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**THE
CITIZENS
NETWORK**
FOR FOREIGN AFFAIRS

The Citizens Network for Foreign Affairs
Annual Report on Biden-Pell Activities
Year Two: September, 1992 - September, 1993

*America's Stake in the Developing World:
Expanding the Focus*

MAY 28, 1993

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS
ANNUAL REPORT ON BIDEN-PELL ACTIVITIES
YEAR TWO: SEPTEMBER, 1992 - SEPTEMBER, 1993

**America's Stake in the Developing World:
Expanding the Focus**

"...While diversity and independence are precisely the strengths of the independent sector, the effectiveness of the sector could be greatly enhanced by stronger incentives for networking, joint meetings, and consultation. In fields such as hunger and biodiversity, the benefits of such cooperation have already been amply demonstrated in the past few years. Shared databases and support services demonstrate the value of practical coordination. **The Interaction Council and The Citizens Network for Foreign Affairs are nongovernmental organizations whose cross-cutting efforts exemplify how much strength remains to be tapped in the independent sector.**"

From Partnerships for Global Development: The Clearing Horizon, A Report of the Carnegie Commission on Science, Technology, and Government, December, 1992

I. PROJECT ACTIVITY NARRATIVE

Overview:

In the second quarter of the project reporting period - August, 1992 - a new project manager, Martin Tillman, was hired as Director of Education and Policy Outreach for The Citizens Network. This personnel change has resulted in stabilizing the management of the National Policy Roundtable Program (NPRP). The second half of this year has seen the NPRP regain its momentum and resulted in numerous important substantive achievements.

The Director identified several critical areas of program development as the focus for immediate action - these areas are described in this report - to put the NPRP back on schedule and ensure that program targets were met in the remaining months of the program period. These areas included:

- identifying opportunities for increasing the diversity of participants and co-sponsors;
- implementing roundtables which had been postponed in Year One or which had been far along in the planning stages;

- establishing a strategy for regional outreach and networking to reach broader constituencies concerned about U.S. relationships with the developing world;
- standardizing the documentation for roundtables;
- strengthening local and state media outreach and linkages;
- creating a more consistent approach to obtaining Congressional endorsements of roundtable policy recommendations.

In the Fall, 1992, along with picking up the pace of planning for roundtables and implementing the meetings which had been planned in Washington State and Florida, the new Director established a time-frame and task flow to conduct the first evaluation of the NPRP and its activities between 1988 and 1993. The full report of this three month evaluation is enclosed with this annual report.

An extensive national search was conducted to screen and interview potential candidates. After interviewing numerous candidates, Ruth Perot of Professional Associates, Inc. was selected to conduct the evaluation.

The evaluation process was extensive and included interviews with key staff, review of all program documents and records, telephone interviews with selected roundtable co-sponsor organization representatives and interviews with a randomly selected group of former roundtable participants from throughout the country.

The Citizens Network's objectives for the evaluation were as follows:

Organizational Objectives

- To assess the effectiveness of the National Policy Roundtable Program in meeting AID's goals for Biden-Pell grantees
- To assess the impact of the Biden-Pell grants on achieving the Citizens Network's overall mission

Participant Objectives

- To assess the impact of roundtables in defining U.S. stake in emerging economies of the developing world
- To examine effectiveness of the roundtable format as an educational tool and a catalyst on public policy formation

- To examine the outputs of the National Policy Roundtable Program and their impact on participants and roundtable co-sponsor organizations

The evaluation provided the new Director with an excellent means to measure the strengths and weaknesses of the NPRP to date, to assess the capabilities of the national network created in the private and public sectors, and most importantly to identify the important areas for future organizational development and planning.

What follows is a summary of the key findings from the evaluation report:

ROUNDTABLES HAVE SERVED AS AN EFFECTIVE MEANS TO INFORM AND EDUCATE DIVERSE AUDIENCES ABOUT THE STAKE OF THE UNITED STATES IN THE WELL BEING OF DEVELOPING NATIONS

ROUNDTABLES HAVE PROVED USEFUL MECHANISMS FOR REACHING AUDIENCES NEW TO FOREIGN POLICY DEBATES AND WHOM MAY BE UNACQUAINTED WITH ACTUAL AND POTENTIAL LINKAGES BETWEEN THE UNITED STATES AND THE DEVELOPING WORLD

ROUNDTABLES HAVE ENCOURAGED ENGAGEMENT AND FURTHER ACTIONS AMONG THOSE WHO HAVE PARTICIPATED IN ROUNDTABLES AND/OR HAVE BEEN EXPOSED TO THE CITIZENS NETWORK IN OTHER WAYS

ROUNDTABLES HAVE SERVED TO ENCOURAGE GREATER PARTICIPATION IN THE FOREIGN POLICY ARENA ON THE PART OF INDIVIDUALS AND GROUPS WHO HAVE BEEN EXPOSED, EITHER DIRECTLY OR INDIRECTLY, TO THE NATIONAL POLICY ROUNDTABLE PROGRAM

- From 1988-1993, the NPRP successfully brought together more than 2100 local agriculture, banking and manufacturing leaders to discuss America's stake in the developing world and emerging economies
- The NPRP engaged 79 organizations as co-sponsors representing leading agriculture trade associations, agri-businesses, farm bureaus, trade and commerce groups, non-profit organizations and institutes and related federal, state and local agencies

- Eleven roundtable co-sponsors are current members of the Citizens Network Agribusiness Alliance
- A survey of randomly selected roundtable participants found that:
 - 80% were involved in all aspects of the programs
 - 84% were motivated to take action as a result of their program experience, or it reconfirmed their commitment to action or existing involvement with foreign affairs
 - 50% would participate in other roundtables or events organized by The Citizens Network
 - 70% would continue to be involved in foreign affairs through The Citizens Network or other means.

Another important outcome of the evaluation process was a revised set of NPRP program goals; actually, these goal statements were drafted to clarify and make explicit the implicit goals contained in our grant proposal. These goals establish more clearly measurable bench marks for ongoing evaluation and analysis of the NPRP by The Citizens Network. The six goals are as follows:

GOAL 1: To conduct 13 policy roundtables in 10 states and the District of Columbia [in the remaining grant period] that bring together local, state, and national public and private sector leaders of diverse viewpoints, especially representative of non-traditional constituencies, to promote understanding and dialogue on the U.S. stake in the developing world.

GOAL 2: To maintain and expand the national network of roundtable co-sponsors and participants.

GOAL 3: To serve as a communications link between our roundtable participants and local, state, and federal policy makers.

GOAL 4: To act as a catalyst for follow-on activities which support increased ties between the private sector roundtable participants (including businesses and NGOs) and counterparts in the emerging economies of the developing world.

GOAL 5: To produce and widely disseminate comprehensive proceedings for each roundtable and the national conference and other occasional educational materials related to the roundtable themes.

GOAL 6: To expand roundtable program themes to include sustainable development in agriculture, democratization and market reforms, technology development and technology transfer.

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This year the NPRP has successfully broadened its thematic focus to incorporate issues concerning democratization and successfully networked with African-American and Hispanic public and private sector leaders to diversify co-sponsorship of roundtables and increase minority representation at meetings.

A significant roundtable was conducted June 27 in Visalia, California, in cooperation with the Southwest Voters Research Project, which has ties to leading Hispanic networks throughout the nation, and in particular in the Southwest region, on **The Implications of NAFTA for Latino Leaders**. This opened up new networks to the Latino community and important new contacts for future roundtable planning.

This was followed by our collaboration with the National Association of Conservation Districts on a roundtable symposium conducted in Memphis, Tennessee, July 20-22, on **Growing into the 21st Century**. This program focused upon key issues in creating sustainable farming systems; models of technology development leading to sustainable development in the U.S. farming community with applicability in the developing world.

An important planning roundtable discussion was organized July 23 in Washington, D.C. with U.S. and host national experts on technology transfer and technological development in Latin America. A working document of these discussions was produced framing the critical issues to be addressed in the roundtables to be conducted in 1993.

After the new Director was hired, two roundtables planned in the first grant year were successfully implemented: one in Pasco, Washington, November 5-6 on **Washington Agriculture and Trade with the Developing World**, and the other in the Tampa, Florida area, January 28-29, 1993 on **A New Era of Economic Opportunity in the Hemisphere: Latin America, the U.S. and Japan**. In each state, the goal of increasing the diversity of roundtable participants led to key Hispanic private sector collaboration and participation in the meetings.

Noteworthy is that each of the above roundtables established a basis for widening regional public and private sector networks and set the stage for working with minority leaders and organizations in organizing future regional roundtables in the Pacific Northwest and the South.

II. SUMMARY OF ACCOMPLISHMENTS:

- Hiring of new Director and stabilization of program management team
- Successful completion of 5 year evaluation study of NPRP by independent evaluator
- Implementation of planned roundtables and diversification of participants and co-sponsors to include leading minority organizations and minority leaders

- Development of planning strategy to conduct three regional roundtables in 1993-94
- Strengthening of capacity to utilize organizational resources for roundtables on the NIS and Latin America/Caribbean
- Development of new media strategy to ensure consistent and wider local/state coverage of roundtable activities
- Development of new strategy to ensure policy recommendations receive endorsements by Congressional leaders
- Development of new guidelines to ensure consistency in production formats of roundtable proceedings
- Increased participation of international participants in roundtable proceedings

III. SCHEDULE OF ROUNDTABLES: CURRENT AND PLANNED

Strategies for expanding the focus of the NPRP to incorporate themes of democratization and technology development and technology transfer were furthered in the Fall, 1992 when three new program initiatives were launched - one in the Americas and the other two based in the New Independent States (NIS) of the Former Soviet Union. These projects will enable the NPRP in the remaining months of this grant year to leverage an exciting array of new organizational resources and strengthen the program's capacity to address cutting edge foreign affairs concerns in the emerging economies and democracies in these regions.

Roundtables Conducted/Planned in Current Grant Year

- **Washington Agriculture and Trade With the Developing World: November, 5-6, 1992, Pasco, Washington.**
Co-sponsors: Brownfield & Sons, National Association of Wheat Growers, Port of Pasco, Washington State University Cooperative Extension and Development Education Project, Washington Association of Minority Entrepreneurs, and Washington State Agricultural Showcase. Focus: To explore growing linkages between Washington business and agriculture and the emerging economies of the developing world, in particular, with Latin America.

- **A New Era of Economic Opportunity in the Hemisphere: Latin America, the U.S. and Japan: January 28-29, 1993, Clearwater, Florida.**
Co-sponsors: Florida Commission on International Affairs, Japan-America Society of Central Florida, Society of International Business Fellows, and the Florida-Japan Institute. Focus: To demonstrate the importance of the triangulation of interests between the U.S., Japan, and Latin America, and Florida's key role as a locus and intermediary for international trade, investment, and finance in the hemisphere.
- A roundtable was conducted in Wilkes-Barre, Pennsylvania, May 11-12 on **Democratization and Market Reforms in Central and Eastern Europe** in cooperation with the Economic Development Council of Northeastern Pennsylvania. The meeting was noteworthy because of the emphasis upon the linkages between the region's ethnic groups and their counterparts in the business community in Central and Eastern Europe. Also significant was the cooperation of the Pew Economic Fellows Program based at Georgetown University and the participation (as one panel group) of Pew Fellows from Bulgaria, Poland and the Slovak Republic. Policy recommendations drafted at the meeting were also endorsed by both Senators Harris Wofford and Arlen Specter - both of whom drafted exceptional letters for inclusion in the proceedings and distribution to state policy makers.
- A roundtable planning meeting of the **NIS Food Industry Coalition** was conducted in Minneapolis, Minnesota, May 18 under the aegis of the Citizens Network Agribusiness Alliance. This discussion was hosted by SUPERVALU INC. The private sector network linked through the CNAA and our Food Systems Restructuring Project in the NIS will build a significant new capacity for the NPRP in 1993-1994 to address the critical issues of economic development in this region.
- A roundtable will be conducted in Indianapolis, Indiana, June 17-18, on the topic **Indiana's Stake in the Post Cold war Global Economy: Opportunities and Challenges for the Private Sector in the Former Soviet Union.** This meeting is being hosted by DowElanco and all the major agriculture community organizations in the state are co-sponsors. Noteworthy is the expected involvement of both the Governor and Lt. Governor, the commitment of Senator Richard Lugar to give a major speech and the anticipated participation of Chairman Lee Hamilton.
- A regional roundtable on the topic, **Hemispheric Trade and Regional Economic Cooperation for the 21st Century** is scheduled in Yakima, Washington August 23-24 and is a direct outgrowth of the meeting in Pasco in the Fall, 1992. This is the first regional approach to roundtable planning since the inception of the NPRP. Key regional

organizations in Washington will coordinate activities among networks - in particular, Hispanic groups - in Washington, Oregon, Wyoming, Idaho - and in another first - in the Canadian provinces of British Columbia and Alberta.

- Following up the roundtable conducted last year at Tuskegee University, we have scheduled a roundtable in Washington, D.C. co-sponsored with Africare and Tuskegee, for September 28-29. The theme is **Cooperation in African Development: Perspectives from Africa, Japan and the United States**. This meeting will be held in cooperation with the Embassy of Japan and precede by one week a major consultation, in Tokyo, by the Japanese Government with Heads of State from every nation in Africa. A joint planning committee has been meeting regularly to launch this important program and insure coordination with Japanese and African officials and the U.S. NGO - the Global Coalition for Africa - which is making preparations for the Tokyo meeting.

IV. LIST OF MATERIALS PRODUCED FOR NPRP

Global Focus: Special Report, " An Economic Triangle: The United States, Japan, and Mexico, Spring, 1993.

The roundtable proceedings have been video taped for meetings at Tuskegee, Pasco, Washington, and Wilkes-Barre. These tapes are raw footage and have not been edited by Tuskegee, University of Washington - Pullman and the Economic Development Council of Northeastern Pennsylvania, respectively. A suggestion derived from our evaluation report is to consider marketing edited versions of presentations and our proceedings. Such tapes could be used by universities (Wilkes-Barre University and Pullman do intend to use the tapes in classrooms) and other NGOs. We will explore opportunities to widen distribution of such materials in the future.

Proceedings from the Pasco, Washington and Clearwater, Florida meetings will be produced and distributed in June, 1993

A new Issues Brief on the NIS and the critical issues of restructuring their food systems will be prepared for distribution at the June, 1993 Indiana roundtable.

An Issues Brief on technology transfer and development in Latin America will be completed in September 1993.

PROPOSED WORK PLAN
Year Three: September, 1993 - September, 1994

First Quarter

- Implement roundtable in Washington, DC (September) on **Cooperation in African Development: Perspectives from Africa, Japan and the United States**
- Implement roundtable in Des Moines, Iowa (October) on **Sustainable Development in Agriculture in the NIS**
- Implement roundtable (1 of 2) in Baltimore, Maryland (November) on **U.S. - Latin America Technological Relations**
- Produce Global Focus Issues Brief on theme of U.S. - Latin America Technological Relations
- Plan for Florida, Kentucky and New York roundtables

Second Quarter

- In cooperation with Governor's office on international affairs, implement roundtable in Kentucky as follow-up to the state's national conference (May, 1993) and follow-up to the Rio Summit on sustainable development
- In cooperation with the North-South Center of the University of Miami and the Florida Commission on International Affairs, conduct second roundtable on U.S. - Technological Relations in Miami
- Plan for Minneapolis roundtable

Third Quarter

- Implement roundtable in Minneapolis in cooperation with the NIS Food Industry Coalition
- Plan for roundtable in Western New York

Fourth Quarter

- In cooperation with the Erie County Industrial Development Agency in Buffalo, conduct Western New York roundtable on regional and cross-border trade issues

Roundtables

conducted/planned:

September 1, 1992 - August 31, 1993

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THE CITIZENS NETWORK

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National Policy Roundtable Program OF THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

PROGRAM OVERVIEW

The Citizens Network for Foreign Affairs' (CNFA) National Policy Roundtable Program has linked thousands of key public and private sector leaders across the United States to build a grass-roots national consensus on the U.S. stake in its relationships with the emerging economies and democracies in the developing world.

Since its inception in 1988, the Roundtable Program has sponsored over 30 national and state-wide forums and related conferences in 20 states.

The aim of the Roundtables is to stimulate and sustain a more informed dialogue on the U.S. role in the global economy among constituencies not previously involved in "mainstream" foreign policy issues; particularly minorities, women's and environmental organizations, grassroots farm groups and small and medium sized businesses. Through a carefully crafted national and state networking strategy, roundtable participants are invited who:

- Have a direct stake in U.S. relationships with the developing world;
- Have not been a traditional participant in foreign policy dialogue and debate;
- Have a constituency and the capacity to communicate with that constituency.

In 1993, the National Policy Roundtable Program will focus on three educational themes:

- *Democratization and Market Reform;*
- *Sustainable Agriculture and Development;*
- *Technology and Technology Transfer.*

Support for the Roundtable Program is provided by the U.S. Agency for International Development, corporations, businesses, and foundations including The Pew Charitable Trusts, The Carnegie Corporation of New York, The John D. and Catherine T. MacArthur Foundation, and the Charles Stewart Mott Foundation.

For More Information, Contact:

Martin J. Tillman
Director
Education and Policy Outreach

The Citizens Network for Foreign Affairs is a bipartisan public education and public policy organization which aims to:

- Engage U.S. private sector leaders and policymakers in a dialogue on America's stake in promoting global economic growth, particularly in emerging economies and democracies;
- Develop a network of leaders in agriculture, agribusiness, banking, industry, and trade that recognizes and supports America's stake in the world economy;
- Create a foreign policy climate in the United States that is more responsive to U.S. international economic interests; and
- Build a more collaborative partnership between the public and private sectors that can better promote trade, investment, and growth in emerging economies and democracies and increase opportunities for American businesses and workers.

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The Citizens Network for Foreign Affairs is a non-profit, tax-exempt 501(c)(3) organization.

*Member, Executive Committee

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THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

Summary

National Policy Roundtable Program: 1989-1993

The National Policy Roundtable Program links regional leaders with their counterparts in other parts of the country to build a grass-roots national consensus on the U.S. stake in its relationships with the emerging economies and democracies in the developing world. The Roundtable format brings together 50-60 local and state public and private sector leaders and policy makers in a carefully crafted exchange of viewpoints on current issues in the fields of international aid, trade, and investment.

**Roundtable on International Agricultural Policy:
April 10-11, 1989, Bloomington, Illinois.**

Co-sponsors: The Illinois Farm Bureau, Deere & Company, Growmark, The Land of Lincoln Soybean Association and The Illinois Corn Growers Association. Focus: To illustrate the economic interdependence between the developing countries and the U.S. economy and the increase in the markets for U.S. agriculture products due to the economic growth in the developing countries.

**The World Bank, Economic Development, and U.S. Agriculture:
April 19, 1989, Washington D.C.**

Co-sponsor: The World Bank. Focus: To discuss the tie between the well-being of U.S.'s domestic economy and the health of the international economy and to facilitate dialogue between the U.S. agricultural community and the World Bank concerning the relationship between the Bank, the developing countries, and U.S. agriculture.

**Delta Roundtable on International Agricultural Policy:
June 15-16, 1989, Memphis, Tennessee.**

Co-sponsors: Arkansas Soybean Association, Federal Compress and Warehouse Company, The Mallory Group, the National Cotton Council of America, Pen Holdings, Inc., the Tennessee Farm Bureau and the Tennessee Soybean Association. Focus: To work toward a consensus on how the economic development of Latin America, Asia and Africa affects U.S. and Delta agriculture and to lay the groundwork for the participation of Delta agricultural leaders in a national network dedicated to maintaining U.S. global leadership.

**Mexico's Foreign Debt and its Impact on the Texas Economy:
June 29-30, 1989, Houston, Texas.**

Co-sponsors: The Honorable E (Kika) de la Garza and Texas A & M University. Focus: To demonstrate the considerable extent of economic interdependence between Mexico and the United States, the state of Texas in particular and to study the impact of economic policies adopted by each country across the Rio Grande.

**The Rationale for Support of Third World Agricultural Development:
February 21-22, 1990, Boise, Idaho.**

Co-sponsors: Postharvest Institute for Perishables and the U.S. Agency for International Development. Focus: To discuss the U.S. role in agricultural development of third world countries and to address the changes which need to be made in current assistance programs.

**The Inter-American Development Bank, U.S. Agriculture and Economic Development:
March 8, 1990, Washington, D.C.**

Co-sponsors: The Inter-American Development Bank. Focus: To discuss the role of the Inter-American Development Bank in Latin America's development and to review critical issues with regard to Latin American development and its links to U.S. agriculture.

**Nebraska Agriculture and the Global Economy:
April 2, 1990, Omaha, Nebraska.**

Co-sponsors: ConAgra, Inc., Nebraska Farm Bureau Federation and Scoular Grain Company. Focus: The Potential of the developing countries and Eastern Europe as growth markets for U.S. agricultural products and the participation of Nebraska in capturing the benefits of these growth markets.

**Western New York and the Global Economy:
April 19-20, 1990, Corning, New York.**

Co-sponsor: The Honorable Amo Houghton. Focus: To explore economic and environmental linkages between the U.S. and Western New York economies and the growth economies of the developing world and Eastern Europe. To lay the groundwork for the participation of Western New York business and financial leaders in a national network dedicated to maintaining U.S. global leadership.

**Ohio and the Global Economy:
April 26-27, 1990, Columbus, Ohio.**

Co-sponsors: Ohio Manufacturers Association and the Huntington Bank. Focus: To explore economic and environmental linkages between the U.S. and Ohio economies and the growth economies of the developing world and Eastern Europe; to recognize the potential of these growth markets for U.S. and Ohio products, services and investment.

**Roundtable on U.S.-Mexico Relations in a Changing Global Economy:
June 28-29, 1990, San Diego, California.**

Co-sponsors: American Chamber of Commerce of Mexico, Bank of America, Border Trade Alliance, Foreign Trade Association of Southern California and the U.S.-Mexico Chamber of Commerce. Focus: To discuss Mexico's Strategy for growth in the global economy and to address the economic benefits of a free trade agreement between U.S. and Mexico.

**Minnesota's Stake in U.S. Economic Relations with Latin America And Eastern Europe in the 1990s:
July 13, 1990, Minneapolis, Minnesota.**

Co-sponsors: The Atlantic Council of the United States and Minnesota International Center. Focus: To discuss economic opportunities in the emerging economies of Latin America and Eastern Europe and the participation of Minnesota to capture the benefits of these growth markets.

**Iowa Agriculture And the Global Economy:
July 19-20, 1990, West Des Moines, Iowa.**

Co-sponsors: GROWMARK and Iowa Farm Bureau Federation. Focus: To explore economic and environmental linkages between the U.S. agriculture sector and the growing economies of the developing world and Eastern Europe.

**Investing in Freedom: Business Opportunities in the Emerging Economies:
September 30 - October 2, 1990, Washington, D.C.**

Co-sponsors: The Overseas Private Investment Corporation and the U.S. Small Business Administration. Focus: To inform the U.S. private sector of recent and favorable changes in the international investment climate and to provide the private sector with a strategy of how business and government can work together in pursuit of a common objective: peace and prosperity.

**Inaugural Meeting of the Citizens Network's National Agricultural Advisory Committee (NAAC):
December 13, 1990, Washington, D.C.**

Co-sponsors: Members of the NAAC. Focus: To establish a national agricultural network comprised of producers, processors, manufacturing of agricultural inputs, providers of agricultural services, and rural education organizations.

**Opportunities for Trilateral Cooperation: Japan, Mexico, The United States:
January 9-11, 1991, San Diego, California.**

Co-sponsors: Miguel Aleman Foundation and United States-Japan Foundation. Focus: To examine the trilateral relationship between these three countries specifically relating the U.S. stake in emerging economies to its bilateral relationship with Japan.

**Kansas Agriculture And Industry: Their Stake in the Emerging Growth Economies:
March 21-22, 1991, Wichita, Kansas.**

Co-sponsors: Bank IV Wichita, Beech Aircraft Corporation, and the National Association of Wheat Growers Foundation. Focus: To explore the crucial and growing linkages between Kansas business and the emerging growth economies of the developing world and Eastern Europe.

**International Markets and the Environment: The Stake of U.S. Agriculture:
May 16, 1991, St. Louis, Missouri.**

Co-sponsors: American Soybean Association and the National Corn Growers Foundation. Focus: To examine the importance for U.S. agriculture of environmental protection and natural resource conservation in both the U.S. and the developing countries.

**A Development Policy for the 1990's: Reducing Poverty Through Education and Agricultural Science and Technology:
June 17-18, 1991, Washington, D.C.**

Co-sponsors: The Board for International Food and Agricultural Development and Economic Cooperation, The Agricultural Council of America, U.S. Agency for International Development, U.S. Department of Agriculture, Winrock International Institute for Agricultural Development and the World Resources Institute. Focus: To study the fast changing economic and political conditions of developing nations and to provide USAID with key recommendations with regard to their main mission .

**The Impact of a U.S.-Mexico Free Trade Agreement on the Border:
June 20-21, 1991, McAllen, Texas.**

Co-sponsors: Miguel Aleman Foundation and others. Hosted by Congressman E Kika de la Garza. Focus: The impact of the North American Free Trade Agreement (NAFTA) on business, agriculture, transportation and other industries along the U.S.-Mexico border.

The United States and Africa: Aid, Trade, and Investment for Mutual Benefit:
February 10-11, 1992, Tuskegee, Alabama.

Co-sponsors: Tuskegee University, Africare and the United African American Trade Center. Focus: To propose and evaluate obstacles and opportunities for innovative approaches to broad-based, sustainable development in Africa.

Latino Leaders Conference on the Implications of a North American Free Trade Agreement:
June 27, 1992, Visalia, California.

Co-sponsor: Southwest Voters Research Project. Focus: To explore the potential impact of NAFTA on the environment, health and human rights of workers, on immigration, and growth of business and trade in the region.

The Agricultural Initiative: Growing into the 21st Century:
July 20-22, 1992, Memphis, Tennessee.

Co-sponsors: National Association of Conservation Districts, Conservation Technology Information Center, USDA, and EPA, among others. Hosted at the AgriCenter International in Memphis attended by over 200 participants, one-third of which were farmers and producers, with others from environmental groups and the U.S. government. Focus: To explore innovative approaches to implementing sustainable farming systems.

Building Mutual Prosperity: Technological Dimensions of U.S.- Latin American Relations:
July 23, 1992, Washington, D.C.

Sponsor: The Citizens Network. Focus: A Planning Conference to explore critical issues, meeting sites and identify potential themes for a series of roundtable meetings on U.S.- Latin American Technological Relations in 1993.

Washington Agriculture and Trade With the Developing World:
November, 5-6, 1992, Pasco, Washington.

Co-sponsors: Brownfield & Sons, National Association of Wheat Growers, Port of Pasco, Washington State University Cooperative Extension and Development Education Project, Washington Association of Minority Entrepreneurs, and Washington State Agricultural Showcase. Focus: To explore growing linkages between Washington business and agriculture and the emerging economies of the developing world, in particular, with Latin America.

A New Era of Economic Opportunity in the Hemisphere: Latin America, the U.S. and Japan:
January 28-29, 1993, Clearwater, Florida.

Co-sponsors: Florida Commission on International Affairs, Japan-America Society of Central Florida, Society of International Business Fellows, and the Florida-Japan Institute. Focus: To demonstrate the importance of the triangulation of interests between the U.S., Japan, and Latin America, and Florida's key role as a locus and intermediary for international trade, investment, and finance in the hemisphere.

Democratization and Market Reform in Central and Eastern Europe: Opportunities and Challenges for the Private Sector in Northeastern Pennsylvania:
May 11-12, 1993, Wilkes-Barre, Pennsylvania.

Co-sponsors: The Economic Development Council of Northeastern Pennsylvania, College Misericordia, King's College, Luzerne County community College, Northeast Pennsylvania Resource Center, Sandvik Steel Co., Thomson Consumer Electronics, T.R. Associates Inc., University of Scranton, Wilkes University. Focus: To discuss the changes in Eastern Europe's emerging economies and the consequent opportunities for Northeastern Pennsylvania's private sector in these new markets.

Summary

Pasco, WA, November 5-6, 1992

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**WASHINGTON AGRICULTURE AND TRADE WITH THE
DEVELOPING WORLD**

November 5-6, 1992
Pasco, Washington

Sponsored by The Citizens Network for Foreign Affairs

Co-sponsored by:

Washington State University Development Education Project

Brownfield & Sons

National Association of Wheat Growers Foundation

Port of Pasco

Washington Association of Minority Entrepreneurs

Washington State University Cooperative Extension

Washington State Agricultural Showcase

Partially Supported by a Grant from
The U.S. Agency for International Development

WASHINGTON AGRICULTURE AND TRADE WITH THE DEVELOPING WORLD

A ROUNDTABLE DISCUSSION FOR INTERNATIONAL LEADERSHIP

November 5-6, 1992
Pasco, Washington

Sponsored by The Citizens Network for Foreign Affairs

Co-sponsored by:

Washington State University Development Education Project
Brownfield & Sons
National Association of Wheat Growers Foundation
Port of Pasco
Washington Association of Minority Entrepreneurs
Washington State University Cooperative Extension
Washington State Agricultural Showcase

Partially Supported By Grants From
The U.S. Agency for International Development
and The Carnegie Corporation

ROUNDTABLE AGENDA

Note: All Events Take Place in the Red Lion Inn

Thursday, November 5

6:00 Reception - **Forest Room**

7:00 Dinner - **Forest Room**

Keynote Address:

Developing **Importance of Broad-Based Economic Growth in the
World for U.S. Agriculture**

Dr. G. Edward Schuh, Dean
Hubert Humphrey Institute of Public Affairs
University of Minnesota

Friday, November 6

8:15 AM Registration and Coffee - **In Front of Bronze Room**

8:45 Welcome Remarks - **All Main Sessions in Bronze Room**

Mr. William G. Clark
President of Commission
Port of Pasco

Washington
Dr. Nancy Horn
Project Director
International Development in Rural Communities in
Washington State University - Pullman

9:00 Introduction to the Roundtable

Outreach
Mr. Martin Tillman, Director, Education and Policy

Dr. Robert Stowe, Senior Advisor

The Citizens Network for Foreign Affairs

9:15 **Session 1: Building Markets for Washington Agriculture
in the Emerging Economies of the Developing World**

Commodities
Dr. Desmond O'Rourke, Director
International Marketing Program for Agricultural
and Trade
Washington State University

Respondents:

Development
of Agriculture
Mr. Art Scheuneman, Managing Director, Market
Division, State of Washington Department

Manager Mr. Steve Proctor, Sales and Marketing Development
Brownfield & Sons

10:30 Coffee Break

10:45 **Session 2: Cooperation Between Government and
Business in Promoting Economic Growth in Latin America**

Mr. James Schill
Director
U.S. Agency for International Development, West
Coast
Senior Trade and Development Advisor

Respondents:

Ms. Luz Gutierrez, Executive Director, Washington
Association of Minority

Entrepreneurs

Mr. Glenn Phipps, Executive Director, Kittitas-
Yakima Economic Development District

12:00 Lunch - **Silver Room**

Speaker:

Ms. Judy Olson
Secretary-Treasurer
National Association of Wheat Growers

1:30 **Session 3: Impact of the Global Economy on the U.S.**
Farmer

Mr. Ross Hansen, President
Colorado Association of Wheat Growers

Respondents:

Ms. Ann Moore, Washington Association of Wheat
Growers

Mr. Jim Toomey, Executive Director, Port of Pasco

2:45 Breakout Groups Meet for In-Depth Discussions and
Drafting of Policy Recommendations for Private Industry and
State and Local Government

Rooms: Oak/Pine/Spruce/Design

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3:45 Whole Group Reconvenes to Review Policy Statements -
Bronze Room

4:30 Roundtable Adjourns

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Background on Speakers and Respondents

William G. Clark, President of the Port of Pasco Commission, is serving the fifth year of his first six year term as Commissioner. He is also a captain with the Franklin County Sheriff's Department, managing the Franklin County Corrections Center. He is an 18-year veteran of law enforcement in Washington and California. He grew up on a farm in Idaho, has farmed outside of Pasco, and his family still operates a family farm in the area.

