is detrimental to long-term programming and relationships. A participant representing a trade assistance organization said that frequent turnover in the state trade office made it difficult to maintain a partnership with the office. One solution from the Advisory Group would be to make at least one high-level position in the state trade office a civil servant in order to create some consistency in programs and relationships as administrations change.

Inconsistent and/or insufficient funding. As explained above, lack of a sufficient and/or consistent budget presents a tremendous challenge to state international activities. In particular, the state agencies other than the state trade office likely have no budget line for international activities. Solutions outlined by conference call participants and by the Advisory Group include: educating state policy-makers about the benefits of funding international activities; soliciting support of private-sector clients as advocates for the programs; and identifying external sources of funding.

Lack of foreign language proficiency. Being able to communicate and work in other cultures are critical skills in the global economy. Almost all conference call participants and Advisory Group members mentioned the need to expose all students to foreign languages early and consistently. A creative solution to promoting foreign languages in our schools came from a conference call participant who happened to be a member of a Rotary Club that is trying to convince its local school system to begin Spanish in the lower grades. The club is providing seed funds so the district can explore the options and, "hopefully, see that the good done by teaching languages at a young age compensates for the additional expense."

Lack of experience with service industries. As the U.S. economy becomes ever more service oriented, state trade offices and other trade assistance organizations will assist more service-sector businesses. To do so effectively, they will have to educate themselves about

working with clients who are selling a service rather than a product. This issue is addressed in more detail below in "Future State International Activities."

Legitimacy for non-economic international programs. The conference call participants who represented non-economic international programs, such as technical assistance exchanges, felt that their contributions to the state international agenda were not recognized as part of the state's international capacity. One participant suggested that:

The solution is to come together in a spirit of true partnership and cooperation and [to create] forums as an opportunity to explore ways in which we can provide mutual support in accomplishing our common goals.

Service delivery. Reaching every business in the state can be difficult for trade offices, particularly in large states with dispersed populations. Technology can overcome the distance barrier through video conferencing and distance learning.

Other. Other obstacles mentioned during the assessment include:

- Lack of natural constituency to support international activities;
- Imperfect coordination between various providers of international programs within the state; and
- For other actors in international activities, they may have considerable expertise, but lack a structure for organizing and disseminating it.

Future State International Activities

It is difficult to generalize about future state international activities. Each state has unique resources to contribute to its international capacity, and each state has specific goals for its international policy. Nonetheless, some predictions and recommendations raised repeatedly by the Advisory Group and conference call participants may indicate what the future will or should hold for state international activities.

In their book *The International State: Crafting a Statewide Trade Development System*, Carol Conway and William E. Nothdurft provide a framework for developing state international activities. The book outlines three objectives states must achieve if they want to internationalize: create a vigorous trade development system, develop a capacity to manage foreign affairs, and foster a supportive civic capacity for going global. The authors explain the direction they believe states should take their international activities on page 12 (The Aspen Institute, 1996):

The central message of this book is that state trade offices have the potential to be the nexus of a comprehensive statewide trade development system. But, given their limited resources, they cannot alone assure the international competitiveness of a state's economy. They must be supported by a widely shared vision of the state's international future and must integrate public, private and nonprofit trade service providers into a coherent system for developing international business and assuring that its benefits are widely shared.

Assessment

Trends

State trade directors and other actors identified several interesting trends in international capacity. The registration form for the conference calls included a brief questionnaire about the organization's mission and trends in state international activities. In light of comments by the Advisory Group and the conference call participants, a few of these trends stand out in particular. For more trends information, see Appendix E.

The Advisory Group predicted that state trade offices would have to find ways to assist service-sector businesses since the U.S. economy is becoming more service oriented. Of the 23 trade offices that returned the questionnaire, 17 (73.9 percent) expected an increase in the amount of assistance they provide to service-sector businesses. Several charts in Appendix E highlight the growing importance of service exports to the U.S. economy. Unfortunately, data on service exports are not collected or reported in a state-by-state format, according to a representative of the U.S. Department of Commerce's International Trade Administration.

The Advisory Group and the conference call participants emphasized the need for greater cooperation within and among states. Cooperation allows more efficient use of existing resources, allows economies of scale in international programs, and creates synergy that could lead to creative programming. The trends data from the questionnaire indicate states are moving toward this goal. A majority of state directors and other actors (65.2 percent and 75.0 percent, respectively) who returned the questionnaire anticipate an increase in cooperation among entities within their states involved in international programs. A majority of both groups (65.2 percent and 55 percent, respectively) also expect cooperation among states to increase.

Future Plans

During the conference calls for state trade directors, one of the major topics discussed was future plans. Their plans may indicate the future agendas for state trade offices in general. The plans they identified fell within the following categories:

- Opening new overseas offices and/or targeting market campaigns in such locations as Africa, India and the Asia-Pacific region (eight participants mentioned this future plan);
- Increasing programming for the service sector (three participants);
- Improving administration and programming through integration of new technology, such as video conferencing, telecommunications and the Internet (three participants);
- Continuing or increasing cooperation with in-state partners, both public and private (two participants);
- Creating or revising a strategic plan (two participants);
- Possible outsourcing of some or all international trade and investment programs (two participants); and
- Customizing services for clients rather than relying on broad-based programs (one participant).

CSG asked the Advisory Group and the CSG International Committee to recommend international goals state officials and their partners could pursue. These experts suggested that states enhance their international capacity by working toward the objectives outlined below. In some cases, the group and committee members suggested specific actions for achieving these goals. State officials who want to build their international capacity may want to integrate these recommendations into their future plans.

Education. States should educate the public, workforce, students, businesses and state policy-makers to recognize the benefits of international activities and to have realistic expectations about the required commitment and achievable results. Starting foreign languages earlier and exposing students to the international community were common suggestions. One participant suggested making a true one-stop shop that covers international trade so all businesses are exposed to the concept and available resources. The Advisory Group suggested that an international academy targeting state officials would be a useful education tool. An international trade institute for South Carolina officials is described in Appendix C.

Cooperation. To take advantage of existing resources and to develop synergistic partnerships, state agencies and other organizations should coordinate their international activities. The Delaware Economic Development Office, featured as a best administrative practice in Appendix C, offers a model for cooperation among international actors.

Continuity. Continuity within the state's international agenda and leadership would allow programs and relationships with in-state partners and foreign colleagues to develop. To achieve continuity, the Advisory Group suggested making at least one high-level trade official a civil servant.

Comprehensive international policy. States could maximize their international investment by developing a comprehensive international policy to achieve not only the economic gains of internationalization, but also the other benefits (e.g., cultural, educational, environmental). To do so, states need to recognize that international involvement may stem from environmental agencies, universities and other sources.

Customized services. The Advisory Group suggested that working one on one with companies may be a better utilization of a trade office's time than large programs such as trade missions. Hiring a protocol person to handle trade missions would free the trade director's time to focus on other programs. Some trade offices represented on the conference calls are moving toward customized services, but most also plan to increase their number of trade missions.

State unity. It would benefit states to speak as a unified voice to the federal government and internationally about the state role and perspective. The Advisory Group emphasized that states could achieve international goals — including attracting foreign investment — more effectively through cooperation than through competition.

For Further Study

CSG plans to use the results of this assessment to supplement the organization's current international mission and work plan. As it moves forward with that process, CSG will follow up on several issues raised while performing the assessment. These issues for further study are outlined below.

State legislators can provide instrumental support and funding to enhance a state's international capacity. Many trade directors and other actors who participated in this assessment would like to have a closer relationship with their legislatures. It would be beneficial for CSG to solicit legislators' input on this assessment and on state international activities in general, and it has begun to do so by interviewing the CSG International Committee.

The Advisory Group recommended a possible resource that legislators could use to expand their understanding of international policy and to get the tools they need to formulate effective international policy. CSG and its partners in international issues could develop an international policy academy targeted to state-level policy-makers.

Similarly, the Advisory Group suggested that a national summit on states' international capacity would be a good catalyst for increased cooperation and information exchange among state officials and other actors in international programs. The group recommended that CSG identify as many as possible organizations contributing to international programs in each state so they could be invited to such a summit.

The Advisory Group also recommended that CSG study the international activities of sub-national governments in other countries. Their experiences may offer models for state governments to emulate.

One key goal of this assessment was to gather information about other actors in state international activities and about non-economic international activities. Working with only 10 other actors did not provide sufficient input for an accurate picture of these elements. To improve responses in these areas, CSG should identify and contact organizations representing non-economic international activities (e.g., National Association of Small Business International Trade Educators).

Finally, the assessment revealed another important area for further study. Based on comments by the Advisory Group and conference call participants, available funding may determine whether states can broaden their international policies beyond economic development goals. If a state agency's budget does not allow for international activities, for example, it may have to forego an opportunity to provide technical assistance overseas. An important role for CSG in building states' international capacity may be identifying or creating external support for such activities. The State Environmental Initiative could serve as a model in this regard.

Appendices

Appendix A: Summary of Conference Call Participants A-1

Appendix B:

U.S. Exports from 1996 to 1999 Q3 YTD, by CSG Region..... B-1

Foreign Direct Investment in the United States, by CSG Region B-2

Foreign Tourists from 1996 to 1998, by CSG Region..... B-3

U.S. States and Territories with Sister City Partnerships B-4

Appendix C: Best Practices of State Trade Offices C-1

Appendix D: Other Actors in State International Activities D-1

Appendix E: Trends E-1

States' International Capacity Conference Calls Summary of Participants

State International Trade Offices

CSG mailed invitations to all state and territorial international trade offices listed in the CSG *Directory of Administrative Officials, 1999*. The invitation included a fax-back registration form that allowed the office to choose one of three conference call dates. (Due to the number of registrants, a fourth conference call was later added.) Either the director or a designated representative could participate in the call.

Of the 23 offices that returned a registration form, representatives from 17 offices participated in one of four one-hour conference calls held in early October. Eleven participants were state trade directors, two were deputy directors, three were trade specialists or consultants, and one was the director of a governor's international office. The participants in each call are listed below.

