

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 05, 1999 Hearing Room B

3:00 p.m. Tapes 48 - 50

MEMBERS PRESENT: Sen. John Lim, Chair

Sen. Avel Gordly, Vice-Chair

Sen. Verne Duncan

Sen. Tony Corcoran

Sen. Bill Fisher

MEMBER EXCUSED:

STAFF PRESENT: Carol Rives, Administrator

Gary Roulier, Administrative Support

MEASURE/ISSUES HEARD: SB 1129 Public Hearing and Work Session

SB 1130 Public Hearing and Work Session

SB 952 Public Hearing

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 48, A		
004	Chair Lim	Opens meeting and opens public hearing on SB 1129 and SB 1130.

SB 1129 AND SB 1130 PUBLIC HEARING

008	Carol Rives	Administrator. Explains the provisions of SB 1130 which requires the Oregon Economic Development Department (OEDD) to open a trade office in Shanghai, China, not later than July 1, 2001. Presents (EXHIBIT A) and outlines the changes contained in the amendment. Summarizes the provisions of SB 1130 which reduces the 1997-1999 allocation of lottery revenues for the China trade office.
037	Senator Mae Yih	Senate District 19. Presents (EXHIBIT B) and testifies in support of SB 1129 and SB 1130. Explains that the budget contained in SB 1130 is for consultant fees, support staff for OEDD, and promotion of Oregon for trade shows and delegation visits. Summarizes the value of exports from Oregon to China which increased at a time when exports to other Asian countries decreased (page 1 of the exhibit).

087	Sen. Yih	Notes that Oregon has trade offices in Japan and Korea, but not in China. Remarks that AT&T is investing \$1.1 billion in 16,000 miles of undersea cable to China to increase capacity for telecommunications. Summarizes the visit by the Chinese Premier to the United States to discuss mutual cooperation in sustainable economic development.
121	Sen. Yih	States that the Oregon economy is softening and international trade is vital to the economy.
148	Vice-Chair Gordly	Presents (EXHIBIT C) and asks about the Governor's trade mission in March 1988 and the mission's findings.
158	Sen. Yih	Responds she is not familiar with the findings and will need to review them.
167	Rep. Ken Messerle	House District 48. Testifies in support of SB 1129 and 1130. Notes that a recent visit to China in September 1997 underscored the importance of Oregon establishing an office in China. States that several small businesses in his district are interested in trade with China.
214	Vice-Chair Gordly	Asks about statement number 3, outlining the risk involved in doing business with China (page 2 of the exhibit).
232	Sen. Yih	Responds that there are risks associated with any business, but with risk comes opportunity. Adds that the office in Shanghai will provide the research needed for businesses to make informed decisions.
254	Vice-Chair Gordly	Asks about finding number 7 which suggests that it is premature to open an office on mainland China (page 2 of the exhibit).

263	Sen. Yih	Responds that her intention is to contract with a consultant to increase contacts between Oregon and China.
278	Vice-Chair Gordly	Asks if there are sufficient funds within the budget to adequately support a China office.
302	Sen. Yih	Answers that the intent is to contract with a consultant for two years to test the market and determine if a full-time trade office is warranted.
319	Vice-Chair Gordly	States that she believes there is sufficient opportunity for trade in China and considers Sen. Yih a valuable resource since trade happens where Oregon has relationships.
340	Sen. Yih	Emphasizes that trade relationships take time to develop and nurture and Oregon's presence needs to be permanent, rather than through occasional trade missions.
389	Dave Nelson	Oregon Seed Council. Testifies in support of SB 1129 and 1130. Reviews Oregon Seed Council activities in China since 1980. Adds that sale volume of grass seed to China has increased from 150,000 pounds in 1994 to 4 million pounds in 1998.

TAPE 49, A

008	Nelson	Notes that Oregon competes with other nations in the grass seed market which increases the need for an Oregon presence in China.
013	Mike Baker	Vice President, Pennington Seed Company. Presents (EXHIBIT D) and testifies in support of SB 1129 and SB 1130. Summarizes the China turf grass trials, a partnership between Oregon State University, China Agriculture University and Nanjing Agricultural University. Notes that the missing link is a trade office which would address import requirements and promote Oregon products.
042	Chair Lim	Asks about export volume of grass seed to China.
047	Nelson	Answers that exports total 6 million pounds of seed and a market of 100 million pounds is anticipated.
053	Chair Lim	Asks about Oregon growth relative to other states.
058	Baker	Responds that Oregon is more likely to increase exports because the growing markets are in perennial rye grass and fescue.
066	Vice-Chair Gordly	Asks what role the state played when the Seed Council began discussions with China in 1980.