Luz Bazan Gutierrez is a long-time business leader in Washington state, dealing in particular with the Hispanic community. She is currently Executive Director of the Washington Association of Minority Entrepreneurs. Among her other activities, she has recently worked with the Mexican government to identify new markets in Washington state.

Ross Hansen is the current President of the Colorado Wheat Growers Association. A third generation wheat farmer, he also produces certified seed and owns and operates a seed conditioning business. He has been on the board of directors of the National Association of Wheat Growers for the last five years. Under the auspices of the Colorado Agricultural Leadership Program, he traveled to South America in 1989 and recently helped organize a donation of 80,000 pounds of wheat flour to Sarajevo.

Nancy Horn, Director of the Development Education Project at WSU Pullman, has been active in international development since her Peace Corps experience in Ethiopia in 1966. She has been a consultant on development projects in Lesotho and Zimbabwe, and was the Chief Technical Advisor for an Income Generating Project for Farming Women in Malawi for the Food and Agriculture Organization of the United Nations. Her current Development Education Project provides educational programs using participatory learning models in three counties in Eastern Washington: Kittitas; Benton-Franklin; and Whitman. The major theme of each program is how Eastern Washington is integrally linked to the developing countries through agriculture.

Ann Moore is a fourth generation dry-land farmer and a health care professional. She is currently State Marketing Chairman for the Washington Association of Wheat Growers. She is on the Marketing Development Team of the National Association of Wheat Growers Foundation and is a member of Washington State Ag Forestry Class 15.

Kathy Norwood is the Minority and Women's Business Development Specialist with the Washington State Business Assistance Center. The Business Assistance Center, a division of the Department of Trade and Economic Development, seeks to help minority and women's businesses to access existing resources and sharpen the qualifications necessary to compete in the wider business arena. Kathy has been with the Department since 1990 and is certified by the National Development Council as a Certified Economic Development Specialist with emphasis in financing for the small business.

Background on Speakers and Respondents
Page 2

Judy Olson is a fourth generation farmer who grows wheat, spring barley, and lentils near Garfield, Washington. Ms. Olson is immediate past president of the Washington Association of Wheat Growers and is currently Secretary-Treasurer of the National Association of Wheat Growers (NAWG). She also is currently chairman of NAWG's farm programs committee.

Desmond O'Rourke has been on the Agricultural Economics faculty at Washington State University since 1970 and was the prime mover and first director of the International Marketing Program for Agricultural Commodities and Trade (IMPACT) Center of WSU. The center coordinates 50 active projects to give Washington and other U.S. marketers the information and tools they need to prosper in a global market. Dr. O'Rourke has also conducted marketing studies in the U.S., Europe, the Middle East, Asia and Latin America; he is the author of over 150 professional works in economics or marketing.

Glenn Phipps is Program Specialist for the Kittitas-Yakima (KI-YAK) Economic Development District, with responsibility for assisting long-range development plans in Kittitas and Yakima that maximize international trade and increase the standard of living for local residents. He has been a Board Member of the Tri-Valley Private Industry Council, and is a member of the Council of Industrial Bond Users and of the Council of Urban Economic Development. He is also on the Steering Committee and Administrator for the 1992 Washington State Agricultural Showcase. In 1991 his agency was chosen as the top economic development district in the western United States by the U.S. Department of Commerce.

Steve Proctor is currently Sales and Marketing Development Manager for Brownfield & Sons in Pasco, Washington. He also serves on the Governor's Food Processing Industry Development Council and has served on the Targeting Sector Food Processing Advisory Committee for the Department of Trade and Economic Development. Mr. Proctor has fifteen years of experience in agricultural lending, working with long-term financing, in addition to being an agricultural producer.

Arthur C. Scheunemann is the Managing Director of the Market Development Division, Washington State Department of Agriculture. He was district sales manager for DeKalb Agriculture Research in Illinois; helped develop the Washington Agriculture and Forestry Leadership program; served as staff budget analyst and staff research analyst for various Washington State Senate and House committees; and has served as assistant to the director, Washington State Department of Agriculture.

James A. Schill is a 26-year veteran Foreign Service Officer with the United States Agency for International Development and the Department of State. He is currently head of a business outreach program on the West Coast which assists companies to access information and business opportunities through USAID. He has directed major programs for economic development and humanitarian assistance in Southeast Asia and the South

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Pacific. He coordinated AID's response to implementing the Caribbean Basin Initiative for private sector growth and development. He has been stationed in 13 different countries and brings a wealth of personal knowledge to his current role of advising companies on how to trade with developing countries.

G. Edward Schuh is Dean, Hubert H. Humphrey Institute of Public Affairs, at the University of Minnesota. Prior to assuming that position in 1987, he was Director of Agriculture and Rural Development, the World Bank, in Washington, D.C. He was Professor of Agricultural Economics at Purdue from 1959 to 1979; served as Program Advisor to the Ford Foundation in Brazil; was Senior Staff Economist on President Ford's Council of Economic Advisors; and was Deputy Under Secretary for International Affairs and Commodity Programs at the U.S. Dept. of Agriculture from 1978 to 1979. Dr. Schuh has received several awards from, and is a fellow of, the American Agricultural Economics Association.

James E. Toomey is Executive Director, Port of Pasco, with responsibility for a 2.9 million dollar annual operating budget and a port consisting of marine and barge container terminals, a regional airport, and industrial property and facilities. From 1988 to 1991 he was Director of Industrial Marketing for the Tri-City Industrial Development Council. He has many years of experience in industrial management, including ten years with Rockwell International.

BUILDING MARKETS FOR WASHINGTON AGRICULTURE IN THE EMERGING ECONOMIES OF THE DEVELOPING WORLD

Dr. A. Desmond O'Rourke¹

Introduction

Conventional economic wisdom suggests that because developing economies tend to have higher rates of population growth than developed economies and higher income elasticities of demand for food and other agricultural products, each dollar of income growth will be translated into a greater increase in demand for food and agricultural products and that demand will translate into a more rapid rate of growth of imports. Thus, any stimulus the U.S. can give to economic growth in LDCs is expected to yield off-setting returns in terms of greater purchases of U.S. food and agricultural products.

A subset of this thesis argues that the emergence of democratic regimes in the former Soviet Union and in Eastern Europe offers a unique opportunity for the United States. By being mentor and friend to these newly emerging democracies we can assure ourselves of a preferential position as these countries become major markets for western goods.

My purpose today is not to critically evaluate that conventional wisdom with all its ramifications but rather to address the narrower topic of how Washington agriculture can build markets in the developing world. As far as possible, I will try not to talk in generalities, but to analyze the issue in terms of the known interests and capabilities of Washington agriculture.

I will attempt to answer five major questions:

1. How important are LDC markets to Washington agriculture?
2. Which countries/regions are likely to be the best target markets?
3. Which producers and marketers in Washington State will do best in developing country markets?
4. What structures exist or are needed to help Washington agriculture choose the most promising markets, and
5. How can Washington agriculture export effectively in the chosen markets.

¹Director of the IMPACT Center and Professor of Agricultural Economics, College of Agriculture and Home Economics, Washington State University, Pullman, Washington. Paper presented at the Roundtable Discussion on Washington Agriculture and Trade with the Developing World, Pasco, Washington, November 5-6, 1992.

Importance of Developing Country Markets
to Washington Agriculture

My starting point is an analysis of which countries currently buy the products which Washington state has successfully exported. Export data for Washington state is limited and out of date, so for this presentation I chose to use national data for the fiscal year 1991. These will be most pertinent for items such as apples and pulses where Washington State is a major exporter. However, for other products, the data will be indicative of where Washington exporters are most likely to have sold their products.

For selected commodity groups and products, I examined the percentage of U.S. exports going to (1) developed countries, (2) developing countries and (3) centrally planned economies (Tables 1, 2 and 3). As one might expect, the centrally planned economies were important customers only for bulk items such as food and feed grains which central planners deemed important and which the U.S. government was most likely to subsidize under programs such as the Export Enhancement program. There is reason to hope that with the demise of centrally planned buying agencies, purchases of other items could increase. Of course, purchases of bulk items from the U.S. might also decrease.

The share of U.S. agricultural exports going to the developing countries varied widely in our examples, from a low of 21.4% for fruits and fruit preparations to 65.6% for hides and skins. For individual products, the share varied even more widely. To explore this issue further, I asked myself, what characteristics of developing countries would lead them to be major customers for some products and product groups and not for others. That led me to do something I should have done in the first place but did not do, namely, check which countries were included in each category of developed and developing.

Amazingly, the distinction between developed and developing countries is almost as anachronistic as that relating to centrally planned countries. The developed countries include the countries of Western Europe, the U.S., Canada, Japan, Australia, New Zealand and South Africa. All others that are not centrally planned are considered developing. Thus, we have the odd situation that countries like Kuwait, Singapore and Hong Kong with per capita incomes of over \$10,000 in 1989 are classified as developing, while countries such as Spain, Portugal and Greece with per capita incomes less than \$10,000 are considered developed (Table 4).

Clearly, we need some more sophisticated divisions of developing countries to provide an analytical tool for predicting import demand. To pursue this issue, I examined what proportion of U.S. agricultural exports were accounted for by just four countries, Mexico, Saudi Arabia, South Korea and Taiwan. Amazingly, these four countries, with a combined population of only 160 million people, accounted for 49.5% of the U.S. developing country agricultural exports. They accounted for 80.1% of the meats, 95.2% of the hides and skins, 64.1% of the feed grains, and 66.3% of the seeds exported by the U.S. to developing countries. Of major Washington products, these countries accounted for less than 20% of developing country agricultural products imports from the United States only in wheat products and wine. Clearly, the poorer developing

countries are more likely to import food grains, while a Moslem country like Saudi Arabia is not likely to be a major importer of wine.

Analysis of U.S. agricultural exports by income category of the recipient country was more enlightening than the developed - developing country dichotomy. We used five categories suggested by the World Bank, with the highest category being \$6,000 and more, thus including many developing countries (Table 5). The two-thirds of the world population living in countries with incomes below \$500 accounted for 5 percent of U.S. agricultural exports in FY 1991. In contrast, the 12.7 percent of the world population living in the highest income countries took almost two-thirds of U.S. agricultural exports. The five income categories in ascending order imported \$0.63, \$7.01, \$10.29, \$39.27 and \$41.47 of U.S. agricultural products per thousand people.

However, even in these broad income categories, one country could account for an inordinate share of U.S. agricultural exports. For example, in the \$500-1499 income category, Egypt imported \$13.47 per thousand people, twice that of all other countries in the category. In the \$1500-3499 category, Mexico imported \$33.76 per thousand people compared to \$5.09 for all other countries in the category. In the \$6,000 or more category, Canada imported \$167.62 per thousand people compared to \$31.15 for other developed countries in that category and \$ 72.60 for developing countries in that category. Higher income developing countries were either tourist meccas in the Caribbean such as Bermuda, Middle East oil producers such as Saudi Arabia, or export-oriented economies in East Asia such as Taiwan.

Which countries/regions are likely to be the
best target markets for U.S. agricultural products

One can turn this question around and look at certain countries such as the Asian tigers and attempt to predict who will join them as the next economic powerhouses. Such rapidly-growing export-oriented economies have been shown to be among the fastest growing markets for U.S. agricultural products.

An absolute minimum for market growth is a sound economy that has developed the capacity for sustained growth and is experiencing a growing middle class. However, apart from the statistics, which are often difficult to compare, we need also to look at qualitative factors which have a significant influence on openness to trade. These include:

- (1) the prevailing economic philosophy towards trade. How protectionist is that philosophy?
- (2) the presence or absence of political corruption
- (3) the presence or absence of what Luther Tweeten has called "economic degradation", the vicious cycle loosed by government's loss of economic discipline. Results include poor international standing as debtors, runaway inflation, severe unemployment, etc.
- (4) the openness of debate, versus doctrinal rigidity.

- (5) type of relations with the United States (friendly, neutral or hostile).
- (6) organizational inadequacies, especially in the government sector.
- (7) managerial incompetence due to nepotism and other corrupt practices.

Unfortunately, by these standards, a huge country with great potential, like Brazil, often ends up as an inferior market for U.S. agricultural products to a small but well ordered country like Costa Rica.

Which producers and marketers will do best?

As in the case of selecting the best country markets, selecting the products with best export potential depends on many factors. Some of these have already been mentioned or alluded to. One of the most important is the strength of domestic production of each commodity. Wheat exports are likely to continue to a country like Bangladesh with inadequate capacity to meet its own food needs. Orange juice exports are likely to be difficult to a major exporter like Brazil. Costs are a critical factor in trade. For example, in 1989 Chile could deliver Red Delicious apples to Santiago for \$6 per box and to Seattle for \$12 per box. Washington State could deliver Red Delicious to Seattle for \$12 per box but it cost \$18 per box to deliver that same box to Santiago. Clearly, Washington State can not compete with Chile on its home turf in price competitiveness. It must seek seasonal or premium quality niches, the type of niches that emerge as an affluent middle class develops.

Another important factor is the continuation of U.S. subsidies. These have been a major support for exports of grains. However, a GATT agreement may seriously weaken that support over time. The stage of development is also relevant. Only poor countries with limited processing capacity will import wheat flour. As they develop industrial capacity they may prefer to import raw product and manufacture their own flour.

The bottom line is that markets in developing countries are no different than markets elsewhere. Many factors need to be assessed in determining which products or product groups are likely to be in growing demand, and in which products Washington producers or exporters are likely to be able to gain a viable market share.

What structures exist or are needed to help Washington agriculture choose the most promising markets?

Given the need to evaluate the potential of each product category in each country on its own merits, what structures exist or are needed to help Washington agriculture choose the most promising markets? Once again, this depends on the product. The fruit industry, especially apples, has firms experienced in marketing all over the world. They are backed by sophisticated promotional agencies such as the Washington Apple Commission and Tree Fruit Commission. The Northwest Horticultural Council has considerable influence on efforts by U.S. negotiators to reduce unilateral and multilateral barriers to trade. However, even a billion dollar industry such as the Washington fruit industry has to set priorities and ration its efforts to markets with most potential. It could clearly benefit from public sector (USDA, universities) analysis of emerging markets.

Other industries such as wheat, barley, potatoes, peas and lentils, hay, meat and dairy participate in national organizations such as U.S. Wheat Associates or the U.S. Meat Export Federation which are actively involved in overseas marketing research and trade promotion. By the nature of its product, U.S. Wheat Associates is active in both the poorest countries (e.g. Bangladesh and China) and the richest countries like Japan while the Meat Export Federation focuses on middle income or high income countries such as South Korea and Japan.

Minor crops such as seeds, hops, raspberries, mint or the value added products of small processors rarely have either state or national organizations with the resources to operate effectively in other countries. USDA's Foreign Agriculture Service responds to requests for help as it can through its Washington D.C. offices and attaché network overseas. Some states, including Washington, have developed expertise in specific products or world regions. However, in general, minor crops and specialty products have neither the money nor the personnel to regularly and methodically identify emerging market opportunities.

Public and private partnerships to explore market opportunities have been limited and face difficult obstacles of trust. The private sector's motives are to increase profits, the public sector's to advance U.S. policy goals. The private sector wants to minimize information release, the public sector to tell everyone about opportunities. The public sector wants to take a comprehensive approach, the private sector wants an approach targeted to the firm's goals and capabilities. Competitors such as Canada, Chile, Japan and New Zealand have lessons to offer us in public-private partnerships.

How to increase the export effectiveness
of Washington agriculture?

The success of Washington agriculture is really the aggregate effect of correct marketing decisions by its many growers, processors, shippers and supporting services. The effectiveness of its export decisions will be directly related to the soundness of the information on which those decisions are based. The decision to expand efforts in any market can not be based on labels such as "developed", or "emerging", or on generic relationships such as that between developing country growth and increased agricultural imports. It must be based on weighing the return to resources invested in a specific market versus the use of those resources in the domestic market or other foreign markets.

Each market needs to be evaluated against certain criteria:

1. Its size, reliability, ease of access, etc.
2. The firm's potential competitiveness in cost, quality, after-sales service, etc.
3. Will the market utilize existing firm capacity more fully or require expensive re-tooling or re-organization?
4. Will a suitable in-country representative be needed and be available?
5. What sorts of relationships with government agencies or indigenous firms will be required?
6. Will the new market increase or reduce overall firm risk?

Criteria sets argument

- 7. Finally, will the consumer in the new market be willing to pay enough to permit the producer, the processor, the shipper and all other intermediaries to make a profit. If not immediately, how long will the marketing effort need to be subsidized before it breaks even.

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These are difficult criteria to meet for many reasons in the poorer developing countries, in corrupt regimes and in the emerging democracies of the former Soviet Union and Eastern Europe. The U.S. firms that survive and prosper in overseas markets will adhere closely to the discipline of these criteria. In turn, their willingness to help developing countries develop will be based on a hard-headed assessment of whether those countries are giving clear indications that they want a favorable environment for business and trade to prevail.

Conclusion

My analysis of the near-term potential for Washington and U.S. agricultural exports suggests that the best prospects for most products will continue to be in countries that are already medium- or high-income. Included are many countries in East Asia, the Middle East, Western Europe and, of course, Canada. For these countries, the most rapid gains may come from GATT negotiations or bilateral agreements that reduce artificial barriers to U.S. agricultural exports.

Among the developing countries, by far the best prospects seem to be in Mexico, the Caribbean and Central America. If U.S. agriculture could target aid in its own self-interest, it should target aid in those three regions. Latin America remains an enigma, always promising but never quite delivering. Venezuela, because of its oil wealth, and Chile, because of its market orientation offer the most hope in Latin America. However, U.S. agriculture has much reason to be cautious about prospects in many other Latin American countries any time in the near future.

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Table 1. U.S. Agricultural Exports, FY 1991.
 Percentage distribution by type of economy

Product Group	Developed Countries	Developing Countries	Centrally Planned Economies
Wheat and Products	19.4	61.7	18.9
Feed Grains	38.2	42.6	19.2
Live Animals and Meat	54.9	43.2	1.9
Seeds	59.4	34.9	5.8
Pulses	38.4	59.9	1.7

Source: USDA, ERS, Foreign Agricultural Trade of the United States.

IMPACT

Table 2. U.S. Agricultural Exports, FY 1991.
 Percentage Distribution by Type of Economy

Product Group	Developed Countries	Developing Countries	Centrally Planned Economies
Fruit and Fruit Preparations	78.5	21.4	0.1
Vegetables and Veg. Preparations	68.1	31.5	0.4
Dairy Products	37.4	60.2	2.4
Hides and Skins	33.3	65.6	1.1

Source: USDA, ERS, Foreign Agricultural Trade of the United States

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**Table 3. U.S. Agricultural Exports, FY 1991.
Percentage Distribution by Type of Economy**

Product	Developed Economies	Developing Economies	Centrally Planned Economies
Wheat Flour	1.1	96.2	2.7
Apples	41.5	58.5	0
Meat	73.6	26.1	0.3
Feeds and Fodders	86.4	13.4	0.2
Wine	84.7	14.6	0.7

Source: USDA, ERS. Foreign Agricultural Trade of the United States

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Table 4. Per Capita GNP, Selected Countries, 1989 (\$U.S.).

Developed		Developing	
Spain	9150	Kuwait	16380
Portugal	4260	Singapore	10450
S. Afrlca	2460	Hong Kong	10320

Source: World Bank Atlas, 1990.

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**Table 5. Distribution of U.S. Agricultural Exports
by Income Group of Recipient County, FY 1991.¹**

<u>Income Group</u>	<u>Population 1989</u> (million) (%)		<u>U.S. Ag Exports FY91</u> (\$million) (%)	
Less than \$500	2791.9	64.6	1751.4	5.0
\$500 - 1499	432.4	10.0	3033.0	8.6
\$1500 - 3499	471.2	10.9	4846.1	13.7
\$3500 - 5999	64.7	1.5	2538.8	7.2
\$6000 or more	559.3	12.9	23193.4	65.6
TOTAL	4.319.4	100.0	35.362.7	100.0

¹ Excludes countries for which income data were not available

IMPACT

**IMPORTANCE OF INTERNATIONAL MARKETS:
IN THE EMERGING ECONOMIES OF ASIA AND LATIN AMERICA**

Judy Olson
Secretary-Treasurer
National Association of Wheat Growers

The United States is blessed with an abundance of natural resources that have formed the backbone of our economy and growth for over three hundred years. Of these resources, our large agricultural resource base with its productive soils and temperate climate, have provided us with one of the most diverse and highly developed agricultural industries in the world.

For over 100 years prior to 1970, foreign trade represented about 5% of the U.S. Gross National Product (GNP). American business as a whole, relied upon domestic markets for growth. Today, international trade represents nearly 20% of our GNP and that figure is growing. As a country, we are only now beginning to recognize just how important trade is to our current and future economic well-being. The recognition of the value of international trade came much earlier to the wheat industry. In the early 1800's, wheat was introduced into the Pacific Northwest expressly for trade with England. About 90% of Washington's wheat crop is exported each year. Nationally, we export about 65% of our total production. The U. S. wheat industry has, for many years, invested industry dollars to pursue market development and trade promotion around the globe.

Primary markets for U.S. wheat exports include: the Commonwealth of Independent States (former Soviet Union), China, Egypt, Japan, Korea, Algeria, Philippines, Pakistan, and Taiwan.* These countries have consistently placed in the top ten importers of U.S. wheat for the past several years. All, except Japan, could be considered developing economies. These countries form the core of U.S. wheat exports, but also illustrate that international markets can be successfully developed to the benefit of both the importer and exporter. Korea and Taiwan both illustrate this situation, and have moved, through increased trade, to become cash customers.

*Note that six of the nine countries listed are traditionally Pacific Northwest white wheat customers.

Emerging economies in lesser developed countries, as illustrated by Korea and Taiwan, can be a source of U.S. agricultural export growth. Lesser developed countries (LDC's) comprise more than half the world's population and their population growth is greater than that of the developed world. This provides for built in market growth potential. The U.S. had an advantage over the rest of the world in this market during the 1960's and 1970's, when LDCs increased their imports of U.S. agricultural commodities. Growth of these imports has been particularly strong for wheat, feed grains, and oilseeds.

U.S. citizens need to recognize the value of further development of trading relationships with these countries and the positive benefits that can be derived by our own economy. For those of us involved in agriculture and agri-business who are seeking new or expanded market opportunities, it is important to realize that there are several considerations when developing long term trading relationships.

Dr. O'Rourke outlined criteria to evaluate each prospective market. In addition, it is important to consider the degree of public support based on our own societal, humanitarian, or political goals. These considerations influence the amount of support our own government will lend directly or indirectly to this developing market. This is a significant factor, in the success or failure of developing trading relationships with lesser developed countries. The amount of funding available for various export programs, including credit and humanitarian programs, and the criteria for disbursement are extremely important factors. Producers and agri-business will also evaluate short term and long term relationships differently.

For example: The short term needs of the CIS and Eastern European countries are promising both for agricultural exports and development of agri-business partnerships. If we are successful, and if these emerging democracies succeed, it is unlikely that this area will remain a long term sustainable market for U.S. agricultural commodities, especially, wheat, feed grains, and livestock. In reality, this region can, with access to our technology, improve their infrastructure, and become self-sufficient perhaps, even an export competitor in the future.

A second example is embodied in Latin America. The developing countries comprising Latin America have significant potential for U.S. agricultural export growth, especially for the wheat and feed grains industry. During the early 1980's Latin America was mired in stagflation, saddled with domestic and foreign debt, and plagued by a lack of confidence on the part of creditors and investors. Capital flight from the region to safer, more profitable havens resulted from the loss of confidence in the ability of Latin American governments to pursue sustainable, growth-oriented economic policies. Between 1980 and 1986 total U.S. exports to Latin America declined about \$11 billion that the Overseas Development Council estimates translated into a loss of 929,000 U.S. jobs. Latin American imports from the United States

improved dramatically during the late 1980's. This growth in imports was largely do to Latin American policy and economic reforms. Clearly, it is in the best interest of both Latin America and the United States to persist with these policy reforms and step up the pace of economic recovery.

Beginning in 1985, Mexico was one of the first Latin American countries to implement policy reforms necessary to restore growth and confidence in its economy. Mexico joined the General Agreement on Tariffs and Trade (GATT) in 1986. In addition, Mexico has reduced its maximum tariff on imports by over 80% and cut import licensing requirements significantly. These changes made the country more accessible to U.S. food exports. U.S. farm sales to Mexico have more than doubled since 1986, making it our 3rd largest ag trading partner at nearly \$3 billion in FY91.

Mexico is providing leadership to Latin America by reforming its own economy and moving toward free trade. Recently, the North American Free Trade Agreement (NAFTA) has been presented to our Congress which represents a significant step in expanding export opportunities for a variety of U.S. products, including agricultural commodities. NAFTA should increase Mexican investment and development that will result in higher incomes, and translate into higher demand for food and imports. Mexico's annual population growth of about 2%, the shift of its population to urban areas, and its limited agricultural resource base implies continued growth opportunities for U.S. agricultural exports in the future. Estimates project that NAFTA will add about 54,000 new jobs to the U.S. economy and by the end of the 15 year transition period, U.S. ag exports will likely be \$1.5 - \$2 billion higher than without the trade agreement.

However, we must not let ourselves be oversold by free trade agreements. We must insist that we get as good a deal as we give our trading partners. In the case of wheat, using the NAFTA example, this means that we should not surrender a contiguous market to a competitor some 3,000 miles away. The proposed agreement allows the Canadians to apply a \$20/ton transportation subsidy on wheat to Mexico, and the U.S. will have to use its own subsidies to override this unfair trade. Right now, the Canadians have over 3/4's of the Mexican wheat market.

In the aggregate, free trade agreements can be beneficial to the countries involved, but we must understand that there is a price to be paid.

The greatest challenge we face in the world today is one of economic competition and growth. To expand and prosper, U.S. agriculture needs growing and expanding markets. U.S. agriculture also needs a public that understands the importance of international trade to our own economic recovery. It is vital that we all recognize that investment in emerging economies can stimulate mutually beneficial trading relationships, providing economic growth and stability for our citizens and our economy.

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Impact of the Global Economy on the U.S. Farmer

Ross Hansen
President
Colorado Association of Wheat Growers

The United States economy has become increasingly linked with the economies of other nations, both developed nations and developing, nations over the last 30 years. These linkages are readily apparent in U.S. agriculture which is heavily dependent on international trade. The U.S. farmer represents only 2% of the population yet produces an abundance of food that is exported around the world. These agricultural exports provide jobs throughout the country and help the U.S. balance of trade. In Colorado, 80% of Colorado produced wheat is exported and 22,000 off farm jobs rely on the wheat farmer.

As the number of farmers in the U.S. has decreased and the amount of food produced by those farmers has increased, the U.S. farmer's exposure to world events and the global economy has become vital to his or her's survival. I believe there are four general areas where the global economy have a direct impact the individual farmer.

Does the farmer realize the effect of the global economy on his or her's bottom line?

How does the farmer gain the information on international trade to make the right decisions?

Will trade agreements such as GATT and NAFTA make a difference to the individual farmer?

Can the U.S. farmer compete in the global economy?

Does the U.S. farmer realize the impact of world events on his or her's bottom line? Certainly, farmers are very accustomed to weather patterns in other countries affecting the price of their commodity. But do they realize the many other events that also affect their profitability?

Since 1989 Most Favored Nation (MFN) status for China has been a hotly debated subject in the U.S. The general U.S. population has focused on the human rights issues associated with China MFN, and they should be commended for their concern; however, they must also realize the affect any decision has on U.S. agriculture. The Congressional Research Service published a report demonstrating that

discontinuing MFN for China would result in a decrease in the wheat price of \$.25 to \$.27 per bushel. This aspect of China's MFN status has a direct affect on the survival of individual farmers yet it is rarely focused on by the media or the individual farmer.

Another example of international trade affecting the U.S. farmer is the Export Enhancement Program (EEP). The EEP has been a great success for the U.S. wheat industry and grain markets react immediately to any EEP announcement. Farmers follow the EEP program closely but they must realize that much of the success of the EEP program is a result of many years of market development in those countries currently buying U.S. wheat. The wheat industry has participated in market development for many years and we are now seeing the benefit of that development. U.S. agriculture must continue and expand those development efforts if the U.S. farmer is going to survive and compete in a global economy.

One of the keys for the U.S. farmer to compete in a global economy is a reliable, up to date source of information. The farmer must digest all of the market forces from around the world, often in a short amount of time. The farmer must decide what products to raise as well as when and if they can be sold at a profit. The farmer needs information on:

- U.S. and world commodity markets

- U.S. and world weather

- U.S. and world politics

- U.S. and world events that may affect international trade

As U.S. agriculture moves through the 90's, I believe concise and timely information availability will be essential for the survival of the U.S. farmer. This information is currently provided by newsletter, consultants, satellite, fax, government agencies, or other means; however, it must be made more accessible and must be used by more farmers. No longer can the farmer rely solely on the local radio commentary.

The General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) are vigorously debated in the agricultural community. Free trade and a level playing field is important to maintain U.S. agriculture's competitiveness in a global economy. The European Community outspends the U.S. 20 to 1 in export subsidies. The U.S. does not have the will nor the money to match these subsidies; therefore, some balance must be reached. If a favorable GATT agreement is reached U.S.

agriculture will benefit by maintaining and increasing trade with the middle and high income countries which tend to be the highest competitive markets.

A recent study by the USDA on NAFTA concluded that U.S. wheat exports to Mexico would increase by 40% over the long term. Obviously, NAFTA and GATT could be very beneficial to agriculture; however, some commodities may be hurt under the agreements and U.S. agriculture must constantly monitor whether too many concessions are made by the U.S.