October 1, 1999

- Joop Bollen, Director, South Dakota International Business Institute
- Liz Cleveland, Deputy Director, Mississippi Department of Economic & Community Development
- Mary Beth Cordy, Director, International Trade Division, Kentucky Cabinet for Economic Development
- Peter Cunningham, Executive Director, Center for International, Office of the Governor, Pennsylvania
- Kevin Langston, Director, International Trade Division, Georgia Department of Industry, Trade & Tourism

October 5, 1999

- Carlos Barbera, Director, International Trade, Indiana Department of Commerce
- Peter O'Neill, Manager, Trade Development Group, Maryland Department of Business & Economic Development/Office of International Business
- John Pastor, Manager, International, Delaware Economic Development Office

October 6, 1999

- Edward Burton, Director, International Trade & Protocol, New Jersey Commerce & Economic Growth Commission
- Michael Farmer, Director, Trade Development, Kansas Department of Commerce & Housing
- Brad Harker, International Trade Specialist, Nevada Commission on Economic Development
- Stanly Pfrang, International Trade Consultant, Wisconsin Department of Commerce, Division of International & Export Development
- Steve Shoeny, International Trade Division, Ohio Department of Development
- Christine Snowberger (and Laurel Alpert), Deputy Director, Colorado International Trade Office

October 7, 1999

- Warren Banks, International Director (outgoing), Oregon Economic Community Development Department
- Dawn S. Rodriguez, International Division Director, Connecticut Department of Economic & Community Development
- Greg Wolf, Director, Alaska Division of Trade & Development

Other Actors in State International Activities

After completing the conference calls among international trade directors, CSG invited 45 other state actors to participate in conference calls about other international programs, such as promoting international education and tourism. The invitation list was based on other actors identified by the state trade directors who returned the conference call registration form.

Of the 20 organizations that returned a registration form, 10 participated in one of two one-hour conference calls held in late October. Seven of the participants represented organizations that promote international trade, two represented state agencies that are providing technical assistance overseas, and one represented a state municipal organization. The participants in each conference call are listed below.

October 22

- Ahmed Kaloko, Director, Bureau of CEEP, Pennsylvania Public Utility Commission
- Robert C. William, Director, Center for International Relations, Pennsylvania Department of Labor and Industry
- M. Kimberly Morrison, Manager of Trade Services, World Trade Center Institute, Maryland
- Andrew Gothreau, President, World Trade Club of Indiana, Indiana
- Tom Lowles, Director, Small Business International Trade Center, Oregon
- Jim Reis, President, World Trade Center–Denver
- Roger Pfister, President, Ohio Export Assistance Network

October 26

- Dag Ryen, CSG Fellow, Kentucky League of Cities
- Stan Kline, International Trade Coordinator, Oshkosh Chamber of Commerce
- Barbara Moebius, Associate Dean, Waukesha County Technical College, Wisconsin

Value of U.S. Exports from 1996 to 1999 Q3 YTD, by CSG Region
(In millions of dollars)

Region	1996	1997	1998	1998 Q3 YTD	1999 Q3 YTD	% change 1996-97	% change 1997-98	% change 1998-99
<i>United States</i>	622,459.8	686,985.8	680,089.3	502,173.0	505,528.9	10.4	-1.04	0.68
EAST	107,820.1	120,542.3	120,430.7	89,257.2	89,614.4	--	--	--
Connecticut	6,829.5	7,784.4	8,112.3	6,136.0	5,779.3	13.98	4.21	-5.81
Delaware	1,840.9	2,316.0	2,395.3	1,761.7	1,784.4	25.81	3.42	1.29
Dist. of Columbia	367.3	612.2	385.0	247.0	320.2	66.67	-37.11	29.64
Maine	1,512.3	1,880.5	1,965.8	1,444.0	1,631.5	24.35	4.54	12.99
Massachusetts	15,998.6	18,027.6	17,190.6	12,771.2	13,235.1	12.68	-4.64	3.63
New Hampshire	1,642.8	1,750.1	1,915.5	1,400.4	1,595.3	6.53	9.45	13.91
New Jersey	14,821.3	16,901.8	17,249.9	12,955.2	12,540.1	14.04	2.06	-3.2
New York	38,372.1	41,725.8	41,560.9	30,864.7	28,786.7	8.74	-0.4	-6.73
Pennsylvania	16,089.7	17,926.1	17,666.7	13,214.0	13,023.8	11.41	-1.45	-1.44
Puerto Rico	5,593.3	6,057.2	6,742.0	4,623.7	6,698.7	8.29	11.31	44.87
Rhode Island	1,010.9	1,197.8	1,208.9	903.5	905.8	18.49	0.92	0.26
U.S. Virgin Islands	214.4	265.4	104.5	88.3	125.9	23		
Vermont	3,527.1	4,097.3	3,933.2	2,847.4	3,187.6	16.16	-4	11.95
MIDWEST	126,521.4	139,972.2	137,317.6	102,251.7	103,237.4	--	--	--
Illinois	26,772.9	29,186.3	31,543.6	23,530.0	23,373.6	9.01	8.08	-0.66
Indiana	12,038.7	13,135.8	13,403.0	10,090.8	10,296.8	9.11	2.03	2.04
Iowa	4,884.5	5,676.3	5,355.3	4,192.1	3,306.6	16.21	-5.65	-21.12
Kansas	4,196.7	4,737.5	4,446.0	3,311.9	3,787.3	12.89	-6.15	14.36
Michigan	29,771.1	34,775.7	31,437.7	23,423.4	24,797.6	16.81	-9.6	5.87
Minnesota	9,776.3	10,459.6	9,913.4	7,326.2	7,406.8	6.99	-5.22	1.1
Nebraska	2,138.8	2,208.3	2,219.3	1,669.0	1,680.1	3.25	0.5	0.67
North Dakota	756.1	837.3	799.7	632.3	566.0	10.74	-4.5	-10.49
Ohio	25,052.2	27,200.9	27,057.3	19,912.8	19,969.4	8.58	-0.53	0.28
South Dakota	476.9	556.9	477.8	343.9	358.6	16.79	-14.21	4.29
Wisconsin	10,657.3	11,197.6	10,664.5	7,819.4	7,694.5	5.07	-4.76	-1.6
OUTH	217,673.6	237,912.5	236,933.9	175,695.6	172,359.7	--	--	--
Alabama	5,849.1	6,702.4	7,036.5	5,126.2	5,147.4	14.59	4.98	0.41
Arkansas	2,245.1	2,576.4	2,546.3	1,961.5	1,721.3	14.76	-1.17	-12.24
Florida	24,663.7	27,599.6	28,677.4	20,806.0	20,895.0	11.9	3.91	0.43
Georgia	12,550.9	14,688.9	14,984.3	11,059.3	11,197.3	17.03	2.01	1.25
Kentucky	7,050.0	8,695.1	8,838.4	6,435.1	6,898.5	23.34	1.65	7.2
Louisiana	23,357.8	20,645.0	18,373.4	13,237.2	12,487.7	-11.61	-11	-5.66
Maryland	5,924.4	5,998.5	5,308.4	3,963.8	3,211.4	1.25	-11.51	-18.98
Mississippi	2,994.0	2,713.7	2,542.2	1,977.9	1,773.9	-9.36	-6.32	-10.31
Missouri	6,404.5	7,348.4	6,412.2	4,790.3	4,793.1	14.74	-12.74	0.06
North Carolina	17,634.7	18,256.9	17,217.0	12,819.3	12,034.9	3.53	-5.7	-6.12
Oklahoma	2,626.7	3,030.6	3,096.3	2,334.0	2,563.1	15.38	2.17	9.81
South Carolina	7,511.6	8,455.4	8,574.7	6,526.4	5,905.4	12.57	1.41	-9.52
Tennessee	8,973.6	10,220.7	10,541.5	7,853.6	7,858.4	13.9	3.14	0.06
Texas	74,001.1	84,308.7	86,852.9	64,708.4	64,948.5	13.93	3.02	0.37
Virginia	13,529.0	14,147.8	13,642.0	10,300.7	9,432.0	4.57	-3.58	-8.43
West Virginia	2,357.4	2,524.1	2,290.3	1,795.8	1,491.7	7.07	-9.26	-16.93
WEST	170,812.0	189,171.1	185,792.1	135,215.5	140,637.6	--	--	--
Alaska	3,125.0	2,979.4	2,070.2	1,634.2	2,101.5	-4.66	-30.52	28.59
Arizona	11,377.7	14,920.1	12,240.2	9,083.1	9,461.6	31.13	-17.96	4.17
California	103,253.9	109,536.7	104,968.0	77,442.1	77,813.2	6.08	-4.17	0.48
Colorado	5,331.6	5,602.5	5,717.8	4,218.5	4,718.9	5.08	2.06	11.86
Hawaii	308.5	367.1	302.2	232.1	217.6	19	-17.69	-6.23
Idaho	1,708.3	1,808.3	1,639.9	1,227.8	1,688.8	5.85	-9.31	37.55
Montana	469.5	564.2	449.6	330.7	303.8	20.16	-20.31	-8.15
Nevada	1,395.4	1,163.5	760.7	581.2	818.0	-16.62	-34.62	40.73
New Mexico	1,012.8	1,876.9	1,975.9	1,425.9	2,734.1	85.31	5.28	91.74
Oregon	9,773.2	10,069.1	9,842.4	6,998.4	8,160.5	3.03	-2.25	16.61
Utah	3,670.4	3,624.3	3,522.1	2,493.1	2,604.4	-1.26	-2.82	4.46
Washington	28,856.1	36,047.3	41,759.4	29,124.8	29,660.2	24.92	15.85	1.84
Wyoming	529.5	611.7	543.8	423.6	355.1	15.54	-11.11	-16.18

Prepared by: Massachusetts Institute for Social and Economic Research, University of Massachusetts Amherst (Origin of movement series)

Source: Adjustments to data from U.S. Census Bureau, Foreign Trade Division by MISER

Foreign Direct Investment in the United States — Gross Book Value and Employment of U.S. Affiliates of Foreign Companies, by CSG Region

