

June 1996

**REPORT  
ON BEHALF OF THE  
INTERNATIONAL RELATIONS COMMITTEE  
TO THE  
LEGISLATIVE COUNCIL**

The International Relations Committee met on October 10, 1995 and April 15, 1996, Chairperson Churchill and Senator Szymoniak reviewed draft documents relating to the recommendations made at those meetings during the week beginning June 17, and they make the following report to the Legislative Council on behalf of the Committee:

1. That the Legislative Council adopt a policy that actively involves the General Assembly in developing relationships with other countries, including educating legislators regarding international relations, welcoming visitors from other countries and assisting them in understanding Iowa's governmental process and traditions, working with the various state agencies and other entities which promote international relations, participating in developing Iowa's trade with other nations, and establishing a budget to accomplish these goals.
2. That the Legislative Council adopt a policy that visits by officials from other countries, for which the Legislative Council provides financial support, be approved by legislative leadership in advance of the arrival of the visitors.
3. That the following be adopted as the protocol for introduction of individuals from other countries visiting the Iowa General Assembly:

The Majority Leader of the Senate or the Speaker of the House of Representatives will determine who will introduce the visitor. The visitor may be introduced by the Majority Leader of the Senate, the Speaker of the House of Representatives, the Chairperson of the International Relations Committee, a member of the International Relations Committee, or a member of the chamber.

A visitor from another country who is not an elected or appointed official should be introduced from the rear area of the chamber. The visitor will be asked to make remarks to the chamber only under extraordinary circumstances.

A visitor from another country who is an elected or appointed official should be escorted to the front of the well for introduction and at the discretion of the Majority Leader of the Senate or the Speaker of the House of Representatives may be asked to address the chamber.

4. That the Legislative Council allocate from moneys available pursuant to section 2.12 of the Code, the amount of \$10,000 to the Legislative Service Bureau to be used by the Legislative Information Office during the period beginning July 1, 1996, and ending June 30, 1998, for the purchase of gifts for presentation to individuals from other countries visiting Iowa, and for use by representatives from the Iowa General Assembly who may be traveling to other countries and visiting their governments. A listing of examples of items that might be purchased as gifts and their attendant costs is attached to this report. In addition, the Legislative Service Bureau may

acquire gifts to be purchased by representatives of the Iowa General Assembly and other Iowa officials for presentation to visitors and hosts in accordance with recommendation 6.

5. That the Legislative Council adopt a policy that gifts shall be provided, without cost, for presentation to individuals who are being introduced to the Iowa General Assembly and for use by representatives of the Iowa General Assembly who are traveling to other countries as official representatives of the Iowa General Assembly. A subcommittee of the International Relations Committee shall review and approve requests for provision of gifts, without cost, in advance. If a request is denied, the decision may be appealed to the Legislative Council for a final determination.

6. That the Legislative Council adopt a policy that gifts may be purchased by representatives of the Iowa General Assembly and other Iowa officials to be presented to visitors from other countries when they are in Iowa and to be presented to international hosts during Iowa officials' travels to other countries.

7. That the International Relations Committee establish the value or types of gifts that may be presented to elected or appointed officials from other countries with the highest value gifts presented to officials hosted by the Iowa General Assembly, the next highest value gifts presented to officials hosted by representatives of the executive branch, the next highest value gifts presented to officials hosted by the federal government who are visiting Iowa, and the lowest value of gifts presented to officials sent by another country to visit Iowa.

8. That the International Relations Committee establish the value or types of gifts that may be presented to visitors from other countries who are not elected or appointed officials with the highest value gifts presented to visitors hosted by the Iowa General Assembly, the next highest value gifts presented to visitors hosted by representatives of the executive branch, the next highest value gifts presented to visitors hosted by the federal government who are visiting Iowa, the next highest value gifts presented to officials sent by another country to visit Iowa, and the lowest value gifts presented to visitors who are not officially representing their countries who are introduced by a member of the Iowa General Assembly.

9. That the Legislative Council allocate \$15,000 from moneys available pursuant to section 2.12 of the Code, to be used by the Iowa General Assembly to pay the costs of hosting official delegations of visitors from other countries, for whom a request to host has been made to the General Assembly and approved by legislative leadership, during the period beginning July 1, 1996, and ending June 30, 1998. The leadership of the Iowa General Assembly shall designate members to host official delegations of visitors from other countries with equal representation from both political parties and both chambers. The moneys allocated may also be used to host other official visitors from other countries, as necessary, if the purpose of the visit is promotion of international relations, including education of visitors regarding representative government or economic development.

10. That the International Relations Committee has not reached agreement regarding allocation of funding to pay for official visits by members of the Iowa General Assembly to other countries.

