

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 29, 1999 Hearing Room B

3:00 p.m. Tapes 44 - 45

MEMBERS PRESENT: Sen. John Lim, Chair

Sen. Avel Gordly, Vice-Chair

Sen. Verne Duncan

Sen. Tony Corcoran

MEMBER EXCUSED: Sen. Bill Fisher

STAFF PRESENT: Carol Rives, Administrator

Gary Roulier, Administrative Support

MEASURE/ISSUES HEARD: International Trade Commission

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 44, A		
006	Chair Lim	Opens meeting at 3:10 p.m. and opens an informational hearing.
<u>INTERNATIONAL TRADE COMMISSION</u>		
012	Carol Rives	Administrator. Summarizes the agenda and informs the committee that all committee meetings and floor sessions will be recorded live on the internet.
069	Bill Williams	CEO, Bear Creek Corporation and Chair, International Trade Commission (commission). Presents (EXHIBIT A) and introduces the Biennial Report of the Oregon International Trade Commission. Summarizes a commission review conducted over a two-year period (page 2 of the exhibit). Discusses the

		importance of international trade to Oregon's economy (page 3 of the exhibit).
102	Williams	Emphasizes the status of exports to Asia (page 3 of the exhibit). Reviews Gross National Product by world region and the importance of assessing market size and opportunities for potential growth in selecting target markets.
152	Vice-Chair Gordly	Inquires how the commission views recent events in Europe, specifically the NATO bombing of Serbia.
157	Williams	Responds that the commission has not met since the recent military activity in Europe. Notes that the Eurodollar has been a subject of recent discussion.

161	Vice-Chair Gordly	Remarks that a delegation from Montenegro recently visited Oregon to explore trade opportunities. Asks how soon the International Trade Commission will have an analysis of the recent military actions in Europe.
181	Williams	Notes that meetings are scheduled this week but it is difficult to predict future events. Adds that the most powerful economies in Europe are committed to this NATO military action.
202	Tom Costabile	Senior Vice President, Sony Disc Manufacturing and Member, International Trade Commission. Agrees that the events are crucial and that there is also concern about the Y2K problem, particularly in the underdeveloped countries in Europe.
220	Williams	States that the commission recommends that three policies be adopted: recognize the importance of trade to the Oregon economy; acknowledge the need for geographic and industrial diversification; and encourage cooperation among state agencies to optimize state resources (page 4 of the exhibit).
260	Williams	Outlines strategic recommendations which include strengthening the Oregon Office of the International Division (page 5 of the exhibit). Adds that the commission is recommending additional funds for increased market development activities. Summarizes phased investment in overseas markets (page 5 of the exhibit).
271	Chair Lim	Asks how legislators can contribute in a meaningful manner.
274	Williams	Responds that legislators involved with trade could visit some of the overseas markets. Emphasizes that visits have been fragmented, and the commission requires good analysis of different markets by one person to make accurate comparisons.
300	Vice-Chair Gordly	Asks if former state representative Chuck Carpenter is still an ex-officio member

of the International Trade Commission.

- 313 Warren Banks Manager, International Trade Division, Oregon Economic Development Department (OEDD). Responds that the position is vacant and the appointment is made by the Speaker of the House.
- 325 Williams Continues with a discussion of the strategic recommendations, including a recommendation that the China office not be funded.
- 348 Chair Lim Asks what is being proposed for China.
- 350 Williams Answers that the recommendation is for part-time contract representation in China.
- 364 Chair Lim Remarks that Senator Yih has proposed an office in Shanghai, China.
- 373 Williams Responds that the commission has reviewed the proposal for a part-time representative and considers it an appropriate expenditure.
- 381 Chair Lim Reviews the trade statistics with South Korea and notes that China is a huge, untapped market.
- 401 Williams Emphasizes that part-time representation in many markets makes more sense than full-time representation in few markets. Reviews efforts to team up with other states to develop representation in foreign markets.