Region	Gross book value of property, plant & equipment (in millions of dollars)				Total employment (in thousands)				% of all businesses, 1997
	1990	1995	1996	1997	1990	1995	1996	1997	
<i>United States</i>	\$554,402	\$735,262	\$786,819	\$807,752	4,720	4,926	5,088	5,152	4.8%
EAST	102,329	144,222	149,524	153,559	1,147	1,138	1,184	1,171	--
Connecticut	5,357	8,466	8,902	8,703	75.9	73.3	85.1	83.8	5.8
Delaware	5,818	2,919	3,105	3,323	43.1	15.8	16.3	19.1	5.6
District of Columbia	3,869	4,983	4,864	4,339	11.4	13.4	12.8	11.2	2.8
Maine	2,080	3,885	4,092	3,960	26.6	29.1	30.4	31.6	6.7
Massachusetts	8,890	12,707	14,345	15,473	131.2	141.5	162.3	159.5	5.7
New Hampshire	1,446	2,212	2,284	2,546	25.9	30	30.8	31.6	6.2
New Jersey	18,608	26,175	27,706	30,488	227	205.2	209.4	212.4	6.6
New York	36,424	52,992	53,374	53,711	347.5	343.8	349.9	351.5	5.1
Pennsylvania	16,587	24,432	25,344	25,671	221.6	231.6	238.3	225	4.6
Puerto Rico	1,499	2,174	1,848	1,686	16.1	27.4	20	17.1	(NA)
Rhode Island	1,120	2,240	2,604	2,628	13.3	16.2	19.2	18.5	4.6
Vermont	631	1,037	1,056	1,031	7.7	10.4	9.9	9.6	4
MIDWEST	96,893	131,152	135,414	145,319	988	1,011	1,026	1,049	--
Illinois	23,420	34,305	34,687	37,649	245.8	237	236.1	224.5	4.4
Indiana	13,426	18,782	16,711	18,367	126.9	136.9	127.2	128.3	5.1
Iowa	2,712	4,527	5,304	5,444	32.8	35.8	37.7	37.8	3.1
Kansas	5,134	3,233	4,741	5,696	29.6	34	42.7	45.4	4.2
Michigan	12,012	21,370	18,733	20,914	139.6	170.3	162.8	171.4	4.4
Minnesota	11,972	8,688	9,858	9,972	89.8	79.8	89.8	96.6	4.4
Nebraska	776	1,320	1,791	2,027	14.9	15.7	19.1	20.8	2.9
North Dakota	1,251	915	1,125	1,166	3.1	3.2	4.7	3.5	1.4
Ohio	20,549	29,932	33,572	35,095	219.1	222.1	226.7	234.1	4.9
South Dakota	553	665	792	986	4.5	4.6	5.6	10.4	3.5
Wisconsin	5,088	7,415	8,100	8,003	81.4	71.5	73.6	76.5	3.3
SOUTH	203,538	263,487	292,889	306,981	1,650	1,821	1,899	1,922	--
Alabama	7,300	10,598	11,981	13,006	55.7	60.6	61.7	65	4.1%
Arkansas	2,344	3,666	3,829	3,934	29.2	32.1	37.6	35.2	3.7
Florida	18,659	24,865	30,251	29,598	205.7	210	239.8	240.9	4.2
Georgia	16,729	22,432	23,799	25,403	161	180.1	195	188.9	6
Kentucky	9,229	15,136	15,610	16,909	65.7	83.4	86.5	89.5	6.1
Louisiana	17,432	20,543	23,226	25,151	61.4	51	55.7	58	3.8
Maryland	5,713	9,197	9,984	10,578	79.6	95	93.8	92	4.8
Mississippi	2,989	3,055	2,570	2,967	23.6	22.6	20.6	21.7	2.4
Missouri	5,757	8,327	10,310	10,945	73.7	79.3	84.1	84	3.7
North Carolina	15,234	21,475	23,965	24,019	181	225.3	231.6	225	7.1
Oklahoma	6,049	5,448	5,538	5,723	43.6	34.2	36.7	34.4	3
South Carolina	10,067	13,438	15,509	16,847	104.7	111.6	117.2	116.9	7.9
Tennessee	10,280	14,227	15,603	17,123	116.9	136.3	136.4	149.4	6.6
Texas	57,079	68,142	75,728	77,906	299.5	326.4	330.2	350.6	4.8
Virginia	10,702	15,129	17,479	20,158	113.3	141.4	146.2	143.3	5.3
West Virginia	7,975	7,809	7,507	6,714	34.9	31.9	26.1	27.2	4.8
WEST	151,642	196,401	208,992	201,893	936	957	978	1,010	--
Alaska	19,435	25,558	26,234	25,922	13.2	9.8	10.2	8.7	4.3
Arizona	7,234	6,699	9,604	9,797	57.1	51.9	57.8	59.4	3.4
California	75,768	96,576	102,703	91,788	555.9	548.6	557.5	569.4	4.9
Colorado	6,544	8,602	9,368	9,833	56.3	72.2	72.7	80.3	4.7
Hawaii	11,830	15,972	15,324	15,157	53	48.9	47.5	50.1	11.4
Idaho	776	1,026	1,270	1,407	11.7	11.3	12.3	12.4	2.9
Montana	2,181	1,938	1,935	2,041	5.1	4.4	4.5	4.4	1.5
Nevada	5,450	8,242	8,589	8,784	22.7	25	25.5	25.5	3.1
New Mexico	4,312	4,363	4,447	4,945	17.4	16.2	15.4	17.4	3.1
Oregon	3,427	5,807	6,146	7,269	39.1	49.7	49.2	52	4
Utah	3,918	5,612	6,451	7,719	21	28.6	32.7	36.7	4.3
Washington	7,985	11,462	11,920	12,275	77.5	83	86.6	86.6	4
Wyoming	2,782	4,544	5,001	4,956	5.8	6.9	6.5	6.9	4

Note: A U.S. affiliate is a U.S. business enterprise in which one foreign owner (individual, branch, partnership, association, trust corporation or government) has a direct or indirect voting interest of 10 percent or more. Estimates cover the universe of nonbank U.S. affiliates.

Source: Table 1314, *Statistical Abstract of the United States: 1999*, U.S. Census Bureau

Foreign Tourists (Temporary Visitors for Pleasure) from 1996 to 1998, by CSG Region

Region	1996*	1997**	1998**	1997 Market Share**	1998 Market Share**
<i>United States</i>	14,538,213	37,914,000	35,734,000	--	--
EAST	3,056,473	8,686,000	8,601,000	--	--
Connecticut	82,161	290,000	308,000	1.2%	1.3%
Delaware	8,683	**	**	**	**
Maine	19,025	145,000	118,000	0.6%	0.5%
Massachusetts	293,441	1,210,000	1,161,000	5.0%	4.9%
New Hampshire	20,759	121,000	118,000	0.5%	0.5%
New Jersey	266,734	726,000	853,000	3.0%	3.6%
New York	2,074,011	5,274,000	5,285,000	21.8%	22.3%
Pennsylvania	124,685	629,000	592,000	2.6%	2.5%
Puerto Rico	24,966	97,000	**	0.4%	**
Rhode Island	115,935	97,000	95,000	0.4%	0.4%
U.S. Virgin Islands	9,757	**	**	**	**
Vermont	16,316	97,000	71,000	0.4%	0.3%
MIDWEST	623,169	2,685,000	2,630,000	--	--
Illinois	274,970	1,137,000	1,256,000	4.7%	5.3%
Indiana	33,457	169,000	142,000	0.7%	0.6%
Iowa	14,204	48,000	71,000	0.2%	0.3%
Kansas	16,410	48,000	**	0.2%	**
Michigan	95,020	339,000	379,000	1.4%	1.6%
Minnesota	54,185	266,000	213,000	1.1%	0.9%
Nebraska	8,405	**	**	**	**
North Dakota	4,440	**	**	**	**
Ohio	76,205	436,000	379,000	1.8%	1.6%
South Dakota	4,402	**	**	**	**
Wisconsin	41,471	242,000	190,000	1.0%	0.8%
SOUTH	5,011,478	10,283,000	10,072,000	--	--
Alabama	19,792	121,000	95,000	0.5%	0.4%
Arkansas	8,040	48,000	**	0.2%	**
Florida	3,885,733	6,073,000	6,067,000	25.1%	25.6%
Georgia	187,202	653,000	664,000	2.7%	2.8%
Kentucky	16,763	97,000	71,000	0.4%	0.3%
Louisiana	93,135	363,000	403,000	1.5%	1.7%
Maryland	95,848	266,000	213,000	1.1%	0.9%
Mississippi	6,848	**	**	**	**
Missouri	30,934	194,000	166,000	0.8%	0.7%
North Carolina	58,910	484,000	355,000	2.0%	1.5%
Oklahoma	19,449	73,000	71,000	0.3%	0.3%
South Carolina	36,438	242,000	213,000	1.0%	0.9%
Tennessee	40,382	266,000	237,000	1.1%	1.0%
Texas	397,608	1,040,000	1,114,000	4.3%	4.7%
Virginia	109,487	363,000	403,000	1.5%	1.7%
West Virginia	4,909	**	**	**	**
WEST	5,847,093	16,260,000	14,431,000	--	--
Alaska	43,860	73,000	47,000	0.3%	0.2%
Arizona	102,471	968,000	853,000	4.0%	3.6%
California	2,528,427	6,436,000	5,972,000	26.6%	25.2%
Colorado	161,980	532,000	450,000	2.2%	1.9%
Guam	836,555	1,355,000	1,043,000	5.6%	4.4%
Hawaii	1,632,564	3,073,000	2,796,000	12.7%	11.8%
Idaho	7,562	**	**	**	**
Montana	10,540	48,000	**	0.2%	**
Nevada	259,605	2,202,000	1,920,000	9.1%	8.1%
New Mexico	20,403	121,000	118,000	0.5%	0.5%
Oregon	43,299	315,000	261,000	1.3%	1.1%
Utah	42,563	411,000	355,000	1.7%	1.5%
Washington	150,111	581,000	521,000	2.4%	2.2%
Wyoming	7,153	145,000	95,000	0.6%	0.4%

* Source: *Statistical Yearbook of the Immigration & Naturalization Service, 1996*, Immigration & Naturalization Service

** Source: Tourism Industries, International Trade Administration, May 1999. Excludes Canada and Mexico. Some states/territories are not shown due to low sample size of overseas visitors (i.e. less than 100 respondents 1997 or 1998).