Can the U.S. farmer compete in the global economy? The world is slowly moving toward freer trade and more open economies. For the U.S. farmer to compete in the global economy the general business climate must be favorable to agriculture. Issues such as workers compensation, environmental regulation, government regulation, insurance costs, strength of the U.S. dollar, agricultural research, the development of new uses for U.S. agriculture products, and the willingness to develop markets worldwide become extremely important. The U.S. farmer can survive and prosper under an increasingly global economy with ingenuity and help on these issues from both the public and the private sector.

The U.S. must realize the importance of international trade and develop integrated policies that benefit both the U.S. producer and our customers. If we have patience and perseverance the benefits from foreign aid and market development can pay a large dividend to the U.S. farmer and to the nation. The task facing the U.S. farmer and the U.S. as a whole is not simple; however, we can prosper if we work towards stable long-term relationships with our international customers.

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THE IMPORTANCE TO US AGRICULTURE OF BROAD-BASED
ECONOMIC GROWTH IN THE DEVELOPING COUNTRIES*

G. Edward Schuh**

It is a pleasure to be with you this evening, and to address this important topic. The organizers of this roundtable conference chose their topic well for this evening's session. U.S. agriculture needs to look to the developing countries for their future markets. What I hope to show in my remarks is that the best potential our agricultural interests have for future markets is in the developing countries.

I have organized my remarks in three parts. First I will explain why some of our traditional markets will not likely sustain us into the future. Then I will discuss why the developing countries offer so much potential. And finally I will discuss what we need to be doing to help those markets become a reality. At the end I will have some concluding comments.

Why Traditional Markets Are Not Likely
To Sustain Us

Large shares of this nation's agricultural exports have in the past gone to Western Europe and to the Soviet Union and the countries of Eastern and Central

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Europe. Those are not likely to be strong markets in the future. In fact, if anything they are likely to decline both in absolute and relative importance.

Let's first consider Western Europe or the European Economic Community. I have long been puzzled at why we in this country give so much attention to this part of the world in our international endeavors to develop a more rational trading system. It would clearly be helpful if we could get the Europeans to stop their subsidies of competing exports. And it would also be helpful if we could increase our exports to the Community. But the latter is not likely to happen, and we shouldn't kid ourselves about it.

We do need to persevere in our attempts to have them stop subsidizing their exports into competing markets. But we also need to keep in mind that we also subsidize our agricultural exports, not so much by direct payments as the Europeans do, but in the form of producer payments that pay farmers at prices higher than what market-clearing levels would otherwise be.

The important point, however, is that if both the United States and the European Community were to rationalize their agricultural policies, reduce all the subsidies to their respective sectors, and eliminate the existing barriers to trade, it is not likely that total agricultural trade with the Community would increase. There might be some increase in the export of feed grains, but that would likely be offset by reductions in other imports as adjustments were made in domestic agriculture within

the Community.

The other important market for U.S. agriculture in the recent past has been the Soviet Union and the countries of Eastern and Central Europe. I find that many people believe that with the collapse of the Soviet Empire our markets to that part of the world are going to increase. Those who believe that are likely to be in for a big surprise. My expectation is that our markets are likely to go the other way, and in the form of two successive shocks to international commodity markets.

In the first place, the Soviet consumer, and the consumers of the countries of Eastern and Central Europe, have had their consumption of food highly subsidized over recent decades. Political leaders in those countries attached considerable symbolic value to having their citizens have essentially the same diet as consumers in the United States and the industrialized West. Consequently, they provided large subsidies to attain that goal.

An important part of rationalizing economic policy in those countries involves the elimination of those subsidies. They have neither the domestic resources nor the foreign exchange to sustain such large subsidies since they are relatively poor countries and lack the ability to compete in international markets, at least in the short term. The result is likely to be a substantial decline in the demand for food imports from these countries. The consumption of livestock and livestock products is likely to

decline substantially, and with that the imports of feed grains and oilseeds.

Unfortunately, the effects are not likely to stop just with this elimination of consumer subsidies. That part of the world has a great deal of agricultural potential, especially in the Ukraine, Hungary, and other parts of Central Europe. If one goes far enough back into the past, one finds that that part of the world was a major exporter of grains. It became a net importer in large part because it has hopelessly mismanaged its agricultural resources, while at the same time providing the large subsidies to its consumers referred to above.

There are two issues here. The first is the incredible inefficiency of the food distribution system, especially in the former Soviet Union. Rationalizing that system will in itself generate a significant increase in the supply of food available to domestic consumers. The second is the need to make more efficient use of domestic agricultural resources, first by allowing commodities to be produced where they have a comparative advantage within the countries, and second by recombining land, labor, and capital in more efficient production systems. The tendency of the centrally planned countries to promote local self-sufficiency in particular imposed large costs on the economy, and there are large gains to be had from producing the agricultural output where it has a comparative advantage.

In conclusion, I expect international commodity markets to experience two

significant shocks from developments in the Soviet Union and in Eastern and Central Europe. The first shock will be a substantial decline in the imports of grains, sustained in the interim only by the willingness of countries of the West to provide credits to sustain current levels of imports. The second shock will come some time in the future, perhaps as much as a decade away, as these countries improve their food distribution system and reorganize their agriculture. There is a great deal of potential for increasing productivity in the former Soviet Union and in the countries of Eastern and Central Europe. This potential will be realized as a greater dependence on markets to organize production is brought about.

The Potential of the Developing Countries

The developing countries of Africa, Latin America, and Asia constitute the best market potential for U.S. agriculture as we look to the decade ahead. This market will not be realized easily, however, and its growth is likely to be an uneven process.

In the first place, many of these countries are still undergoing significant economic reforms as part of their process of recovering from the economic crisis of the 1980s and getting themselves on a path toward sustainable development. These economic reforms involve the elimination of significant import subsidies that have helped sustain their imports of food in the past. In addition, many of the developing countries have in the past seriously discriminated against their agriculture by overvaluing their currencies, explicitly taxing their agricultural exports, and other

measures. As this discrimination is eliminated, their agriculture will do better and that, combined with the elimination of the import subsidies, will reduce their imports. These reform processes will be uneven across countries and over time, however.

The important thing as we look to the future, nevertheless, is that these necessary reforms will lead to strong and broad-based economic growth in the future, and this economic growth is the basis of strong markets for the United States and other countries. Consider the numbers for a minute. Most of the developing countries still have population growth rates of between two and three percent per year. In some countries of Africa, the growth rates are closer to four percent, but let's be conservative about our estimates and stay with the range of between two and three percent per year.

Now consider the income side. Most developing countries are capable of experiencing sustained increases in their per capita incomes of between 3 and 5 percent per year. That is also a conservative estimate, since quite a number of countries have in the past been able to do better than that. If economic development in those countries is broad based, much of these increases in per capita incomes will be realized by low income groups. These low income groups have relatively high income elasticities of demand, which means that they continue to increase their demand for food rather significantly as their per capita incomes rise.

Let's be conservative about this issue also, however. Let's assume that the income elasticity of demand for these countries is on the order of .6. That means that if per capita incomes increase by 10 percent, the demand for food will increase by 6 percent.

An increase in per capita income of 3 percent per year will thus amount to an increase in the demand for food on the order of 1.8 percent per year. An increase in per capita incomes on the order of 5 percent per year, on the other hand, will result in an increase in the demand for food on the order of 3.0 percent per year.

Now, if we combine these numbers with the numbers on population growth rates we have a fairly good estimate of the total increase in the demand for food. The lower population growth rate of two percent, combined with the 3 percent increase in per capita incomes, results in a total increase in demand for food of 3.8 percent per year. The higher population growth rate of 3 percent per year, combined with the 5 percent increase in per capita incomes, results in an annual increase in demand for food on the order of 6 percent per year. These two numbers bracket what we might expect as we look to the future.

The interesting issue now is to think about the supply side of the equation in these countries. Will they be able to attain such rates of growth in their domestic supply of food? Not likely. If one examines the historical data on the evolution of

agricultural output by country, what one finds is that not many countries have been able to obtain sustained increases in their agricultural output at rates of 4 percent or greater per year. Moreover, those that have been able to do so have done it by bringing large new areas of land into production.

Brazil is a case in point. It was able to increase its agricultural output at a rate of 5 percent per year for a substantial period of time. But it did it by bringing approximately 1 million hectares of land into production each year, while at the time experiencing modest increases in productivity. Not many countries can bring that much land into production on a sustained basis. The available supplies of land just aren't there, or can be brought into production only at high cost.

We should keep in mind that the policy reforms in these countries, which shift relative prices back in favor of agriculture, will result in increases in output in the short term. However, once the adjustment to higher prices has taken place, their output growth will be back on the same trend line as prevailed in the past, unless they begin to generate increases in productivity on a sustained basis.

One of the basic problems, however, is that most developing countries have only a modest capacity for agricultural research. Consequently, it will not be easy for them to obtain increases in productivity on a sustained basis. This will ultimately be their bete noir, and will eventually put a brake to their development process unless

they increase their capacity for agricultural research. The other alternative, of course, is for them to become exporters of manufactured products so they can earn the foreign exchange to pay for the imports of food. That will be feasible if the right policy environment exists.

How Does One Promote Broad-Based Economic Growth in the Developing Countries?

The answer to this question comes in three parts. The first part is for them to undertake the economic reforms many of them are now undertaking. The pursuit of economic development behind protectionist walls many of these countries have practiced in the past has really benefitted relatively few of their citizens. The reforms now being implemented, most of which involve turning their economies outward to compete in the international economy, promises to give them not only more rapid economic growth, but one that is more broadly based as well.

The second part of the answer is to promote the development of agriculture in these countries. This is the part that has been controversial with U.S. agricultural groups. They tend to see the development of agriculture as contrary to their interests. Consequently, they have tended to oppose U.S. foreign aid efforts, as well as those of the World Bank and other international development efforts, to help develop agriculture in those countries.

That view reflects a failure to understand how the development of agriculture

contributes to general economic development in those countries. Because this issue is so important I would like to explain some of the detail of how this process works.

Let's begin by recognizing that the key to the development of agriculture is to invest in the capacity to produce new production technology, which is to say in the capacity to do agricultural research. This development of the capacity to do agricultural research has to be complemented with investments in other forms of human capital, such as education, health and nutrition, and in policies which make efficient use of the nation's resources and which result in an equitable distribution of income. In some countries there is a need to invest in the physical infrastructure as well.

An important feature of developing agriculture in this way is that it raises the productivity of resources in this sector. Such an increase in productivity provides the means by which resources can be released from agriculture for the production of other goods and services people will demand as their per capita incomes rise. But it has some other important effects as well.

Let's consider two cases. First, let's assume we are developing new technology for subsistence crops - those that are produced and consumed primarily at home and not traded. As the improved varieties and practices produced by the research for these crops become more widely adopted, the price of the commodity

will tend to decline. American farmers can easily testify to this effect. It has characterized the development of American agriculture throughout the post-World War II period.

This decline in the price of food is equivalent to an increase in the real incomes of consumers of the crop or crops experiencing technological progress. The important point in this respect is that everybody consumes food. Thus, the increases in income will be broadly distributed. How extensively they are distributed will depend on how widely the commodity is consumed. And although the increase in income may be fairly modest for individual consumers, the sum over all consumers may be very substantial.

Increases in per capita incomes lead to increases in the demand for all goods and services. Some of this increase in demand will be for more food, and if the increase in income is substantial, it may lead to an upgrading in diets towards commodities such as livestock and livestock products that require grains and protein supplements to produce. Hence, developing agriculture by this means increases the demand for agricultural products at the same time the supply is being increased.

There is still another dimension to this effect, however. Low income consumers tend to spend a larger share of their budget on food. Consequently, they will tend to benefit in a relative sense from the decline in the real price of food. This is a desirable

feature of any development policy. Moreover, from our perspective it is these low income groups whose demand for food are most responsive to increases in their per capita incomes. Thus the positive demand effects from these groups will be even stronger than for the population at large.

Now, let's consider the second case. Suppose that instead of developing new technology for subsistence crops we develop it for tradeable commodities. Tradeable commodities are those that are either exported or that compete with imports. In this case the price of the commodity is not likely to decline unless the country is relatively important either on the import or export side. Instead, the price of the commodity will be determined in the international market. However, the increase in productivity due to the new production technology will lead either to an increase in exports, or to a reduction in imports, depending on whether the commodity is an export or one that competes with imports.

With an increase in exports the country will earn more foreign exchange. With a reduction in imports it will save foreign exchange. In either case, this foreign exchange can finance a higher rate of economic growth, which in turn will lead to an increase in per capita incomes and demand. This foreign exchange can also be the means by which the country can purchase imports of agricultural imports from abroad.

In conclusion, the paradox is that by promoting the development of agriculture in the developing countries it is possible to actually increase the demand for our own agricultural exports. Most commodity groups in this country have missed this important point and thus lobbied counter to their own best interests.

The third part of the answer to the question of how we can help promote broad-based economic growth in the developing countries is to promote freer trade. The important point on this issue is that trade liberalization is one of the most important means available for promoting economic growth. It leads to more efficient use of the world's resources. It also brings about some very dynamic effects in the countries that lower their barriers to trade by forcing increased efficiency and the more rapid adoption of new production technology.

The downside, of course, is that some groups in society usually experience economic hardship when the barriers to trade are lowered. The solution to that problem is not to forego the benefits from freer trade. The solution is instead to help those who are harmed by the opening of trade to adjust to new productive activities. This assistance can include policies which facilitate the adjustment of labor to alternative employment, and assistance to producers to shift to the production of alternative commodities.

Another important aspect of adjusting to the reduction in trade barriers is to

continually be on the lookout for new market niches into which producer groups might move. A competitive world is not a comfortable world. Producers have to continually be on the lookout for new market opportunities. If we become complacent, and choose to hide behind protectionist barriers, we sacrifice our future by sacrificing future economic growth.

Concluding Comments

In concluding I would like to make three points. First, I would like to indicate my optimism about the potential for economic development of the developing countries in the decade ahead. Many of those countries have undertaken major reforms of their economic policies and have taken major steps to get their economic houses in order. They are recovering from a decade of economic stagnation and decline, and such recoveries are typically robust and vigorous. The potential for adopting new production technology for their industrial sectors is also great since contrary to the case of agricultural technology, industrial technology is easily transferable. This combination of factors causes me to expect the developing countries to expand in the decade ahead at an unprecedented rate.

Second, we should keep our attention focused on countries such as China. That country has a population of 1.1 billion and growing. It also has very low per capita incomes. If the economic reforms it has implemented in agriculture are extended to the rest of the economy, and that is soon to come, the potential for

increases in per capita incomes is quite great. Contrary to the case of the former Soviet Union and the countries of Eastern and Central Europe, China already makes efficient use of its agricultural resources. Thus, as it experiences economic growth and development, the increases in demand for food will have to be satisfied in large part from imports. This is a huge market opportunity for U.S. producers.

Finally, the challenge U.S. producers and other agricultural interests face is to redirect their efforts away from the European Economic Community and the former Soviet Empire and towards the developing countries. That is where our future markets lie. Moreover, we should help those countries realize their development goals so we in turn can ultimately realize their market potential.

Washington Agriculture and Trade with the Developing World

Roundtable Policy Recommendations

I. Meeting of Minority Entrepreneurs

1. The government and the private sector should work together to develop organizational infrastructures within minority communities that will facilitate these communities' participation in international markets.
2. Some representational goals for trade missions should be adopted. These goals would apply to both staff who must understand minority entrepreneurs' products and to participants.
3. The diversity of commodities and food products eligible for distribution in developing countries under P.L. 480 should be expanded. This would help all producers and agribusiness leaders in Washington state who produce a wide variety of food products.
4. The United States must better understand the tremendous economic value of a multi-cultural population as we face the challenges of doing business in a multi-cultural world.
5. Language skills at all levels of U.S. society must be improved if we are to succeed in the international economy.

II. Roundtable Participants

1. There is a need for a coherent, consistent, and strong commitment to trade on the part of the U.S. government.
2. In the past, government policies driven by political priorities have been an obstacle to trade. There needs to be a strong public-private sector partnership committed to trade based on the recognition that trade is essential for our economic security. In this regard, the economic impact of any proposed new regulations on business should receive careful scrutiny.
3. Education is the key to creating a society which is more internationally aware; this is an essential goal if we are to succeed in international markets. For example, Americans need to better understand how food systems are basic to the economies of all nations.

4. More research is needed to develop new higher-value crops and products for which markets can be developed.
5. We need to "showcase" Washington agricultural products aggressively in Washington, at the Yakima Agricultural Showcase, and also in Portland. Minorities and other small firms would benefit a great deal from more showcasing of their products.
6. Financially strong agricultural producers and firms in Eastern and Central Washington can help minority entrepreneurs through joint ventures and revolving loan funds.
7. Government and business must make concerted efforts to research the needs of overseas customers (e.g. their customs and language.) By knowing international customers and their cultures more intimately, we will have greater success in trade.

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NEWS

For Immediate Release
October 16, 1992

Contact: Martin J. Tillman
(202) 639-8889

ROUNDTABLE CONFERENCE TO FOCUS ON WASHINGTON AGRICULTURE TRADE WITH DEVELOPING COUNTRIES

PASCO, WA - On November 5-6, The Citizens Network for Foreign Affairs will sponsor an important roundtable conference focusing on "Washington Agriculture and Trade with the Developing World." The roundtable will explore opportunities for Washington agriculture generated by broad-based, sustainable economic growth in Asia and other developing regions, especially in Latin America.

National and local organizations co-sponsoring the roundtable include the Washington State University Development Education Project, Brownfield and Sons, National Association of Wheat Growers Foundation, Port of Pasco, Washington Association of Minority Entrepreneurs, Washington State University Cooperative Extension, and the Washington State Agricultural Showcase.

Dr. G. Edward Schuh, Dean of the Hubert Humphery Institute of Public Affairs at the University of Minnesota and a prominent spokesman for U.S. agriculture's global interests, will be the featured keynote speaker at the roundtable. Other roundtable speakers and discussion leaders will be: Ms. Judy Olson, Secretary-Treasurer, National Association of Wheat Growers Foundation; Mr. Ross Hanson, President, Colorado Association of Wheat Growers; Dr. Desmond O'Rourke, Director, IMPACT Center and Professor of Agriculture Economics at Washington State University; Ms. Luz Gutierrez, Executive Director, Washington Association of Minority Entrepreneurs; Mr. William G. Clark, President of Commission, Port of Pasco; Dr. Nancy Horn, Project Director, International Development in Rural Communities in Washington, Washington State University- Pullman; and Mr. James Schill, Senior West Coast Trade and Development Advisor for the U.S. Agency for International Development.

More than 60 business and community leaders will attend the roundtable. Roundtable participants will represent all aspects of Washington agriculture including major commodity producer organizations, manufacturers of agriculture inputs, processors, and trade and transportation groups.

- more -

The Citizens Network for Foreign Affairs is a non-profit, tax-exempt 501(c)(3) organization.

*Member, Executive Committee

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The Citizens Network for Foreign Affairs is a non-profit, bipartisan organization based in Washington, D.C. The Citizens Network's mission is to engage U.S. policy makers and business leaders on the growing U.S. stake in the developing world's emerging economies, through conferences, publications, and operational activities overseas.

The Citizens Network has conducted over 20 roundtable in 15 states, attended by over 2,500 public and private sector leaders. Roundtables have focused on a variety of topics related to the U.S. stake in broad-based, sustainable economic growth in the developing world.

The roundtable will be held at the Red Lion Inn in Pasco, WA. Conference proceedings will begin with a "Meeting of Minority Entrepreneurs" on November 5 at 12:00 p.m. The full conference will begin at 6:00 p.m. on the same day.

Partial funding for the Pasco roundtable was provided by the U.S. Agency for International Development and The Carnegie Corporation.

-###-

NOV. 6, 1992

Tri-City Herald

Ag official urges foreign development

By ROBERT WOehler
Herald staff writer

Washington farmers have a stake in seeing that developing countries build up their agriculture, a national trade official said Thursday night in Pasco.

G. Edward Schuh, dean of the Hubert Humphrey Institute of Public Affairs at the University of Minnesota, told about 65 Washington farmers and ag-business leaders it pays to help a developing countries like Mexico and Thailand improve their agriculture base.

The reason is it allows them to have more money to buy more expensive farm goods like Washington apples and cherries.

Schuh was the keynote speaker for a two-day agriculture roundtable sponsored by the Citizens Net-

work for Foreign Affairs based in Washington D.C.

This is the 20th such roundtable around the country, said Robert Stowe, senior adviser for the organization.

"The purpose is to make Washington agriculture leaders aware of opportunities," he said.

Leading off the program today is Desmond O'Rourke of Washington State University, who heads efforts to export Washington farm products; Art Scheunemann, market development director for the Washington State Department of Agriculture; and Steve Proctor of Brownfield and Sons, a Pasco produce firm. Proctor is a former agriculture director for the Tri-City Industrial Development Council.

Prior to the state of the conference Thursday night there was a session at noon for minority entrepreneurs.

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NOV. 7, 1992

Tri-City Herald

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Trade war a threat to state farmers

By ROBERT WOEHLER
Herald staff writer

If a trade war with Europe breaks out, Washington agriculture is likely to be among the casualties, a top Washington State University economist warned Friday in Pasco.

Desmond O'Rourke, WSU export trade expert, said the state looks to Europe as a major customer.

That makes the latest dispute between the U.S. and Europe over agricultural tariffs a worrisome development, he added.

O'Rourke was the lead-off speaker at a daylong roundtable by the Citizens Network for Foreign Affairs. The session focused on how to create more trade for Washington agriculture products.

While most of the talk was about developing countries in Latin America, the Far East and the Caribbean, O'Rourke said no one should forget about Europe.

This is especially true for higher priced Washington commodities such as apples, sweet cherries, as-

paragus, processed foods and even wines.

His comments came following Thursday's announcement by the Bush Administration that it will impose 200 percent tariffs on 240 varieties of European white wines in retaliation for European embargoes on U.S. oil seed crops.

It threatens to set off a full-blown trade war with America's largest trading partner — the 12-nation European Community.

The reaction from the wine community in the United States was mixed.

Some believe the embargo may create an opportunity to sell more domestic white wines at home, but it could close European borders to California and Washington wines.

Simon Siegl, executive director of the Washington Wine Commission, said the European market is small but has potential.

Washington wines have won acclaim from national publications for their quality and value. A high quality Washington white wine

sells for around \$10.

An equivalent French white wine sells for about \$20 and could go to \$80 if the embargo is imposed in 30 days as threatened by the Bush Administration.

The majority of Washington wines that are exported currently go to the Far East, chiefly Japan.

"I see this latest as a shot over the bow by the United States to try to get Europe's attention on coming to some kind of conclusion on the ongoing GATT (General Agreement on Trade and Tariffs)," O'Rourke said.

"I'm not sure this will bring us closer to reaching an agreement. It's sort of like escalating the arms race," the WSU economist said.

As far as trade with other nations, O'Rourke, who heads the WSU International Marketing Program for Agriculture Commodities and Trade (IMPACT), said the current "tigers" for trade opportunities include Mexico, Saudi Arabia, South Korea and Taiwan.

Potential new "tigers" are Central American countries, the Caribbean and some Southeast Asian nations, including Thailand and Indonesia.

"We need to look at countries that have an expanding middle class," O'Rourke said.

Walter Swenson, program manager for the Washington State Department of Agriculture's market development department, said agriculture exports accounted for a third of the total \$4.38 billion of Washington farm crops produced in 1991.

He said his department seeks to target markets that can best afford the state's farm commodities.

Steve Proctor of Brownfield and Sons, a Pasco produce packer, told the roundtable there are opportunities for small private businesses to create export markets through joint ventures with a foreign firm.

He said Brownfield is working on such an agreement with a Mexican firm to sell onions.

Officials fear U.S. trade war could hurt state's exports

The Associated Press

Washington state trade officials are reacting to the U.S. trade war with Europe over wine with concern that the dispute could spread, with major consequences for the export-dependent state.

"In the worst-case scenario, we could have the equivalent of a megaton nuclear exchange in international trade," said Bob Kapp, president of the Washington Council on International Trade.

The United States has said it will impose a 200 percent tariff on European white wines Dec. 5 in retaliation for European embargoes on U.S. oil seed crops.

"Every time you impose a tariff, you do damage to the trade system," Kapp said Friday. "This is a big cargo-moving state."

Experts say if the dispute escalates to tit-for-tat tariffs, it could seriously hurt Washington state, where one out of five jobs depends on global commerce.

Washington exported more than \$10 billion worth of products last year, including Boeing airplanes, according to Kathy Keck, spokeswoman for the Port of Seattle. European trade makes up about 3 percent of the cargo shipped through the waterfront.

Agriculture exports accounted for one-third of the \$4.38 billion in Washington farm crops produced in 1991, according to Walter Swenson, program manager for the state Department of Agriculture's market development department.

Higher-priced Washington commodities such as apples, sweet cherries, asparagus, processed wines and food are shipped to Europe.

The wine war is the latest "shot over the bow by the United States to try to get Europe's attention" on

coming to some sort of agreement on the world trade talks, according to Desmond O'Rourke, an export trade expert from Washington State University.

O'Rourke made the comment Friday at a round table in Kennewick sponsored by the Citizens Network for Foreign Affairs.

"I'm not sure this will bring us closer to reaching an agreement," he said. "It's sort of like escalating the arms race."

The General Agreement on Trade Tariffs has been held up by French refusals to meet U.S. demands to change European Community farm subsidies to even trade possibilities.

The Boeing Co. is the biggest exporter in the United States and would suffer should a more protectionist trade environment emerge, said Ray Waldman, Boeing's government affairs director. It has benefited under GATT rules to pressure the European Community to reduce aircraft subsidies, he said.

Wolfgang Demisch, an analyst with UBS Securities in New York, said any curtailment of Boeing's freedom to sell on the world market would affect the company because the bulk of growth in aircraft orders is international.

Boeing also faces trade-related threats from the United Kingdom and China. Both have said they may cancel aircraft orders if they do not win what they want from the U.S. government.

The United Kingdom wants approval of a partnership between British Airways and USAir. China wants to keep its most-favored-nation trading status without being forced to improve its human rights record. President-elect Clinton has vowed to impose that condition on China.

MNT 11/8/92

TACOMA, WA
Morning News Tribune



The National Association of Wheat Growers Foundation

415 Second Street, NE, Suite 300 • Washington, DC 20002 • (202) 547-7800

February 16, 1993

Mr. Martin Tillman
The Citizen's Network
for Foreign Affairs
One Farragut Square South
1634 Eye Street, N.W, Ste. 702
Washington, D.C. 20006

Dear Marty:

Thank you for sending me the materials from our co-sponsored roundtable examining the impact of the developing world on the agriculture of Washington state. Those participants in the NAWG Foundation's development education program (The Developing World: Opportunities for U.S. Agriculture) who attended the roundtable had very favorable reviews. Ross Hansen, a spokesperson in the Developing World program and a member of our International Development and Trade Team, greatly appreciated the opportunity to serve as a respondent on the roundtable's program.

This roundtable is another example of The Citizen's Network's important role in The Developing World program. Together, we have sponsored multiple roundtables to enhance the public's understanding of international aid, trade and development and its impact on U.S. agriculture. Additionally, Citizen's Network staff members have participated as speakers in our Washington, D.C. training sessions and have given the NAWG Foundation advice and suggestions in the development and implementation of our Developing World program.

The NAWG Foundation has kept abreast of the issues of agriculture, development and trade through its participation on the Citizen's Network's Washington Agricultural Advisory Committee. This committee provides a valuable exchange of resources and information.

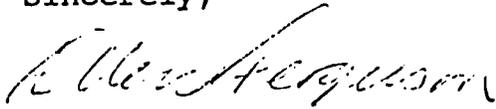
The Citizen's Network has also benefitted Developing World spokespersons directly. Citizen's Network publications have consistently been used in monthly mailings to spokespersons. Materials sent in monthly mailings help to facilitate communication and information between the NAWG Foundation and participating

spokespersons. These materials keep spokespersons involved in the program and continue the learning process begun during the initial training sessions.

Citizen's Network materials have also been incorporated into every training session of the Developing World program. These readings provided spokespersons with background information on the issues presented during the training sessions. Familiarity with the issues prior to training, encouraged them to actively participate in the training, resulting in more comprehensive learning.

The NAWG Foundation sincerely appreciates the support, collaboration and partnership of The Citizen's Network, and I look forward to continuing this relationship. Together, we can create greater awareness and understanding of the future of global agriculture. Best wishes.

Sincerely,



Ellen Ferguson
Acting Director, Project Manager

NOVEMBER 10, 1992

ROBERT STONE
CITIZENS NETWORK
ONE FLANNAGAN SQUARE SOUTH
1334 EYE ST, NW STE 702
WASHINGTON, D.C. 20004

DEAR MR. STONE:

THE CITIZENS NETWORK ROUND TABLE THAT WAS RECENTLY HELD NOVEMBER 8TH & 9TH IN WASHINGTON WAS ONE OF THE MOST EXCITING AND INFORMATIVE EVENTS THAT I HAVE ATTENDED. BEGINNING WITH OUR EVENING SPEAKER, DR. SCHUB, THE ROUND TABLE CONTINUED TO PROGRESS WITH ONE INFORMATIVE PRESENTATION AFTER ANOTHER. I DID NOT AGREE WITH ALL OF THE INFORMATION, BUT IT LET ME SEE WHERE OTHERS ARE COMING FROM.

I CAN CERTAINLY UNDERSTAND WHY SOFT FRUITS, AND VEGETABLE GROWERS HATE TO DEAL WITH MIDDLE INCOME COUNTRIES. THE REALIZATION THAT GRAIN PRODUCERS ARE AT THE GRASS ROOTS LEVEL IN A LESS DEVELOPED COUNTRY, IS A FACT OF LIFE THAT I HOPE OTHERS NOW COMPREHEND.

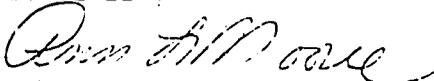
DURING ONE BREAK, A SPEAKER TOLD ME THAT GRAIN FARMERS MUST GET OFF OF THE GOVERNMENT'S "WELFARE PROGRAM". HOPEFULLY HE IS BETTER INFORMED AFTER OUR CONVERSATION OF THE FACT - UNTIL THE U.S. GOVERNMENT CAN NO LONGER PUT EMBARGOS UPON GRAIN, WE MUST RELY ON THE GOVERNMENT'S "WELFARE". WHEN I GOT HOME THE EVENING OF THE 8TH, THE DAILY MAIL INCLUDED AN INTERESTING REPORT THAT THE AUSTRALIAN WHEAT BOARD IS PROTESTING OUR SALE OF GRAIN TO PAKISTAN THROUGH THE SBF PROGRAM. LAST YEAR WE WERE DENIED SALES TO KENYA AFTER A PROTEST FROM THE AUSTRALIAN.

HOPEFULLY, ALL INDIVIDUALS CAME AWAY FROM THE ROUND TABLE WITH A BETTER UNDERSTANDING OF EACH OTHER.