**INTERNATIONAL RELATIONS  
and the  
INTERNATIONAL RELATIONS COMMITTEE  
OF THE LEGISLATIVE COUNCIL**

**I. The International Relations Committee**

The International Relations Committee was established by Legislative Council in December of 1992, and began its work during the 1993 interim. The Committee met twice in 1993, on October the 5th and December the 10th, and heard from various individuals who are involved in international activities in this state. The Committee did not meet during 1994. Copies of the minutes of the 1993 meetings are contained in Appendix A.

The creation of the Committee came on the heels of various events and activities involving members of the General Assembly. For example, in 1991, several legislators were involved in activities with dignitaries including, in August of 1991, a visit with four members of the Committee for Social Development of Rural Areas, Agrarian Problems, and Food of the Supreme Soviet of the Russian Federation in Des Moines. As a result of that visit the four main leaders of the General Assembly received an invitation to visit the Russian Republic and the Ukraine. The Speaker and Minority Leader of the House and the President and Minority Leader of the Senate did in fact visit the Russian Federation in the fall of 1991. In 1991, several members of the General Assembly also were involved in a forum for German Marshall Fund Fellows from Germany, France, Hungary, and Poland. The General Assembly also hosted several international fellows, sponsored by the Asia Foundation, for several months during the 1991 and 1993 legislative sessions. In 1993, several legislators also visited Japan.

During the last two years, more than 123 different groups of foreign dignitaries visited the Capitol Building for purposes of acquainting themselves with the Iowa General Assembly, while many thousands more came just to view the building and grounds. Countries represented by the various visitors have included Nepal, Fiji, Sri Lanka, India, Germany, Taiwan, China, Brazil, Croatia, Slovak Republic, Belgium, Spain, Australia, Canada, Ukraine, Georgia, Ireland, South Korea, Philippines, Bangladesh, Burma, Jordan, Kenya, Pakistan, Turkey, Trinidad, Venezuela, Uzbekistan, Turkmenistan, Hungary, South Africa, Namibia, Ghana, Eritrea, Botswana, Zambia, Mozambique, Bulgaria, Mongolia, New Zealand, Iran, and Japan.

**II. Other State Involvement in International Affairs**

Although organized official legislative participation in foreign affairs is a fairly recent phenomena, the state of Iowa has been both officially and unofficially involved in a variety of activities in foreign countries and with foreign dignitaries for quite some time. Several departments of state and various political subdivisions have been and are currently actively involved in the promotion and export of Iowa goods and services to international markets and are engaged in activities designed to attract foreign businesses to the state. In 1994, those efforts resulted in the export of \$3.4 billion worth of factory goods and \$2.4 billion worth of

farm products. Charts detailing the value of goods exported, by sector, are contained in Appendix B.

The Iowa Department of Economic Development (IDED) maintains two foreign offices, one in Frankfurt, Germany, and the other in Tokyo, Japan, and has agreements with representatives in Mexico and Hong Kong to assist in the organization of trade promotion events and identification of prospective business partners. The IDED also organizes trade missions and participation in trade and catalog shows. Through the Iowa Export and Trade Assistance Program, IDED also provides financial assistance to Iowa firms who wish to enter into new markets by participating in overseas trade shows and trade missions. During the most recent legislative session (HF 512), IDED received \$757,500 for international trade operations, \$590,000 for the operation of foreign trade offices, \$275,000 for the export trade assistance program, \$1,300 for the Agricultural Products Advisory Council, and \$100,000 for the partner state program. In addition, IDED received \$716,000 for tourism. For a listing of this year's export trade events and activities, see Appendix C.

The Iowa Department of Agriculture and Land Stewardship (IDALS), through its Agricultural Marketing Subdivision of the Administrative Division, carries on international trade activities in addition to its domestic marketing and agricultural diversification duties. In addition to providing education and training, market research, trade and reverse trade mission assistance, some financial assistance, and product directories and newsletters, the International Trade Section offers the following special services: Food Rep Service, a Market Promotion Program (MPP), an International Trade Delegation Program, and Mid-America International Agri-Trade Council (MIATCO) program assistance. The International Trade Section indicates that it currently actively provides export trade assistance to 130 livestock related companies, 210 grain related companies, and 250 food companies. The IDALS, together with the Iowa Beef Industry Council, the Iowa Corn Promotion Board, the Iowa Dairy Products Association, the Iowa Pork Producers Association, the Iowa Sheep and Wool Promotion Board, and the Iowa Soybean Promotion Board, also form the International Ag Marketing Council (IAMC), which engages in cooperative efforts to promote sales of member-group commodities in targeted international markets. The IDALS' International Trade Section also assists Iowa companies in obtaining various certificates necessary for shipping agricultural products to other countries. For a listing of this year's events and activities see Appendix D.