U.S. States and Territories with Sister City Partnerships

Alabama

*Guatemala
Hubei Prov., China
Taiwan, China

Alaska

Hokkaido Pref., Japan
Khabarovsk Region, Russia
Heilongjiang Prov., China

American Samoa

Maui County, Hawaii
Oceanside, California

Arizona

*Durango, Oaxaca, Mexico
Taiwan, China

Arkansas

*Eastern Bolivia
Taiwan, China
State of Bavaria, Germany

California

Catalonia, Spain
Taiwan, China
Osaka, Japan
Puglia Province, Italy (San Francisco)
*Mexico (Mexico City) (Southern)
*Argentina (Buenos Aires)

Colorado

Jalisco, Mexico
Kangwon-do, Korea
*Minas Gerais, Brazil
Hunan Prov., China
Taiwan, China
State of Bavaria, Germany
Yamagata, Japan

Connecticut

*Paraiba, Brazil
*State of Baden Wurttemberg,
Germany
Shandong Prov., China

Delaware

*Panama

Florida

*Northern and Central Colombia
Wakayama, Japan

Georgia

*Pernambuco, Brazil
Kagoshima Pref., Japan
Guam
Cebu, Philippines
Koje Island, Korea
Lorraine Province, France
Republic of Georgia
Taipei Municipality, China
Tsushima Island, Japan

Guam

Tsushima Island, Japan

Hawaii

Azores, Portugal
Cheju Island, Korea
Fukuoka Pref., Japan
Ilocos Sur Province, Philippines
Guangdong Prov., China
Okinawa Prefecture, Japan

Idaho

*Cuenca, Guayaquil, Ecuador
Chungchong Bukdo Prov., Korea
Taiwan, China
Shanxi Prov., China

Illinois

*Sao Paulo, Brazil
Liaoning Prov., China
State of Mexico

Indiana

*Rio Grande do Sul, Brazil
Moscow Region, Russia
Taiwan, China
State of Baden Wurttemberg, Germany
Zhejiang Prov., China

Iowa

*Yucatan Peninsula, Mexico
Cherkassy Region, Ukraine
Hebei Prov., China
Stavropol Region, Russia
Taiwan, China
Trenggunu State, Malaysia
Yamanashi Pref., Japan

Kansas

Henan Prov., China
*Paraguay

Kentucky

*Quito, Ambato, Santo
Domingo, Ecuador
Taiwan, China
Jiangxi Prov., China

Louisiana

*El Salvador
Taiwan, China

Maine

Aomori, Japan
*Rio Grande do Norte, Brazil
Jilin, China

Maryland

Anhui Prov., China
Jalisco, Mexico
Kanagawa Pref., Japan
Kyongsangnam Do, Korea
Lodz Province, Poland
Nord Pas de Calais, France
*Rio de Janeiro, Brazil
St. Petersburg, Russia
Walloon Region, Belgium

Massachusetts

*Antioquia, Colombia
Guangdong Prov., China
Hokkaido Pref., Japan

Michigan

*Belize
*Dominican Republic
Shiga Pref., Japan
Sichuan Prov., China

Minnesota

*Uruguay
Shaanxi Prov., China
Taiwan, China

Mississippi

*Guyana
Taiwan, China

Missouri

*Para, Brazil
Chollo Namdo, Korea
Cajamarca, Peru
Nagano Pref., Japan
Taiwan, China

Montana

Kumamoto Pref., Japan
*Patagonia, Argentina
Taiwan, China

Nebraska

*Piaui, Brazil
Taiwan, China

Nevada

Taiwan, China

New Hampshire

*Ceara, Brazil

New Jersey

Fukui, Japan
*Haiti
Zhejiang Prov., China

New Mexico

*Michoacan, Chiapas, Tabasco, Mexico
Taiwan, China

New York

Jiangsu Prov., China
*Grenada
*Barbados
*Trinidad & Tobago
*St. Kitts & Nevis
*Dominica
*St. Vincent
*Montserrat
*Antigua & Barbuda
*St. Lucia
*Jamaica

North Carolina

*Cochabamba, Bolivia
Liaoning Prov., China

North Dakota

Taiwan, China

Ohio

*Parana, Brazil
Hubei Prov., China
Anambra, Nigeria
Gyeongsang Budgo Prov., Korea
Saitama, Japan
Taiwan, China

Oklahoma

*Chihuahua, Coahuila, Colima,
Jalisco, Puebla, Sonora, Tlaxcala,
Mexico
Gansu Prov., China
Kyoto Pref., Japan
Taiwan, China

Oregon

*Costa Rica
Fujian Prov., China
Taiwan, China
Toyama Pref., Japan

Pennsylvania

*Bahia, Brazil (E. Pa.)
*Maranhao, Brazil (W. Pa.)

Puerto Rico

Caguas - Hartford, Connecticut
San Juan - Honolulu County, Hawaii

Rhode Island

*Sergipe, Brazil

South Carolina

*South West Colombia
Taiwan, China

South Dakota

Taiwan, China

Tennessee

*Amazonas, Brazil
Shanxi Prov., China
Taiwan, China
*Venezuela

Texas

*Peru
*Nuevo Leon & Guerrero, Tamaulipas,
Veracruz, Mexico
Taiwan, China
Gyeong Gi Prov., Korea

Utah

*La Paz, Altiplano, Bolivia
Gyeong Gi Prov., Korea
Taiwan, China
Jiangxi Prov., China

Vermont

*Honduras
Karelian Republic, Russia

Virginia

Santa Catarina, Brazil
Taiwan, China

Washington

*Chile
Sichuan Prov., China
Hyogo Pref., Japan

West Virginia

*Espirito Santo, Brazil
Taiwan, China

Wisconsin

Heilongjiang Prov., China
Chiba, Japan
Jalisco, Mexico
Nicaragua*
State of Hesse, Germany
State of Israel
Taiwan

Wyoming

*Goias, Brazil
Mongolia
Taiwan, China

Key: * = Denotes state link through Partners of the Americas.

Source: 1999 SCI Global Directory, Sister Cities International, <http://www.sister-cities.org/Direct1/DirectoryFrame.html>

Best Practices of State Trade Offices

Appendix C summarizes the best practices highlighted by state trade offices that participated in the CSG conference calls. These summaries are based on transcripts of the conference calls and on additional material provided by participants after the conference calls. The program descriptions vary in length and detail depending on the amount of information available. Each summary lists the contact person who provided the information.

Immediately after each call, CSG faxed and e-mailed the participants a questionnaire that asked for the details listed below for each program mentioned as a best practice. Where available, these details are included in each summary.

- Goals
- Methodology
- Budget
- Program results
- How is success measured?
- How did the program begin?
- How did you sell it to the state and to the business community?
- Where is it trending?
- What major problems or difficulties has it encountered?
- How could it be improved?

The successful programs and practices highlighted by the trade directors are organized into six broad categories: industry-specific programs; administrative practices; technology use; foreign investment attraction; and overseas-office programs. The Arizona Environmental Technology Cluster and the Eastern Trade Council summaries were submitted by CSG staff. An educational best practice suggested by the CSG International Committee concludes the appendix.

Industry-Specific Programs

Increasing Exports of Value-Added Seafood

The Alaska Division of Trade and Development recently launched a campaign to assist small and medium-sized processors to expand their export of fresh and live seafood, which are value-added products. The campaign utilized the division's trade and development specialists, overseas offices and public-private partnerships (e.g., freight forwarders). The campaign has led to greater exports of these higher priced goods, according to Greg Wolf, director.

Contact: Greg Wolf
 Director, Alaska Division of Trade & Development
 Department of Commerce & Economic Development
 3601 C Street, Suite 700
 Anchorage, AK 99503-5934
 (907) 269-8115

Arizona Environmental Technology Industry Cluster

The Arizona Department of Commerce promotes 10 industry clusters that are important to the economic vitality of the state. The department defines a cluster as a statewide concentration of competitive firms in related industries that share common economic needs. Clusters allow

companies to network with each other, share ideas and strategies, develop joint ventures, engage in joint marketing and promotion, and make suggestions for public policy and strategic changes that will benefit the entire cluster. Clusters encompass vertical as well as horizontal integration — buyers and suppliers are as much a part of the cluster as the “core” industry.

The clusters are industry-driven and chaired by volunteer businesspersons. Each develops its own work plan and establishes its own set of priorities. Some develop joint marketing and promotional plans, others are more concerned with professional development, still others in influencing public policy. The clusters interact with one another, learning about each other’s activities, building on good ideas and working with one another as appropriate.

The state’s Environmental Technology Industry Cluster received a grant from The Council of State Governments’ State Environmental Initiative in 1995. This cluster develops, incubates and networks businesses that create and provide services and technologies to monitor, eliminate, control, treat, and prevent pollution and to conserve and restore natural resources.

Arizona State University built upon market research to design the SEI project. A 1993 targeted industry study by the University of Arizona revealed that the market of greatest interest to Arizona firms, after Mexico, was the Pacific Rim countries, especially Taiwan and China. An Arizona State University assessment then targeted Taiwan as the environmental cluster’s most promising starting point out of 11 major Asian countries. One of the Taiwanese industries targeted for environmental action is electronic and semi-conductor assembly and printed circuit board assembly, both major elements of the Arizona economy and, therefore, areas in which the state has expertise in terms of environmental remediation and pollution prevention.

The SEI project objectives were to build partnerships to increase the competitiveness of Arizona companies in world markets, to build their long-term capacity for export and to solve Taiwan’s most pressing environmental challenges. The project partners included Arizona State University’s Morrison Institute for Public Policy, the Arizona Department of Commerce, Arizona Department of Environmental Quality, World Trade Center Arizona, University of Arizona, the Environmental Technology Industry Cluster and the Phoenix Sister Cities Commission.