075	Nelson	Answers that the original trade relationship began in 1980 through the Agricultural Development Division of the Oregon Department of Agriculture. Adds that internal political incidents in China cooled the relationship but recent trade missions have rekindled interest.
098	Vice-Chair Gordly	Asks if the Seed Council participated in the Governor's trade mission to China in 1998.
102	Nelson	Responds that two trade missions were conducted simultaneously and notes the Governor's delegation participated in the signing ceremony for the turf grass trials.
116	Vice-Chair Gordly	Asks how the missions were coordinated when the delegations were in China.
121	Nelson	Answers that the process took three months of prior planning.
130	Shireen Farrahi	Head Researcher, Oregon China Trade Advisory Group. Testifies in support of SB 1129 and SB 1130. Testifies that the Chinese are concerned with the NATO bombing in Europe and considered postponing the Premier's visit until the bombing was halted. Emphasizes that China decided to continue with the visit because of the importance of good relations with the United States.
184	Farrahi	Stresses that developing solid trade relations will depend on using the expertise of people experienced with China. Notes that it is important to shift the emphasis from Hong Kong and Taiwan to Shanghai.
226	Farrahi	Adds that Oregon can meet specific needs of China in the environmental, wood products, agricultural and biotechnology industries. Stresses that successful trade with China will strengthen OEDD's International Division.
258	Timmy Tso	President, Chinese-American Association of Commerce of Oregon. Presents (EXHIBIT E) and testifies in support of SB 1129 and SB 1130. Notes that China's economic growth rate reached 7.8 percent in 1998.
298	Tso	Summarizes California trade with China. Notes that China has taken steps to increase trade and urgently needs agricultural commodities, technology and environmental protection services (page 2 of the exhibit).
338	Tso	Emphasizes that the establishment of a trade office is key to insuring that Oregon takes full advantage of trade opportunities in China.
356	Peter Leung	Chair, Commission on Asian Affairs. Testifies that the Chinese Consul is angry about the conclusions of the 1998 China Trade Mission (page 2 of EXHIBIT C). Emphasizes that China views Oregon as an agricultural state and not a resource for high technology.

413	Leung	Acknowledges that it is difficult to do business with China but adds that it is also difficult to do business with Korea which has become Oregon's largest trading partner.
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TAPE 48, B

005	Leung	Remarks that it is difficult to argue that Oregon does not need a trade office in China when the state has trade offices in Korea and Japan.
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023	Vance Hu	Testifies in support of SB 1129 and SB 1130. Reviews the history of American trade efforts with China, particularly the attempts to decrease American business concerns about the Chinese legal system.
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060	Hu	States that the Willamette University School of Law has been working for fifteen years with China on international legal issues.
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091	Leung	Concludes that the establishment of a trade office would demonstrate Oregon's interest in Asian affairs.
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098	Barry Westfall	Sales Manager, Stahlbush Island Farms. Testifies in support of SB 1129 and SB 1130. States that there is a long lead time associated with trade in Asia. Notes that trade with China is complicated because of a higher level of government involvement than other Asian countries.
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141	Westfall	Remarks that private companies will trade with China whether or not the state is involved but stresses that government involvement is respected in Asia.
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163	Katy Coba	Governor's International Trade Policy Advisor. Comments that the Governor's office is concerned about SB 1129 and 1130. Explains that the Japan, Korea and Taiwan offices were established without legislative action. Adds that the Governor's office prefers that trade offices be established through the OEDD budget process.
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196	Coba	Summarizes recent efforts to increase trade with China including the Governor's trade mission and the Chinese Premier's visit to the United States. Notes that the Governor's office is pursuing a Memorandum of Understanding for Oregon to become the representative for a United States-China sustainable development office.
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228	Vice-Chair Gordly	Asks if the Governor's office has a relationship with the Chinese-American Association of Commerce of Oregon and the Commission on Asian Affairs.
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240	Coba	Answers that the International Division of OEDD is the point organization for dealing with trade issues. Adds that the Governor's office looks primarily to the Department of Agriculture and the OEDD to forge international trade policy.
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263 Chair Lim Closes the public hearing on SB 1129 and SB 1130 and opens a work session on SB 1129.

SB 1129 WORK SESSION

278 Rives Explains the provisions of the SB 1129 amendment.

289 Sen. Duncan **MOTION: Moves to ADOPT SB 1129-1 amendments dated 4/2/99 (EXHIBIT A).**

Chair Lim Hearing no objection, declares the motion CARRIED

303 Vice-Chair Gordly Emphasizes the importance of utilizing local organizations with expertise on doing business with China to maximize Oregon's opportunities for trade.

