

HOUSE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

May 25, 2005 Hearing Room 343

3:30 P.M. Tapes 79 - 80

MEMBERS PRESENT: Rep. John Lim, Chair

Rep. Scott Bruun, Vice-Chair

Rep. Jeff Merkley, Vice-Chair

Rep. Peter Buckley

Rep. John Dallum

Rep. Chuck Riley

MEMBERS EXCUSED: Rep. Donna Nelson

VISITING MEMBERS: Rep. Greg Smith, Chair

Rep. Brad Avakian

Rep. Dennis Richardson

STAFF PRESENT: Jim Stembridge, Committee Administrator

Erin Seiler, Committee Assistant

MEASURES/ISSUES HEARD:

Oregon Economic and Community Development Department Budget - Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/# Speaker Comments

TAPE 79, A

003 Chair Lim Opens the meeting at 3:40 p.m. Opens an informational meeting on the Oregon Economic and Community Development Department Budget.

OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT BUDGET – INFORMATIONAL MEETING

028 Rep. Dennis Richardson House District 4. Explains interest in the Oregon Economic and Community Development Department budget (OECDD).

043 Rep. Greg Smith House District 57. Speaks to interest in OECDD and how to better utilize OECDD resources to stimulate Oregon's economy.

055 Rep. Dallum Expresses interest in developing a better understanding of the mission, budget, and structure of OECDD.

068 Chair Lim Explains the purpose for examining the mission, budget, and department structure of the OECDD.

117 Marty Brantley Director, OECDD. Identifies and explains the various responsibilities of OECDD.

242 Brantley Summarizes the components of the International Division of the OECDD and why the International Division needs to be restructured.

261 Brantley Explains what the "vision for future" is for the International Division.

288 Brantley Addresses how to execute the "vision" for the International Division and how to combine and project the "talents" of Oregon on the international market.

- 322 Craig Burk International Division Director, OECDD. Summarizes the internal examination and auditing process for the International Division and how Oregon is involved in key international activities, clusters, and target markets.
- 356 Brantley Emphasizes why private sector involvement is important.
- 378 Rep. Richardson Questions the continued investment by OECDD to employee corporate representatives in China.

TAPE 80, A

- 001 Brantley Speaks to the status of the International Division long-term plan for international representation.
- 011 Rep. Richardson Asks if the international plan involves a “ground up reevaluation” of international activities or a “cluster approach” that utilizes representatives in foreign countries.
- 024 Chair Lim Recesses the meeting at 4:10 p.m.
- 025 Chair Lim Reconvenes the meeting at 4:17 p.m.
- 029 Brantley Speaks to the accountability of OECDD regarding the selling and reporting of goods and services.
- 049 Rep. Richardson Questions whether the international model is a “new approach to an old model” or an entirely new model.
- 058 Brantley Speaks to how the legislative threat to defund the International Division impeded the agency’s ability to move forward in international markets.
- 068 Rep. Richardson Explains how the lack of a formal approach by OECDD was the reason for discontinuing the funding of International Division.
- 080 Rep. Dallum Asks if OECDD will be drafting a plan for international trade.
- 084 Brantley Summarizes the current status of the strategic plan and efforts to get agency and legislative input.

102	Rep. Dallum	Asks “if there is anything on paper.”
106	Brantley	Submits and summarizes OECD International Division Plan Draft report (EXHIBIT A).
109	Rep. G. Smith	Explains why it is “not unrealistic for the Ways and Means process to want to know what it bought.”
126	Rep. G. Smith	Questions what was “bought” by International Division in last biennium.
128	Brantley	Identifies OECD international investments during the last biennium.
160	Rep. G. Smith	Asks why the target benchmark for international investments was not met in last biennium.
165	Burk	Speaks to concern regarding the decrease in international investments and to the new approach to international trade being taken by OECD that emphasizes new investments.
194	Scott Goddin	Director, Portland U.S. Export Assistance Center. Explains the type of services provided by the Portland U.S Export Assistance Center. Submits Portland U.S. Export Assistance Center report (EXHIBIT B).
240	Godin	Identifies what challenges Oregon has competing in the international market.
281	Chair Lim	Asks what percentage of the service fees are retained by the Center.
289	Godin	Summarizes the total budget, fiscal authority, and performance measures of the Center.
306	Rep. Richardson	Verifies the operating budget of the Center is \$800 thousand dollars.
314	Rep. Richardson	Asks how many Oregon businesses are served by the Center in a year.
316	Godin	Explains the performance measures for the Center and identifies how many companies have utilized its services.

- 346 Rep. Richardson Questions how appropriate it is for Oregon to have international representation.
- 358 Goddin Speaks to the role of the U.S. Export Business Centers international offices and representatives.
- 383 Rep. Richardson Questions the timeliness of the Center's service delivery and if the duplication of services is necessary.
- 397 Goddin Explains timeliness of service delivery.