The ultimate goal of the team and clusters approach in Taiwan is to make Asian users actual members of the Arizona environmental cluster, geographically removed. Its unique aspect is the formal incorporation of Asian partners and users into U.S. trade development programs. Adding the international dimension brings a new element to cluster-based economic development.

Contact: Douglas Aitkin
Asia-Pacific Liaison, International Trade & Investment Division
Arizona Department of Commerce
3800 North Central Avenue, Suite 1500
Phoenix, AZ 85012
(602) 280-1300

Export-Related Cluster Initiative

The International Division of the Connecticut Department of Economic and Community Development is supporting export-related clusters to maximize the member companies’ financial and organizational resources in pursuing export opportunities. Within a cluster, company

representatives of a given industry work together to identify common problems and strategies to resolve them. Clusters may work toward a variety of goals, including market exploration, trade promotion, international certification, or establishment of a presence in a specific market.

The division launched its initiative after six Connecticut-based firms in the metal component industry requested export counseling and marketing support from the state's trade representative in Mexico. Since many of their clients had moved to the *maquiladoras* and were making purchasing decisions at those manufacturing facilities, the firms decided to work together to develop a network of representatives to call on clients in Mexico. The firms formed the Connecticut Metal Components, a cluster sales and marketing company led by a board of directors representing each company, to generate sales outside the United States through a network of representatives and to share costs among members.

The division estimates start up costs over a 12 to 24 month period at \$50,000 with annual operating expenses for this cluster totaling \$10,000, which is shared by the six member companies. The state has contributed \$11,000 to the CMC cluster. Six months after signing the first sales representative contract, more than 50 jobs have been quoted and the first order for \$82,000 has been received. Considerable time has been invested in building relationships that should result in \$1,000,000 in first-year orders.

The division used the successes of CMC to market the cluster concept. The division has launched pilot clusters in telecommunications, commercial electronics and plastics. So far, these clusters are not taking off as CMC did. The division identifies three problems: lack of a common concern or goal motivating the businesses to cooperate; reluctance to do business in front of one another; and lack of time and money to invest in developing the cluster concept, even with the \$10,000 of state funding. To strengthen the export-related clusters initiative, the division suggests focusing on a few industries that have a business/economic reason for uniting and offering the companies a tangible business opportunity as motivation.

Contact: Dawn S. Rodriguez
International Division Director
Connecticut Department of Economic & Community Development
505 Hudson Street, 3rd floor
Hartford, CT 06106
(860) 270-8068

Targeted Industry Export Programs

The Targeted Industry Export Programs offered by the International Trade Division of the Georgia Department of Industry, Trade and Tourism are examples of industry-specific programs. These special export programs assist Georgia companies in the following targeted industries: building products and design services; environmental products and services; medical devices, chemicals and biotechnology; industrial machinery and equipment; and technology products and services.

Contact: Kevin Langston
Director, International Trade Division
Georgia Department of Industry, Trade & Tourism
285 Peachtree Center Avenue, NE
Atlanta, GA 30303
(404) 656-4504

Trade Consortia

The International Trade Division of the Kentucky Cabinet for Economic Development has a strategic plan that focuses on promoting three consortia. The division targets environmental technologies, food products and wood products. Mary Beth Cordy, director, reports that the environmental technologies consortia has been most successful.

Contact: Mary Beth Cordy
Director, International Trade Division
Kentucky Cabinet for Economic Development
2300 Capital Plaza Tower
Frankfort, KY 40601
(502) 564-7140

Pharmaceuticals in Brazil

A recent New Jersey Commerce and Economic Growth Commission program targeted the state's pharmaceutical industry. In a trip to Brazil, high-level New Jersey officials cultivated a relationship with the country's health ministry and a new regulatory agency similar to the U.S. Food and Drug Administration. Building on that relationship, the commission organized a consortium of pharmaceutical companies to offer their expertise to the regulatory agency. By offering technical assistance to a Brazil agency, the companies may build trust and credibility that will lead to future export opportunities. The commission often uses the strategy of cultivating contacts in foreign governments to facilitate trade and other international goals.

Contact: Edward Burton
Director, International Trade & Protocol
New Jersey Commerce & Economic Growth Commission
20 West State Street
Trenton, NJ 08625-0836
(609) 633-3617

Promoting the Wood Industry

The Oregon Economic Community Development Department promotes the export of wood products and building materials. Building on successful participation in a JETRO-sponsored space at the Japan Home Show several years ago, the program is intended to expand: the number of exporters; exports to existing markets; and exports to markets where potential exists, but where Oregon exports are under-represented.

The department devotes a full-time employee to the industry. The wood products/building materials specialist works with Oregon exporters with market identification, trade shows and trade missions, as well as doing on-the-ground market development in conjunction with other activities. The division measures the program's success by the interest of participating companies and the number of new participants. The program has introduced new participants to markets and has raised the profile of Oregon wood products/building materials suppliers in key markets through consistent participation in key shows.

Difficulties encountered by the program include achieving a sufficient level of interest in some markets to warrant further exploration and obtaining information from trade show sponsors with adequate lead time to promote the event. The program could be improved by getting enough lead time and background information from some sponsors so that annual calendars could be set.

Contact: Sam Sirkin
Deputy Director
Oregon Economic & Community Development Department
121 SW Salmon Street, Suite 300
Portland, OR 97204
(503) 229-5625

Trade Incubators

Realizing that in-depth assistance is needed to induce some businesses to export, the South Dakota International Business Institute uses incubator programs to help these businesses develop an export capacity. The institute's first project, the Native American Trade Incubator Program, has resulted in \$150,000 of exports to Western Europe. The U.S. Department of Commerce is attempting to duplicate the model in New Mexico, Arizona and Washington State.

The program is intended to provide Native American entrepreneurs with a trade incubator cooperative to develop international market opportunities. The five participating companies are required to supply trade leads, to price their products at competitive wholesale prices and to contribute to SDIBI 10 percent of all sales to cover advertising and operating costs. During the first year of operations, one employee from each participating company must attend the basic exporting seminars to gain an understanding of international trade tools. During the second year, these employees are invited to play an active role in servicing the newly developed distribution channels. After the second year, the employee has received the technical and practical knowledge necessary to service the channels of distribution, and SDIBI refers all future inquiries and sales orders to the company. Until that point, SDIBI handles all inquiry responses, negotiations, qualifying and selecting of distributors, quotations, documentation preparation, collections, and other activities needed to complete successful international transactions.

SDIBI began the Native American incubator with a market feasibility study to target the top 10 foreign markets most susceptible to Native American products. The office then developed an extensive customer list for the selected countries outlining targeted trade leads. SDIBI measures the program's success by export sales and the number of companies that successfully graduate from the program. SBIDI has some difficulty finding qualified foreign buyers and would improve the program by better qualifying the participating companies to assure commitment and ability to produce. SDIBI is implementing a second incubator program for the pressure washer industry.

Contact: Joop Bollen
Director
South Dakota International Business Institute
1200 South Jay Street
Aberdeen, SD 57401
(605) 626-3149

Administrative Practices

A Central Point of Contact

Delaware's international trade activities are handled by one office — the Delaware Economic Development Office. The office manages a coordinated, cohesive effort among all entities in the state involved in trade, such as the chambers of commerce. The office is the central point of contact for questions about international trade, directing inquiries to the appropriate state agency or organization. This arrangement allows close involvement with all constituents.

Recognizing that any international contact eventually may lead to a trade opportunity, the office tracks any international activity in the state, including cultural events and educational delegations. Through the University of Delaware's database of international students, for example, the office knows that a former foreign exchange student to the state is now the Ukrainian ambassador.

Contact: John Pastor
 Manager, International
 Delaware Economic Development Office
 820 French Street
 Wilmington, DE 19801
 (302) 577-8464

Georgia International Trade Data Network

The Georgia International Trade Data Network is a Windows-based information system that provides trade leads, market research reports, statistics and much more. The International Trade Division of the Georgia Department of Industry, Trade and Tourism maintains the network, which is available at the U.S. Export Assistance Center's Trade Resource Center, each of Georgia's Technical Institutes throughout the state and some chambers of commerce.

Contact: Kevin Langston
 Director, International Trade Division
 Georgia Department of Industry, Trade & Tourism
 285 Peachtree Center Avenue, NE
 Atlanta, GA 30303
 (404) 656-4504

Staff Marketing Plans

A marketing plan process allows the International Division of the Mississippi Department of Economic and Community Development to focus its programs and gauge their success, as well as to utilize staff skills and evaluate staff performance. The division uses the market plan process to meet two goals. First, the process involves and utilizes the entire professional staff in the development, implementation and delivery of the program and services of the division. Second, developing individual market plans provides enhanced "ownership" of respective professional staff positions and greater utilization of professional expertise and skills.

Each trade specialist is required to develop and present a fully developed marketing plan for his or her respective area of responsibility (i.e., geographic region or program). This plan assesses each market, identifies best prospects, details methodology for marketing and outlines specific

marketing activities to implement the plan during the year. After the trade specialists present the plans to the full staff and the manager approves them, they are incorporated into a comprehensive plan for the division. The manager and trade specialists review the plans' implementation at the middle and end of the year, making adjustments when necessary. These assessments also are a primary component of the personnel evaluation.

The marketing plan process uses existing resources and personnel. The division measures the success of the process by the content of the marketing plan that is fully implemented and meets the stated goals, objectives and success criteria. Specific criteria could include factors such as project management, meeting recruitment goals, client satisfaction, etc.

Contact: Liz Cleveland
Deputy Director
Mississippi Department of Economic & Community Development
P.O. Box 849
Jackson, MS 39205
(601) 359-6672

Global Trade Management Software

The Mississippi Department of Economic and Community Development uses its Global Trade Management Software to track company data and participation by its client companies as well as results of its trade efforts. The software provides a comprehensive company database that is useful and easily accessed. It also provides a management tool to monitor the activities of trade specialists, specific trade activities and the trade program as a whole based on auditable data. Search capabilities include the option of reporting by congressional districts. The software was developed specifically for state trade promotion programs and is available commercially.