358 Sen. Gordly **MOTION: Moves SB 1129 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.**

VOTE: 4-0

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Fisher

Chair Lim The motion CARRIES.

392 Chair Lim Closes the work session and opens a work session on SB 1130.

SB 1130 WORK SESSION

409 Sen. Corcoran **MOTION: Moves SB 1130 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Ways and Means by prior reference.**

VOTE: 4-0

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Fisher

Chair Lim The motion CARRIES.

418 Chair Lim Closes the work session and opens a public hearing on SB 952.

TAPE 49, B

SB 952 PUBLIC HEARING

007 Rives Explains the provisions of SB 952 which establishes the 2010 Games Commission to bring the 2010 Winter Olympic Games to Oregon.

027 Jack Elder President, Oregon Sports Action. Presents (**EXHIBIT F**) and notes that the United States Olympic Committee (USOC) is the governing body that selects the United States city that bids for the Winter games. Notes that the earliest Oregon could be considered would be 2018.

071 Elder Reviews efforts to bid for the Winter games in the 1980s. Notes that Oregon has the facilities from a technical standpoint. Adds that a city must bid and stresses that the budget submitted by Salt Lake City for the 2002 Winter Olympics totaled \$1.4 billion.

115 Elder Remarks that Oregon will bid at some future time on the Winter games, and the process is probably a 20-year cycle. Adds that Salt Lake City began bidding in the 60s and will host the games in 2002.

146 Sen. Corcoran States that activities surrounding the Olympic scandal in Salt Lake City have changed the willingness of corporations to assist in the funding of the Olympic games.

172 Vice-Chair Gordly Notes that she would need additional information before moving forward because of the funds required. Asks about the scandal in Salt Lake City regarding the Olympic Committee and the selection process.

198 Elder Responds that the process for bidding for the Olympic games has historically been convincing the members of the committee to vote for your city. Notes that "gifts" are often given to the committee members, but the rules have changed and those gifts are now treated as "bribes."

223 Sen. Corcoran Adds that the amounts involved were considerable.

239 Elder Remarks that the rules have changed and are more stringent.

248 Chair Lim Asks about Elder's background as an Olympic athlete.

252 Elder Reviews his experience as an Olympic athlete. Explains that he was luger in 1972

at Sapparo, Japan. Stresses that once you become an Olympic city you are an Olympic city forever. Adds that the USOC and the International Olympic Committee require that the host city sign a contract holding the USOC and the IOC harmless financially.

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| 297 | Chair Lim | Asks about the 1984 Summer Olympics in Los Angeles and whether they made money. |
| 302 | Elder | Summarizes the 1984 Summer Olympics and notes that the USOC realized \$60 million in profit from the games. |
| 332 | Chair Lim | Remarks that he understands this is a long-term project and asks how SB 952 can be modified. |
| 343 | Elder | Suggests calling the organization the "Oregon Winter Olympic Games Commission" and that the first window of opportunity will be in 2018. |
| 368 | Chair Lim | Asks what city in Oregon would be the logical host for the games. |
| 371 | Elder | Responds that the logical host would be Portland. |
| 378 | Chair Lim | Notes that he is sponsoring a bill to name Portland an "International City." |
| 396 | Sen. Corcoran | Remarks that there is discussion that the way to "clean up" the Olympic games would be to turn it over to the Olympic athletes. |

TAPE 50, A

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| 014 | Todd Davidson | Oregon Tourism Commission. Testifies in support of SB 952. Notes that bidding for the Winter games is a long term project and that the bid process alone costs \$12-15 million. |
| 048 | Greg Leo | Portland Oregon Sports Authority. Testifies in support of SB 952. Remarks that sports tourism is a large portion of the total tourism package and the Winter games would have a major impact on the Oregon economy. |
| 068 | Chair Lim | Closes the public hearing and adjourns the meeting at 4:58 p.m. |

Gary Roulier, Carol Rives,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 1129, amendments, staff, 1 p

B ñ SB 1129 & SB 1130, written testimony and letters, Senator Mae Yih, 8 pp

C ñ SB 1129 & SB 1130, letter submitted prior to meeting, staff, 2 pp

D ñ SB 1129 & SB 1130, written testimony, Mike Baker, 1 p

E ñ SB 1129 & SB 1130, written testimony, Timmy Tso, 2 pp

F ñ SB 952, written testimony, Jack Elder, 3 pp