TAPE 79, B

- 001 Rep. Richardson Asks if the Center has attempted to coordinate services with OECDD.
- 006 Goddin Identifies the assistance that the Center has provided to the state
- 018 Rep. Richardson Comments on strategic plan for the International Division of OECDD.
- 028 Goddin Speaks to the constructive relationship of the Center and OECDD.
- 033 Chair Lim Asks for an opinion as to the "validity" of the International Division at OECDD.
- 039 Goddin Expresses how the Center and OECDD have a "very good relationship and high respect for each other."
- 055 Rep. Buckley Clarifies that the primary difference between the two organizations is that OECDD does not charge a fee.
- 068 Rep. Buckley Notes concern regarding duplication of services and lack of budget information from OECDD.
- 076 Rep. Merkley Commends OECDD on the management of its diverse programs, the development of a strategic plan, and willingness to reshape division policy.
- 123 Brantley Speaks to the effort to move forward with a strategic plan, identifying the challenges of coordinating all interested parties and focusing on the whole state.

147	Rep. G. Smith	Comments on the inclusion of performance measures in previous OECDD budget reports and on the relationship of OECDD with the Port of Portland.
181	Brantley	Speaks to the partnership with the Port of Portland.
202	Burk	Addresses concern as to the lack of performance measures in the budget report and why the decrease in sales was a result of the budget cuts between fiscal years 2001-03 and 2003-05.
253	Chair Lim	Asks how the percentage of commodities exported from Oregon has changed in last decade.
255	Burk	Summarizes why exports from Oregon have increased by 40 percent in last decade.
278	Chair Lim	Asks if current budget request would be adequate for next biennium.
280	Burk	Explains how an increase funds would allow OECDD to be more aggressive in targeting China.
302	Brantley	Addresses how the weakness of the dollar has impaired the ability of international representatives to travel.
312	Rep. G. Smith	Questions what ability OECDD has to “tighten up budget even more and focus on certain niches” through a partnership with federal agencies.
323	Brantley	Confirms that OECDD is investigating how to increase efficiency through federal partnerships.
340	Goddin	Cites several international trade missions when the two entities have worked in tandem.
361	Chair Lim	Asks what Oregon’s main export commodities are and what products are being passed through Oregon.
388	Burk	Identifies Oregon’s main overseas exports.

005	Chair Lim	Verifies that goods passing through Oregon Ports are counted as exports.
016	Jin Lan	Private Trade Representative, Vancouver. Offers recommendations for how Oregon can increase international investments and attract international investment.
088	Rep. Richardson	Questions whether it is contradictory to suggest merging the International Division with Department of Agriculture and Port of Portland.
094	Lan	Explains how the international trade effort in Oregon is too fragmented and how efficiency could be improved if affected governmental agencies worked together.
118	Chair Lim	Asks whether moving Oregon Tourism Commission (OTC) out of OECDD was a good or bad idea.
122	Brantley	Explains why OTC should be an independent agency, but that all agencies do need to work together.
147	Chair Lim	Verifies the source of funding for OTC and Port of Portland.
159	Burk	Clarifies that OECDD is simply “exploring the idea” of going to Tai Pai, adding that OECDD knows that China is clearly important and merits special focus.
179	Chair Lim	Asks who is Oregon’s primary international trade partner.
184	Burk	Identifies primary export designations and how export figures are determined.
201	Chair Lim	Asks how Oregon can best utilize the Chinese market.
209	Lan	Explains how Oregon can utilize the international trade market in China.

239	Rep. Riley	Asks how the Port System in Oregon can better be utilized.
249	Lan	Addresses how to better use the coastal ports.
258	Rep. Richardson	Comments on the importance of maximizing usage and investment in the Port system.
292	Rep. Riley	Explains why the state should invest in the development of the Port of Astoria and Port of Coos Bay.
301	Rep. G. Smith	Expresses frustration with OECDD and how OECDD needs “to step up and have an honest conversation” as to what the department can and cannot realistically accomplish with the given budget.
330	Rep. Richardson	Comments on the lost investment opportunities because of fragmentation in areas of international trade.
358	Chair Lim	Speaks to the need to improve coordination amongst international partners if Oregon is going to be a strong international player.
400	Burk	Comments on how OECDD is focusing on clusters.
421	Chair Lim	Closes the informational meeting on Oregon Economic and Community Development Department Budget. Adjourns the meeting at 5:38 p.m.

EXHIBIT SUMMARY

- A. **Oregon Economic and Community Development Department Budget, OECDD International Division Plan Draft Report, Marty Brantley, 6 pp**
- B. **Oregon Economic and Community Development Department Budget, Portland U.S. Export Assistance Center Report, Scott Goddin, 5 pp**