In the legislative arena, in addition to annual appropriations, a variety of legislation has been enacted that relates directly to international affairs and economic development. In 1985, the General Assembly passed a bill establishing a World Trade Center, found in chapter 15C, for purposes of promoting, developing, maintaining, and expanding export and trade opportunities for agricultural, commercial, and manufactured products and services. The Iowa Peace Institute, established in 1987 by legislative action, has been involved in the past in international visits, and under chapter 38, among its other duties is charged with developing programs that promote peace among nations; cooperating with the efforts of institutions of higher education in the state in providing courses in the history, culture, religion, and language of world communities; developing alternative strategies for settling international disputes; and contracting with persons or business organizations to facilitate participation in

international commerce. In 1994, legislation was passed, but vetoed by the Governor, to sunset chapter 38 in 1995, although \$96,000 was appropriated to IDED for transfer to the Peace Institute to expand its conflict resolution activities. The Peace Institute did not receive state funding for its activities in 1995<sup>1</sup>. In 1989, with the passage of HF 686, the General Assembly established two additional entities, the International Network on Trade (INTERNET) and the Wallace Technology Transfer Foundation of Iowa, to conduct research and promote Iowa's agricultural and business interests on a global basis. Pursuant to statutory requirements, INTERNET has since been disbanded, filing its Articles of Dissolution with the Secretary of State on May 9, 1995, and the corporation's account balance of \$36,972 was provided to a private organization, Outlooks, which is associated with the State Public Policy Group. A copy of the INTERNET 1994 Annual Report is on file in the Legislative Service Bureau. In 1995, Iowa State University also received an appropriation of \$75,000 in SF 266 to hold a summit on the North American Free Trade Agreement.

The Governor has also taken part in various international activities. During FY 1990-1991, Governor Branstad established the International Development Foundation<sup>2</sup> to develop markets in Central Europe and the former Soviet Union. In 1985, he established Iowa Sister States, a program involving signed agreements between the governor and the leader of each sister state to facilitate exchange among leaders in education, agriculture, sports, business, media, and culture. Annually a list of projects and activities are agreed upon by Iowa and Iowa's sister-state counterpart abroad. The Iowa Sister State organization, the nonprofit corporation established to foster the sister-state relationships and funded by both public and private funds, provides assistance in carrying out those projects and activities by finding existing Iowa institutions, organizations, and businesses who are willing to participate in them. Over 500 volunteers serve on Iowa Sister States' committees. Iowa has established a total of six sister-state relationships with the following countries: Yamanashi Prefecture, Japan (1960); Yucatan, Mexico (1965); Hebei Province, People's Republic of China (1983); Terengganu, Malaysia (1987); Stavropol Krai, Russia (1988); and Taiwan (1989). For a listing of Iowa's and other states' sister states and counties, see Appendix E.

Iowa's cities have also developed formal ties with cities in foreign lands. In fact, several cities have had sister-city relationships with foreign cities for quite some time. For example, Des Moines established a sister-city relationship with Kofu, Japan, as early as August 16, 1958, and has maintained a relationship with Naucalpan, Mexico, since May 4,

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<sup>1</sup> Chapter 38 was repealed in HF 512 and funds to be transferred to the Peace Institute in SF 481 were item vetoed by the Governor.

<sup>2</sup> The Foundation first received funding during 1991, with the passage of SF 532 (Supplemental Appropriations Bill), which provided for the appropriation of \$50,000 during the fiscal year beginning July 1, 1990 and ending June 30, 1991. During FY 1992, the Foundation received \$140,000 of pass-through moneys from the funds appropriated to the INTERNET (HF 479). During FY 1993 (HF 2462), FY 1994 (SF 227), and FY 1995 (HF 2415), the Foundation received \$290,250, \$265,00, and \$200,000 respectively. During FY 1996 (HF 512) the Foundation received \$33,500 and intent language was added indicating that the Foundation was to notify the Department of Management regarding the receipt of federal funding and that state funding for the Foundation was to cease after FY 1996-1997.

1972. Des Moines is not, by any means, the only city to have a sister city. There are a total of twenty-four cities in this state which have established a total of thirty-four such relationships. For a listing of Iowa's and other states' sister cities, and their foreign city counterparts, see Appendix E.

Iowa's state universities also are heavily involved in foreign exchanges of personnel, students, and programs. In the annual Report on International Agreements and Programs which was submitted on December 7, 1994, it was noted that among the Regents institutions, there are 164 agreements in areas outside the United States of America. Those areas include twenty-seven European nations, eleven Asian nations, five African nations, four North American nations, three South American nations, and two nations in Oceania. Negotiations were also in progress to add one more nation in both Asia and South America, as well as two more in Africa. A copy of the 1994 annual report is contained in Appendix F.

### III. Involvement of Non-state Groups in International Affairs.

The nonprofit Iowa Council for International Understanding (CIU), an affiliate of the Washington, D.C. based National Council for International Visitors and the designated Iowa contact for the United States Information Agency (USIA), promotes international trade and cultural exchanges through receipt of government sponsored delegations via the USIA, the Agency for International Development (AID), and the United States State Department and has been in existence since 1938.