THE SPRING OF 1994 I HAVE THE GOOD FORTUNE TO BE SPENDING THREE WEEKS IN MEXICO, CHILE AND ARGENTINA. AFTER LISTENING TO LUDY'S ADVICE OF BECOMING CULTURE-LLY SENSITIVE, I AM DETERMINED TO SEEK OUT SOMEONE TO HELP ME LEARN THE SPANISH LANGUAGE.

MY SINCERE HOPE THAT YOUR FUTURE ROUNDTABLES WILL CONTINUE TO BE AS SUCCESSFUL AS THE 1992 STATE.

SINCERELY,


ANN L. MOORE

BEST AVAILABLE COPY

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Summary

Clearwater, FL, January 28-29, 1993

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- 2 Agenda/Event Materials**
- 3 Participant List**
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- 5 Speeches**
- 6 Policy Recommendations/Endorsements**
- 7 Press Releases**
- 8 News Articles**
- 9 Letters of Support**

**A NEW ERA OF OPPORTUNITY IN THE HEMISPHERE:
LATIN AMERICA, THE UNITED STATES, AND JAPAN**

January 28-29, 1993
Clearwater, Florida

Sponsored by The Citizens Network for Foreign Affairs

Co-sponsored by:

Florida Commission on International Affairs
Japan-America Society of Central Florida
Society of International Business Fellows
Florida-Japan Institute

Partially Supported by Grants from
The U.S. Agency for International Development
Florida World Magazine
The Tampa Port Authority

ROUNDTABLE AGENDA

Thursday, January 28

6:00 Reception- Candlelight Room

7:00 Dinner- Caudlelight Room

Keynote Address:

**Strengthening U.S.-Japan Economic Cooperation: A
Partnership for Development in Latin America**

Minister Hiroshi Hirabayashi
Deputy Chief of Mission
Embassy of Japan
Washington, D.C.

Friday, January 29

8:15 AM Registration and Coffee- Starlight Room
***Note: All Sessions in Starlight Room**

8:45 Welcome Remarks and Introductions

Mr. John H. Costello, President
The Citizens Network for Foreign Affairs
Washington, D.C.

Dr. Mark Orr
Co-Director and Professor, Florida-Japan Institute
Tampa, FL

**9:00-10:30 PANEL 1: Opportunities and Challenges of Economic Trade
Integration in the Americas**

Moderator: Mr. Frank Ballance, Director, U.S.-Japan Economic
Cooperation for Development Project
The Citizens Network for Foreign Affairs

Presenters:

Mrs. Susan Idtensohn, Director, Division of International Trade and
Development, Florida Department of Commerce
Tallahassee, FL

Mrs. Vera Machado, Consul-General of Brazil
Miami, FL

**Mr. Yoichi Kobayashi, Executive Vice-President
Komatsu America Corp
Miami, FL**

**10:30-
10:45** **Coffee Break**

10:45 **PANEL 2: U.S.-Japan Collaboration in Financing Development in Latin America**

**Moderator: Mr. Robert Payne, Executive Director, Japan-America Society of Central Florida
Tampa, FL**

**Presenters:
Mr. Yoshito Kimura, Resident Executive
EXIM Bank of Japan
New York, NY**

**Mr. Roberto Soler, Vice-President, International Banking
Barnett Banks, Inc.
Miami, FL**

**Ms. Toni Christiansen-Wagner
Acting Director
Office of Central American Affairs
U.S. Agency for International Development
Washington, D.C.**

12:00 **Luncheon- Candlelight Room**

**Address:
Mr. T. Terrell Sessums, Chairman
Florida Chamber of Commerce
Tampa, FL**

**1:30-
2:15** **Breakout Groups: Meet for In-Depth Discussions and Drafting of Policy Recommendations for Private Industry and State and Local Government**

**2:15-
3:00** **Whole Group Reconvenes: Review and Reach Consensus on Policy Statements**

3:00 **Closing Comments**

3:15 **Roundtable Adjourns**

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THE CITIZENS NETWORK

FOR FOREIGN AFFAIRS

January 28, 1993

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RAYMOND P. SHAFER
DANIEL E. SHAUGHNESSY
WILLIAM E. SIMON
MAE SUE TALLEY
ALEXANDER B. TROWBRIDGE

Dear Roundtable Participants:

On behalf of The Citizens Network for Foreign Affairs, welcome to Clearwater and our roundtable program on **A New Era of Opportunity in the Hemisphere: Latin America, The United States, and Japan.**

We have a distinguished group of speakers and participants from the public and private sector and we are looking forward to a dynamic exchange of views during the meeting. The roundtable is designed to be a relatively small gathering in order to maximize the potential for dialogue among participants.

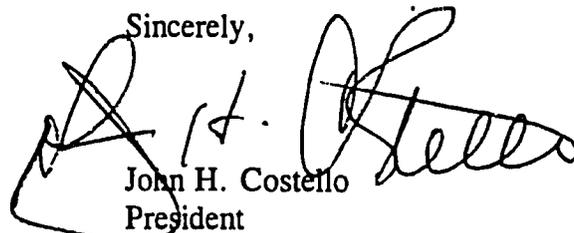
I want to especially thank our co-sponsor organizations for their cooperation and assistance in the planning process for this roundtable. The following persons were invaluable in making this event possible: Ambassador Diego Ascencio of the Florida Commission on International Affairs, Mr. Robert Hays, Jr. of the Society of International Business Fellows, Dr. Mark Orr of the Florida-Japan Institute and Mr. Robert Payne of the Japan-America Society of Central Florida.

We will be publishing the proceedings of the roundtable including the important policy recommendations reached by the group on Friday afternoon. Your participation in the break-out sessions is important to us and I hope you plan to remain with us through the end of the program.

In conclusion, may I say that we value your evaluation of the roundtable program and I urge you to complete the enclosed Evaluation Form prior to your departure.

Thank you for taking the time to be with us.

Sincerely,


John H. Costello
President

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

ROUNDTABLE OBJECTIVES

A New Era of Economic Opportunity in the Hemisphere: Latin America, the United States, and Japan

- 0** **Generate an informed dialogue among roundtable participants on the United States' stake in trilateral relations between Japan, the U.S., and the emerging economies of Latin America, and update participants on U.S. and multilateral policy in the region;**

- 0** **Illuminate Florida's crucial role as a locus and intermediary for--and participant in--international trade, investment, and finance among Japan, Latin America, and the United States;**

- 0** **Identify ways in which Japan and the United States are likely to compete and collaborate in Latin America, and formulate recommendations for enhancing collaboration that is beneficial for all three parties.**

**A NEW ERA OF ECONOMIC OPPORTUNITY IN THE HEMISPHERE:
LATIN AMERICA, THE UNITED STATES AND JAPAN**

Description of Roundtable Breakout Session

Objectives:

1. To provide an opportunity for informal and in depth discussion of the roundtable topics with a smaller group.
2. To provide The Citizens Network, key national policy makers, public and private sector leaders, and the media with policy recommendations on the topics discussed during the roundtable. (*see suggested discussion questions below*)

Procedure:

1. Participants should break into groups of about 15 each at 1:30PM.
2. The groups will meet in the Starlight room.
3. Each group should select a rapporteur, who is responsible for recording and reporting out the policy recommendations of the group.
4. Participants should reconvene at 2:15PM in the main meeting room.
5. Agree upon 3-6 specific recommendations by end of the session

Suggested discussion questions:

NOTE: Participants should feel free to discuss and make recommendations on other points of interest, within the general topic of the roundtable, or to address the following questions in any way they feel is appropriate.

1. What can the U.S. government do to promote policies of sustainable economic development and support ongoing market reforms in Latin America?
2. What trade and investment policies/strategies will best position Florida's private sector to take advantage of opportunities for trade and investment in Latin America? How can the state and federal government best assist in this regard?
3. How will NAFTA benefit Florida? What are its potential drawbacks?
4. What are the relative merits of equity investment vs. debt relief in promoting stability in Latin America?
5. What should be the role of international lending institutions - e.g. IDB, World Bank in supporting foreign direct investment in Latin America?

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

**Roundtable Discussion for International Leadership
*A New Era of Economic Opportunity in the Hemisphere:
Latin America, the United States, and Japan***

**Clearwater, Florida
January 28-29, 1993**

PARTICIPANT LIST

Mr. Frank Ballance*
Director
U.S.-Japan Economic Cooperation for
Development Project
The Citizens Network
for Foreign Affairs

Mr. John C. Bierley
Chairman
South East US/Japan Association
& Attorney, Macfarlane Ferguson

Mr. Christopher Blakeslee
Director
Business Development of Asia
The Beacon Council

Dr. David E. Bussone
President & Chief Executive Officer
Tampa General Hospital

Ms. Claire A. Callen
Vice President
H. I. Development Corporation &
President, Japan America Society
of Central Florida

Ms. Deborah Chaba
Consultant

Mr. Craig Collins
Executive Director
The Florida Council of 100

Ms. Patricia Colmenares
International Specialist, Realtor
Smith & Assoc. Real Estate Investment Co.

Mr. Nicholas F. Colmenares
Research Consultant, Latin America
Smith & Assoc. Real Estate Investment Co.

Mr. Louis T.M. Conti
Holland & Knight
Law Offices

Mr. Ray Donato
Vice President/General Manager
Nissho Iwai American Corp.

Mr. Thomas Fullerton, Jr.
Senior Economist
University of Florida

Mr. Paul Grasser
President, Grasser & Associates & Past
President, Japan America
Society of Central Florida

Mr. Robert A. Hays, Jr., C.F.P.**
Executive Committee Member
Society Of International Business Fellows

***Speaker/Presenter**

****Co-sponsor**

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Minister Hiroshi Hirabayashi*
Deputy Chief of Mission
Embassy of Japan

Ms. Susan Idensohn*
Director
Division of International Trade
and Development
Florida Department of Commerce

Mr. James Jimenez
Vice President
Guida and Jimenez, P.A.

Ms. Takako Johnson
President
International Planning, Inc.

Mr. James Kay
Partner
Edwards & Angel

Mr. Yoshito Kimura*
Resident Executive
EXIM Bank of Japan

Mr. Wayne Kline
Trade Director
Int'l. Trade Association of Polk County/
Central Florida Development Council

Mr. Junji Koide
Senior Trade Advisor
Japan External Trade Organization

Mr. Yoichi Kobayashi*
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Komatsu America Corp

Mr. Pedro Lion
Consultant & Financial Specialist
Aleman Velasco & Asociados

Ms. Christine A. Logue
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Logue & Associates

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Tampa General Hospital
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Commissioner, Florida Commission
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Ms. Vera Machado*
Consul-General of Brazil

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Professor of History
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Manager
Florida Citrus Mutual

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Program Assistant
National Policy Roundtable Program
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Mr. Shastri Moonan
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Dr. Mark T. Orr**
Co-Director & Professor
Florida Japan Institute

Ms. Millie Ortiz
Executive Director
Mainstream Magazine

Mr. Robert Payne**
Executive Director
Japan-America Society of Central Florida

Mr. Fernando Perez III
Attorney at Law
Fotopulos, Spridgeon & Perez, P.A.

Mr. Ray C. Reddish
Development Representative II
Florida Department of Commerce

Mr. Robert B. Reeves
Deputy Director
Marketing and Sales
Jacksonville Port Authority

Mr. Nelson Salinas
International Agricultural
Specialist

Mr. Bill Sanford
Manager of Global Sales
Japan-Pacific Division
Motorola, Inc.

Mr. Martin Schmidt
Coopers & Lybrand International

Mr. Harvey A. Schmitt
President
Greater Tampa Chamber of Commerce

Mr. Edward L. Schons
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Mr. T. Terrell Sessums*
Chairman-Elect
Florida Chamber of Commerce

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THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

A New Era of Economic Opportunity in the Hemisphere: Latin America, The United States and Japan

Roundtable Speakers and Presenters

Frank C. Ballance

Mr. Ballance is Senior Advisor and Project Director for the Citizens Network's U.S.-Japan project, "The United States and Japan: Stimulating Growth in the World's Emerging Economies" which is designed to bring together U.S. and Japanese public and private sector leaders with their counterparts from developing countries to explore new forms of cooperation in aid, trade, and investment.

Mr. Ballance has twenty years of experience at senior levels of international economic policy making in Washington including a post as Deputy Assistant Chief Counsel for the Office of Foreign Direct Investments, where he developed a broad understanding of international finance and foreign borrowing transactions. As a consultant and attorney, he has served as advisor to USAID, the World Bank, major U.S. corporations, and non-profit international development agencies. Mr. Ballance has also written and spoken widely on international economic policy and development. A graduate of Duke University and Yale Law School, Mr. Ballance also maintains his own law practice in Washington D.C. which specializes in international economic matters.

John H. Costello

Mr. Costello is President of the Citizens Network for Foreign Affairs. He currently serves on several international organizations' boards of directors, and is Chairman of the Advisory Committee on Voluntary Foreign Aid for the U.S. Agency for International Development.

Mr. Costello has extensive experience in business, international affairs, and the developing world, with fifteen years in international development assistance. A native of Clinton, New York, and a graduate of Syracuse University, he began his career in marketing and management with the Eastman Kodak Corporation. He has since held several senior project management and executive positions. Prior to joining the Citizens Network in 1986, Mr. Costello was Chief Executive Officer for Helen Keller International, a major U.S.-based private voluntary international health organization. He has also served as consultant to a number of governments and international organizations, and has played an important role in the development of U.S. international public policy.

Minister Hiroshi Hirabayashi

Minister Hirabayashi is the Deputy Chief of Mission for the Embassy of Japan in the United States. His primary responsibilities include, but are not limited to, acting on behalf of

the Japanese ambassador as the need may arise, and overseeing press and public relations for the Japanese government within the United States. After graduating from the University of Tokyo, Minister Hirabayashi began his distinguished diplomatic career with a post as the Attache for the Embassy of Japan in Paris. During the past thirty years, he has held a number of other important positions such as Deputy Director-General of the Economic Affairs Bureau for the Ministry of Foreign Affairs, and Economic Minister for the Embassy of Japan in Washington, D.C. He assumed his current position as Envoy Extraordinary & Minister Plenipotentiary (Deputy Chief of Mission) in December, 1991.

Susan R. Idtensohn

Ms. Idtensohn is the Director of the Division of International Trade and Development for the State of Florida. She is responsible for all activities as they relate to import/export and investment with a primary focus on developing trade for manufacturers and creating investment opportunities for international clients.

While spending the majority of her business career with pharmaceutical divisions of Johnson & Johnson, Ms. Idtensohn has also gained extensive international business experience by working in Japan and Singapore for six years. While overseas, she earned her Masters degree in International Management and Economics from the School of International studies in Tokyo, and later served as Executive Director of the Management Development Institute of Singapore. She has also had experience with the European Community, and is well versed on issues relating to trade agreements such as NAFTA and the EAI. Ms. Idtensohn has specialized in developing joint ventures between U.S. and Asian companies and in coordinating trade activities in a global marketplace.

Yoshito Kimura

Mr. Kimura is Resident Executive Director in New York for the Export-Import Bank of Japan responsible for all overseas bank operations in North and South America. Mr. Kimura has gained extensive experience in many areas of the international business and banking world throughout his career as witnessed by his positions within the Export-Import Bank over the past 31 years. After studying International Relations at the University of Tokyo and later the University of Pittsburgh, Mr. Kimura was seconded to the International Bank for Reconstruction and Development. He also served as Chief Representative for the Export-Import Bank in Washington, D.C., Director of Development Policy, and Director of Loan Department III before coming to his present position with the bank.

Yoichi Kobayashi

Mr. Kobayashi is Director and Executive Vice-President of Komatsu America Corp., and General Manager of the Latin America Division. After graduating from Tokyo University of Foreign Studies with an International Relations major from the Spanish Department, he joined Komatsu Limited's Overseas Division as part of the Export Staff to Latin American markets. Mr. Kobayashi was then assigned to a number of prominent posts with Komatsu including those of Manager of Export Sales and Staff to President of Komatsu Brazil S.A., Manager of Export

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Operation to Latin America for Komatsu's head office in Tokyo, President of Komatsu de Panama, General Manager of Komatsu America Corp. (KAC) Latin America Division in Miami, and General Manager of Komatsu Dresser Company's Region Office before coming to his present position.

Vera Barrouin Machado

Mrs. Machado is the Consul General of Brazil in Miami responsible for all consular matters in Florida, Alabama, Arkansas, Georgia, Tennessee, Mississippi, Missouri, North and South Carolina, and Louisiana. Her duties include, but are not limited to, matters of trade relations between these states and Brazil, as well as the promotion and dissemination of Brazilian culture within the United States. After an education preparing Mrs. Machado for a career in diplomacy, this native of Rio de Janeiro took a position as Advisor to the Head of the Division of Multilateral Organizations in the Ministry of External Relations. She was later promoted to a series of other diplomatic positions for her home country including Head of the Trade Promotion Section of the Brazilian Embassy in Mexico, Assistant to the Head of the Trade Policy Division of the Economic Department for the Ministry of External Relations, and Head of the Asia Division for the Ministry of External Relations before being appointed to her current position.

Mark T. Orr

Dr. Orr is Director of the International Affairs Center for the University of South Florida. Mr. Orr earned his undergraduate degree in English and his Ph.D. in International Relations from the University of North Carolina. After his time in the university, Mr. Orr began his career with a position as Assistant Director for the Southern Council on International Relations in Chapel Hill. His career path has since branched out to include positions as a Colonel in the United States Air Force; Staff Officer and Chief, Education Division, Civil Information and Education Section, General Headquarters, Supreme Commander for the Allied Powers, Tokyo, Japan where he was responsible for the rehabilitation and reformation of the Japanese educational system and was awarded a United States Government Commendation for Meritorious Civilian Service by General Douglas MacArthur; and Lecturer in Far East Politics at the University of North Carolina before coming to his current position.

Robert W. Payne

Mr. Payne is Director of the Japan-America Society of Central Florida where he works daily with U.S. and Japanese business, government, and community leaders promoting business, education, and cultural ties between Central Florida and Japan. Mr. Payne is also a member of the Florida Japan Institute Advisory Committee and has represented the Tampa Port Authority as a Far East Trade Development Specialist. He is an active member of the Tampa Bay International Trade Council, the Tampa Bay Area Committee on Foreign Relations, Florida Delegation of the Southeast U.S./Japan Association, and the Retired Officers Association, Tampa Bay Chapter. Mr. Payne has studied at Southwest Missouri State University and Command and General Staff College in Fort Leavenworth, Kansas, and has had the opportunity to live and

travel extensively in the Far East and Central America during his twenty-eight year military career.

T. Terrell Sessums

Mr. Sessums is Chairman of The Florida Chamber of Commerce and a managing partner in the Tampa law firm Macfarlane Ferguson. He also currently serves as a Director of GTE Florida, Inc., a Trustee of Florida Southern College, and a Director of the Museum of Science & Industry of Tampa. In the past, Mr. Sessums has served as a State Representative, Speaker of the Florida House of Representatives, Chairman of the Florida Board of Regents, and Chairman of the Board of Trustees of the University of Tampa. Mr. Sessums did his undergraduate work at the University of Florida, and received his law degree from the University of Florida College of Law.

Roberto Soler

Mr. Soler is Vice President of International Banking for Barnett Banks, Inc. After receiving his M.B.A. from the University of Pennsylvania, Mr. Soler worked with Bank of America where he served as an International Banking Officer in Venezuela, Miami, and Guatemala. After five years with Barnett Banks, and extensive travel throughout much of Latin America and Asia, he is now responsible for its international efforts in Asia and the Pacific Area as well as in Mexico and Venezuela.

Toni Christiansen-Wagner

Ms. Christiansen-Wagner is Acting Director of the Office of Central American Affairs in the United States Agency for International Development. This office serves as acting liaison between the international donor community in Washington and the field missions in six Central American countries. Ms. Christiansen-Wagner received her M.A. with a Soviet Studies emphasis from the University of Northern Colorado, her B.S. in International Studies from the University of Colorado, and was a Fulbright Fellow in India. Recently, Ms. Christiansen-Wagner was a Visiting Fellow in International Business Diplomacy, Economics, and Finance at Georgetown University School of Foreign Service. She has been with USAID for fourteen years.

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Latin America, the United States, and Japan**

Co-Sponsor Information

The Florida Japan Institute

The Florida-Japan Institute (FJI), created in 1987 by the Florida Legislature, is dedicated to the "development of stronger economic and social ties between Florida" and Japan "through the promotion of expanded public/private dialogue on cooperative research and technical assistance activities, student and faculty exchanges, cultural exchanges, and the enhancement of language training skills between Florida postsecondary institutions and those of" Japan (Florida Statute 240.137).

Building upon past efforts and successes, the FJI undertakes educational, cultural, economic, and policy development, as well as clearinghouse/networking to achieve its goals.

The Society for International Business Fellows

The mission of the Society of International Business Fellows, as the leading international business organization in the Southeastern United States, is to further the international competitiveness and prosperity of our members and our region. This goal is pursued by creating professional and personal relationships among Southeastern business leaders, developing the international business knowledge, skills, and leadership of Southeastern business leaders, and promoting the international educational efforts of Southeastern colleges and universities.

The Florida International Affairs Commission

The Florida International Affairs Commission (FIAC) is chartered by the Governor and serves as the primary state entity responsible for the oversight and coordination of policies and activities relating to international affairs of the state. The Commission has the authority to make policy for the state relating to international trade, investment, commerce, education, and cultural affairs. FIAC analyzes and evaluates state programs in education, trade, and investment, and makes recommendations to the appropriate state agency for making their programs more effective. The Commission also makes recommendations to the legislature regarding proposed legislation and appropriations in the areas of international affairs. This public/private partnership develops a plan for the future which represents the commitment and consensus of all regions of state and business interests. It is thus insured that government meets the needs of today's business while simultaneously anticipating and building the infrastructure to meet the needs of the future.

Japan-America Society of Central Florida/Orlando

The Japan-America Society of Central Florida is a non-profit membership organization with individual and corporate members. Dedicated to promoting greater understanding and cooperation between the peoples of the United States and Japan, the Society serves as a forum for the exchange of substantive ideas and information on the economic, political, and cultural issues and achievements that shape U.S.-Japan bilateral relations. The Society is nonpartisan and nonpolitical in nature. Responsive to the diverse interests of its members and the greater community, the Society provides programming and resources to individuals and corporations interested in enhancing relations between the United States and Japan.

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AUDIENCE: [Applause.]

MINISTER HIRABAYASHI: Thank you. Thank you very much, Frank.

My wife Kimio [phonetic] and myself are really appreciative to all of you who made our visit here possible, and this is in my -- if my memory is correct -- this is the fourth visit to this splendid state, but this is the first time to be in Tampa, and we have been looking forward to visiting this place. And so again, I extend my heartfelt thanks.

I have the special talent to forget something serious in the beautiful environment, so I'd like to be hasty making my remarks. But I'm one of -- I'm very much proud to be one of the promoters for advocating the establishment of our Consulate General in Miami. Unfortunately, it's not in Tampa, but I was one of the promoters for the establishment of that Consulate General in Miami, Florida, because of the convictions that this state is important, first, important for the betterment of U.S.-Japan relations. There is -- this is a kind of new frontier for the Japanese businesses.

Secondly, this is the state which may be the base, supporting base, for our cooperation in Latin America and Caribbean countries. That's why we put my

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colleague Ito [phonetic], who is the Spanish hand, rather than the America hand.

He's now accustomed to the life in the United States.

So we consider that this state is not only important for the bilateral relations but also for the something from where we would promote further of our cooperation in the rest of the Western Hemisphere. So I'd like to discuss this important relations in Latin America for both of our nations.

I'd like to -- first, I'd like to make some remarks how Japan perceives Latin America, or Latin American and Caribbean area.

There are, in my view, three important factors which attracted Japanese interest into this region.

The first one is that some of the countries in Latin America since the beginning of this century or even the end of the last century were hostile countries for the Japanese immigrants. We now count approximately 1.3 million Japanese descendants in the entire South America. Brazil is the biggest recipient, biggest host country, followed by Peru, Argentina, Paraguay and others.

And also, those Latin American countries are among the most friendly

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countries vis-a-vis the Japanese.

For example, Argentina kept the neutral stand when we fought the First World War, and others. We consider most of the Latin American countries are very friendly to us.

So, secondly, because of this traditional friendship, we attach enormous importance to the 33 countries in this Western Hemisphere, excluding the United States and Canada.

For example, in the last example of our cooperation, I would tell you that this is a really not very much happy ending story for all of us but we fought against the United States for the reelection of the Director General of the World Health Organization. In spite of the objection of the United States State Department, we insisted that Dr. Nowkajima [phonetic], who is now heading the World Health Organization, be reelected.

And of course there were some reasons why the State Department and other Bush, other Administration, officials were opposed to that reelection. Some European countries joined the United States in the opposition to Dr. Nowkajima's reelection.

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But we told -- I told my friends in the State

Department -- we want to have this reelection as the symbolic event for the Japanese to show to the Japanese and the world that we are ready to make further contribution in international organizations, and I was confident since the beginning that I could -- we could get the support of Latin American countries. And I told this to my friends in the State Department, you'd see that most of the developing countries could support us in spite of U.S. oppositions, in spite of European oppositions.

The result was spectacular. We gained -- we won in the first ballot, gaining 18 ballots among 31st -- 31 ballots.

This is not for -- how do you say? -- for boasting our efforts in front of you about this reelection campaign, but this is to show that how the Latin American countries are ready to show their friendship to us and how they are ready to cooperate with us in various international fora. It is not because we are promising them that we give money, we give some technology, technical assistance, in exchange of the reelection [unintelligible] no. We have not done that. It's a long

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Established friendship with we have nurtured in the last several decades.

Further, of course, Japan attaches importance to this region because of the enormous complementarity of our economies. Japan is exporting various manufactured goods; Latin American countries are exporting the various products of their own respective countries, mainly the mineral resources, fishery products, some agriculture products. There is enormous complementarity.

But in recent years, in addition to these three factors, there are two additional important factors why Japan attaches increasing importance to this region.

And the first one is that this Western Hemisphere is definitely successful in the democratization of their regimes and the reform towards the market economy.

I think it's spectacular that almost all the countries except probably Cuba and Surinam, all of the countries in the Western Hemisphere have now adopted the democracies. And together with the countries in Eastern Europe and Russia where the former Soviet republics, I think to encourage the process of democratization and the reform into the market economy is really important. So that's why we'd like to do much more in order to encourage this process, in order to make this process

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irreversible.

And the second additional element is that in this part of the world the people are faced with what we call the serious transnational issues, or global issues, like environment issues or illicit narcotics or AIDS and other problems. And as Japan has started to make clear that we'd like to make our own contributions in order to solve those transnational issues, the frontier exists here in this hemisphere. Of course, there are many regions where are faced with the same kind of problems --

Africa, in Southeast Asia and others -- but if you look at the problems of rainforests, problems of narcotics, problems of air pollution and water pollution in Mexico City and other countries, I think we have plenty of things to do here.

So those two factors, plus three factors, justify our determination to do something more in order to -- in order that this part of the world will show much more spectacular development in their own efforts.

And in fact we are extending more and more aid to these countries, and our investment is increasing -- not constantly because of the fact that for a while the many countries in this hemisphere suffered the huge debt problems -- but I think

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Now the tendency has been reversed. The people in my country are now prepared to look again with renewed interest in this region.

So that is how the Japanese regards this Western Hemisphere, and of course I don't need to mention how important this region is for the United States. This is a sort of a backyard of the United States, and I think this -- the development and the democratization of the Western Hemisphere, the southern part of the Western Hemisphere, is critical to the interests of the United States.

So since several years we took initiative to join the U.S. efforts and the Japanese efforts for the development of this region.

Because of the importance of U.S.-Japan relations, because of the increased attention on bilateral fronts, we wanted to do something positive in order to improve the U.S.-Japan relations. So we took many initiatives in the past, but especially January last year when Mr. Bush came into my country, we made a special declaration, a Tokyo Declaration, in order to promote what we call the global partnership with the United States.

Unfortunately, many Americans didn't notice this document because they were so much interested in what's happened in the dinner table for Mr. Bush than

what happened in the discussions, in the foreign discussions, by the Big 3 executives. Unfortunately, people's attention went there, and Mr. Bush, to our great regret, was blamed more than praised.

But I think if we read carefully the document, the Tokyo Declaration, and its action plan, it's a remarkable plan, and we are now promoting our joint efforts in various parts of the world based on the concept we put in this Tokyo Declaration.

So today I'd like to make some remarks about how this joint effort between the United States and Japan have been promoted in the last couple of years. This is a long process, but I think the initial stage has been going very much smoothly.

And we have -- in order to promote this, we have a variety of tools on the forum. I'd like to introduce three important fora to promote this U.S. relations in Latin America and Caribbean region.

First one is the policy coordination forum between the State Department and Japan's Foreign Ministry, and different from the past consultations, what is remarkable is that in the past two or three consultations -- maybe more than that -- it's really two-way traffic, and according to Assistant Secretary Aaronson [phonetic],

My friend, it's really the first time for him to have this constructive dialogue with the Japanese counterpart. Not only the Japanese listen carefully to what Aaronson and his counterparts told, but also they made suggestions, they made proposals, they took some initiatives, and it's a really big change.

Secondly, we have the regular based aid policy consultations, aid policy not only in this part of the world but aid policy all over the world, so we are constantly coordinating our aid policies to the developing countries and emerging democracies.

Thirdly, you may know or you may now know, Japan is an observer country in Organization of American States, observer so we don't play not so much spectacular role there but we're attentively following what is happening there and wherever possible we extend our cooperation. We joined in the joint embargo against Haiti. We put some of our money in the fight against illicit narcotics which was initiated and supported by the Organization of American States.

So we have those three important forums to promote this cooperation.

So what will be the cooperation, concrete examples of this cooperation?

I would introduce some of them, important examples.

The first one is related to the -- Mr. Bush's Enterprise of Americas initiative. That initiative was announced in -- I think in July -- June 1990, and we were really caught by surprise because we were not consulted before, so we complained a little bit. You should have consulted us a little bit before if you want us to be involved in that initiative. But whether or not we complained, we decided to cooperate with that initiative.

So we made our decision to contribute \$500 million to establish what you call multilateral investment fund, which was finally -- which started finally the January 13th this year. And Europeans were invited, but they were not so much enthusiastic. They didn't make so much commitment so far. Some of them, yes, Spain and others, yes, but not all of them. Spain, Germany, yes, but not France, not Italy and others, so we should do much more vis-a-vis Europe.

But Japan was the first country which decided to be joining the American efforts in this important initiative.

Secondly, we are now implementing of one of Jim Baker's initiatives, called PDD -- the Progress for Democracy and Development, or Progress for the

development of Democracy; I don't recall which is in the right order -- which is designed to help the democratization and the development of Central American countries. And there are two committees, one to deal with democratization, one to deal with the development.