TAPE 45, A

- 011 Williams Remarks that the commission is recommending development of target markets, including biotechnology, plus a geographical focus on Kyushu, Japan. Adds that there are numerous opportunities to leverage state funds (page 7 of the exhibit).
- 043 Williams Discusses recommendations on higher education (page 7 of the exhibit).
- 049 Chair Lim Asks for examples of the success of the Global Graduates Program.
- 051 Williams Responds that there are several hundred graduates from the program contrasted with the one hundred that was projected.
- 062 Vice-Chair Gordly Remarks she would like additional information on the Global Graduates Program.

073	Williams	Discusses interaction of the commission with the Africa Task Force and the resulting recommendations (page 7 of the exhibit).
110	Vice-Chair Gordly	Asks if the recommendations by the task force have assigned timelines.
114	Costabile	Responds that timelines have been discussed and are under study for a report at the next commission meeting.
129	Vice-Chair Gordly	Asks how one may follow the progress of the task force.
132	Costabile	Responds that information is available in the commission meeting minutes.
146	Vice-Chair Gordly	States that the product of the task force is excellent, particularly since it is the result of volunteer work. Asks why Africa is not included as one of the strategic recommendations.
167	Costabile	Answers that market information on Africa is being developed. Adds that discussion is underway to shift resources away from a few specific markets to a global emphasis.
184	Chair Lim	Remarks that he is looking for strong and bold initiatives for international trade in the 21 st century.
206	Costabile	Agrees and adds that the commission is working to determine priorities.
212	Chair Lim	Stresses that trade is critical to the Oregon economy.
222	Williams	Remarks that the commission supports an increase of \$200,000 in the budget for the International Division of OEDD. Notes that the emphasis by the state on international trade acts as a symbol of the state's commitment to the business community.
260	Sen. Duncan	Comments on a national award received by the Bear Creek Corporation for their chocolate.
283	Vice-Chair Gordly	Remarks that the commission has remarkable leadership.
299	Chair Lim	Asks about the proposed addition of a member from the Commission on Asian Affairs to the International Trade Commission.
307	Williams	Responds it has not been discussed but supports any expansion of the commission that provides further insight into Asia.
325	Chair Lim	Remarks that the Commission on Asian Affairs has been asked to become involved in international trade.

TAPE 44, B

011	Banks	Presents (EXHIBIT B) and outlines the functions of the International Division of OEDD. Discusses specific work with Japan on oyster exports, radish seed contamination and the hay endophyte dispute (page 5 of the exhibit).
046	Banks	Outlines assistance in the transfer of Kyotaru to a receiver, retaining 300 jobs in Salem. Discusses staffing in the international division of OEDD. Summarizes the assistance provided for a visit by the Oregon State University Symphonic Band to Taiwan (page 8 of the exhibit).
089	Banks	Summarizes liaison efforts which resulted in a shipment of over 1,000 metric tons of Oregon potatoes to Taiwan (page 8 of the exhibit). Outlines activities in support of trade with South Korea (page 12 of the exhibit).
128	Chair Lim	Asks if Hyundai will be opening a second facility in Eugene.
142	Costabile	Responds that Hyundai will not be opening a second facility.
151	Chair Lim	Asks if there are any other reasons other than market issues.
153	Costabile	Answers that the decision is market driven. Discusses the electronic products market and trade status with Korea.
177	Banks	Summarizes the opportunities in Kyushu, Japan, created by Delta Airlines developing a route from Portland.
222	Sen. Duncan	Asks how the international trade division keeps track of private industry trade visits to Japan and other regions.
225	Banks	Responds that they are not always informed. Notes that the international division is also working on a possible visit from the Chinese Premier and summarizes efforts to coordinate the visit.
274	Banks	Continues a discussion of activities to bring the Chinese Premier to Oregon.
300	Chair Lim	Asks about Delta Airlines withdrawal from a route to Seoul, Korea.
313	Banks	Responds that the withdrawal should be temporary and was a result of foreign exchange issues.
332	Chair Lim	Summarizes Korean Air market presence on the Pacific coast. Adjourns the meeting at 4:30 p.m.

Submitted By, Reviewed By,

Gary Roulier, Carol Rives,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ International Trade Commission Biennial Report, overheads, Bill Williams, 9 pp

B ñ International Trade Commission, written testimony, Warren Banks, 17 pp