There are also several quasi-public and private agencies which sponsor student exchanges in this and other states. Those agencies include the American Field Service (A.F.S.), Youth for Understanding (Y.F.U.), and Rotary. Another organization which actively coordinates exchanges is the Friendship Force. A nonprofit organization which has also been very active in international affairs, and publishes an international magazine and other educational materials is the Stanley Foundation, which is headquartered in Muscatine, Iowa. The United Nations Association has an office in Des Moines and the Iowa Peace Corps Association maintains an office in Johnston.

### IV. NCSL Activities and Activities in Other States.

The National Conference of State Legislatures has developed guidelines for planning international visitor programs. See Appendix G. The NCSL contact person in Denver is Dan Pilcher (303-830-2200). NCSL has also been active in following federal treaty negotiations, such as GATT and NAFTA<sup>3</sup>. The NCSL Washington D.C. contact is Mike Darrin (717-783-3485) The NCSL also has a Legislative Staff Coordinating Committee which deals with international issues. Kathy Brennan-Wiggins, at (202) 624-8676, is the current legislative staff committee chairperson.

State activity in the international arena has been mixed. There have been two states (Kentucky, California) which have established legislative committees/offices to deal with foreign affairs and trade issues and act as clearinghouses for international and federal

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<sup>3</sup> See section V for further information regarding NAFTA and GATT.

information. Kentucky has established an Office of Federal and International Relations under the direction of William Miller (502) 564-8100. The goals of the Kentucky office include the following: monitoring federal regulations and legislation; serving as liaison between the Kentucky General Assembly and the Federal Government; acting as a clearinghouse to receive and distribute relevant federal information; welcoming international visitors; providing orientation programming on the state and its legislative process; networking with various local, state, and international entities; offering translation and interpretative services; providing technical assistance on international issues; and preparing cultural background papers on foreign countries. California has established, subject to the authority of the Senate Rules Committee, an Office of Federal and International Relations. The director of the Office of Federal and International Relations is Susan Foreman (916) 445-4311. The California office was formed to provide senators with briefing papers on specified countries; to provide translating and interpreting services; to provide assistance with international protocol; to provide information and assistance to representatives of foreign government regarding the California Senate; to act as a liaison between the California Senate and foreign delegations; to develop international projects of the Senate; and to monitor federal international activities. Florida has established a quasi-public commission on international affairs with their executive branch of state government, the Florida International Affairs Commission (FIAC), which consists of four members of the state cabinet, two from the legislature, the chancellors of both the state university and the state community college systems and 15 members of the private sector from various regional and professional affiliations. Oregon and Kansas have statutorily created legislative committees dealing with economic development issues, including foreign trade and affairs. Oregon utilizes a joint committee system for foreign affairs and Kansas uses the regular standing committee system during session, which form joint committees during the interim to continue legislative work beyond session. Hawaii elevated its Office of International Relations to the cabinet level to provide advocacy on the policy making level and to serve as a resource to educational groups which are attempting to develop educational programs involving language and cross-cultural skills. Maryland has a well-developed visitors program, which is under the direction of the Department of Legislative Reference. The director of the Maryland Legislative Reference Department is Carvel Payne (410) 841-3810.

#### V. Federal Contacts and Issues.

Most of the visitors that come to Iowa, come via the United States Information Agency (USIA) which contracts with various agencies and organizations for local programming. As mentioned previously, the Des Moines organization which provides much of the programming is Iowa Council for International Understanding (CIU).

With respect to trade relations, the Small Business Administration has regional representatives who may assist in developing coordinated state-wide efforts. The regional office is based in Kansas City. The local SBA number is 284-4422. The United States Department of Commerce International Trade Administration's regional office is located in St. Louis, but also maintains a district office in Des Moines. The local USDCITA number is 284-4222. There are also a number of Small Business Development Centers, affiliated with Iowa's community colleges, which provide export trade assistance to small businesses. The

state coordinator, Mr. Ron Manning, is located in Ames and may be reached at (515) 292-6351.

With respect to foreign trade negotiations, the Office of U.S. Trade Representatives has an advisory committee, which is made up of state and local officials and which assists the Office in treaty/trade negotiations, called the Advisory Commission on Intergovernmental Relations (ACIR) (202) 653-5540. The National Association of State Development Agencies (NASDA) (202) 898-1302 maintains a database that contains information on various states' international activities. Charts from NASDA that provide an overview of state program activities is contained in Appendix H.

From a legal perspective, there are two major agreements, or sets of agreements, that impact the role of the state in international affairs and impact what states can and cannot do when dealing with foreign businesses. These agreements, the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA), are intended to remove tariffs and other trade barriers and, because of the state's regulatory authority over the individuals and businesses which operate with state boundaries, may, in some cases, and do, in others, affect how state legislatures and state governments operate. Since GATT brings the United States within the new World Trade Organization, state laws which impair or impede trade covered under GATT may be subject to challenge and change on the international level. NAFTA, similarly, requires states to report any "quantitative restrictions" and reserve any "non-conforming measures" that present barriers to trade between the agreeing parties. Any "non-conforming measures" that are not reserved are also not grandfathered into the agreement and must be harmonized with the terms of the agreement. Almost as important, if any "non-conforming measures" that are reserved are amended, they lose their exempt status and must be also be harmonized with the terms of NAFTA. For a more specific discussion of the implications of NAFTA and GATT, see Appendix I.