Contact: Liz Cleveland
Deputy Director
Mississippi Department of Economic & Community Development
P.O. Box 849
Jackson, MS 39205
(601) 359-6672

Client Data Base

The Client Data Base helps the Indiana Department of Commerce's International Trade Division monitor its progress toward its long-term goals. These goals include: to grow the number of small and medium-sized Indiana manufacturers it assists; to increase the business community's utilization of Indiana's foreign trade offices; and to maintain a monthly average number of clients served through the foreign trade offices.

To keep track of how many Indiana businesses it serves, the division maintains a Client Data Base. The division's three regional trade specialists recruit businesses to take advantage of the its services. These new "clients" are registered in the Client Data Base. As of August, the regional trade specialists had enrolled 261 new businesses as clients in fiscal year 1999, and they were on track to meet the division's short-term goal of 2,000 registered clients year end.

Three geographical trade specialists recruit businesses in the Client Data Base for specific programs and services. Among their responsibilities, the geographical specialists are responsible for introducing clients to Indiana's 12 foreign trade offices. The division's short-term objective was to introduce 324 new-to-market manufacturers to the state's trade offices in fiscal year 1999. As of August, the geographical trade specialists had introduced 542 new clients to the offices.

The foreign trade offices are responsible for assisting clients in gaining market access. To track progress toward this goal, the division uses another measurement tool — monthly reports. Each foreign trade office submits a monthly report that details the businesses it assisted and the services it provided, reflecting the number of businesses that are new to the market as well as those that are being actively serviced through the office. As of August 1999, the foreign trade offices had made 889 general assists and 172 agent/distributor searches for clients.

The division's accountability system resulted from the need to provide meaningful goals and objectives that could be measured; to focus the division's resources to meet client needs; to develop a strategy that could be built upon for the long term; and to insure that the division's human and financial resources are maximized. The office has identified and rectified three difficulties with the database and monthly reports: setting up the proper systems for data management; achieving consistency in reporting among the foreign trade offices; and integrating the goals and objectives with the foreign trade offices.

Contact: Carlos Barbera
Director, International Trade
Indiana Department of Commerce
1 North Capitol, Suite 700
Indianapolis, IN 46204
(317) 232-8848

South Dakota International Business Institute

The South Dakota International Business Institute is a unique state international trade office because its director is an employee of Northern State University. The university began working with federal and state government in export promotion in the early 1990s. Pleased with SDIBI's performance, the state decided in 1995 to contract with SDIBI to provide trade services to South Dakota businesses. The state continued to operate foreign investment programs until November 1998, when these services also were contracted out to SDIBI.

Contact: Joop Bollen
Director
South Dakota International Business Institute
1200 South Jay Street
Aberdeen, SD 57401
(605) 626-3149

Technology Use

Eastern Trade Council

States can work together to utilize technology. The 11 members of the Eastern Trade Council (Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and the Commonwealth of Puerto Rico) can communicate by videoconference with each other to plan regional export activities. The ISDN Video Conferencing project, begun in late 1998, strengthens the capacity of state trade offices to assist firms in exporting and improves their ability to work collaboratively.

The member states acquired cutting-edge technology and built the regional infrastructure to support trade development. The ETC members bought the video conferencing through a coordinated purchase, providing a cost savings to each state. In addition to receiving the necessary hardware and software, the project consultant provides state trade office personnel with training and technical support.

Contact: Wendell Hannaford
Assistant Director
CSG-Eastern Regional Conference
5 World Trade Center, Suite 9241
New York, NY 10048
(212) 912-0128

Trade Video Conferencing Network

The RECON Trade Video Conferencing Network, operated by the International Trade Division of the Georgia Department of Industry, Trade and Tourism, is a "virtual" statewide access to prospective customers, business affiliates and trade experts, and export counseling advice in export markets where Georgia's international trade representatives are located.

Contact: Kevin Langston
Director, International Trade Division
Georgia Department of Industry, Trade & Tourism
285 Peachtree Center Avenue, NE
Atlanta, GA 30303
(404) 656-4504

Georgia International Trade Data Network

The Georgia International Trade Data Network is a Windows-based information system that provides trade leads, market research reports, statistics and much more. The International Trade Division of the Georgia Department of Industry, Trade and Tourism maintains the network, which is available at the U.S. Export Assistance Center's Trade Resource Center, each of Georgia's Technical Institutes throughout the state and some chambers of commerce.

Contact: Kevin Langston
Director, International Trade Division
Georgia Department of Industry, Trade & Tourism
285 Peachtree Center Avenue, NE
Atlanta, GA 30303
(404) 656-4504

Web Pages for All Exporters

Realizing that the Internet provides South Dakota companies with an effective way to promote their quality products to the world, the South Dakota International Business Institute launched its Web Page Development Project. The project intends to make sure that every South Dakota company that is exporting, or has an interest in exporting, is properly promoted in cyberspace through development, registration and tracking of Web pages.

As of October 1999, about 75 percent of the state's exporting companies had a Web page. SDIBI developed, registered and tracked Web pages for approximately 150 companies or almost 50 percent of the exporting community. At this point, SDIBI spends less time recruiting new clients, but must perform continuous updates and registrations.

The project has an annual budget of \$30,000, and its success is measured by the quality of the Web pages and the quantity of hits from searches originating in foreign countries. SDIBI finds that the challenge is to develop and implement an effective strategy that results in optimum search results from foreign-initiated searches. Improved expertise could improve the project. For more information, choose "International Trade" at the SDIBI Web page at <http://www.state.sd.us/goed/>.

Contact: Joop Bollen
Director
South Dakota International Business Institute
1200 South Jay Street
Aberdeen, SD 57401
(605) 626-3149

Foreign Direct Investment Attraction

Editorial Marketing Campaign

The Kansas Department of Commerce and Housing uses an editorial Marketing Campaign to promote state exports and to attract foreign investors to the state. The department recently hosted a delegation of 23 German aviation journalists, recruited through contacts department staff made at a Kansas pavilion in Europe last year.

The department spent about \$2,000 for the day's events. Already, a half-page editorial article on Kansas aviation appeared in the Frankfurt newspaper. Michael Farmer, director of trade development, points out that this is an excellent return on investment since a half-page advertisement in the same newspaper would have cost \$18,000.

Contact: Michael Farmer
Director, Trade Development
Kansas Department of Commerce & Housing
700 S.W. Harrison
Topeka, KS 66603
(785) 296-1866

Foreign Direct Investment Initiative

When the South Dakota International Business Institute took over the state's foreign directive investment attraction in November 1998, it began looking for unique, entrepreneurial ways to get South Dakota on the map in Europe. The Foreign Direct Investment Initiative is using both a focused and "shotgun" approach to achieve this goal.

In the target markets of Germany, the Netherlands and the United Kingdom, the focused approach establishes a local market presence through alliances with foreign partners as opposed to U.S. government offices already present in the countries. For example, the SDIBI office opened in the Netherlands in July 1999 is co-located in a local chamber of commerce. The focused approach also attempts to uncover leads through direct promotional activities and media exposure. The Dutch media have published several articles on South Dakota, and a Dutch trade mission of television stations and prospects visited the state in October 1999.

The shotgun approach for the rest of the world includes a multitude of Internet activities, such as e-mailers and Web pages. The initiative has an annual budget of \$70,000, and its success will be measured by the amount of foreign investment it attracts. The SDIBI director feels it is too soon to know if the initiative is successful, but he is pleased with its results in the Netherlands so far. SDIBI hopes to open locations in Germany and The United Kingdom in the next year.

Contact: Joop Bollen
 Director
 South Dakota International Business Institute
 1200 South Jay Street
 Aberdeen, SD 57401
 (605) 626-3149

Overseas Offices

EuroRep

The Office of International Business in the Maryland Department of Business and Economic Development offers an innovative program through its flagship overseas trade office in Rotterdam. The EuroRep program creates a "virtual employee" in the Rotterdam office for Maryland businesses. The program is "rather unique and has been received well by the three companies that have to date subscribed to the service," according to Peter O'Neill, manager of the Trade Development Group.

The office encourages the subscribing company to bring the EuroRep to its office for a one-week orientation at the beginning of the program to familiarize him or her with the company staff and the product and to discuss strategy. This orientation should result in a one-year action plan that both sides agree upon. The director of the Rotterdam office oversees and monitors the progress of the plan's implementation.

Each company pays a monthly fee of \$1,250 to \$1,500, which covers one-third of the EuroRep's salary and perhaps a fraction of the overhead. The fee does not cover all the expenses associated with the program, such as office rent, so the office partially subsidizes the EuroRep program. The company pays other expenses associated with the program it develops for the

EuroRep, including travel, telecommunications costs and trade show fees. One FTE currently covers the three EuroRep subscribers, and the office has hired an additional person to handle any additional demand. Most of the Rotterdam staff are cross-trained, so if demand is lacking in one area, the office can switch staff to another.

Contact: Peter O'Neill
Manager, Trade Development Group
Maryland Department of Business & Economic Development
217 East Redwood Street
Baltimore, MD 21202
(410) 767-0690

Education

South Carolina Policy-Makers Trade Institute

In October 1999, the South Carolina Ports Authority and Department of Commerce collaborated with the South Carolina District Export Council to conduct a training program for state and local officials on international trade issues in the state. The institute covered topics such as the global trading system and its implications for South Carolina and the links between trade, transportation and economic development.

Contact: Peter O. Lehman, Esq.
Executive Assistant to the President
South Carolina State Ports Authority
P.O. Box 22287
Charleston, S.C. 29413-2287
(843) 577-8601

Other Actors in State International Activities

Appendix D highlights the 10 participants in the conference calls for other actors in state international activities. The organizations are divided into three categories: trade, technical assistance and local government.

These descriptions are based on transcripts of the conference calls and on additional material provided by participants after the conference calls. The organization profiles vary in length and detail depending on the amount of information available. Each profile lists the contact person who provided the information.