Japan is co-chairing with Honduras one of the committees which are intended to promote development of the Central American countries. In the coming March, Japan is hosting a ministerial conference of this PDD initiative, and we are coordinating with Honduras and others how we should promote our development efforts in the Central America.

Thirdly, jointly with the United States, we formed a special task force, special supporting group, for Peru. When the Fujimori [phonetic] government was established and decided to fight against narcotic gangs, fight against poverty, promote democratization, we joined our efforts, the United States and Japan. We took initiatives to invite other countries, including Europeans. And now we have the special fund for that purpose, amounting to \$1.3 billion. Four hundred million dollars is coming from Japan and the United States has committed \$500 million, in my understanding. The rest may be coming from Europe, again.

And when Fujimori staged a kind of coup d'etat, his own coup d'etat, preventive coup d'etat probably, and he was faced world -- with worldwide criticism, we joined in that criticism against Mr. Fujimori, although the Japanese majority had shown some kind of sympathy because he was a descendant of the Japanese immigrant. But we decided to persuade the president, Fujimori, to come back on the right track, and Fujimori was ready to talk with us. I think it was my -- our ambassador and his successor who were received most frequently by Fujimori into his palace. We sent our own [unintelligible] counterpart, Japanese counterpart, there, to persuade Fujimori, and he listened very much carefully. And, of course, everything has not returned to the normality there but I'm gratified that now the situation in Peru is gradually improving and Fujimori has decided to promote democracy, in his own way probably.

So Japan's contribution in the Peruvian situation is not only by money -- by diplomatic persuasion.

In addition to these initiatives, there are several bilateral initiatives which we undertook with the United States -- the assistance to El Salvador, assistance to

Nicaragua -- and also we joined our respective resources in some of the projects of the Caribbean countries and the Central American countries.

For example, we have -- we are now promoting the developmental project in the northern Jamaica. Since October 1991, Japan extended [unintelligible] and others. U.S. AID extended their technical assistance vis-a-vis a study was initiated by U.S. AID and this joint effort is continuing now.

And there are some other joint efforts which we are now promoting. For example, in Mexico there is a big project to repair the entire system of -- I don't know -- metro system or a city transit system, repair the train cars, which is financed by the Japanese [unintelligible] loan, the Asian Bank loans, but most of -- most parts of that contract went to the General Electric and General Motors.

The same is true about the project in Mexico City again to fight against the air pollution. Again, this project was started November '90, and Japan and the United States companies are engaged jointly in this project.

As I told you, the Tokyo Declaration took these concrete efforts into consideration. I'll read one of the important paragraphs of the Tokyo Declaration just for your information:

"Japan and the United States will also broaden the scope of their cooperation in the rest of the world" -- I mean, "in the developing countries, including the Middle East, Africa, and Europe, and South and Central America, with particular attention to supporting countries that are in transition to democracy and market economies. The two nations will strengthen cooperation in their respective economic assistance programs in the developing world to promote growth and stability, help reduce the developmental gap between industrialized and developing countries, enhance respect for democratic values and human rights, and ameliorate global problems, including the environmental degradation, refugees, illicit narcotics, disease and aging." This is the gist of the Tokyo Declaration. The action plans show some of the concrete plans to follow this philosophy.

So these are some concrete examples which are now ongoing between the United States and Japan for helping Latin American and Caribbean countries, and in that process the U.S. companies and American -- Japanese companies are benefitting, and this kind of concept, as Frank told you, the trilateral cooperative concept, should be further promoted. And Japan is determined especially to extend much more help,

Especially in the environmental projects, and as the last year's --- the summit for environment in Rio de Janeiro showed, my country is determined to make much more efforts in order to solve the world environmental problems as well as the environmental problems faced by various developing countries.

And in our concept of environmental problems, we think that not only the very big issues like ozone layer problems or rainforest problems but I think it is important to eradicate environmental degradation which are caused by the establishment of slums in the peripheries of big cities or air pollution or water pollutions and so on.

So all of those environmental issues are the target, the major target of Japan's economic and developmental assistance.

So I would like to conclude that this horizon of U.S.-Japan cooperation in the Latin American and Caribbean countries is very promising as we are doing the same kind of efforts in Southeast Asia and other part of the globe. Incidentally, we are doing the same kind of joint efforts in Africa, unfortunately not with America but with Great Britain and France, because Japan is lacking experience, knowledge, about how to deal with African countries, in spite of our enormous contribution in

Africa which amounts to more than ten percent of our eight [unintelligible]. We don't have yet enough experience. So we ask British for some British Crown agents to help us, to join our efforts to help countries in Africa. The French organizations are also cooperating with us.

I would like to extend this kind of scheme to some organizations in the United States, in Africa, in the Middle East and in Southeast Asia. Southeast Asia, we are doing already plenty of projects.

So this is the main -- the major message of today's Japan vis-a-vis the United States. Instead of probably it's important to discuss bilateral issues, trade issues and so on, but I think it is very important that on the other hand we should promote really positive and cooperative projects in the developing countries.

And -- but I think we should be some kind of request to the United States in our joint efforts to the Latin-American countries. The first one is that the United States, Americans, should be aware that those countries in the southern hemisphere -- are really interested in enlarging their scope to the Asian Pacific region, so don't advocate for regionalism here. The NAFTA is all right or the Enterprise of

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Americas initiative may be all right if they are not in the direction of regionalism.

Most of the countries in Latin America and the Caribbean countries wants to have their cooperation, their relations, with the rest of the Pacific and Asian region. Even Jamaica has established for the first time the embassy, independent embassy in Tokyo, and now the number of Japanese tourists is so much increasing in Jamaica.

There are two reason vis-a-vis the Japanese is becoming one of the major industries in Jamaica, let alone the Mexico, Chile, Peru, who are targeting the Asian and the Pacific regions for their possible cooperative partners. So, no regionalism. I think open initiatives which would open this hemisphere to the rest of the world would be most welcome not only by Japan and other countries in Asia and the Pacific but I think the member countries of the Western Hemisphere themselves.

Secondly, I hope that the Americans, U.S. government and others, will consult with us closely in advance. When we were surprised by Mr. Bush about their Enterprise of Americas initiatives, we complained and they understood very much well. So when Mr. Baker launched, I think, one or two months later the PDD, they consulted very much closely, and since then our consultation has been always

very much satisfactory.

And on the Japanese hand, we would consult extensively with the United States how we are approaching the Latin American and Caribbean countries. When we launched one of the biggest initiatives of the recycling plan -- how to use our trade surplus for the developing countries, first of all we consulted with the United States. That was in 1987. I was involved in the initiative. And with the understanding of the United States, we decided to earmark an important part of that money for Latin American and the Caribbean countries with the conviction that if that money will help those countries, that they enhance the capability of those countries to import, especially to import from the United States, so we decided to earmark a special amount of money of the recycling initiative for the Latin American and the Caribbean countries. We will continue to do this.

So I would hope that the United States would reciprocate with us in that kind of initiatives.

Finally, back to my initial remark, in order to promote this kind of trilateral relations, I think Washington is important but I think Florida is important, and my

Colleague in Consulate General in Miami has clear instructions to promote this trilateral relations. I think they are relatively new to he , new to Miami, new to Florida. They are busy to establish their own operative base here, but I think once they establish their base here, they will start -- I hope they'll start -- to promote this trilateral relations which are beneficial for all of us -- Americans and Japanese and recipient countries of the Western Hemisphere.

Thank you very much.

AUDIENCE: [Applause.]

(END OF SIDE 1 OF TAPE)

(SIDE 2 OF TAPE BEGINS)

MR. BALANCE: Mr. Hirabayashi has agreed to take a few questions, and I know there will be some questions from the audience [inaudible]. Would you mind, if you're asking a question, you'd identify yourself so we will know who you are? [Inaudible]. Let me ask a question. I'll do this question off your card. Yes?

MS. : [Question out of audio range.]

MINISTER HIRABAYASHI. Mostly it is the United States we are talking with. Other countries in Europe are very much interested, especially the French are

interested in the development of Indochinese countries, former colonies. British also interested in their own former colonies. And other countries in Europe have shown enormous interest in joining their resources with Japanese, especially since a couple of years I think the French -- especially French and Germans have shown enormous interest in that. So we'd welcome.

But I think it is the United States with which we have developed this joint efforts in Southeast Asia. We have several project which are really successfully being operated. One hospital in Indonesia was established jointly by the United States and Japan. We extended our grant -- grant money, some of technical assistance, and U.S. extended technical assistance. They sent medical personnel there. Of course, there are Indonesian people over there who are operating the hospital. So the hospital is now being operated jointly by the three countries' cooperation. This is one of the examples.

And eventually I think this kind of joint efforts will be developing into Russia. Already people are talking about how to join the U.S. resources, Japanese resources, in various projects in Russia, far eastern Russia, partly because Russia is

unpredictable.

We'd like to share risks if the Japanese companies are engaged in some projects, maybe the Russian hostilities, once they became -- become once again hostile to the Japanese, the project may be jeopardized. If U.S. companies are involved, the strong, big, Uncle Sam is there to protect the Japanese interest. So this is, of course, the -- one of the motives why the Japanese companies are interested in inviting American companies.

But regardless of motives, I think this kind of trilateral cooperation will be very much promising in the future. And in Africa we'd like to do the same.

Yes?

MR. : [Question out of audio range.]

MINISTER HIRABAYASHI: I don't know very much how the Japanese private enterprise is thinking about the prospect of -- the future prospect of Florida economy, but I'm convinced that this area is already promising.

I think to my knowledge this place is not enough known by the Japanese. Very famous for touristic resorts and [unintelligible], but most of the Japanese do not know how this economy is -- how do you say -- prospering with the huge

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investments from Europe, and I think we should educate the Japanese people in that sense and maybe if we have direct air services between some point in Florida and Tokyo, that helps very much.

In fact, now we have direct flight according to the ANA Company, they call its direct flight. But the direct flight to [unintelligible] Florida. As the Japanese deepen the knowledge about Florida, I think they would come to realize that this is a really ideal place to establish their own U.S. subsidiaries.

But I think that both the U.S. and American companies as well as the state officials and the Japanese counterparts should make a little bit more efforts in order to bring that phenomenon in the future.

MR. : [Question out of audio range.]

MINISTER HIRABAYASHI: Oh, yes, I agree to you.

The -- when I said that Miami would be a base for our relations with the Latin American and Caribbean countries, I didn't mean that that would be the base for our export promotion. As you know very well, probably, Japanese government has abundant export promotion efforts since several years -- I think since mid-

ghties, especially. We are now promoting import rather than export, and we are afraid that our export is developing too much, too favorably.

So it is not our interest that the Miami-based Consulate General is considered to be our exporting base to the Latin American and the Caribbean countries. Rather, we hope that Consulate General be the base for developing our cooperation with Latin American and Caribbeans, bilateral cooperations, as well as trilateral cooperations including the United States. That is the instruction which my government sent to my colleague in Miami.

And in that sense, Mr. Ito and others would look at every opportunity in the state regardless -- the cities situated on the west, on the east coast. He is instructed to look for every opportunity promote this bilateral and trilateral cooperation as well as to promote the investment from Japan and export from Florida.

Yes?

MR. : My name is Ray Donato [phonetic] from [inaudible]. I just wanted briefly to ask you with regards to the Caribbean your views briefly on Cuba with all the excitement about democracy and things of that nature [inaudible] any views of [inaudible].

MINISTER HIRABAYASHI: Cuba, we have some trade relations. Some tourists are going to Cuba.

But knowing that it's very much sensitive to the Americans, we are really careful about how to formulate our policy to Cuba. We do not extend any assistance whether it's a [unintelligible] loan, whether it's loans by the Ex-Im Bank and whatever. We don't extend our assistance to Cuba. And we don't make any efforts to expand our trade.

But we import some of their products, but not any more [unintelligible]. We have other sources.

So we keep our relations with Cuba at minimum level.

But nevertheless we are not inclined to cut our relations with Cuba. They are always friendly to us and -- including Mr. Castro. Cuban people have some kind of special feelings towards us. I think they're [unintelligible] their volleyball team which is, I think, the champion teams in the Olympics, were -- are now, as it is now, because of some help of the Japanese coaches. And we have exchange of baseball

mes.

So we don't have any -- how do you say? -- ill feelings towards Cubans.

They have tremendously friendship to the Japanese. But we know the sensitivity of the problem for the United States, so we are keeping the very much low profile and we are attentively following the situation of Cuba in the Organization of American States. And wherever possible, we talk with the United States how to deal with Cuba. That's what we are doing now.

MR. : Mr. Minister, I'd like to ask you maybe a final question, if I could, on NAFTA and the views of the Japanese government on the NAFTA negotiations, whether the Japanese government is generally satisfied that NAFTA came out as a non-protectionist agreement and in particular was the percentage on domestic content of automobiles came out, I think, in 62.5 percent. There was some concern by Japan if it was more than 50 percent and that would be seen as a fairly protectionist sign and a [unintelligible] [inaudible] on that subject [inaudible] on that issue and NAFTA, too.

MINISTER HIRABAYASHI: Yes. The Japanese reaction to NAFTA is ambivalent, and the official position is that we welcome the conclusion of NAFTA

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if NAFTA would not be infringing the GATT rules. Whether NAFTA is -- will be in contradiction with the GATT rules is yet to be seen, because the GATT would examine whether it is in conformity with GATT regulations or not after all the three countries ratify the agreement. We have to wait probably one year, probably one more year. And then the GATT would convene a special meeting to examine NAFTA. So until then, the -- many countries resolve their [unintelligible] issues.

But looking at the contents of NAFTA, we can see, as you said, that a part of the agreements are not in conformity with the GATT regulations. GATT, I think Article 24, stipulates that any new regional arrangements should be conformed with the GATT regulations and should not raise barriers to the third countries.

In this case, the local contents of automobile, they -- the NAFTA raised - in fact, local contents percentage from 50 to 65 percent. Fifty was in U.S.-Canada free trade agreement.

So we should examine, because there are complicated formulas to calculate that percentage. But if it is establishing a little bit difficult barriers compared to the existing agreement, then that would be in contradiction with the GATT rules. This

I say, the first concern, not only from the Japanese but other countries who are exporting cars to Mexico and the United States. Canada is also concerned.

The second concern is that the U.S. Administration, Bush Administration, probably this Administration, wants to promote, wants to extend this NAFTA-type arrangements to the rest of the hemisphere. People are talking about a new agreement with Chile because Chile is democratized and most advanced in the efforts of market economy orientation.

And if this type of agreements would be extended to the entire hemisphere and if some of the ambiguous clauses continue to be incorporated, I think that [unintelligible] would be regarded as somewhat dangerous by the rest of the world, especially the Asians, including Japan. Japanese are especially concerned because they have no regional arrangement of this kind yet. Asian -- six Asian countries of Southeast Asia has decided to form their own free trade area. It's a slow process. But Japan has no intention to create this kind of free trade area without the participation of the United States and Canada. And whether we would promote that kind of big project is yet to be seen.

But for the time being, we place more importance on the success of the

Uruguay Round. So so far what I can say at this juncture is that we are carefully watching how this agreement would be implemented, how this agreement -- whether this agreement would be extended to other countries in the Western Hemisphere in the current form or in different forms.

So we are not endorsing NAFTA wholeheartedly, no. But we are not rejecting outright this endeavor. In fact, if Mexico would be much more prosperous and democratized -- already democratized but market oriented, then definitely the Japanese and other Asians would be benefitting. So in that -- to that extent, we'd welcome NAFTA, and so let's see how that develops in the future.

MR. : [Inaudible]. Thank you very much. [Inaudible].

AUDIENCE: [Applause.]

MINISTER HIRABAYASHI: Thank you very much.

MR. BALANCE: And I think that was really an excellent presentation and it covered many points of U.S.-Japan cooperation that I think provide a very good base for us for our discussions tomorrow.

I think one of the things that very few Americans realize -- it's somewhat

Hard to realize, I think, when we think -- we often think that we carry the burden in the world alone -- the Japanese foreign aid program is as large as the United States's. It's -- both programs are roughly at a \$10 billion a year level. They're spent in somewhat different ways but in very rough terms, each program is the same. In one year, Japan surpassed the United States in disbursements. I think in the last year the United States surpassed Japan. But in fact they're almost at the same level.

But they're quite different in certain ways, and that difference means that probably for purely economic development purposes, as opposed to security-related purposes, the Japanese program is actually much larger than the United States for purely economic purposes.

So Japan is a very important partner here, and I think Minister Hirabayashi explained that very clearly and pointed out that not only is Japan's assistance substantial and that it's in very close collaboration with the United States but that I think a very interesting point that he made is that one notices now more clearly Japanese leadership in certain areas, especially in adding certain elements to the Japanese aid program, the introduction of an ODA charter by Japanese in the last year, like global partnership agreement with the United States, taking co-

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chairmanship of a committee on Honduras, et cetera. Japan's leadership is beginning to be more evident now.

And that furthermore -- and I think we have to expect this in the future -- that as Japanese leadership grows and Japan takes greater responsibility, there will not always be a unanimity of opinion between the United States and Japan, and that is something that we must accept and work with and deal with. As long as the spirit of collaboration and cooperation is there, there will be differences of opinion and we will -- as we all do -- we'll have to deal with those differences of opinion.

But finally I think another point that the Minister made that is a really crucial point and it comes out very closely on the Enterprise for the Americas Fund is that there are really only two major economic assistance programs in the world today, and those are the U.S. and the Japanese. The European programs are much smaller, they're much more regionally focused, they're much less interested in parts of the world that they don't regard as their particular sphere of influence, like Latin America, and so therefore if we're talking about a real partnership in the world where the U.S. shares its leadership burden and its leadership opportunities with

her countries, it is Japan that is the country that we will have to work with.

So let me end on that note, and again thank the Minister for a really excellent speech.

We have an interesting program beginning tomorrow. We -- there will be registration and packets and coffee in the Starlight Room and that begins about 8:15 in the morning, and we will begin our program at 8:45 in the morning for an interesting program running through the day.

Marty, did you have any other things you wanted to say before we finished?

MARTY: [Reply out of audio range.]

MR. BALANCE: Okay. Thank you, and good evening, and we'll see you in the morning.

AUDIENCE: [Applause.]

(END OF PROCEEDINGS AS RECORDED)

Vera Makhado

OPPORTUNITIES AND CHALLENGES OF ECONOMIC TRADE INTEGRATION IN THE AMERICAS

I would like to thank the Citizens Network for Foreign Affairs and other sponsors of this event for this excellent opportunity to present to you the Brazilian position concerning the economic integration.

2. At first, my presentation will cover some aspects of Brazil's present political and economic project; I will also briefly speak on the Treaty of Assunción that created MERCOSUL and perspectives opened by that treaty. Since we are considering opportunities and challenges of economic integration in the Americas, I intend to mention some points on NAFTA and the Enterprise for the Americas Initiative.

3. As I do not have responsibilities towards negotiations regarding trade integration, I will be speaking on my private capacity, as a curious observer, and not as a representative of the Brazilian government.

I

4. In previous presentations, two main characteristics of Latin America today were highlighted: democratization and economic liberalization. You might have read in the newspapers some articles on the recent political events in Brazil. For the first time in our history and, I believe, in the

history of western countries, a President of the Republic was impeached under due process of law, after having been found guilty for what the Brazilian Constitution defines as responsibility crime. The process was undoubtedly painful, especially because Mr. Fernando Collor had been elected by direct vote by more than 30 million Brazilians after more than two decades of a rupture of the democratic regime. However, these events proved the strength and the maturity of Brazilian political institutions and society in a way that only a crisis of such a magnitude could do.

5. Mr. Itamar Franco, elected as the Vice-President in the 1989 election, was sworn in as acting President at the end of last September, when the impeachment process began, and was inaugurated as the President of the Republic on December 29 to terminate his predecessor's mandate. The Parliamentary basis of Mr. Franco is broad, since all political parties have approved the impeachment of Mr. Collor, they feel co-responsible for the success of the present administration. The composition of the cabinet of ministers reflects that broad basis of parliamentary support.

6. In order to deal with the theme of our panel, we have to discuss what will happen with the Mr. Collor's project of modernization of the State and the economy. As the acting President of Brazil, Mr. Franco launched a communique on the guidelines of his administration. I am going to highlight three

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topics that are more directly related to the international insertion of Brazil in the international system.

7. The first one is the maintenance of the trade liberalization program adopted in 1990. Embarking upon an integration process requires the adoption of a program of trade liberalization as the first step. As background information I must stress that Brazilian industrialization was made possible from the post-war period onwards, on the basis of high tariffs and a number of non-tariff barriers to serve as a protection to the "infant" industries. In other words, we adopted a program of industrialization by means of imports substitution. Although very successful for more than two decades, signs of the exhaustion of this model began to appear in the 80's when Brazilian manufactured products, lacking the stimuli of foreign competitors, began to lose competitiveness in external markets. The project of creating an autonomous industrialization and development process had to be reviewed.

8. On October 1, 1992, Brazilian import tariffs have undergone a new cut that brought its average level down to 17%. This is a dramatic reduction if compared to the 40% average level of Brazilian tariffs in March 1989. Other reductions in the import tariff are scheduled to take place in June and December this year. Moreover, the import tariff of 400 manufactured products utilized in several types of industry has been brought to zero for the next two years.

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9. In the 70's and 80's Brazil had important trade surpluses, due to the dynamics of its exporting sector and the high levels of its import tariffs. In 1992 this surplus reached US\$ 15,6 billion, a spectacular result, if we consider that the tariff protection nowadays is irrelevant and the non-tariff barriers are derogated. This is in part explained by the persistent recession that compresses the demand for imports. Our exports in 1992, for the first time were superior to US\$32 billion (US\$ 36,2 billion), what shows that competitiveness is being regained.

10. The second topic is the maintenance of all commitments entered into with the financial international institutions. The term sheet of the debt agreement with the private creditor banks was approved by Congress. The agreement on the official debt is following its schedule of disbursement. The current level of reserves in Brazil, around US\$24 billion, is the assurance of a longlasting return to normalcy in our relations with the financial international system, after the period of turmoil that started in 1982.

11. The third topic is the maintenance of the program of privatization started in 1991 aimed at reducing the size of the State in the economy. It has already encompassed almost twenty very large to medium size enterprises, from steel mills to fertilizer and petrochemical plants. New rules have recently been

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set forth on issues as the percentage of foreign capital allowed in the privatization, among others.

12. There are, however, problems that are particularly serious both to the Brazilian economy and society, which have also an impact in the integration efforts. For more than a year inflation rate is above 20% a month. Public deficit, one of the main fuels for such an imbalance, is being curtailed by means of reduction of public expenditure and a new tax under approval by Congress. A deep fiscal reform that would rationalize taxes and expand mechanisms to avoid tax evasion will depend upon the Constitutional revision scheduled to start late this year. Due to the public deficit, interest rates are still very high. The combination of factors like high inflation and interest rates, besides the reduction of public expenditure provoked a recession of considerable proportions in 1992. Only recently economic activity is beginning to recover.

13. One of the main impacts of the economic recession of the 80's that the adjustment programs in Latin America didn't know how to solve was felt in the social area. Brazilian government has been unable to draw sound social policies and devote resources their implementation. In developing countries, even in a scenario of shrinkage of its role, the State cannot be absent from programs of education, health, public sanitation and housing for the underprivileged that constitute a growing segment of their population. The improvement of the quality of life and

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the decrease of income inequalities, which are so sharp in Brazil, are now deserving a special priority from the part of the current administration. Resources are being allocated in those areas within the margins allowed by the budgetary constraints. If successful, these efforts will strengthen the Brazilian internal market, which is a real asset in any integration scheme, due to the size of our population of nearly 150 million

II

13. On the basis of that domestic scene, lets now examine what is the posture of Brazil in the international trade system. Two main trends are clearly devised in it today: the global liberalization of trade, under negotiation in the context of the Uruguay Round, and the regionalization of trade, through the consolidation of large economic spaces. The success of the Uruguay Round and the objective of global liberalization depends much more upon longlasting solutions to the divergence of interests among developed countries that have stalled the negotiations for such a long time. Inboth cases, liberalization of trade means restructuring and redeployment of noncompetitive enterprises, an issue that sometimes has a deep impact in the labor market. Some analysts say that trade liberalization is the best thing for other countries to do.

15. As a global trader, Brazil favors the achievement of the targets of the Uruguay Round and has made all the efforts to the success of these negotiations. Ours is the tenth economy

in the world, the technological advances are already considerable (see tables attached). We have the basic conditions to be competitive in a global free trade system. The size of our territory and population should allow us to proceed in the path of development and be competitive in the framework of the liberalization of the trade system.

16. At the same time, we attentively observe the initiatives that more closely concern our region, the NAFTA and the Enterprise for the Americas Initiative, and take an active part in MERCOSUL. Brazilian interests are more geared to the strengthening of trade regimes that ensure non-discriminatory practices among states. Regional efforts of association are considered valuable and sound if they are able to ensure the functioning and abidance of non-discriminatory practices and trade rules.

17. MERCOSUL, created by the Treaty of Assunción among Brazil, Argentina, Uruguay and Paraguay in May 1990, is aimed not only at the creation of a free trade zone. Its objectives also include the establishment of an external common tariff by 1995, the coordination of macroeconomic policies and positions of the four integrating countries in the international economic fora. It also foresees the harmonization of rules of foreign trade, industrial policy and treatment of foreign capital. Tariff cuts among the MERCOSUL countries have already meant the decrease of Brazilian tariff by 64%. The objective is to reach zero tariff by

31 of December 1994. In December 1991, the Presidents of Argentina, Brazil, Paraguay and Uruguay decided to give priority to economic stability to be reached through sound fiscal and monetary policies, among other aims. Economic stability is a target to be reached during the present administration, and will depend upon the process of revision of the Constitution.

18. Difficulties are foreseen for the fulfillment of the coordination of macroeconomic policies at present, due to the differences in the structure and profile of the economies of the countries integrating MERCOSUL. These differences are reflected in the pace of trade liberalization, the diversity of exchange policy, the policy towards foreign capital and privatization, as well as intellectual property, among others.

19. Despite the difficulties in the horizon, MERCOSUL is already transforming Brazilian attitudes and approaches in many segments of society, from liberal professionals to labor unions, let alone the bureaucracies at the Federal and the state levels. Integration with the neighboring countries is already a theme for parliamentary deliberation and is an input to drawing strategies in many enterprises. Work is being undertaken specially in the areas of deregulation of transportation, technical norms, maximization of energy resources among member countries. Brazilian exports to the Latin American countries integrating Latin American Association of Integration (ALADI) have increased from 14,4% in the first semester of 1991 to 20,4%

in the same period in 1992. Part of this increase was due to the exports to MERCOSUL countries, that correspondent in the above mentioned periods to 6,6% and 10,7%. More than half of these exports were manufactured items.

III

20. In 1990, the United States launched the Enterprise for the Americas Initiative, with the aim of establishing a free trade zone from Alaska to Patagonia. The Initiative was designed for Latin American countries that agreed to welcome and protect foreign investment and to liberalize trade. These countries would have a more lenient treatment of their official debt towards the United States, which, by the way, is not relevant in the South Cone. In June 1991 MERCOSUL and the United States signed the Rose Garden Agreement by means of which a permanent mechanism of consultation was created, the Trade and Investment Council. A similar treaty was signed between the United States and CARICOM.

21. The costs and benefits for the implementation of the EAI are still not measured in an objective way. Another great uncertainty is the attitude of the new American administration towards the initiative conceived by President Bush.

22. In 1990 the United States, Canada and Mexico began to negotiate the North American Free Trade Agreement, concluded in 1992. As you know, the agreement was signed during the past administration. As publicized in the press, President Clinton has met with President Salinas to discuss the possibility that some

changes are introduced in the agreement on the issues of environmental legislation and labor, as well as the adoption of safeguards in case of surges in the Mexican exports in the American market. By March 2 the Executive has to send the NAFTA to Congress for ratification. Till then the perspectives of trade liberalization in the Americas will be only a matter of speculation, since NAFTA is a test case for the continent.

23. In principle, NAFTA is opened to other countries. Chile has already declared its willingness to take part in it. Other free trade agreements could be entered into between the United States and individual Latin American countries in the framework of the EAM. MERCOSUL, as a whole could also reach some form of understanding with NAFTA or the USA. All sorts of possibilities are open, for the time being and under consideration by many chanceries in the Americas.

IV

24. Thinking about integration we have to consider first the protectionist measures that affect trade. This is and has been a matter for lengthy discussions. For the time being and only considering Brazilian exports to the US, we having been facing an overtaxation of our orange juice (US\$ 492.00 per cubic ton). Countervailing duties in our special steels were recently imposed which will seriously hinder the volume of sales to the US. These are problems that we will hopefully be solved by the new Administration in the near future. President Clinton has an

agenda of concerns that is similar to the new administration in Brazil, where social needs have greater priority. After all, trade integration is the opposite to protectionism.

25. In this context of economic interdependence, what is important is to find a way that would ensure not only the relaunching our economy, in the national and regional levels, but the economies of the most developed countries, the USA, Japan and Germany, which would fuel the economic system in its entirety. Liberalization of trade, in whichever form, at the global, continental or regional scale, would be made easier in an affluent and more peaceful world.

VERA BARROUIN MACHADO
The Citizens Network for Foreign Affairs
Clearwater, Florida - January 28-29, 1993

BRAZILIAN EXPORTS IN 1991

REGION	PERCENTAGE
CEE	30,9%
EUA	19,9%
ASIA	18%
SOUTH AMERICA	15,6%

T. TERRELL SESSUMS

**ADDRESS
TO
THE CITIZENS NETWORK FOR FOREIGN AFFAIRS
CLEARWATER, FLORIDA
JANUARY 29, 1993**

THANK YOU FOR THE OPPORTUNITY TO SPEAK TO YOU TODAY. MY PURPOSE IS TO SHARE WITH YOU SEVERAL IDEAS WHICH HAVE GREAT IMPORTANCE FOR LATIN AMERICA, JAPAN, AND THE STATE OF FLORIDA. THEY CONCERN THE NATURE OF THE ECONOMY WHICH IS EVEN NOW TAKING SHAPE IN THIS HEMISPHERE, WHERE DEMOCRATIC CHANGE AND ECONOMIC LIBERALIZATION HAVE COMBINED WITH GEOGRAPHY TO PROFOUNDLY IMPROVE THE LIVES OF MILLIONS IN NORTH AND SOUTH AMERICA. THESE CHANGES ARE ACCELERATING THE GROWTH OF BUSINESS BETWEEN LATIN AMERICA AND THE WORLD. MY THESIS TODAY IS THAT JAPAN WILL PARTICIPATE IN THIS ECONOMIC BOOM, THAT FLORIDA WILL CONTINUE TO BE THE CROSSROADS BETWEEN THE CONTINENTS AND THE GATEWAY TO LATIN AMERICA, AND THAT FLORIDA AND JAPAN HAVE COMMON INTERESTS IN THIS PROCESS WHICH MAKE THEM NATURAL PARTNERS.