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**Remarks by Ralph Munro  
Secretary of State, State of Washington**

**Council of State Governments  
Fiftieth Anniversary Meeting  
Honolulu, Hawaii  
December 1997**

**Simple Steps Your State Can Take to Develop World Trade**

Five or six days ago, at the Westrends meeting on the big Island of Hawaii, we traveled to the north end of the island...beyond the Parker Ranch and beyond the cattle country.

On the very northern tip, the farmers raise sheep. I want to begin my talk today with a story about a herder who was bringing his stock in for shearing.

The man had worked hard all day and finally had each and every sheep corralled. He and his trusty dogs had brought all the sheep to a central location and had counted them as they went into the fenced area.

Just as they closed the gate, a stranger drove up in a car. The fellow got out and walked over to the fence, stood on the lower fence board and surveyed the flock.

The stranger looked at the farmer and said, "I will bet you that I can guess exactly how many sheep you have in the corral. I think I could do it. And if I can do it, I would just like to pick out a nice lamb to take home."

The farmer had already counted the sheep and he knew the exact number, so he looked at the stranger, halfway smiled, and said, "Fine. Go ahead and try."

The stranger looked out over the corral and looked back at the farmer. He said "I would guess that you have 923 sheep in that corral."

The farmer was absolutely flabbergasted. He had counted the sheep individually, and he knew that the stranger was exactly right. Frustrated and angry with himself, he said, "Okay. You won. Pick out your lamb."

A few minutes later the stranger headed toward the car with the lamb he had chosen. Just as he was about to get in the automobile, the farmer said, "Hold it. Let's go double or nothing. I'll bet that I can tell you (1) where you live, (2) who you work for, and (3) what you do."

## Simple Steps to Develop World Trade

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The stranger looked back and smiled. "Okay. Go ahead and try."

The farmer looked him up and down and spelled it out. "You, sir, (1) live in Washington D.C., (2) work for the federal government and (3) are a foreign trade specialist."

This time it was the stranger's turn to be flabbergasted. "How could you possibly know that?"

The farmer looked back at him and said, "Well, if you'll put down my dog..."

The moral of this story is that

- if you want more jobs in your state
  - if you want your business women and men to enter the world marketplace
  - if you want to give your young people more opportunities for world trade
  - if you are tired of watching other states get rich in the world marketplace
- then don't wait for Washington, D.C. to do something. Do it yourself, and do it now. The federal government can and will help you. There are some excellent programs, but the responsibility is now on the states' shoulders. You have to move ahead.

Our topic today is "*Near and long-term business opportunities and trends in Asia.*"

In many ways, my comments are applicable to the development of trade with Asia and I will tailor my remarks in that way. But, for all of you who are beginning to find your niche in world trade, listen up! This talk is geared for each and every one of you.

I will outline nine simple steps for you.

### Step One

Survey all existing business, trade, and other international activities of your state. You might be selling corn oil to Japan or wheat to Korea or animal hides to China. These are all very important. But other international activities may be equally or more important. The sister city relationships, the student exchanges, the humanitarian relief, and so on. Remember, you don't need to produce goods to be a good exporter. Exports include professional services, technical assistance, and the like.

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**Step Two**

Develop specific targets built around your state's

- products today
- potential products tomorrow

Today, your product may be apples. Tomorrow your product might be "value-added"—perhaps French fries instead of raw potatoes.

As you develop these targets, keep in mind that trade is a two-way street. Trade includes more than traditional products—it includes service, education, technical assistance, and more. I didn't dream that architecture would be a major export for Washington State. But it most certainly is today, and so are medicine and medical technology. All have become very large segments of our economy.

**Step Three**

Change your behavior at home:

- Stop criticizing your colleagues for their overseas travel.
- Get trade and travel out of politics.
- Be sure your political party leaders understand that world travel is "off limits" for political attacks.
- Present a united front to your foreign visitors and associates. Always speak highly of your political counterparts when people from outside the state visit you. Remember, your state is like a family. You may have your squabbles inside, but when you are talking to visitors from overseas you always must present a unified force behind a single world trade policy.

**Step Four**

Petty internal state government jealousies don't help! There is a world trade development role for

- your Governor
- your Lieutenant Governor
- your Secretary of State
- your Legislators

## Simple Steps to Develop World Trade

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I have seen far too much jealousy in state government. The governor wants "his program" and doesn't want anyone else involved. This is absolute insanity. You must develop a team using Democrats, Republicans, Liberals, Conservatives, statewide elected officials...everyone must be involved.