Trade Programs

World Trade Center—Denver

The World Trade Center-Denver was formed during an economic downturn in the city. It is a 501(c)(6) entity and receives no government funding. The center's niche is education, offering conferences and training programs taught by business professionals. The center publishes the *Colorado International Trade Directory* every two years.

Contact: Jim Reis
President
World Trade Center Denver
1625 Broadway, Suite 680
Denver, CO 80202
(303) 592-5760

World Trade Club of Indiana

The World Trade Club of Indiana is a not-for-profit membership organization for business executives interested in trade. It was established for charitable and educational purposes, including to promote interest and activity in world trade and to provide a forum for the interchange of ideas, innovations and assistance among those engaged in international trade and services.

The trade club was founded in 1967, when international trade was still new to many Indiana businesses and information was limited. The club members appreciate the opportunity to network with one another and with trade organizations, learning from colleagues who have experienced the trials and tribulations of international trade first hand. The club's programs include a monthly dinner with a featured speaker and half-day training seminars or discussion panels twice annually.

The club works with other trade organizations in the state, including universities, the International Center of Indianapolis and the Indiana Department of Commerce. The club's annual budget is \$16,000, and, with the exception of a paid administrative assistant, officers and board members are volunteers. The club identifies its major obstacle as lack of resources — money and staff.

Appendix D

Contact: Andrew Gothreau
President
World Trade Club of Indiana
8604 Allisonville Road
Indianapolis, IN 46250
(317) 585-2156

Maryland World Trade Center Institute

The Maryland World Trade Center Institute is the educational and research unit for the state's Office of International Business. The institute has assumed other responsibilities from the state over the years, such as the Maryland Sister States Program and the World Trade Resource Center. The institute's goal is to assist companies in the Mid-Atlantic region with international business development. The institute provides companies with research, educational programs, matchmaking, and strong promotional and networking opportunities.

The office hosts 40 to 50 educational programs annually. The State of Maryland issues a grant to sponsor the programs, and program fees at member and non-member rates are collected at each event. The executives who participate in the educational programs also benefit from the networking opportunity. The institute says that program attendance has decreased recently, due in large part to the lack of interest in international markets since the domestic economy is so strong. Also, more organizations are offering educational programs to the same target market.

Companies that become members of the institute are linked to the global World Trade Center network. The institute gauges its success by its membership retention and attrition rate. The institute finds that smaller companies predominantly use its services and that new start-up companies are the most in need of its resources. It is difficult for the institute to achieve name and service recognition among businesses. Companies may not see a direct effect on their bottom line, so the institute tries to convey the opportunity cost of not utilizing the services. The institute says it could improve its programming with additional money and information for one-to-one and regional marketing efforts.

The institute is reaching out to local elementary and secondary schools, educating teachers and students about international business issues. Since 1998, the institute has offered seminars, virtual trade missions and other programs at the schools. These events are giving teachers a strong background to develop their curricula and informing children of international job opportunities. Support for the institute's school outreach efforts is growing and more programs are being coordinated.

Contact: M. Kimberly Morrison
Manager of Trade Services
World Trade Center Institute
401 East Pratt Street, Suite 232
Baltimore, MD 21202
(410) 576-0022

Ohio Export Assistance Network

The Ohio Export Assistance Network is a not-for-profit, private company that assists and trains small and medium-sized companies to export successfully or to grow their exports. This is done with hands-on help using experienced trade professionals to teach and assist companies in the export process. The network's trade managers are located throughout Ohio and have a combined international experience of more than 200 years.

The network assesses the company's readiness to report; helps the client determine what is internationally unique about the product; conducts market research; and identifies and learns what it takes to do business successfully in the target countries. Continuous support is provided until a company can integrate the process into their business and stand alone. A network member typically works with the company one day per week for about two years.

The network was created in 1994 by a broad-based governor's taskforce to help economic development through the growth of international business in Ohio. A state grant makes the service more affordable for the companies. The network has served 50 clients since January 1995. While there have been a number of successes, major export success takes time. Companies are only partially along the growth curve when they are ready to continue on their own.

Contact: Roger Pfister
 President
 Ohio Export Assistance Network
 700 Ackerman Road, Suite 350
 Columbus, OH 43202
 (614) 263-3001

Oshkosh Chamber International Trade Advisory Committee

Recognizing the value of facilitating international trade, the Oshkosh Chamber of Commerce formed an International Trade Advisory Committee. The committee fulfills the chamber's mission — to provide leadership and to serve and represent its members so their businesses and the community will prosper — by fostering the development and expansion of international trade by identifying, aiding and supporting the community's current and prospective exporters.

One of the chamber's international programs brings the state trade office's resources to the local business community. For three years, the Oshkosh World Trade Day-NAFTA Seminar has given local exporters the opportunity to speak to the state's foreign trade officers who represent two of Wisconsin's most important trading partners. The day's agenda includes a breakfast seminar; one-on-one meetings between company representatives and the trade officers; and on-site visits to some companies by the trade officers. A small surcharge covers the cost of the event.

The business community has been receptive because of the unprecedented access to the trade officers and the low cost of the event. The trade officers report that the area businesses have contacted the officers more frequently and that there has been a higher level of interest in the Canadian and Mexican markets. The state Department of Commerce has been pleased with the event, continuing to make it one of the few large meetings the trade officers join during their short annual return to Wisconsin from their foreign offices.

Another chamber program takes advantage of a unique promotional opportunity — the annual EAA AirVenture in Oshkosh, the world's largest aircraft fly-in. Through a booth at the event, the chamber tries to leverage the name recognition from the fly-in for other Oshkosh products. The booth presents Oshkosh as a viable place to purchase and produce goods and to locate a business. By mailing invitations to visit the booth to members of the international EAA chapters, the booth gets a fair number of international visitors, in addition to thousands of U.S. visitors.

EAA donated the exhibit space for the first year and charged the standard fee in the second year. With donated time by local businesses and assistance from the state Department of Commerce, the budget for the booth during the entire show is less than \$2,000. The chamber and its partners think the program is making a favorable impression on visitors to the air show. The chamber plans to continue operating a booth at the annual event; to possibly add partners, such as the county; and to improve the international aspect of the booth to attract more foreign visitors.

Contact: Stan Kline
International Trade Coordinator
Oshkosh Chamber of Commerce
120 Jackson Street
Oshkosh, WI 54901
(920) 424-7700

International Trade Center at Waukesha County Technical College

There is an ongoing effort to internationalize all Wisconsin technical colleges. The International Trade Center at Waukesha County Technical College exemplifies the system's initiative.

The center does market research for businesses and boasts the largest trade reference library in the state. The center partners with other trade organizations, housing a full-time office for the state development agency and a part-time office for the state agriculture department's international division. The college is building a technology center that will house three additional economic development partners.

The technical college offers a two-year Associate's degree in international trade. The International Trade Associate program focuses on the skills needed to do international business, such as documentation, transportation and marketing. Students pursuing this degree usually are already in the workforce and need to upgrade their skills to do their jobs. The number of students pursuing the degree has declined, possibly because young students are not attracting to jobs in the field, which tend to be low paying with little chance of advancement.

Contact: Barbara Moebius
Associate Dean
Waukesha County Technical College
800 Main Street
Pewaukee, WI 53072
(262) 691-5550

Technical Assistance Programs

Center for International Relations, Pennsylvania Department of Labor & Industry

Through its Center for International Relations, the Pennsylvania Department of Labor and Industry provides foreign governments with technical assistance on workforce development. The center's goal is to promote Pennsylvania's workforce and economic development initiatives as models around the world. Currently funded through the department's budget, the center director would like to tap external funding sources to pursue all available international opportunities.

Johnny J. Butler, Secretary of Labor and Industry, created the center in December 1998 to coordinate the department's international activities. During a trade mission to South Africa, he recognized the critical importance of addressing the labor-management cooperation and workforce development needs of host nations — needs that directly affect the ability of Pennsylvania's companies to do business overseas.

The center's mission includes working in partnership with, and support of, the Governor's Center for International and other state agencies in furthering international initiatives to benefit Pennsylvanians. The center intends to position the department as the provider of choice for other nations seeking information about the U.S. labor-management cooperation efforts and workforce development programs. The center also wants to develop partnerships with institutions in host nations to promote these issues.

The center has formed a partnership with the Polish province of Silesia. Provincial leaders view the state's workforce and economic development initiatives as models that will help them respond to the mass layoffs of 100,000 coal miners expected to result from restructuring of the province's mining industry. The department is benefiting from an opportunity to offer technical expertise and assistance to the province, particularly in providing services to dislocated workers.

A Silesia delegation of workforce development professionals, mine workers, management and union officials attended a seminar by the center while on a study tour of American states in July 1999. Since then, other delegations have returned to the state, and Silesia's governor spoke at the center's first annual International Forum for Workforce Development in October. The governor of Silesia plans to visit Agro 2000, an international trade showcase of Pennsylvania's diverse agriculture.

The center's International Forum on Workforce Development lets department staff and guests talk with Pennsylvanian and international leaders in workforce development. The forum allows the department's management and staff to broaden their view of the global workforce and the global economy, of which they are a part. The center wants the forum to be recognized worldwide as a premier event for sharing ideas among workforce development professionals.

Contact: Robert C. William
Director, Center for International Relations
Pennsylvania Department of Labor and Industry
1700 Labor & Industry Building
7th & Forster Streets
Harrisburg, PA 17121
(717) 787-8647

Pennsylvania Public Utility Commission

The Pennsylvania Public Utility Commission's Bureau of Conservation, Economics and Environmental Planning offers technical assistance to other countries on utility regulation and electricity restructuring. In the last 18 months, the bureau has hosted more than 20 foreign delegations. Japan is the most frequent visitor, and others include the Ukraine and Russia. Bureau staff also travel overseas to offer technical assistance. For example, the bureau's director visited Ghana to help the country authorize and structure its first public utility commission.

The bureau started working internationally because the commission's "success with electricity deregulation has brought the world's attention to Pennsylvania," according to the commission's chief economist, Ahmed Kaloko. Kaloko says that the bureau is just "doing what we're supposed to be doing." The bureau funds its international activities through its existing budget, using its own resources to "extend good will."