LATIN AMERICA AND THE CARIBBEAN ARE A MARKET OF APPROXIMATELY 430 MILLION PEOPLE WITH A COMBINED GROSS DOMESTIC PRODUCT OF OVER 1 TRILLION U.S. DOLLARS. TOTAL EXTERNAL DEBT FOR THE REGION HAS FINALLY BEGUN TO FALL, AND AN INCREASING PORTION OF

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THE TOTAL IS FOR COMMERCIAL CREDIT RATHER THAN GOVERNMENT DEBT. AND WHILE DEBT LEVELS ARE STILL HIGH, WHAT WAS A CRISIS OF THE 1980S APPEARS TO BE A MANAGEABLE PROBLEM TODAY.

MUCH OF THIS IMPROVEMENT IS A RESULT OF INCREASING PRIVATIZATION OF STATE-OWNED INDUSTRIES IN THE REGION. GROWING ECONOMIES REQUIRE INCREASINGLY SOPHISTICATED INFRASTRUCTURE TO SUPPORT THEIR GROWTH. TRANSPORTATION, POWER, AND TELECOMMUNICATIONS ARE IMPROVING THROUGHOUT THE REGION, LARGELY THROUGH PRIVATIZATION AND HUGE CAPITAL INVESTMENTS. LED BY CH ILE, MEXICO, AND ARGENTINA, REGIONAL GOVERNMENTS HAVE ENCOURAGED DEBT FOR EQUITY SWAPS, CONVERTING THEIR SOVEREIGN DEBT INTO FOREIGN EQUITY STAKES IN THEIR INFRASTRUCTURE. IN NOVEMBER OF 1990, ARGENTINA PRIVATIZED ITS NATIONAL TELEPHONE COMPANY AND SOLD HALF TO EACH OF TWO INVESTOR GROUPS BACKED BY U.S. BANKS. IN THIS ONE TRANSACTION, ARGENTINA RETIRED 10% OF ITS FOREIGN DEBT, GAINED BILLIONS IN FOREIGN INVESTMENTS TO IMPROVE ITS PHONE SYSTEM, AND DRAMATICALLY IMPROVED SERVICE TO BUSINESS AND RESIDENTIAL CUSTOMERS AROUND THE COUNTRY.

INFRASTRUCTURE SPENDING IS ONLY ONE ASPECT OF AN EXPLOSION OF CONSUMPTION IN LATIN AMERICA WHICH HAS PROVIDED GROWING OPPORTUNITY DURING THE FIRST YEARS OF THIS DECADE. THE UNITED STATES IS THE LARGEST EXPORTER TO THE REGION. FLORIDA REPRESENTS THE LARGEST PORTION OF THAT TRADE TO MUCH OF THE REGION.

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FLORIDA IS A KEY PLAYER IN THE HUB OF LATIN AMERICAN ACTIVITIES. OUR STATE'S POPULATION OF 13.2 MILLION WOULD PUT US IN THE MIDDLE RANGE OF THE NATIONS OF THIS HEMISPHERE, BUT OUR \$240 BILLION GROSS DOMESTIC PRODUCT WOULD EXCEED ALL BUT THE US, CANADA AND BRAZIL: OUR ECONOMY IS LARGER THAN ARGENTINA'S, LARGER EVEN THAN MEXICO'S. TOTAL INTERNATIONAL TRADE FOR FLORIDA LAST YEAR TOTALLED ABOUT \$35 BILLION, NEARLY 11% OVER 1991, WHICH WAS 10% GREATER THAN 1990. MOST OF THIS GROWTH IS IN EXPORTS; MOST OF THAT IS WITH LATIN AMERICA & THE CARIBBEAN. FLORIDA NOW HAS A DOMINANT ROLE IN WORLD COMMERCE WITH LATIN AMERICA AND THE CARIBBEAN, AND WILL RETAIN AND EXPAND THAT ROLE AS THE REGION GROWS. BOTH U.S. AND FOREIGN COMPANIES CHOOSE FLORIDA AS A DISTRIBUTION CENTER TO MARKETS IN THE REGION, USING OUR UNSURPASSED CAPACITY TO MOVE CARGO TO THE REGION. ACCORDING TO THE BRITISH FLORIDA CHAMBER OF COMMERCE, THE U.K., WITH 150 BRITISH FIRMS EMPLOYING OVER 25,000 HERE, IS CONSIDERED FLORIDA'S LARGEST OVERSEAS INVESTOR. BRITISH EXPORTS TO FLORIDA ARE NOW ESTIMATED TO BE OVER \$1 BILLION ANNUALLY AND 70% OF BRITISH EXPORTS ARE TRANS-SHIPED VIA MIAMI INTERNATIONAL AIRPORT OR THE PORT OF MIAMI TO LATIN AMERICA. OTHERS EXPLOIT OUR UNPARALLELED COMMUNICATION AND PASSENGER AIR LINKAGES WITH THE REGION TO ESTABLISH SERVICE OR COMMUNICATIONS CENTERS. THE SUPERIOR TRADE TIES WHICH MAKE FLORIDA ATTRACTIVE TO THESE BUSINESSES ARE THE PRODUCT OF GEOGRAPHY, DEMOGRAPHY, AND

INTERNATIONAL INFRASTRUCTURE. LET'S EXAMINE EACH OF THESE.

IF GEOGRAPHY IS DESTINY, FLORIDA WAS FATED TO BE THE TRADING CENTER OF THE WESTERN HEMISPHERE. ALTHOUGH YOU SIT AT THIS MOMENT NEAR THE GEOGRAPHIC CENTER OF FLORIDA, YOU ARE STILL FAR CLOSER TO HAVANA THAN TO ATLANTA. BOGOTA AND CARACAS ARE MUCH CLOSER TO US TODAY THAN SAN FRANCISCO AND LOS ANGELES, AND MEXICO CITY IS NEARER THAN NEW YORK, FOR MUCH OF FLORIDA, THE NEAREST NEIGHBORS AND THE MOST IMPORTANT POTENTIAL MARKETS ARE IN FOREIGN COUNTRIES RATHER THAN OUR OWN. EVEN WITHOUT THE OTHER FACTORS, GEOGRAPHY ALONE WOULD BE SUFFICIENT TO ENSURE FLORIDA'S INTERNATIONAL FOCUS. HOWEVER, MUCH MORE THAN GEOGRAPHY HAS INTERNATIONALIZED FLORIDA, HOWEVER. WE'RE MEETING TODAY IN THE U.S. STATE WITH THE STRONGEST ETHNIC TIES TO THE REST OF THE WESTERN HEMISPHERE. OVER ITS HISTORY, FLORIDA HAS BEEN PART OF 4 DIFFERENT NATIONS (AND 5 IF YOU INCLUDE OUR CONFEDERACY OF THE 1860S). THE LAST 30 YEARS HAVE SEEN A TREMENDOUS INCREASE IN THE INTERNATIONALIZATION OF FLORIDA, PRIMARILY THROUGH IMMIGRATION FROM LATIN AMERICA AND THE CARIBBEAN. THESE NEW FLORIDIANS HAVE BROUGHT WITH THEM SKILLS AND INTERESTS WHICH HAVE SHIFTED OUR GAZE INCREASINGLY OVERSEAS. TODAY, THE LANGUAGES OF THE REST OF THE HEMISPHERE ARE BETTER UNDERSTOOD HERE THAN ANYWHERE ELSE IN THE U.S. WHEN IT'S TIME TO TRADE WITH OUR NEIGHBORS THIS GIVES US AN OVERWHELMING ADVANTAGE. WHILE LOCATION AND PERSONAL TIES LAY THE FOUNDATION

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FOR OUR ROLE AS CROSSROADS OF THE AMERICAS, OUR INTERNATIONAL INFRASTRUCTURE HAS BEEN THE MEANS OF OUR TRADING SUCCESS. WE HAVE DEVELOPED A NETWORK OF TRANSPORTATION, COMMUNICATIONS, FINANCE AND INTERNATIONAL SERVICES WHICH ALLOW BUSINESSES LOCATED HERE TO COVER ALL OF LATIN AMERICA AND THE CARIBBEAN.

IT IS SIMPLE GEOGRAPHY WHICH HAS DICTATED THE DEVELOPMENT OF OUR INTERNATIONAL TRANSPORTATION NETWORK. FLORIDA IS CLOSER TO MOST OF LATIN AMERICA THAN ANY OTHER STATE, AND THAT BASIC FACT HAS RESULTED IN THE FINEST AIR AND SEA LINKAGES WITH THE REGION ANYWHERE IN THE US. OUR AIRPORTS HAVE THE MOST FREQUENT AND CONVENIENT FLIGHTS TO THE REGION, SO MUCH SO THAT TRAVELERS OFTEN FIND IT ROUTINE TO TRAVEL BETWEEN CENTRAL AND SOUTH AMERICA VIA MIAMI. MORE LATIN AMERICAN AND CARIBBEAN AIRLINES COME HERE THAN TO ANY OTHER STATE, AND IF AIR CARGO IS MOVING TO OR FROM THE REGION, IT PROBABLY PASSES THROUGH HERE ALREADY.

OUR 14 DEEP WATER PORTS DOMINATE BOTH CARGO AND CRUISE TRAFFIC WITH THE REGION. IN THE MIAMI CUSTOMS DISTRICT, WHICH COVERS MOST PORTS ON THE EAST COAST OF FLORIDA, 89% OF EXPORT SHIPMENTS ARE TO LATIN AMERICA AND THE CARIBBEAN. A CRUISE TO THE REGION IS LIKELY TO ORIGINATE IN SOUTH FLORIDA, THE #1 WORLD CENTER FOR THAT INDUSTRY. TRANSPORTATION OF MOTOR VEHICLES WILL LIKELY INVOLVE OUR PORT AT JACKSONVILLE, IMPORT CENTER FOR BOTH JAPANESE AND EUROPEAN AUTO MANUFACTURERS. WHETHER IT'S PETROLEUM AT PORT EVERGLADES OR BULK

COMMODITIES AT THE PORT OF TAMPA, (THE CLOSEST AMERICAN PORT TO THE PANAMA CANAL) FLORIDA'S POSITION AND PORT INFRASTRUCTURE PLACE IT SQUARELY AT THE CENTER OF NORTH-SOUTH TRADE ROUTES IN THIS HEMISPHERE. EVEN MEXICO, WITH ITS LONG LAND BORDER WITH THE U.S., NOW LOOKS TO FLORIDA PORTS TO MOVE ITS GOODS IN AND OUT. THE REASON FOR THIS ALSO POINTS TO OUR PROSPECTIVE GAINS FROM THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA): THAT LONG LAND BORDER IS JAMMED TO THE POINT OF PARALYSIS WITH CROSS-BORDER TRAFFIC. USMEXICO TRADE DOUBLED BETWEEN 1987-90, AND THAT GROWTH WILL ACCELERATE AFTER NAFTA IS ADOPTED. THE OVERFLOW OF TRADE HAS ALREADY BEEN FORCED TO THE SEA LANES, AND IS INCREASINGLY CROSSING THE GULF OF MEXICO TO FLORIDA.

COMMUNICATIONS ARE CRITICAL TO SUCCESSFUL BUSINESSES, AND HERE ALSO FLORIDA IS THE GATEWAY TO THE HEMISPHERE. MOST U.S. CALLS TO THE CARIBBEAN PASS THROUGH SWITCHING CENTERS LOCATED HERE BY AT&T AND OTHER CARRIERS, AND FOR MUCH OF THE REGION, FLORIDA IS A COMMUNICATIONS HUB. MANY BUSINESSES IN LATIN AMERICA FIND IT MORE EFFICIENT TO LOCATE OFFICES IN FLORIDA PURELY TO MAINTAIN COMMUNICATION, AS LONG DISTANCE FROM FLORIDA IS MORE RELIABLE THAN INTERCITY CALLS IN MUCH OF LATIN AMERICA. AS GOVERNMENTS IN THE REGION HAVE MOVED TO IMPROVE COMMUNICATIONS, FLORIDA COMPANIES HAVE FOUND A NEW ROLE AS SUPPLIERS TO THE NEWLY PRIVATIZED PHONE SERVICES. FLORIDA BASED OPERATIONS ARE NOW

BUILDING COMMUNICATIONS INFRASTRUCTURE THROUGHOUT LATIN AMERICA, FROM FIBER-OPTIC LINES IN CHILE TO CELLULAR NETWORKS IN BRAZIL. EVERY CHANGE IN THE REGION BRINGS NEW OPPORTUNITIES TO FLORIDA AND COMPANIES BASED HERE.

SUCCESSFUL INTERNATIONAL OPERATIONS REQUIRE OTHER SERVICES, OF COURSE. FINANCE, LAW, ACCOUNTING, FREIGHT FORWARDING & CUSTOMS BROKERAGE, EVEN TRANSLATION; ALL ARE NECESSARY IN SOME MEASURE TO DO BUSINESS INTERNATIONALLY. BY NOW IT MAY NOT SURPRISE YOU TO LEARN THAT FLORIDA IS THE NATION'S SECOND LEADING INTERNATIONAL BANKING STATE, AFTER NEW YORK, WITH BANKING OFFICES FROM EUROPE, JAPAN, AND EVERY PART OF LATIN AMERICA. THE EXPORT-IMPORT BANK OF THE UNITED STATES (EXIMBANK) HAS JUST ESTABLISHED AN OFFICE IN FLORIDA TO PROVIDE GREATER SERVICE TO FLORIDA BUSINESSES WITH TRADE FINANCE NEEDS. OUR LEGAL SECTOR OFFERS EXPERTISE AND LINKAGE WITH THE REGION UNMATCHED EVEN IN NEW YORK OR WASHINGTON. OUR INTERNATIONAL SERVICES SECTOR HAS DEVELOPED A SOPHISTICATION TO MATCH THE INCREASING VOLUME AND COMPLEXITY OF COMMERCE WITH OUR REGION.

I ALSO WANT TO MENTION THE ROLE OF OUR STATE GOVERNMENT, WHICH HAS RECOGNIZED THE IMPORTANCE OF FOSTERING INTERNATIONAL BUSINESS IN FLORIDA. OUR DEPARTMENT OF COMMERCE MAINTAINS A STRONG DIVISION OF INTERNATIONAL TRADE TO PROMOTE INTERNATIONAL BUSINESS IN FLORIDA. WE MAINTAIN A NETWORK OF FOREIGN OFFICES

ABROAD, INCLUDING ONE IN TOKYO. I THINK IT DOES SAY SOMETHING ABOUT STATE ATTITUDES TOWARDS TRADE THAT MORE U.S. STATES HAVE SPECIAL OFFICES IN JAPAN THAN IN WASHINGTON, DC! FLORIDA, I'M GLAD TO SAY, HAS AN OFFICE IN BOTH PLACES. BEYOND THE GOVERNMENT COMMITMENTS REPRESENTED BY THE INTERNATIONAL OPERATIONS OF OUR DEPARTMENTS OF CITRUS, COMMERCE, AGRICULTURE AND EDUCATION, FLORIDA HAS ALSO DEVOTED ITS EFFORTS TO ACTING STRATEGICALLY IN INTERNATIONAL AFFAIRS. THE FLORIDA INTERNATIONAL AFFAIRS COMMISSION (FIAC) IS CHARGED WITH A BROAD RANGE OF INTERNATIONAL OVERSIGHT DUTIES, INCLUDING REVIEW OF PROPOSED STATE LAWS FOR THEIR POTENTIAL EFFECT ON INTERNATIONAL BUSINESS. FIAC ALSO DEALS WITH THE U.S. CONGRESS TO PRESERVE FLORIDA'S STRATEGIC INTERESTS IN THE FACE OF PROPOSALS SUCH AS NAFTA OR THE RECENT REVISIONS TO THE INTERNATIONAL BANKING ACT. IN THIS WAY, THE STATE ATTEMPTS TO PROTECT THE INTERESTS OF INTERNATIONAL BUSINESSES IN FLORIDA AND TO PRESERVE STABILITY IN OUR INTERNATIONAL BUSINESS CLIMATE. I'M GLAD TO SAY THAT THE FLORIDA CHAMBER WAS AN EARLY PARTNER WITH THE STATE IN THE DEVELOPMENT OF FIAC.

THE LATEST EXAMPLE OF THE CHAMBER'S COOPERATION WITH STATE GOVERNMENT IS THE DEVELOPMENT OF ENTERPRISE FLORIDA, WHICH HOLDS THE PROMISE TO FULLY INTEGRATE ECONOMIC DEVELOPMENT IN FLORIDA UNDER A JOINT VENTURE BETWEEN BUSINESS AND GOVERNMENT IN FLORIDA. I'M PLEASED TO SAY THAT THIS IDEA WAS DEVELOPED UNDER THE

LEADERSHIP OF THE FLORIDA CHAMBER, AND THE CHAMBER WILL CONTINUE TO PLAY A STRONG ROLE IN ITS DEVELOPMENT. THIS IS A GOOD EXAMPLE OF THE COOPERATION BETWEEN BUSINESS AND GOVERNMENT WHICH HAS BECOME THE NORM IN FLORIDA. IN THIS MATTER, WE MAY HAVE LEARNED FROM THE JAPANESE EXPERIENCE: WE HAVE FOUND THAT A COOPERATIVE RELATIONSHIP BETWEEN GOVERNMENT AND BUSINESS BENEFITS BOTH.

FLORIDA HAS NOT ONLY BECOME THE CROSSROADS OF NORTH-SOUTH TRADE BETWEEN THE AMERICAS, BUT ALSO THE COUNTERPOINT FOR CONNECTING EAST-WEST TRADE TO THE NORTH-SOUTH BUSINESS AXIS. EUROPEANS AND ASIANS HAVE FOUND THAT FLORIDA ACTS AS A TRANSPORTATION, FINANCIAL AND SERVICE HUB FOR DOING BUSINESS IN LATIN AMERICA.

AS FOR THE JAPANESE, THIS IS PARTICULARLY IMPORTANT. FEW REALIZE, FOR INSTANCE, THAT SAO PAULO, BRAZIL HAS THE LARGEST CONCENTRATION OF JAPANESE ANYWHERE IN THE WORLD OUTSIDE OF TOKYO. BUSINESS BETWEEN JAPAN AND BRAZIL COMES THROUGH CALIFORNIA AND FLORIDA. AND SEVERAL MONTHS AGO, KYOKUYO LINES BECAME THE NEWEST STEAMSHIP LINE TO OFFER YEAR-ROUND SERVICE BETWEEN JAPAN AND THE PORT OF TAMPA.

THE EXPANSION OF BUSINESS OPPORTUNITIES IN CONSUMER ELECTRONICS, TELECOMMUNICATIONS, AND OTHER HIGH TECH AREAS PORTENDS TREMENDOUS OPPORTUNITIES FOR FLORIDIANS TO FACILITATE AND BROKER JAPANESE-LATIN AMERICAN TRADE. IN MANY INSTANCES, WE

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SIMPLY NEED TO JOINT VENTURE EXISTING INSTITUTIONS AND ORGANIZATIONS THAT ARE PRESENTLY DOING BILATERAL TRADE WITH OUR STATE AND LATIN AMERICA AND JAPAN.

AN EXAMPLE OF THIS BUSINESS-GOVERNMENT COOPERATION IS THE SOUTHEAST U.S./JAPAN ASSOCIATION, CHAIRED THIS YEAR BY JOHN C. BIERLEY OF TAMPA, WHICH IS DEDICATED TO DEVELOPING RELATIONS BETWEEN JAPAN AND OUR REGION OF THE U .S. THEIR RECENT ANNUAL MEETING WAS A SPLENDID EVENT HELD IN ORLANDO, AND ATTENDED BY THE GOVERNORS OF THE SEVEN SOUTHEASTERN STATES, INCLUDING OUR OWN GOVERNOR, LAWTON CHILES, WHO HAS GIVEN HIGH PRIORITY TO INTERNATIONAL BUSINESS RELATIONS. THE JAPAN-AMERICA SOCIETY OF CENTRAL FLORIDA, A CO-SPONSOR OF OUR MEETING TODAY, HAS DEVELOPED A JAPANESE RELATIONSHIP WITH CENTRAL FLORIDA WHICH IS ONE OF THE BEST IN THE U.S.

ALSO SIGNIFICANT TO THE FLORIDA/JAPAN RELATIONSHIP ARE OUR EDUCATIONAL CONNECTIONS. THE FLORIDA-JAPAN LINKAGE INSTITUTE, CO-BASED NEARBY AT THE UNIVERSITY OF SOUTH FLORIDA AND ST. PETERSBURG JUNIOR COLLEGE, SUPPORTS A NUMBER OF BUSINESS AND EDUCATIONAL PROGRAMS (INCLUDING THIS CONFERENCE) TO DEVELOP THE RELATIONSHIP BETWEEN FLORIDA AND JAPAN. OUR UNIVERSITY OF WEST FLORIDA OPERATES A BRANCH CAMPUS AT KOBE (JAPAN) AND SUPPORTS EXCHANGES OF JAPANESE AND FLORIDA STUDENTS. THE DADE COUNTY SCHOOL SYSTEM OPERATES A SPECIAL BICULTURAL JAPANESE/ENGLISH

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PROGRAM FOR THE BENEFIT OF BOTH JAPANESE AND FLORIDA STUDENTS. FINALLY, PERHAPS THE BEST INDICATOR OF THE GROWING FLORIDA/JAPAN RELATIONSHIP IS THE INCREASE IN JAPANESE ACTIVITY HERE. THE JAPAN EXTERNAL TRADE ORGANIZATION (JETRO) HAS MAINTAINED A PROMOTION OFFICER IN FLORIDA FOR SOME TIME NOW, AND THE NUMBER OF JAPANESE CORPORATIONS AND BANKS WITH OFFICES HERE IS INCREASING QUICKLY. THIS CONFERENCE IS THE LATEST STEP IN OUR GROWING RELATIONSHIP, AND YOUR PRESENCE HERE SHOWS YOUR READINESS TO GO FURTHER IN THIS PROCESS. WE AT THE FLORIDA CHAMBER OF COMMERCE, IN PARTNERSHIP WITH STATE GOVERNMENT AND LOCAL COMMUNITIES, CAN HELP YOU BENEFIT FROM THE FLORIDA ADVANTAGES I'VE DESCRIBED TO YOU TODAY, TO ENSURE YOUR FULL PARTICIPATION IN THE ECONOMIC BOOM IN THIS HEMISPHERE. AS I CLOSE I WANT TO REAFFIRM MY COMMITMENT AND THAT OF THE CHAMBER AND OUR INTERNATIONAL DEVELOPMENT COMMITTEE, CHAIRED BY W. REEDER GLASS OF MIAMI, TO ASSIST YOU IN ANY WAY WE CAN TO STRENGTHEN THE BUSINESS AND PERSONAL RELATIONSHIP BETWEEN FLORIDA AND JAPAN.

**A NEW ERA OF OPPORTUNITY IN THE HEMISPHERE:
LATIN AMERICA, THE UNITED STATES, AND JAPAN**

KEY ROUNDTABLE POLICY RECOMMENDATIONS

January 28-29, 1993

Clearwater, Florida

1. Promote hemispheric trade and move forward with NAFTA; in this context, support for the Enterprise for the Americas Initiative is vital.
2. Emphasize and strive to create greater synergy with existing mechanisms for promoting trade: i.e. the Export Import Banks of the U.S. and Japan, U.S. Agency for International Development, Japan External Trade Organization, Foreign and Commercial Service of the Department of Commerce.
3. Expand assistance from the Small Business Administration and other federal agencies to help small/medium size businesses capitalize on foreign markets.
4. Educate U.S. citizens and government agencies about how Japan does business and how Japanese decision-making process affects the outcome of policy formation on trade issues.
5. Explain Japan's positive role in collaborating with the U.S. in economic development in Latin America; and educate the public-private sector about Japan's active participation in bilateral economic development projects.
6. Improve consistency of U.S. government's political and economic goals in Latin America.
7. Strengthen U.S. and Japanese economic cooperation efforts through coordination with multilateral organizations such as the World Bank, the International Monetary Fund, and the Inter-American Development Bank.
8. Further clarify and define Florida's role as a gateway to Latin American trade.

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WAYS AND MEANS
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(VICE CHAIRMAN)

SUBCOMMITTEES:
TRADE (CHAIRMAN)
SOCIAL SECURITY

JOINT COMMITTEE
ON TAXATION

SAM M. GIBBONS

7th DISTRICT, FLORIDA

Congress of the United States

HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

PLEASE RESPOND TO:

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JAN STOORZA
CHIEF OF STAFF

GREG WONDERS
FLORIDA OFFICE MANAGER

February 4, 1993

STATEMENT OF U.S. REP. SAM GIBBONS
for The Citizens Network for Foreign Affairs

"I regret that I was unable to join in the discussion at your recent trade conference. 'A New Era of Opportunity in the Hemisphere' is a title which reflects my strong belief that free trade is the means by which we will achieve harmony in the world.

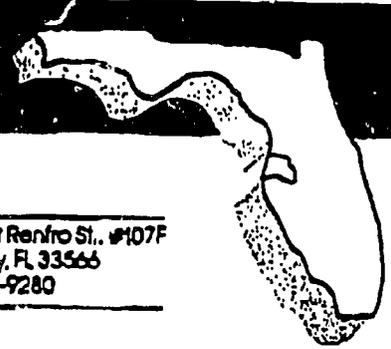
Protectionism, though politically attractive, hurts consumers and keeps our companies from maximizing their international competitiveness by insulating them from world competition.

I endorse the key policy statements put forth during the conference, and I support the Citizens Network for Foreign Affairs in its efforts to generate dialogue on America's role in the international economy."

Congressman

9th District, Florida

Mike Bilirakis



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Clearwater, FL 34615
(813) 441-3721

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(813) 847-1022

406 West Renfro St., #107F
Plant City, FL 33566
(813) 752-9280

January 28, 1993

Statement of REPRESENTATIVE MIKE BILIRAKIS on the two day trade roundtable being conducted by the Citizens Network for Foreign Affairs in Clearwater, Florida.

.....

"In the years ahead, our ability to compete globally will in large part determine the American standard of living. Florida has the potential to become the trading hub of a vast potential market with our friends in Central and South America. I am grateful to the Citizens Network of Foreign Affairs and local sponsors for holding these roundtable discussions and highlighting this potential."

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NEWS RELEASE

For Immediate Release
January 21, 1993

Contact: Martin J. Tillman
Alex Carpenter
(202) 639-8889

U.S., JAPANESE, AND LATIN AMERICAN GOVERNMENT AND BUSINESS LEADERS TO DISCUSS DEVELOPING WORLD

CLEARWATER, FL -- More than sixty business and government leaders from the United States, Japan and Latin America will join The Citizens Network for Foreign Affairs in a two-day roundtable discussion on January 28-29.

The theme of the conference, "A New Era of Opportunity in the Hemisphere: Latin America, the U.S. and Japan", will focus discussion on the importance of the developing world's emerging economies and democracies for Florida and Japan.

The roundtable is being sponsored by The Citizens Network for Foreign Affairs, a Washington, DC-based bipartisan and nonprofit group formed in 1985. The Citizens Network's mission is to generate dialogue on America's role in the international economy and on how the U.S. is affected by Third World economic development. The Citizens Network's National Policy Roundtable Program has sponsored over 20 similar roundtables in 15 states, attended by over 2,500 public- and private-sector leaders.

National and Florida-based organizations co-sponsoring the roundtable include: Florida Commission on International Affairs, Japan-America Society of Central Florida, Society of International Business Fellows and the Florida-Japan Institute.

- MORE -

The keynote address will be given by Minister Hiroshi Hirabayashi, Deputy Chief of Mission at the Embassy of Japan in Washington, DC. Other speakers will be: John H. Costello, President, Citizens Network for Foreign Affairs; Frank Ballance, Director, U.S.-Japan Economic Cooperation Project, The Citizens Network for Foreign Affairs; Susan Idtensohn, Director, Division of International Trade and Development, Florida Department of Commerce; Yoshito Kimura, Resident Executive, Export-Import Bank of Japan; Yoichi Kobayashi, Executive Vice President, Komatsu America Corp.; Vera Machado, Consul-General of Brazil - Miami, Florida; Mark Orr, Co-Director and Professor, Florida-Japan Institute; Robert Payne, Executive Director, Japan-America Society of Central Florida; T. Terrell Sessums, Chair-Elect, Florida Chamber of Commerce; and Roberto Soler, Vice President - International Banking, Barnett Banks, Inc.

Specific objectives of the roundtable are to:

- Generate an informed dialogue among roundtable participants on the United States' stake in trilateral relations between Japan, the U.S., and the emerging economies of Latin America;
- Update participants on U.S. and multilateral policy in Latin America;
- Illuminate Florida's crucial role as a locus and intermediary for international trade, investment, and finance among Japan, Latin America, and the United States;
- Identify ways in which Japan and the United States are likely to compete and collaborate in Latin America, and formulate recommendations for enhancing collaboration that is beneficial for all three parties.

Partial funding for the roundtable was provided by the U.S. Agency for International Development, Florida World Magazine and the Tampa Port Authority.

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NEWS RELEASE

For Immediate Release
January 20, 1993

Contact: Frank Ballance
(202) 639-8889

CITIZENS NETWORK U.S.-JAPAN ECONOMIC COOPERATION PROJECT RECEIVES GRANT FROM CENTER FOR GLOBAL PARTNERSHIP (CGP) OF THE JAPAN FOUNDATION

"With the end of the Cold War a fundamental rethinking is needed of U.S. and Japanese economic relations with the developing world. New levels of cooperation between the two countries can be a powerful force for sustainable development and provide a critical mass for dealing with other major global problems," stated John H. Costello, President of the Citizens Network for Foreign Affairs, today in announcing the receipt of a major grant of \$200,000 from the Center for Global Partnership (CGP) of the Japan Foundation.

The grant was given in support of a Citizens Network landmark effort to launch a national dialogue on U.S.-Japan economic cooperation, the Citizens Network U.S.-Japan Economic Cooperation Project. The Project will convene a series of conferences at which U.S. and Japanese business leaders will discuss the emerging economies in Latin America and Southeast Asia.

Frank Ballance, Director of the Project, stressed the need for greater private sector participation in the economic development activities of the two countries: "We have found that there has been substantial cooperation between the U.S. and Japanese governments, with Japan providing help with matters such as the resolution of the Mexican debt crisis, funding for democracy and development in Central America, infrastructure development in Jamaica, and environmental cooperation in Indonesia. However, what has been missing is a shared sense of purpose and cooperation between the private sectors."

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1993

First proposed by the late Japanese Foreign Minister Shintaro Abe, the Center for Global Partnership was established in 1991 and charged with a mission of strengthening U.S.-Japan relations. The Center for Global Partnership, through its grant making operations, enables private sector organizations such as the Citizens Network to analyze and focus public attention on global issues.

The Tokyo Declaration, signed by President Bush and Prime Minister Miyazawa in January, 1992, committed the United States and Japan to a "Global Partnership." The partnership entails "cooperation between the United States and Japan to meet the common challenges of the coming century and build a world of enduring prosperity and peace."