I remember the story about a Consul General from a European country who traveled to a small New England state. The Consul General asked if he could get the Consular Corps license plates from that state for his car. The director of the Department of Licensing said, "Absolutely not!" There was no full-time consulate located in that state. What the director of the Department of Licensing didn't know was that the Consul General was also there to introduce a major European business developer who wanted to locate a site for a huge investment in New England. The Consul General and the potential business developer immediately got back in to the car and left the state. A small dispute over a single license plate meant that the state lost millions of dollars in potential investment.

How could the directors of the Department of Environmental Sciences or the Department of Ecology possibly help? Well, in our state, we have developed (in cooperation with the federal government and the government of Indonesia) a project called the East Java Water Project. With technical assistance from volunteers in our Department of Ecology, some federal funds for a coordinating staff, and an opportunity to help a remote and distant land, our Ecology folks have done wonders toward developing a relationship with leaders in Indonesia.

In the very near future, Indonesia will be a major trading partner with America. The small relationship developed by our Environmental Sciences folks will make a tremendous difference down the road.

How could the Department of Revenue or Taxation ever be involved in world trade? There are innumerable examples. Today we have a Revenue staff member from Washington State in the Russian Far East, helping with some taxation problems they are experiencing. Sure, it does cost the taxpayers a few dollars. But the Russian Far East has become a tremendous trading partner. A request for assistance was made by the governor of one of the Far Eastern regions, and we complied. All these little things make a difference.

Currently, the director of the Elections Division in Washington State is assisting by overseeing the elections in Bosnia for a few days. This was requested by the government of the region and funded by the United States government. He will make important contacts while he is there, and that will make a difference in the future potential in that region.

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Every one of these cooperative projects will pay off in future contacts and business for your state.

### Step Five

Show that your state cares about international representatives in your area.

- Invite Consuls General in your region to the opening of your Legislative Session, place them in positions of honor in the chambers, and give them a warm and hearty welcome—thank them for their work to develop international trade.
- Be sure that your state issues license plates to Consular Corps members upon request. Develop a policy similar to that of one of the active international trade states, and be sure that you comply.
- Erect a third flagpole in front of your State Capitol Building. When official delegations and representatives of foreign governments are visiting you, fly their flags. Initially, there will be some cost involved in purchasing the flag pole and obtaining the flags. I will guarantee that this project will pay off almost immediately.
- Provide special parking for Consular vehicles in major cities. Work with the local governments to be sure this happens.
- Be careful regarding Sister States. Just because someone travels around the world, you don't need a sister state in every location. Too many of them become a huge failure and "egg on your face." Be cautious and choose carefully.
- Be sure that your business cards are appropriately printed on the back with the language of the country you visit or the country whose representative is visiting you. Take care that the translation is done correctly.

### Step Six

If your state does more than \$1 billion in international trade, then you need a protocol officer. Don't argue about it. If you are doing more than \$1 billion in international trade, a protocol officer should be included in your state budget. It will make a tremendous difference.

*L. Gov.*

Fund your state trade office well. There is only one office in state government that can multiply money. Overseas offices to develop trade are very effective, especially when they are strategically located. Gear them toward development of trade with medium or small business from your state. Do not scrimp on the trade office budgets.

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Step Seven

L10

Develop international visitors' materials, policies, and programs for your State Capitol.

People go back and trade where they were treated well. Recently a group of prominent Japanese businessmen came to the Secretary of State's Office in Washington State to sign a major contract. I asked these gentlemen if any of them had been to our state in the past, or had visited the Capitol previously. One man raised his hand and said that as a school child he had come to the Capitol and had visited the Secretary of State's Office. He then pointed out to me the place where he had gone, to the table in the corner of the office, where each of the students was allowed to press a state seal from the original seal of Washington State. He had never forgotten the experience, and still had the seal in his scrapbook in Japan. He obviously had left our state with a warm feeling many years ago and had always remembered the experience.

My message to you today is: Don't ignore all those visitors that come to the Capitol. Take care of them, treat them with respect, speak highly of their countries.

Step Eight

We believe there is tremendous potential in the development of an international database. With attention, new friendships evolve into long-standing relationships.

I distinctly recall a delegation from the Union of Soviet Socialist Republics (U.S.S.R.) that came to Washington State in 1974. The young man who was carrying the bags for that delegation recently served as the First Minister of the Embassy for Russia in Washington, D.C.

How do we remember our international visitors and keep track of them? An international database can do that job. It is so important.

When Governor Mike Lowry was first elected as Governor in Washington State, we had a visit from Madame Wu Ye, the Trade Minister for the People's Republic of China. Frankly, I don't think she was in a very good mood that morning. She looked straight across the table at our governor and said coldly, "What has Washington State ever done for the People's Republic?"