Contact: Ahmed Kaloko
Director, Bureau of CEEP
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-2139

Local Governments

Kentucky League of Cities

The Kentucky League of Cities launched the Kentucky Cities and Strategic Planning for International Involvement project to enable Kentucky cities to select international activities that will provide maximum benefit to the community. The project also is designed to educate local leadership about global interconnectedness and international issues.

This project uses a three-step process. First, the KLC inventories the city's international assets and resources within the governmental infrastructure, the education establishment, the business community and civil society. Then, KLC convenes a community-wide task force to discuss goals for international activity. Finally, KLC develops a strategic plan for city involvement in international activities.

KLC begins beta testing the process in two Kentucky cities in January 2000. There will be no cost to the test cities, but KLC anticipates charging a fee for administering the process in the future. The development and staff costs to KLC are about \$20,000. The project faces the difficulty of skepticism among some local officials about the need for international involvement.

Contact: Dag Ryen
Kentucky League of Cities
101 East Vine Street
Lexington, KY 40507
(606) 323-3700

Trends

The registration form for the conference calls included a brief questionnaire about the organization's mission and trends in state international activities. Appendix E highlights the registrants' responses to trends-related questions.

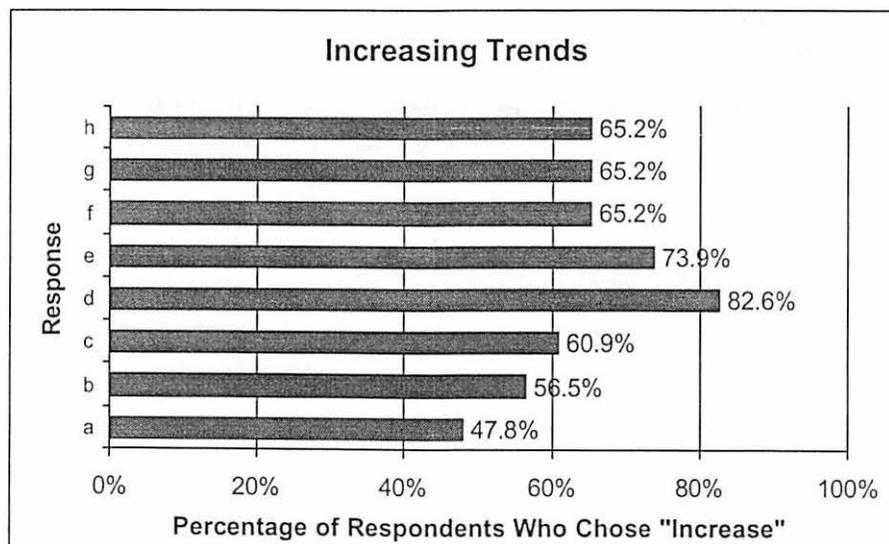
State International Trade Offices

Question: Do you foresee each of the following increasing, decreasing or remaining the same in the next five years?

Responses

NOTE: Number and percentage of respondents; 23 state international trade offices responded

- a) Amount of international **appropriations** by your legislature
Increase: 11 (47.8%) Decrease: 3 (13.0%) Same: 8 (34.8%)
- b) Number of **overseas offices** operated by your state
Increase: 13 (56.5%) Decrease: 0 Same: 9 (39.1%)
- c) Number of **trade missions** organized by your office
Increase: 14 (60.9%) Decrease: 0 Same: 8 (34.8%)
- d) **Demand for your services** among the business community
Increase: 19 (82.6%) Decrease: 0 Same: 3 (13.0%)
- e) Amount of assistance your office provides businesses in the **service sector**
Increase: 17 (73.9%) Decrease: 0 Same: 5 (21.7%)
- f) Level of **support among your state government officials** for international programs
Increase: 15 (65.2%) Decrease: 0 Same: 7 (30.4%)
- g) Level of **cooperation among entities in your state** involved in international programs
Increase: 15 (65.2%) Decrease: 0 Same: 7 (30.4%)
- h) Level of **cooperation among states** in international programs
Increase: 15 (65.2%) Decrease: 0 Same: 6 (26.1%)



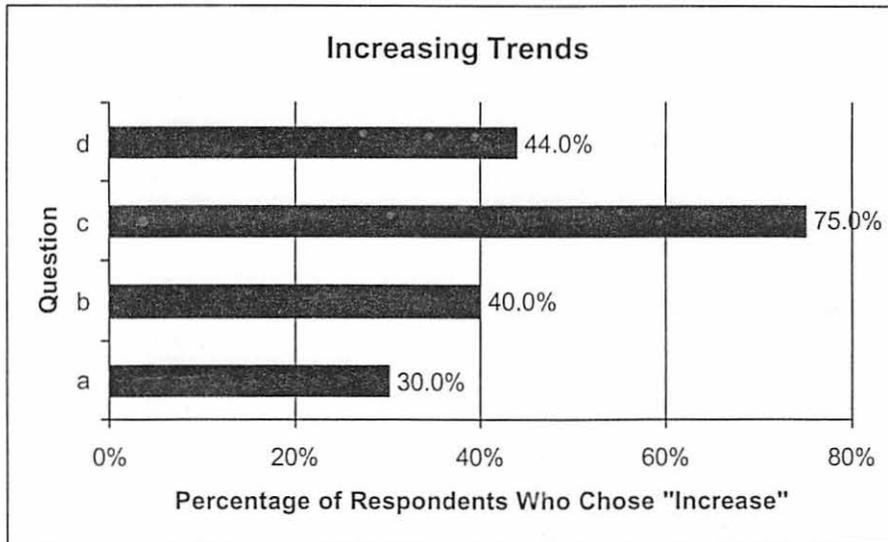
Other Actors in State International Activities

Question: Do you foresee each of the following increasing, decreasing or remaining the same in the next five years?

Responses

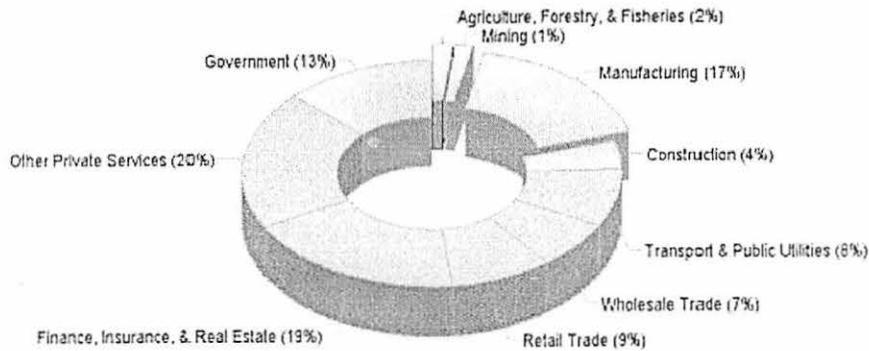
NOTE: Number and percentage of respondents; 20 other actors responded to the question

- a) Amount of international **appropriations** by your legislature
Increase: 6 (30%) Decrease: 1 (5%) Same: 9 (45%)
- b) Level of **support among your state government officials** for international programs
Increase: 8 (40%) Decrease: 1 (5%) Same: 9 (45%)
- c) Level of **cooperation among entities in your state** involved in international programs
Increase: 15 (75%) Decrease: 0 Same: 4 (20%)
- d) Level of **cooperation among states** in international programs
Increase: 11 (55%) Decrease: 0 Same: 7 (35%)



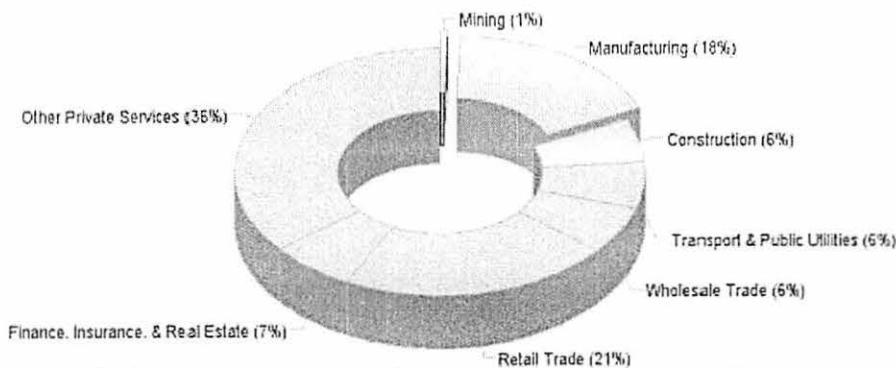
The largest component of the U.S. economy, the service sector includes all economic activity other than agriculture, mining, and manufacturing ...

Gross Domestic Product



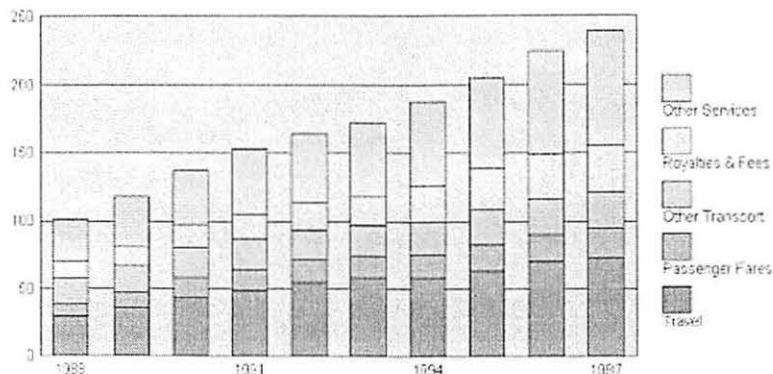
... and now accounts for about 80 percent of U.S. GDP and private non-farm employment.

Employees on non-agricultural payrolls



Exports have more than doubled over the past ten years, increasing from \$101 billion in 1988 to \$239 billion last year.

U.S. exports of private services
Billions of dollars



Source: *U.S. Services Trade Highlights*, International Trade Administration, U.S. Department of Commerce, 1998.