The Project will provide a forum for the discussion of issues affecting the global partnership. Special attention will be given to the role of U.S.- Japan private sector cooperation in fostering trade, investment, technology transfer, and environmental sustainability in Latin America and Southeast Asia. Topics will include:

- an exploration of ways the United States and Japan can achieve greater convergence in economic cooperation policy;
- identification of opportunities for a stronger private sector role and appropriate supportive policies and mechanisms by government; and
- the linkages between political reform and trade, investment and economic assistance.

The Project will convene two major conferences: the first, in New York City this Spring in collaboration with the Americas Society, will focus on Latin America; the second, in the Fall in San Francisco with the Asia Foundation, will focus on Southeast Asia. Conference deliberations will be guided by a high level advisory committee with representatives from Japan and the United States. A wide spectrum of participants from government, academia, business, finance, and the non-profit sector will be invited. Conference proceedings and recommendations for the public and private sectors in both the United States and Japan will be published at the completion of the Project.

The Citizens Network for Foreign Affairs is a bipartisan, nonprofit public policy and education organization dedicated to fostering better understanding of the importance of America's stake in promoting sustainable, equitable growth in the world's emerging economies. Through its innovative networking and public policy initiatives, the Citizens Network is forging a national leadership group committed to active U.S. involvement in the global economy.

U.S. urged to help tap foreign markets

■ Participants in a conference at the Belleview Mido say the aid should be aimed at small and medium-sized businesses.

Times Staff Writer

BELLEAIR — The U.S. Small Business Administration and other federal agencies should focus on helping small and medium-sized businesses capitalize on opportunities in foreign markets, a group of business and civic leaders agreed

Friday.

That was one of eight recommendations to emerge from an international economic conference sponsored by the Citizens Network for Foreign Affairs at the Belleview Mido Resort Hotel.

The non-profit group, which is based in Washington, D.C., sponsors conferences around the country to generate discussion about the U.S. role in the global economy. About 50 people, mostly Floridians with a long-standing interest in international trade, attended Friday's session.

They agreed that Florida should expand and capitalize on its role as a gateway to Latin America. In addition, they said U.S. political and economic goals in Latin America need to be consistent.

The meeting focused on relationships among the United States, Japan and Latin America. Those attending said U.S. citizens and government agencies need a better understanding of the Japanese way of doing business and making policies and need to be aware that Japan is working with the United States in economic development in Latin America.

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Business & Finance

THE TAMPA TRIBUNE

Saturday, January 30, 1993

Business leaders focus on Latin American trade

By JIM RILEY
Tribune Staff Writer

BELLEAIR — A group of U.S. and Japanese business leaders are encouraging more cooperation between their two countries as they establish trade relationships with Latin America.

And Florida will be a key trade gateway for all involved, said speakers at a two-day conference at the Belleview Mido Resort in Belleair.

About 50 business leaders gathered to brainstorm ways to improve trade and economic development in Latin America. Washington, D.C.-based Citizens Network for Foreign Affairs organized the sessions.

Foreign investment is the key to modernization in many Latin American countries, said speakers at the conference. They encouraged business leaders in Japan and the United States to find ways to work together so both can take advantage of opportunities there.

Minister Hiroshi Hirabayashi of the Japanese embassy in Washington, D.C., said Florida is "im-

portant for the betterment of U.S.-Japan relations and represents a new frontier for Japan's relations."

Area business leaders picked up that theme.

"Florida will continue to be the crossroads between the continents and the gateway to Latin America," said T. Terrell Sessums, chairman of the Florida Chamber of Commerce and a Tampa lawyer.

Conference participants recommended greater cooperation among import-export banks and other institutions that promote trade. They also said U.S. citizens and government agencies need to be better educated about the way the Japanese do business.

The group will be seeking endorsements from members of Congress for those and other recommendations.

The Citizens Network is a bipartisan organization that tries to establish dialogue between business leaders and policy makers on the United States' growing stake in the world economy.

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Florida - Japan Institute

Dr. Mark T. Orr
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Mr. Michael L. Richardson
Co-Director
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February 24, 1993

Mr. John H. Costello
President
The Citizens Network for
Foreign Affairs
One Farragut Square South
1634 Eye Street, N.W. STE. 702
Washington, D.C. 20006

Dear Mr. Costello:

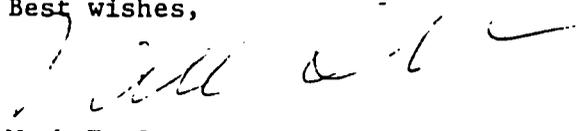
I am writing to express my appreciation for the highly professional manner in which the July 28-29 conference in Clearwater was planned and conducted. Frank Ballance and Martin Tillman saw to it that every detail was attended to and that our attention was never diverted from the substance. I heard only favorable comments from my fellow participants.

My congratulations to you and to Frank Ballance and Martin Tillman.

I regret I cannot attend the forthcoming conference in Washington but we expect visitors from Sweden who will occupy my time.

I noted that your speaker list contains some first team players.

Best wishes,


Mark T. Orr
Co-Director

cc: F. Ballance
M. Tillman

FILE - FEEDBACK

Developing Economic, Educational, Cultural and Social Ties Between Florida and Japan

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FLORIDA

フロリダワールド world magazine

February 11, 1993

Mr. Martin Tillman
CITIZENS NETWORK FOR FOREIGN AFFAIRS
1634 Eye Street, NW
Suite 702
Washington, D.C. 20006

Dear Martin;

Florida World Magazine was happy to participate as a co-sponsor for your roundtable meeting at the Belleview Mido Resort in Clearwater, Florida.

We believe that the new era of opportunity is indeed upon us and that it can be maximized by the cooperative efforts of the United States and Japan in developing the Carribbean basin and Latin America.

The level of discussion you generated was significant in that it surpassed the banality of generalization and cut to the important issues at hand. The need for action was made evident. This was a good beginning in the triangulation of all interests. The future promises to be most interesting and exciting.

Martin, I look forward to working with you in the future. Our interests follow a somewhat similar path and I'm sure they will come together again. Thank you for the story. I'll be looking for it the first of May.

Best regards,



PACIFIC
GENERAL PUBLICATIONS

8133 W. Broadway, Suite 100 • Fort Lauderdale, FL 33321

ALEMAN VELASCO Y ASOCIADOS, S. C.

Mexico City,
February 16th, 1993.

MR. MARTIN J. TILLMAN
Director of Education
and Policy Outreach
THE CITIZENS NETWORK
One Farragut Square South
1634 Eye Street N.W. Ste. 702.
WASHINGTON, D.C. 20006.

Dear Mr. Tillman:

Thank you very much for your kind letter. By the way, I did fill in your evaluation form. I hope to see all you people in another event of your wonderful network.

My wife and myself are going to be in Washington from April 8 to 10 and I will be very happy to call you, and may be visit you.

Until then, with my best wishes



PEDRO LION

PARTICIPANT
FEEDBACK

KOMATSU

February 1, 1993
ZMIA-0871

Mr. Martin J. Tillman
The Citizens Network
One Farragut Square South
1634 Eye Street, N.W., Ste. 702
Washington, D.C. 20006

Dear Mr. Tillman:

As per your request, I am sending to you herewith the draft of my presentation at the Clear Water meeting on Jan. 29.

It was a wonderful meeting.

It was a wonderful surprise to find so many people are genuinely interested in the tri-lateral relations.

I, however, believe that the group should seriously start to understand very deeply the decision process of the Japanese Companies in order to set up effective strategies and tactics in inviting the Japanese companies.

The Japanese companies will not make such a serious decision of setting up the substantial and important local organizations only on the logic which an American company may use for such decisions.

Such internal power politics or decision factors are not public and not known easily by outsiders of those large organization.

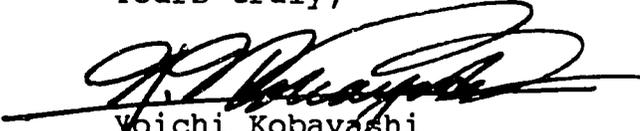
Normal Japanese could not help.

Long time organization-man would.

Please proceed in this private basis "Tri-lateral" projects with this in mind.

Public Sector tri-lateral would be a lot easier, because they are prompted by the external factors or the pressure which all of the countries concerned can easily recognize.

Yours truly,



Yoichi Kobayashi
Executive Vice President

SPEAKER
T-RACK

**SHEARSON
LEHMAN
BROTHERS**



**ROBERT A. HAYS, JR., CFP
FIRST VICE PRESIDENT/
FINANCIAL CONSULTANT
DIRECTOR'S COUNCIL**

February
Eleventh
1 9 9 3

Mr. Martin J. Tillman
The Citizens Network for Foreign Affairs
One Farragut Square South
1634 Eye Street, Suite 702
Washington DC 20006

Dear Martin:

Just a brief note to say that I thought your recent conference in Clearwater was very well-organized and well-conducted. I also think that outlining your key policy recommendations was an excellent idea which served to solidify the program.

On behalf of the Society of International Business Fellows, I'd like to thank you for the opportunity to participate in your program as co-sponsors -- thank you, also, for your offer of assistance with regard to our upcoming SIBF alumni seminar in Mexico (April 21st - 25th).

I look forward to talking with you soon.

Best regards,

Robert A. Hays, Jr., CFP
First Vice President/
Financial Consultant

RAH/ia

*COSPONSOR
FEEDBACK*

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BRAZILIAN CONSULATE GENERAL

March 8, 1993

Mr. Martin J. Tillman
Director
Education and Policy Outreach
The Citizens Network for Foreign Policy
One Farragut Square South
1634 Eye Street, N.W.
Suite 702
Washington, D.C. 20006

Dear Mr. Tillman:

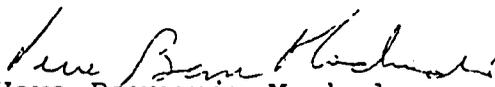
After two very busy weeks, I am glad to finally have the time to acknowledge receipt and thank you for your letter of February 4th.

I was truly content to learn that your organization was pleased with the result of its roundtable meeting on A New Era of Opportunity in the Hemisphere: Latin America, The United States and Japan. Personally, I found it most fruitful and was glad for having had that opportunity to meet and to share views with such a fine and diverse group of people.

Please find enclosed the completed form with my own evaluation as well as a copy of my presentation "Opportunities and Challenges of Economic Trade Integration in the Americas". In reference to my comments on the policy recommendations, I must say that as Consul General of Brazil in Miami, I do not feel it is appropriate for me to make policy suggestions to my host country.

While reiterating my appreciation for your consideration in inviting me to participate in the panel, I also wish to congratulate you for the impeccable organization of the event and send you my best wishes for the greatest possible success in future endeavors.

Sincerely,


Vera Barrouin Machado
Consul General of Brazil

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The Citizens Network for Foreign Affairs
NATIONAL POLICY ROUNDTABLE PROGRAM
EVALUATION FORM

**A New Era of Opportunity in the Hemisphere:
Latin America, Japan and the U.S.**

January 28 - 29, 1993
Clearwater, Florida

The Citizens Network would appreciate your cooperation in completing this form - before you leave the meeting - to assist us in our planning for future roundtables.

1. What is the most important insight(s) you gained from the roundtable discussions?

A better understanding on Japan-U.S. relations.

2. How did the roundtable discussions contribute to a greater understanding of U.S. - Japan economic cooperation for development in Latin America?

A great amount of information on U.S.-Japan relations was provided during the discussions, not only on the economic but also on the political aspect.

3. What is the most important suggestion you would make for improving the format and/or content of similar roundtables?

The inclusion of State Congressmen in the discussions.

3. Please rate (with a circle around the appropriate number) each of the following segments of this roundtable:

a) Panel 1: (Opportunities and Challenges of Economic Trade Integration in the Americas)

Excellent		Poor		
5	4	3	2	1

b) Panel 2: (U.S.- Japan Collaboration in Financing Development in Latin America)

Excellent		Poor		
5	4	3	2	1

Feel free to use the back of this sheet for any additional comments.

Thank you for your cooperation in completing this form.

MAIL TO:

Martin J. Tillman
The Citizens Network for Foreign Affairs
One Farragut Square South
1634 Eye Street, Suite 702
Washington, D.C. 20006

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Summary

Wilkes-Barre, PA, May 11-12, 1993

- 1 Cover Sheet**
- 2 Agenda**
- 3 Participant List**
- 4 Speakers Bios**
- 5 Presentations**
- 6 Policy Recommendations/Endorsements**
- 7 Press Releases**
- 8 News Articles**
- 9 Letters of Support**

**DEMOCRATIZATION AND MARKET REFORM IN CENTRAL AND
EASTERN EUROPE**
**Opportunities and Challenges for the Private Sector in
Northeastern Pennsylvania**

May 11-12, 1993
Wilkes-Barre, Pennsylvania

Sponsored by The Citizens Network for Foreign Affairs

Co-sponsored by:

The Economic Development Council of Northeastern Pennsylvania
King's College
Luzerne County Community College
Northeast Pennsylvania Resource Center
Sandvik Steel Co.
Thomson Consumer Electronics
T.R. Associates Inc.
University of Scranton
Wilkes University

Partially Supported By Grants From
The U.S. Agency for International Development

ROUNDTABLE AGENDA

Tuesday, May 11

6:00 PM **Reception**

7:00- **Dinner & Keynote Address**

9:00 PM Thomas A. Schlenker, Retired Foreign Service Officer
and Associate of Global Business Access
Washington, DC

Wednesday, May 12

8:15 AM **Registration and Continental Breakfast**

8:45 AM **Welcoming Remarks and Introductions**

Martin J. Tillman, Director
Education and Policy Outreach
The Citizens Network for Foreign Affairs

Mr. Howard Grossman, Executive Director
The Economic Development Council of Northeastern Pennsylvania

9:00 - **PANEL 1: Overview of Current Economic Conditions & Prospects for Reform**
10:15 AM **in Poland, Bulgaria, and the Slovak Republic**

Moderator: Ms. Gail Griffith, Associate Director
The Pew Economic Freedom Fellows Program
Georgetown University

Speakers: Ms. Irena Komitova, Secretary General
Union for Private Economic Enterprise (UPEE)
Bulgaria

Ms. Jolanta Tanas, Director
Department for Promotion of Entrepreneurship,
Ministry of Industry and Trade
Poland

Mr. Eugen Jurzyca, Deputy Director
Third Executive Department
Slovak Anti-Monopoly Office
Slovak Republic

10:15- **Break**
10:30 AM

(6)

- 10:30- **Breakout Groups**
11:30 AM Separate into small groups for in depth discussions and drafting of policy recommendations
- 11:30 AM- **Whole Group Reconvenes**
12:00 PM Review and reach consensus on policy statements
- 12:00- **Luncheon & Luncheon Address**
1:15 PM John H. Costello, President
The Citizens Network for Foreign Affairs
Washington, DC
- 1:30- **PANEL 2: Privatization and Market Reform: Response of the U.S. Public and**
2:15 PM **Private Sectors**
- Moderator:** Mr. Howard Grossman, Executive Director
The Economic Development Council of Northeastern
Pennsylvania
- Speakers:** Mr. James Robb, Deputy Director
Eastern Europe Business Information Center
U.S. Department of Commerce
Washington, DC
- Mr. James May, Project Manager
Trade and Investment Division
Regional Mission for Europe
Department of State
Washington, DC
- Mr. Bob Lawrence, President
Bob Lawrence & Associates
Alexandria, VA
- 2:15- **Breakout Session**
3:00 PM Separate into small groups for in depth discussions and drafting of policy recommendations
- 3:00- **Whole Group Reconvenes**
3:30 PM Reach consensus and summarize policy recommendations presented by participants

11/2

3:30- **Closing Remarks**
3:45 PM

3:45 PM **Roundtable Adjourns**

4:00- **Review of Policy Recommendations**
5:30 PM Policy recommendation endorsements and statements received from
members of Congress and local officials

5:30- **Distribution of Policy Recommendations**
7:00 PM Policy recommendation and endorsement statements sent to local press

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THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

Roundtable Discussion for International Leadership *Democratization and Market Reform in Central and Eastern Europe: Opportunities and Challenges for the Private Sector in Northeastern Pennsylvania*

Wilkes-Barre, Pennsylvania
May 11-12, 1993

PARTICIPANT LIST

Dr. David C. Adams
Chairman
Department of Business and Management
Marywood College

Mr. Robert Ballot
Director
International Operations
TOPPS Chewing Gum, Inc.

Mr. Robert Boyle
Director
International Economic Development
Pennsylvania Power and Light Company

Mr. Neil Buss
Deputy Secretary of Agriculture
Commonwealth of Pennsylvania

Mr. Christopher Carney
Assistant Professor
Political Science
Penn State, Worthington

Mr. Alex Carpenter
Program Officer
The Citizens Network for
Foreign Affairs

Mr. Satya P. Chattopadhyay
Assistant Professor
Marketing
University of Scranton

Mr. John H. Costello*
President
The Citizens Network for
Foreign Affairs

Mr. Joseph Dandrea
President
Elia International Corporation

Mr. William Desciak
Executive Director
Northeastern Pennsylvania
Industrial Resource Center

Dr. Mahmoud H. Fahmy, Ph.D.
Chairman
International Trade Development Board
Wilkes University

Mr. John J. Giannini
Regional International Trade Officer
U.S. Small Business Administration

* Speaker/Presenter

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Mr. Joseph Morelli
Assistant Vice President
Distance Learning
Lackawanna Jr. College

Mayor Lee A. Namey
City of Wilkes-Barre

Mr. Charles Naples
International Business Advisor
Small Business Administration
SCORE

Mr. Dario Negrini
Director
International Marketing
Instrument Specialties Co., Inc.

Mr. George Neuenschwander
Vice President
International
Inter Metro Industries Corporation

Mr. Stephen Ngan
President
Walkin Shoe Company

Mr. Richard Pell
Vice President
R.J. International

Mr. John Peterson, Esq.
Neville, Peterson & Williams

Mr. James Robb*
Deputy Director
Eastern Europe
Business Information Center
U.S. Dept. of Commerce

Mr. Thomas Schlenker*
Retired Foreign Service Officer and
Associate of Global Business Access

Mr. Russell Singer
Chairman
International Business
King's College

Mr. Tim Speicher
President
T-R Associates, Inc.

Mr. John Stark
Director
Bureau of Marketing and Development
Pennsylvania Department of Commerce

Ms. Jolanta Tanas*
Director
Department for Promotion of
Entrepreneurship
Polish Ministry of Industry and Trade

Mr. Martin Tillman*
Director
Education and Policy Outreach
The Citizens Network for
Foreign Affairs

Mr. Jack Truschel
Director
Corporate Development
East Stroudsburg University

Mr. Philip R. Tuhy
Senior Associate Director
Institute of Regional Affairs
Wilkes University

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

Democratization and Market Reform in Central and Eastern Europe: Opportunities and Challenges for the Private Sector in Northeastern Pennsylvania

Roundtable Speakers and Presenters

John H. Costello

John H. Costello is the President and Co-Founder of The Citizens Network for Foreign Affairs. Under Mr. Costello's leadership, The Citizen's Network has greatly developed and expanded its programs to operate domestically and abroad. Most recently in response to the historic events taking place in the former Soviet Union, The Citizens Network Agribusiness Alliance (CNAA), together with the U.S. Agency for International Development, has undertaken two major agribusiness initiatives totalling more than \$50 million in the Newly Independent States of the former Soviet Union (NIS). These programs will leverage an estimated \$170 million of U.S. Technical assistance and investment at every link in the food system chain.

After earning a B.S. in Business Administration from Syracuse University in 1966, Mr. Costello began his career in marketing and management with the Eastman Kodak Corporation. He has subsequently held several senior management executive positions including Chief Executive Officer of Helen Keller International (HKI), a major U.S.-based, private, voluntary organization with extensive programs worldwide. He was also a founder of InterAction, the principal association of U.S. non-governmental organizations dealing with international development and economic assistance issues. Mr. Costello is also the Chairman of the Advisory Committee on Voluntary Foreign Aid (ACVFA) of the U.S. Agency for International Development (AID).

Gail W. Griffith

Ms. Griffith is the Associate Director and Administrator of the Georgetown Leadership Seminar and the Associate Director of the Pew Economic Freedom Fellows Program. In addition to overseeing the recruiting and admissions efforts for the Pew Program, she has also organized and managed the Leadership Seminar and its alumni activities since its inception in 1982. Ms. Griffith is also coordinator of the School's annual IBM International Personnel Institute and the IBM International Education Symposium. Prior to joining the staff of Georgetown University's School of Foreign Service, she was Administrative Officer and Director of Publications at Georgetown's Center for Contemporary Arab Studies. Before that, Ms. Griffith was Director of Public Affairs for the Bar Association of San Francisco and Program Coordinator for Latin America at the Overseas Education Fund of the League of Women Voters. She has earned a Bachelor of Arts degree from the University of California at Berkeley and a Master of Liberal Studies degree from Georgetown University with a concentration in International Affairs. Ms. Griffith is also a published poet.

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Howard J. Grossman

Mr. Grossman has been the Executive Director of the Economic Development Council of Northeastern Pennsylvania since 1971. After serving in the U.S. Army, he earned a Bachelor of Arts Degree in Economics/City Planning from Rutgers University, a Masters of Public Administration from New York University, and pursued graduate work toward a Ph.D. at the University of Pennsylvania School of City Planning. Mr. Grossman has taught at a number of colleges and universities on several topics including Private Sector Partnerships and Basic Economic Development. He is also contributing editor to several magazines and writes a regular column for a local newspaper. Over 250 of Mr. Grossman's articles have been published across the United States and Canada. Mr. Grossman has also served or is serving on a number of professional, civic, and service organizations including the National Association of Development Organizations which he has been a part of for eleven years and is the current President, and the Consumer Counseling Service of Northeastern Pennsylvania. He has also visited Bahia, Brazil as part of the Partners of the Americas Program to advise participants on regional economic development.

Eugen Jurzyca

Mr. Jurzyca is Deputy Director of the Third Executive Department of the Slovak Anti-Monopoly Office. Since taking the position in 1991, he has been responsible for protecting economic competition among various enterprises in the Slovak Republic. From August 1981 to December 1990, Mr. Jurzyca served as Unit Head of the Research and Development Institute of Precast Concrete. An expert in price setting, Mr. Jurzyca was responsible for regulating state enterprises and helping to develop price setting rules for the construction industry. After leaving the Institute in 1990, Mr. Jurzyca served as an expert for the protection of economic competition in the construction industry. He has earned an M.S. degree in Economics from the University of Economics, Bratislava, and holds a Certificate from the Open University.

Irena Komitova

Ms. Komitova has been the Secretary General for the Union for Private Economic Enterprise (UPEE), a non-governmental association of some 7,000 private companies since January of 1991. She is responsible for contacts and guidelines for UPEE's 42 regional offices, an information exchange project on Bulgarian privatization sponsored by the International Center for Economic Growth (USA), and international public relations. She is also the Director of UPEE's project for creating a consulting network for Bulgaria for small to medium size enterprises. During the past three years, the UPEE has successfully created Bulgaria's first private bank, launched the country's top four business newspapers, set up an insurance company, a foreign trade center, an investment fund, a computer business information network and initiated several key pieces of economic legislation.

After completing her M.S. degree in Structural Engineering at the Institute for Architecture and Civil Engineering in 1984, Ms. Komitova began work as a structural engineer on the KNIPI Metal Project in Sofia, Bulgaria. She later became Head of the

Computer Center in the state-owned Metalni Constructzii company where she was responsible for creating the first computer-aided design center for steel structures in Bulgaria. Ms. Komitova has published numerous articles and commentaries on various business and financial topics.

Bob Lawrence

Dr. Lloyd R. (Bob) Lawrence, Jr. is President of Bob Lawrence & Associates, a Washington based firm with substantial experience working with the Federal Government on domestic and international issues. Prior to assuming his present position, Dr. Lawrence held several, high-level, governmental posts, an assignment as a corporate level executive in a high technology company, and served as Chief Executive Officer of Bob Lawrence & Associates. He has been an expert witness before the United States Congress on various matters for over fifteen years and was the Democratic candidate for Congress from the 24th District of New York State in 1990. He holds a Ph.D. in Engineering and a Bachelor's degree in Physics.

Dr. Lawrence's firm supports domestic corporations with overseas market interests in the emerging democracies of Eastern Europe with a wide range of services ranging from strategic and market planning, management support. In the international arena, his firm has focussed on market opportunities and the financial structure of sales providing liaison with Washington embassies and financial entities.

James N. May

Mr. May is Project Manager and Senior Advisor in the Trade and Investment Division of the Office of Economic Restructuring in the Regional Mission for Europe at the U. S. Agency for International Development. Mr. May has 26 years of experience in the United States Foreign Service, during which time he served in France, Germany, the Soviet Union, Switzerland, and Sweden. Prior to his retirement last fall, Mr. May had spent the last three years as the Senior Commercial Officer and Commercial Counselor at the American Embassy in Moscow. While in Russia, Mr. May advised American businessmen on commercial opportunities in the Soviet Union and led a group of investment bankers on a mission to the Urals, Siberia, and Kazakhstan. Mr. May received his Master of Arts in International Relations from the Fletcher School of Law and Diplomacy in Medford, Massachusetts, and his B.A. from Duke University.

James T. Robb

Mr. Robb is Deputy Director of the Eastern Europe Business Information Center in the U.S. Department of Commerce. He has extensive experience in Commerce Department programs promoting trade with Eastern Europe, the Soviet Union, and the People's Republic of China, and has been involved in planning, organizing, and staging trade fairs, trade missions, and sales seminars necessitating frequent travel to these regions.

Before joining the Business Center, Mr. Robb served as the Commerce Department's Desk Officer for South Africa for fifteen months. Prior to that, he was the Desk Officer for

South Africa for five years. While working as a Commerce Desk Officer, Mr. Robb advised American business on economic and commercial conditions in his assigned countries and participated in the U.S. Government's international economic policy decisions. He served as a commercial officer in the U.S. Embassy in Lagos, Nigeria and as the commercial and consular officer in Cotonou, Benin for a period of two years in each position.

Mr. Robb received his Bachelors degree from Pomona College in California, and later earned his Master's Degree in Business Administration from the University of Southern California.

Thomas Schlenker

Mr. Schlenker is a retired U.S. Foreign Service Officer with 28 years of experience. He is currently an associate of Global Business Access, a consulting group of former foreign service officers. He also volunteers at the National Building Museum and the Smithsonian Campus on the Mall.

Stationed for nine years at the American Embassy in Budapest, Mr. Schlenker served as Director of Science and Technology from 1987 to 1991 and Director of Economic Affairs in the mid-1980s. He consequently has extensive experience in creating and implementing domestic and regional projects in Eastern Europe and was specifically responsible for representing trade and financial concerns of U.S. companies for many years in Hungary. Mr. Schlenker also experienced life behind the iron curtain as a junior consular officer in Budapest from 1967-1969, while Cardinal Mindszenty was a "guest" at the embassy. Drawing on these experiences, he developed a series of tours for English speaking residents and guests. Mr. Schlenker holds a Master's degree from the School of Advanced International Relations of the Johns Hopkins University and a Bachelors degree from St. Mary's College of California.*

Jolanta Tanas

Ms. Tanas is the Director of the Department for Promotion of Entrepreneurship at the Ministry of Industry and Trade, where she also serves as a Member of the Ministry Board. Since being appointed to the position in 1991, she has been responsible for creating an environment for the rapid development of small and medium size enterprises, as well as establishing the governmental institutions promoting entrepreneurship and providing suitable assistance and support for small business. Prior to this position, Ms. Tanas served as Assistant to the General Director in the Department of Analysis and Prognosis in the Ministry of Industry and Trade, where she gave opinions and prepared materials on industrial policy, and provided institutional support for activities in this area. In 1978, Ms. Tanas received her Master's in Economics from Swietokrzyski Engineering University in Radom, Poland.

*Mr. Schlenker is appearing under the auspices of the American Foreign Service Association, a professional service organization representing some 10,000 U.S. Foreign Service Officers.

THE CITIZENS NETWORK

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1634 EYE STREET, N.W., STE. 702
WASHINGTON, D.C. 20006
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PRESENTATION OVERVIEWS

Wilkes-Barre, Pennsylvania Roundtable

May 11-12, 1993

**An Overview of Current Economic Conditions
& Prospects for Reform in Slovakia**
(Summary of the paper to be presented by Eugen Jurzyca)

Since Slovakia is a new country on the map I believe that a short introduction of the history and location of this country would be useful.

Significant part of the current economic conditions in Slovakia is inherited from the former Czechoslovakia. Thus I should describe very briefly the development of the reform from 1989 to 1990 -- the period of time when the transformation process from centrally planned economy towards a market oriented was common for both The Czech Republic and Slovakia. This point arises big question mark: why the radical approach introduced by Vaclav Klaus was politically successful in The Czech Republic and failed in Slovakia.

After the so called velvet divorce the reform in both countries slightly differs. The distinctions is definitely not so significant as is believed in abroad. Slovakia continues in the privatization process, in implementation of Value Added Tax, we have full domestic convertibility etc. However, there are differences caused mostly by different impacts of the reform policy within the common state.

To draw the picture of my country I can not avoid counting strengths as well as weaknesses of Slovakia. Of course I do believe that the latter can help my country, since they make potential opportunities for foreign investors. As far as strengths are concerned I would like to stress some points which can influence the final decision of foreign investors to come to Slovakia.

For the future of Slovakia is critical its geographical location (in the middle of Europe) and economic orientation. The former can influence the reform process very significantly. Since Slovakia is a relatively small country it has to be involved very deeply in foreign trade. In the same time the transition process can be improved by the intensive inflow of foreign investment. Economic orientation has to be clear and we have to define it transparently to the rest of the world. It will help to solve domestic problems and difficulties with attraction of foreign investors.

BULGARIA - CURRENT ECONOMIC CONDITIONS AND PROSPECTS FOR REFORM

The presentation will be done with slides (so, I'll need an overhead projector), grouped in the following topics:

1. Political situation

Main political forces, constellation of powers, who wants what?

2. Current economic situation

Some statistics on production, unemployment, structural changes, inflation, budget deficit, foreign debt, internationalisation, development of the private sector.

3. Financial stabilization instruments

Interest rates, exchange rate, price regulations

4. The legal framework of economic and social reforms

Enumeration of passed laws, as well as laws under preparation. Commentary on the ways these laws are applied, shortcomings, conclusion and recommendations.

5. Taxation policy

Special attention is devoted to this very important issue, having in mind that the new taxation policy is under preparation.

6. Trade liberalization

Import-export regime, statistics on import/export activities for 1991 and 1992, foreign trade balance.

7. Market economy institutions

An overview of existing banks, stock exchanges, commodity exchanges, insurance companies, investment funds, business information networks.

8. Restructuring of the means of production

Government policy and outline, restructuring of agriculture, tourism, the mining industry, the military complex, restructuring of trade, technology transfer, quality of management, business education.

9. Social policy

Factors of social policy, labour markets, labour mobility and training, social safety nets, pensions.