Because Governor Lowry had not been extensively involved in our world trade programs, he was hesitant to begin his reply. I was seated at his side and was able to

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Protocol  
office



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Speak about the number of students from the People's Republic of China being educated in Washington State, the sister state relationship we have had with Sichuan province for almost twenty years, the assistance that we have provided to the People's Republic with medical technology, humanitarian relief...the list went on and on and on. Madame Wu Ye warmed up and smiled at nearly every response that was given. After it was explained to her that our people and our state had been involved in so many ways with the People's Republic, she was extremely easy and friendly to deal with.

It is especially important, in this era of term limits, that you keep a very detailed time line of your state's activities (both public and private) with the major countries of the world. An international database does just that.

This is also true for colleges and universities and their alumni. Remember that, in the city of Vancouver, British Columbia, Simon Fraser University and the University of British Columbia raise in excess of \$7 million every year from their alumni in Hong Kong alone. It is very important that our colleges and universities keep track of their alumni.

Two summers ago, a number of us were invited to have breakfast with a man who had traveled to Seattle from India. It was August—our traditional vacation time—and, frankly, none of us really wanted to go. We did attend and sat down as a small group with our Indian visitor. We were not sure why we were there or what he was up to.

At the conclusion of the breakfast, he announced to us that he had recently become the president of his company in India. As a graduate of the University of Washington and a loyal "Husky", he had come back to Seattle to say thank you. He wanted to thank each of us for the education he had received in Washington State.

He then told us that upgrading his factories would require about \$23 million in equipment. He went on to discuss with us the equipment that was needed. Keep in touch with your alumni!

**Step Nine**

Diversity is important. It can work for you.

Kindness, courtesy and respect for other people and other cultures are very valuable attributes. This behavior will assist you immensely in establishing relationships around the world.

Learn about religions and traditions. Don't embarrass your guests.

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Don't pass "English Only" laws. This is a step backward.

We often ask major Asian firms, "Why did you *really* come to Washington State? Was it the fact that we are closer to your ports? Was it our tax structure? Our electrical rates? The availability of manpower?"

The answers will surprise you. The replies we most often hear are:

- "We feel comfortable here."
- "We see our people doing well here."
- "We don't feel prejudice against us here."
- "We see our people being elected to office here."
- "We don't hear jokes about the Japs and the Chinks here."
- "Our children make friends easily in school here."

Remember to respect diversity.

Now, in conclusion and more specifically regarding Asia, here are some final suggestions:

**Learn to listen.** I have seen so many hotshot young governors and legislators who are "going off to Asia to tell those people a thing or two!"

Sorry. You are better off to keep your mouth shut. Learn to listen. Don't expect contracts on the first visit. Don't promise the press and the media that you will come home with new business. Go, learn, and listen.

**Respect the elders.** It is extremely important. You might do better by dragging some old former governor out of the closet—some guy who formed a sister city relationship after the war between a small village in your state and a community in Japan. He might get you further in Japan than that new young hotshot you just hired. Respect for elders and senior statesmen is tremendously important.

**Respect new ways of doing business.** I just heard a terrific quote from Mike Zimmerman, the president of the Boeing Company in China. We were talking in Beijing and he passed along this quote: "In China, a contract is merely a lull in the negotiations." Think about it. "In China, a contract is merely a lull in the negotiations." Remember to respect new ways of doing business.

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**Build long term relationships.** Today we heard some excellent points related to this in one of the other presentations. Long-term relationships are so important. I keep track each year of every single individual that I meet from overseas. In addition to writing a follow-up letter to each individual, at the end of the year I write a letter about how much we have appreciated their friendship during the past year. It is targeted to reach their desks around New Years day, an important date in much of Asia and many countries around the world.

**Identify new frontiers.**

*China*—there is no doubt about it. We have discussed this country in depth. Remember that there are 57 cities in Asia with populations over 5 million people. Most of them are in China.

*Russia*—the Russian Far East offers great potential, especially for states west of the Mississippi. I believe that all business east of the Ob River and west of the Mississippi River should be traveling through West Coast ports and Russian Far East ports. The Russian Far East offers genuine opportunity for the future.

*Indonesia*—we could talk for days about Indonesia.

The same with *India*. Their high-tech work especially. There are so many new frontiers. There is an enormous need for infrastructure and environmental technology and goods. It is estimated that Asia needs about \$1 trillion more direct investment in the next decade. What an opportunity.

In Washington State, we believe in paying attention to those countries that are potential trading partners "in the long haul" as well. For example, we have begun to establish relationships in North Korea. We are providing humanitarian aid, familiarization visits, we are welcoming their delegations to our state, and so on.

**Respect for government officials and professors.**

Remember, as you form your delegations to visit other countries, that government officials from the United States as well as university and college professors are some of the most highly respected people in Asia. This is very important...quite different from the way things are in America, and an important consideration.

There is also tremendous potential in using young people to help you develop world trade. I watch as British Columbia and Western Canada have teamed up with Capilano College. They send college students overseas and locate them in various areas for one

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year time periods. These are students who have studied international trade, and they are there to familiarize their international contacts with British Columbia as well as assist with trade development. Activities such as these have truly paid off.

**Keep going back.** Don't expect to travel there once and consider it enough. Keep traveling and developing the relationships.

Remember that seven out of ten new jobs in America are trade-related. We have a terrific future ahead. I hope these steps will assist you.

Thank you for the opportunity to make this presentation to you.



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**Additional Message:**

Here's the speech given in Honolulu. Sorry we can't send some sunshine and warm water along for atmosphere!

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June 22, 1998

### MEMORANDUM

**TO: CHAIRPERSON BOETTGER, VICE CHAIRPERSON CHURCHILL, AND MEMBERS OF THE INTERNATIONAL RELATIONS COMMITTEE**

**FROM: DIANE BOLENDER** *DB*

**RE: INTERNATIONAL GIFTS FUNDING**

At its June 1996 meeting, the Legislative Council authorized the expenditure of up to \$10,000 during the two-year period beginning July 1, 1996, and ending June 30, 1998, from the joint legislative account for the purchase of gifts to be given by legislators and legislative staff members to international visitors in this state or to foreign officials when the legislators or legislative staff members are visiting other countries. In anticipation of international travel and international visitors, the Legislative Service Bureau's Legislative Information Office ordered quantities of several gifts that would be appropriate as international gifts and that can be expected to be used over a several year period. A listing of these gifts is attached.

In accordance with the policy adopted by the Legislative Council in June 1996, any gifts authorized for official travel or official visits to Iowa by international dignitaries must be approved by a subcommittee of the International Relations Committee. Attached is a listing of the approved expenditures that have been made from the joint account during the two-year period.

Legislators and legislative staff members may purchase gifts for international travel which is not official travel and reimburse the Legislative Service Bureau for the cost of the gifts.

The Legislative Information Office began looking at ways to provide funding for the international gifts after June 30, 1998, and considered several different alternatives. The Legislative Information Office has sold laser engraved walnut boxes during the last two legislative sessions and has, to date, realized a net profit of approximately \$4,280. This money will be carried forward, will not revert at the end of the fiscal year, and can be used for extraordinary international gift purchases.

While it is anticipated that the sales of the walnut boxes or other similar products will continue for at least the near future, prices for products and services relating to the walnut boxes or other similar products cannot be guaranteed. Net profit from the sales of the walnut boxes or other similar products will be used for official gifts to the extent that it is available. I anticipate budgeting \$2,000 per year to be spent on official international gifts. In order to insure that sufficient funding is available for official international gifts, I request that the International Relations Committee recommend that the Legislative Council approve funding authorization for future fiscal years in an amount equal to the difference between the net profit from the sales of the walnut boxes or other similar products and \$2,000 in those fiscal years.

**GIFTS PURCHASED BY LEGISLATIVE SERVICE BUREAU FOR OFFICIAL  
INTERNATIONAL GIFTS**

**June 1998**

Marble Paperweights

Iowa Sesquicentennial Books

Walnut Boxes

Pewter Iowa Tins (left from CSG Midwest Conference)

Engraved Wood Writing Pens (ballpoint and fountain)

Etched Crystal State Capitol Plaques (for dignitaries only)

To be received:

Plexiglass Paperweights



**GIFTS FOR INTERNATIONAL RELATIONS**

7/1/96 - 6/30/98

Legislative Council Approval 6/20/96

International Gifts: \$10,000  
 International Travel: \$15,000

507MK275155 507MK275154 502HR303340 502HR303339 502HR303338	11/12/96	Official gifts for the Iowa Senate visit to Stavropol, Russia; included clocks, crystal plaque, paperweights, sesquicentennial books, & cost of engraving	\$458.80
507MK275157	11/12/96	Official gifts presented during visit from governmental officials from the Veneto Region of Italy (which subsequently became a sister state of Iowa) presented by members of the General Assembly; included paperweights and sesquicentennial books	\$42.00
502HR176350	7/1/97	2 crystal plaques for official gifts to be presented in the future	\$129.74
507MK071461	4/7/97	Official gifts presented during visit from governmental officials from the People's Republic of China who were introduced to the Iowa General Assembly on 3/5/97; included walnut box, paperweights, and sesquicentennial books	\$141.00
502HR098119	4/15/98	Official gifts presented by members of the General Assembly during visits to other countries on behalf of the American Council of Young Political Leaders, the Iowa Department of Economic Development, and the Council of State Governments; included lapel pins, sesquicentennial books, and paperweights	\$732.50

Expenditures for International Gifts: \$1,504.04

Remaining Balances:

International Gifts \$8,495.96  
 International Travel \$15,000.00

## **IOWA SISTER STATES**

Yamanashi Prefecture, Japan 1960

Yucatan, Mexico 1965

Hebei Province, China 1983

Terengganu, Malaysia 1987

Stavropol Krai, Russia 1988

Taiwan, 1989

Cherkassy Oblast, Ukraine 1996

Veneto Region, Italy 1997