10. Conclusions and recommendations

Promises vs real actions - what is to be done?

AN OVERVIEW OF CURRENT ECONOMIC CONDITIONS & PROSPECTS FOR REFORM IN POLAND

Brief Summary of Presentation

by

Mrs. Jolanta Tanas

Ministry of Industry and Trade

Warsaw, Poland

In the middle of 1989, when the Poles led by "Solidarity" unexpectedly demolished the old system the country needed fundamental reforms in every sphere of its economic activity. The whole economy was, in addition, paralyzed by an overwhelming external debt, enormous budgetary deficit and hyper-inflation.

A newly established "Solidarity" Government, with Mr. Mazowiecki as the Prime Minister, immediately began to implement the radical, so called "Balcerowicz Program" (IMF-backed economic stabilization plan).

The main aim of Polish reforms is to create a modern, open and market driven economy. The transition measures go hand in hand with a new, liberal economic hard line. They can be categorized as follows:

- removing subsidies and freeing prices;
- reducing taxation, budget deficit and government spending;
- reducing barriers on imports and opening the economy to international markets;
- making currency freely convertible;
- inviting foreign capital;
- privatizing state-owned enterprises;
- redistributing power between government, local authorities, worker councils and management, in a favor of the latter;

After three years of implementation of this program some positive trends have appeared:

- a reduction of inflation from almost 600% in 1990 to 70% in 1991 and 45% in 1992,
- GDP raised from billion USD: -11.6 in 1990 to -7.6 in 1991 and to +0.1
- a remarkable expansion of private sector activity (it is estimated that there are over 1.7 million registered companies in Poland and over 300,000 legal, private commercial entities, almost 60% of employment is now in the private sector and 50% of GDP is generated through the sector).
- sales to western countries have increased and steady recovery of trade is observed with Central and Eastern European countries,
- the growing confidence in Polish currency (70% of savings are in zlotys).

In addition to these encouraging signs of recovery, Poland's natural advantages, (such as: homogeneity, trading know-how, close linkages with former COMECON countries, and a new geo-political situation) all provide hopeful prospects for the Polish reform movement.

- I. INTRODUCE SELF, EEBIC, COUNTRIES COVERED. HERE TO SPEAK ABOUT RESPONSE OF U.S. GOVERNMENT, PARTICULARLY, USDOC, TO MARKET REFORMS AND PRIVATIZATION, IN EASTERN EUROPE.
- II. WILL DISCUSS (A) BRIEF OVERVIEW OF PROBLEMS U.S. COMPANIES ENCOUNTER WHEN TAKING ADVANTAGE OF THE OPPORTUNITIES IN E. EUROPE; (B) USDOC PROGRAMS TO ASSIST IN OVERCOMING THESE PROBLEMS; AND (C) OTHER USG (NOT USAID) AND INTERNATIONAL PROGRAMS.
- III. THE MAIN PROBLEMS FACED IN RESPONDING OPPORTUNITIES PRODUCED BY THE PRIVATIZATION PROCESS IN E. EUROPE (BASED ON A SURVEY BY THE EBRD) ARE:
 - (1) LACK OF LAWS--OWNERSHIP, PROPERTY RIGHTS, COMMERCIAL LAW
 - (2) SUITABLE LOCAL PARTNERS, INCLUDES MANAGERS
 - (3) LACK OF MARKET MECHANISMS (STILL PRICE CONTROLS, MUCH OF ECONOMY STILL IN STATE HANDS)
 - (4) BUREAUCRACY (OFTEN OLD TIMERS, UNTRAINED, LINES OF AUTHORITY AND DECISION-MAKING UNCLEAR)
 - (5) LACK OF FINANCIAL MARKETS.

RECAP

IV. USDOC PROGRAMS

- (1) EEBIC, WHEN, WHY, HOW MANY CALLS
- (2) TYPES OF INFO AVAILABLE, MENTION FLASHFAX
- (3) BULLETIN
- (4) LOOKS FOR PARTNERS

OTHER USDOC

- (5) US & FCS
- (6) CABEES
- (7) TRADE PROMOTION
- (8) COMMERCIAL LAW DEVELOPMENT PROGRAM
- (9) FLASHFAX--MANY TRADE & JOINT VENTURE OPPORTUNITIES

RECAP

V. OTHER USG (BESIDES USAID) AND MULTILATERAL

- (1) EXIMBANK
- (2) OPIC
- (3) TRADE & DEVELOPMENT AGENCY
- (4) USDA
- (5) TREASURY
- (6) SECURITIES & EXCHANGE COMMISSION

MULTILATERAL

- (A) WORLD BANK, IFC, IDA, MIGA,
- (B) EUROPEAN BANK

RECAP

QUESTIONS?

JAMES MAY-

CITIZENS NETWORK ROUNDTABLE TALKING POINTS

U.S. Response to the revolutions in Central and Eastern Europe Causes of the Collapse of Communism

- Repression of the population and, in the case of CEE, imposition of system from the outside
- Failure of the Command Economy

Challenges facing CEE

- to develop new political institutions and traditions that encourage participation, guarantee individual liberty, and govern fairly
- to turn unproductive, state-run economies burdened by debt and inefficient technologies into productive, vibrant market economies led by the private sector
- to reverse decades of declining living standards and environmental degradation

Support for East European Democracy (SEED) Program

- Law passed by Congress in November 1989
- Objectives of SEED Program
 - to contribute to the development of democratic institutions and political pluralism
 - to promote the development of a free market economic system

United States Agency for International Development SEED Programs

- 25 separate assistance actions in areas as varied as structural adjustment, trade and investment, education, and the environment

- although SEED Act specifically designated only 12 USG agencies as implementing entities, now more than 30 involved
- SEED Fund amounts appropriated: FY 90 - \$285m; FY 91 - \$369m; FY 92 - \$364m; FY 93 - \$400m:

Types of U.S. Assistance

- A. Strengthening Democratic Institutions
 - 1. Political Process and Governance
 - 2. Democratic Pluralism
- B. Economic Restructuring
 - 1. Macroeconomic Support
 - 2. Privatization and Assistance to Enterprises
 - 3. Improving the Business Climate
 - 4. Investment and Trade
 - 5. Human Resources
 - 6. Agriculture and Agribusiness
 - 7. Agriculture Sector Programs
 - 8. Energy Efficiency
- C. Improving the Quality of Life
 - 1. Short-term Emergency & Humanitarian Aid

JAMES MAY

2. Employment and the Social Safety Net
3. Housing
4. Health
5. Environment

The American Business Initiative

These programs are designed to support economic reform in Central and Eastern Europe through encouraging the involvement of U.S. businesses in the Region. There are several programs under the Initiative, with an emphasis on the following sectors: agriculture and agribusiness; energy; environment; housing; and telecommunications. The six programs are

the Capital Development Initiative, offering grant funding to U.S. firms or consortia to cover up to fifty percent of the costs associated with the design of projects;

the Eastern Europe Business information Center provides "one-stop hop" for information in areas such as exporting, investing, financing and licensing, as well as referrals to other agencies such as the Export-Import Bank and OPIC, and it publishes the "Eastern Europe Looks for Partners" and the "Eastern European Business Bulletin";

the American Business Center project is intended to provide temporary office space and other business services to U.S. companies on a user-fee basis;

the Overseas Private Investment Corporation (OPIC) has received funds to expand its programs in Central and Eastern Europe to include offer project development assistance in addition to offering investment advisory services, investment missions, computer-assisted joint venture partner matching, and country and regional information kits;

the Trade and Development Agency (TDA) has also received funds to expand its activities (financing feasibility studies, reverse trade missions, training programs, conferences and other project planning services).

DRAFT

CHALLENGES AND OPPORTUNITIES
IN THE
NEW DEMOCRACIES

by

Dr. L. R. Lawrence, Jr.
President
Bob Lawrence & Associates
Alexandria, VA

Fellow panelists, ladies, and gentlemen. I thank you for the opportunity to be here today, to participate in this important event whereby we try to stimulate two things simultaneously: a) increased revenues for businesses in Northeast Pennsylvania, and; b) an enhanced standard of living for the new democracies of Eastern Europe. As we know from history, an enhanced standard of living serves only to strengthen democracy, and if we can make a profit while we are doing it, all the better.

In my talk today, I am going to address stark realism as we have encountered it while aiding our client companies with eastern european markets. Anyone who thinks that the process is easy, or anything like a sale in the US, is sadly mistaken and may well risk his/her business while trying to address this market. However, a knowledgeable approach, with tenacity, imagination, and an iron stomach, may (possibly) be successful. No one is going to make a quick and easy fortune in this marketplace.

Let's start with the basics of business. Who is my customer? What can I provide to them that is of value to them? How do I provide it? How do I get paid? When do I get paid? In the midst of all the programs, incentives, and opportunities, these remain the basic business questions.

In the former totalitarian states of eastern europe and in the former Soviet Union, the answers to these questions were pretty straight forward. Your customer was the State, normally in the form of some State Ministry and a key Minister. What you provided was what they wanted, providing you had access and the proper product. You got paid in hard currency, if they had it, and you got paid FOB Stateside through a pre-arranged letter of credit or some other form of international credit transfer. Today, it is a

different story. In many of the new Democracies, hard currency is hard to come by. In some cases, it is raised by selling local currency to speculators and banking entities at currency "auctions" but it is raised only at certain intervals and by certain ministers or banking entities. In many cases, there is an "every man (or woman) for himself (or herself)" atmosphere wherein whenever hard currency appears, it quickly disappears into Swiss or Cayman Island banks. I assure you, these are not national accounts. Governments are fleeting, guarantees which are credible are elusive. Clearly, it is easiest to deal with countries whose governments are stable and whose currencies are convertible, or where hard currency is readily available (good luck). It is hardest to deal in those new democracies which are in political and financial turmoil; and then there are those entities, in between these two descriptions, which desperately need both products and knowledge and have a real hard time with the fundamental processes of obtaining either.

Let me turn, now, to a success story of one of my client companies, Valmont Industries. Neither I nor my associates can take any credit for this success, but it serves to show you the basic elements which can produce a successful sale. Valmont is the world's largest manufacturer of mechanized irrigation equipment. They have offices in about 40 countries and have successfully sold equipment worldwide in countries with many kinds of governments. In 1990, they won the President's E-Star award, the highest national award for export excellence, and they won it through their efforts in selling \$50,000,000 worth of irrigation equipment to Hungary. Their Hungarian sale had several key elements which led to the success of the project. These elements were:

a) A committed, skilled, and organized customer in the form of a Co-operative alliance of farms. This Co-operative had skill, experience with similar equipment, and the confidence of the Hungarian government.

b) A stable government which was able to provide acceptable financial guarantees to the world financial community, who in turn, were amenable to financing the project.

c) A farming entity which was willing and able to provide production guarantees to the government, wherein the increased production, and the increased export (decreased import) as a result of that production, generated more hard currency than the necessary financial payments for the equipment.

Therefore, and key to the success of the project, the installation of the irrigation equipment resulted in the generation of more hard currency than was necessary to make the three years worth of payments required to complete the purchase. Valmont was paid hard currency on delivery. The banking entities financed the project through a "lease" wherein, after the last lease payment, the equipment ownership was vested in the co-operative.

A lesson to be learned by this is that a project which

generates hard currency, and more hard currency than is necessary to cover the financing of the project, has a much better chance of success than one wherein no hard currency is generated.

With worldwide production capacity being what it is, and worldwide competition in retail sales being as strong as it is, if there are a lot of people who don't have desirable products, it is probably because they have no easy way to pay for them. Success in this atmosphere requires an exceptional degree of entrepreneurship and imagination. A fascination with risk taking is a help (if you don't own the company, don't let your bosses know. If you do own the company, don't let your employees know!)

To illustrate, now, the kind of basic problems which you must overcome, let me talk about a Country for which I have a great deal of feeling and which has given me, personally, a great deal of frustration, watching failed international policy at work. That country is Romania. Romania is situated in a critical strategic location. It is on the Danube, with a major port on the Black Sea. It sits between the Balkans and the Newly Independent States (NIS) which is the latest term for the former Soviet Union. The people of Romania are hard working, and the country has done an incredible job of maintaining a relatively stable form of democracy and minimizing internal conflict while civil wars rage on Romania's borders.

A year ago, the Ex-Im Bank acknowledged that Romania had a history of paying its Bills in an acceptable fashion. They extended a short term loan facility with the hope of intermediate term loans after a free and open Romanian election. Similarly, the Bush White House extended a "carrot" to Romania in the form of a MFN trading recommendation which was sent to the Congress, again with timing such that a Congressional vote would occur only after a free and open election. The Romanians held the election which everyone agrees was fair, free, open, and generally without fraud. However, instead of the reformers winning, the old communists won. The U. S. Congress summarily voted down MFN status and the Ex-Im Bank did not go forward. So much for the support of Democracy.

The next thing to happen to Romania was "help" from the World Bank in the form of a \$100M loan to "upgrade agriculture". The loan has been placed in two Romanian Banks: The National Bank of Romania and the Romanian Bank of Development and Trade. At the same time, the privatization process is stumbling forward in Romania, largely through taking large tracts of State owned property and dividing it up among a large number of small farmers and businessmen. Sounds like things are moving right along.

Now lets see the conditions that the World Bank set on any expenditure of the loan monies:

- a) A complete and credible business plan must be in place;
- b) A feasibility study must be completed which clearly

defines the costs and benefits of any expenditure;

c) The entity receiving any of the World Bank monies from the Romanian Banks must provide a set of financial documents showing financial capability and stability;

d) The funds cannot be spent unless an international competition is held for the product or service desired;

e) Only a private sector entity can access the funds. No State controlled or State owned entity can participate.

Now you can see why I say it takes a great deal of imagination and tenacity to do business in this environment.

To summarize, I have some basic advice for doing business in Eastern Europe and the NIS. First of all, don't go in blind. Team with someone, or be a subcontractor to someone who has a history in the area and the staying power to continue there. Secondly, don't expect any quick returns. The environment is generally dynamic and firm, credible guarantees are hard to find. Thirdly, if you are a small business, don't try. Find an American or Western European firm which is established in the area, sell to them, and let them do the selling in country. Finally, if your product doesn't generate its own hard currency, or fulfill an overwhelming human desire, you probably do not have a salable entity.

In conclusion, if you are in this audience, it is probably a good start, and American entrepreneurs have always succeeded by finding ways to do things that no one else thought of. You will need every bit of this kind of imagination to succeed.

Good Luck.

Luncheon Speech of John H. Costello
at the National Policy Roundtable Program
Wilkes Barre, Pennsylvania

May 12, 1993

**THE STAKE OF THE U.S. PRIVATE SECTOR IN
STRENGTHENING THE ECONOMIES OF EASTERN AND CENTRAL EUROPE**

I am extremely pleased to join you today for our first roundtable program in the state of Pennsylvania. I want to take this opportunity to thank Howard Grossman and his staff at the Economic Development Council for their good work in helping us organize this important roundtable. And I want to express my appreciation to our distinguished panelists for joining us for these discussions. I bring greetings from our board chairman, Frank Carlucci - who, as all of you know was born in Scranton and knows this area well - who views our discussions today as important for the future economic well-being of the region.

The Citizens Network for Foreign Affairs is a nonprofit, bi-partisan public education and public policy organization established in 1985. Our leadership is drawn from government agriculture- culture, business, trade and finance, education and the nonprofit sector.

The principal focus of The Citizens Network is the growing U.S. stake in its relationships with the developing world --including those countries moving towards democracy and market-based economies. We believe strongly that more than ever before, U.S. economic and environmental well-being, peace and security are directly tied to America's capacity to promote broad-based, sustainable economic growth in the world's emerging economies. We believe that the emerging economies/emerging democracies represent the markets with the most dynamic potential for growth for large sectors of the U.S. economy. We believe that these are markets for which we will increasingly have to compete. Finally, we believe that in a complex, competitive global economy, we need to define and implement a set of foreign policies which are much more responsive to America's international economic interests and which result in a more collaborative partnership between our public and private business sectors in pursuit of these interests.

Over the past five years, the citizens network has been actively involved in a "grass roots" effort to engage leaders such as yourselves across America in focusing on the important stake they have in our relationships with the emerging economies.

THE FUTURE OF THE U.S. ECONOMY: TRADE

I think, for the American economy the growth markets for tomorrow are clearly in the emerging economies. More than anything it's a factor of demographics.

Four fifths of the world's population live in the developing world. By the year 2050 it is projected that the populations of the world's developed economies - Europe (EC), the United States, Canada and Japan - will represent but 5% of the world's population.

We are either going to be fighting amongst ourselves for limited incremental growth or we are going to be engaged in a process of promoting growth and pursuing our interests in a world environment in which we as a country and as an economy can both do well and do good at the same time by investing, buying, selling, and developing long-run business partnerships.

DOING WELL AND DOING GOOD

I want to say something about doing well and doing good. Somehow, over the past four decades or so, we have defined these very noble objectives as competing priorities; that if we were to do good in the world we should not contaminate this objective with our commercial self interest in doing well. In fact we have come to think of each of these objectives as mutually incompatible. If we pursued one we most assuredly should not pursue the other.

In reality we need and can pursue both. To achieve the kind of growth rates to sustain and grow our own economy, to pay our debts, to balance our trade deficits, to finance our schools, to address domestic poverty and to deal with the great problems of our inner cities--we need to be a part of a world system which

promotes broad based growth and economic empowerment for hundreds of millions.

The need to put America first in responding to this great goal while also responding, for example, to America's tremendous stake in Eastern and Central Europe and the former Soviet Union is, in my view, what makes today's roundtable so important and timely.

Since 1988, The Citizens Network for Foreign Affairs has conducted 25 roundtables such as this one in 15 states bringing together thousands of leaders of agriculture and business, together with important state and federal policy makers to focus on America's stake in the world's emerging economies and the need to develop a set of policies which are responsive to our interests.

For a broad cross section of the American economy, environmental technology --telecommunication, electric power generation, transportation--the opportunities in the emerging economies have enormous potential.

OPPORTUNITIES IN EASTERN AND CENTRAL EUROPE

I would now like to focus my comments on my perspective of opportunities for American business in Eastern and Central Europe--most notably in Bulgaria, Hungary and Poland. I have spent considerable time traveling in these countries and talking to Americans as well as to Poles, Hungarians and Bulgarians. These conversations have convinced me that American business and the American economy have a great deal at stake in Eastern and Central Europe. Other Citizens Network leaders share this view.

We cannot afford to cede our interests in Eastern and Central Europe to the Europeans or the Japanese. While complex and difficult, these markets offer great potential for American business. The process of privatization and modernization of entire industries from food processing and distribution, telecommunications, transportation, power generation, retailing, insurance, banking, shipping and tourism, just to name a few, present tremendous opportunities for American business.

LONG-TERM VIEW ON INVESTMENT

However, American business and American government must recognize that we must take the long term view. We need to recognize that there will be very few quick sales, very few early or easy returns. We need to recognize that trade, investment, and long-term partnerships are the links and the keys to success.

We will not generate the trade that will in turn generate thousands of U.S. jobs without investment. And we will not be able to achieve the investment levels, which are essential, without a public/private partnership that helps minimize risks and which helps to address the real problems of access to investment capital and trade finance.

In addition, if we are serious about sustainable development and technology transfer, we must promote the active involvement of the U.S. private sector and the U.S. government in response to requests for technical assistance in the transition to market based economies in Eastern and Central Europe, and the former Soviet Union.

A U.S. response which involves the U.S. business sector and which promotes an equity investment in a "joint venture" in any of these countries establishes the key relationships and incentives for management training, technical assistance and the transfer of technology and technological skill essential to a successful enterprise. With the "joint venture" comes the sale of U.S. equipment and services and an incentive for technology transfer--a foothold in that economy and a long-term trading partner.

OPPORTUNITIES FOR AMERICAN BUSINESS - AMERICAN JOBS

The opportunities for American business in Eastern and Central Europe are enormous. For example, Bulgaria, Hungary and Poland present great opportunities for U.S. food processing, food packaging, marketing and distribution and retailing companies and equipment manufacturers, companies involved in the entire food chain, producer to consumer.

There is little understanding of the modern concept of and technology for food processing, product differentiation, marketing and retailing in any of these countries today. Opportunities range along the entire food chain. Opportunities exist for U.S. involvement in frozen foods, juicing and juice concentrates, egg and poultry production, milling and baking operations, food packaging, seed production, beef, sheep and pork production, canning, warehousing and distribution, retailing, and pharmaceuticals.

The opportunities, of course, vary from country to country. Hungary is the most advanced with fairly aggressive programs to attract foreign investment. Hungary has excellent trading relationships with Austria, Switzerland and Germany.

From a study mission we undertook in Hungary, it was very clear that many EC businesses were already making choice investments with an eye to exploiting niche market opportunities in the EC or to position themselves for movement into the former Soviet republics.

Bulgaria presents some unique opportunities. Bulgaria also has long established trading ties with many Middle Eastern and Mediterranean countries which have purchasing power and which are capable of buying even larger amounts of high quality, value-added products.

Poland in some ways is the most complex market, though with a population of 40 million, it represents great potential. In Poland, there are essentially no processed foods of acceptable quality. Milk and dairy production is on a par with the U.S. In the early 1900's. The pent up demand for high quality consumer products retailed on a western level is huge.

PARTNERSHIPS

If there is one message we heard over and over in every country we worked in, it was, "I'm looking for a partner. Bring me fifteen people who can make a decision to get involved. Do not just bring another delegation. Do not undertake another study. We need American know-how, American technology, marketing experience, management experience, and capital. I want an American partner."

POTENTIAL PROBLEMS

The potential problems for U.S. business trading and investing in Eastern and Central Europe are many, they are complex, and they are long term. - As Bob Lawrence will discuss I know later in his panel presentation.

However, before I get into some comments on specific challenges facing U.S. business, I have to say that U.S. business faces a systemic challenge which we all must work to overcome. A lack of recognition of the importance and promise of these markets is the central deterrent to U.S. business in pursuing its interest in Eastern and Central Europe. For that matter, the huge importance of the market opportunities in the emerging economies throughout the world remains a challenge for American businesses to recognize.

From the end of the civil war to the early 1970's trade only represented about 5% of U.S. GNP. For over one hundred years, American business relied on our internal markets for its growth and expansion. Trade was of little or no importance to the U.S. economy.

The picture is totally different today. Today, trade is more than 20% of U.S. gross domestic product. In fact, much of the economic growth which has occurred in recent years has been due to U.S. exports. We are only now beginning to recognize just how important trade is to our current and future economic well-being.

The other aspect of our systemic problem is the fear of the unknown. How do we substantially expand into countries where U.S. business has little experience or current technology? We need to build creative partnerships, teaming the inexperienced - large and small - with the experienced U.S. businesses. Experienced business is willing to tell its story about pitfalls and opportunities. The response from the less experienced businesses was positive and immediate. We can and need to do more to build these kinds of strategic relationships. Here, it seems to me, government can play an expanded role.

I mentioned at the outset that it is essential that U.S. businesses think about more than just trade and exports. In the case of Eastern and Central Europe, U.S. investments are essential. Trade will follow investment. This is essential because each of these economies has been devastated by the collapse of the Soviet market. There is no hard capital. Any effort tied to expansion or upgrading must almost always include a capital infusion from an outside partner.

Another essential problem for U.S. business will be to recognize that any involvement in these markets demands a long-term time frame. The quick turn around is all but non-existent.

Finding the right partner is a constant challenge, and the central challenges of investing will include either all or some of the following:

- * pace and definition of privatization
- * foreign investment and tax laws
- * cooperative law
- * contract law and dispute settlement
- * access to capital (investment and operating)
- * high interest rates
- * high rate of inflation
- * currency convertability
- * lack of trade finance
- * wage and price controls

U.S. GOVERNMENT ROLE

The role the U.S. government can play in promoting the interests of American business is vital and fundamental to whether or not U.S. business will effectively compete and succeed. How the U.S. defines its foreign policy objectives and coordinates a growing array of foreign policy programs is at the heart of the development of a strategy which is truly responsive to the essential U.S. interest in promoting broad based economic growth both at home and in the emerging economies.

Central to this, it seems to me, is creatively strengthening the public/private sector partnership in both defining and delivering the U.S. response to the building of market based economies in Eastern and Central Europe and the NIS.

Congress is providing resources for the establishment of small business development resource centers in Hungary, Poland, and Czechoslovakia by the Small Business Administration. A critical, if not major objective of these centers should be building and facilitating "partnerships" between successful U.S. small businesses and entrepreneurs in these countries. I feel strongly that the current centers being established in Eastern and Central Europe by the SBA ought to have a partnership building function. While it's important to provide resources for training in basic business skills etc., It will be even more productive to help transfer these skills within a "joint venture"--a partnership which promotes an American business and develops a lasting and mutually beneficial relationship with an Eastern and Central European counterpart.

Aid ought to continue to play a vital role, I believe, in working with the U.S. business community to build market-based economies. I have been working with AID for over 20 years. You and I know that there are many things AID can and does do well. But AID by itself is never going to develop a market-based economy--anywhere. What AID can do best, in my view, is work within the context of specific countries to facilitate and promote partnerships between the emerging private sector and U. S . business.

It is also important how we define U.S. business or the private sector. AID is very comfortable defining the private sector as universities and consulting firms. It is very comfortable engaging these institutions to perform privatization assessments or business studies or having universities develop training curriculums and business teaching centers.

While these types of initiatives are important for building capacity over time, there is a real need to deal with immediate needs, expectations and opportunities. Now that AID is launching its business and development partnership and has authority for a capital projects fund, there is a real need to consider judging performance on a transaction basis. How many partnerships did AID help to establish? At what level? What will be the likely impact on the development of local capacities? What will be the likely impact on American economic interests?

ENTERPRISE FUNDS

The American enterprise funds are unique and creative entities designed to build market-based economies. Though the funds do indeed provide start up capital for joint ventures involving U.S. partners and U.S. technology, the priority of funding ventures involving U.S. businesses is neither a stated priority nor a requirement. Investing in joint ventures involving U.S. businesses should be a major priority for the American enterprise funds.

Obviously, OPIC also plays an important role in assisting American businesses in Eastern and Central Europe. OPIC is operational in the Baltics and in Eastern and Central Europe. Its direct loan program represents an important resource for U.S. small businesses. Of special significance to American business has been the increase of OPIC's finance authority.

U.S. BUSINESS IN THE VANGUARD MARKETS

U.S. business must recognize that, while government can help set the stage and shape an environment which is supportive of business in trade and investment in Eastern and Central Europe and the NIS, it is business which must "step up to the plate."

Business must take the initial step and make the commitment to follow through. Success isn't going to happen, new market opportunities are not going to appear without accepting risk, without learning the market and being there.

The markets of the emerging economies represent the markets with dynamic potential for growth for the U.S. economy. I hope that in a small way this roundtable discussion will serve as a catalyst for northeastern Pennsylvania's private sector to widen their ties in these markets in general, and in particular, in Eastern and Central Europe.

Thank you all for being here and thank you for the opportunity to address these remarks to you.

POLICY RECOMMENDATIONS

"Opportunities for Northeastern Pennsylvania's Private Sector in Central and Eastern Europe"

MAY 12, 1993 -- WILKES-BARRE, PENNSYLVANIA

1. The U.S. Government should encourage the emerging economies of Central and Eastern Europe to implement privatization reforms;
2. The federal government should strive for greater synergy among the existing agencies dealing with international trade and investment: i.e. U.S. Department of Commerce, U.S. Agency for International Development, Overseas Private Investment Corporation, U.S. Export-Import Bank, etc.;
3. The roles of the various federal agencies that deal with international trade and investment should be clarified, then widely communicated to the business community;
4. Federal and state government should serve as a sort of "business-to-business introduction service" for U.S. companies seeking partners in emerging economies around the world - providing information on reliable contacts and partners for trade and investment;
5. The lending criteria used by the Overseas Private Investment Corporation, the Export-Import Bank, and the World Bank should be relaxed in the case of Central and Eastern Europe for the purpose of supporting democratic reforms and the development of infrastructure for U.S. trade and investment;
6. Federal and state agencies should increase their efforts to find trade and investment opportunities for small and medium sized American businesses;
7. There should be more federal and state government emphasis on partnering with American businesses interested in trade and investment opportunities in Central and Eastern Europe. Specific measures could include:
 - 1) an insurance mechanism, similar to OPIC but geared specifically for investment in Central and Eastern Europe, that would insure 25-50% of investment against the contingency of failure;
 - 2) tax credits for failed investments by American businesses;
 - 3) establishment by the U.S. government of a bank or financing vehicle for US companies investing in Central and Eastern Europe - above and beyond the current Enterprise Funds, which focus on democratization and provide funds to foreign, as well as American, business ventures.

United States Senate

WASHINGTON, DC 20510-3803

SENATOR HARRIS WOFFORD'S RESPONSE TO POLICY RECOMMENDATIONS OF WILKES-BARRE ROUNDTABLE ON DEMOCRATIZATION AND MARKET REFORM IN EASTERN EUROPE

May 12, 1993

I salute the Roundtable for its recommendations and share your commitment to helping the countries of Central and Eastern Europe to adopt market economies. As a member of the Senate Committee on Foreign Relations, I have actively and consistently supported programs to encourage the creation of new, free markets for American products and American companies. As I said last spring at a field hearing I held in Pittston on the post-Cold War economy, I want to ensure that we make government a more effective partner in helping workers and employers in northeastern Pennsylvania, and throughout our state, to prepare for and prosper from these new export opportunities.

I agree that there must be greater coordination among existing agencies which promote American trade and investment. Slashing bureaucracy, making all parts of government leaner and more efficient -- in short, more businesslike -- is vital if we are to respond effectively to the needs of the private sector.

The Roundtable recommends relaxing the lending criteria used by the Overseas Private Investment Corporation, the Export-Import Bank and the World Bank in the case of Central and Eastern Europe. I support this proposal so long as it promotes American economic interests and adequately protects the United States from risky investments.

Small and medium-sized businesses are the backbone of the American economy, and they have been hard hit by a long recession and stagnant recovery. I agree with the Roundtable that federal agencies should concentrate their efforts on promoting trade and investment with Central and Eastern European countries by small and medium sized American businesses. That is who will create most of the new jobs our economy needs.

We must build an economy that develops products which can compete in the

(more)

global market. Today's investments in nascent democracies and developing countries hold the potential to strengthen our own economy down the road. In 1990, U.S. exports to developing countries grew to \$127 billion, from \$106 billion in 1988. It is estimated that every \$1 billion increase in exports creates 20,000 American jobs.

After four decades of the Cold War, we have a new definition of national security --- one which depends more on our economic strength at home than on our military might abroad. We must support democracy abroad, but we must also give special attention to the needs of our own families and communities. The recession has caused our standing in the world to fall in terms of economic growth, competitiveness, balance of trade, national debt, public health, education and workforce preparedness.

In the Senate, I am working to expand student aid programs that allow all our young people to pursue a college education or advanced job training, and to turn the right to affordable health care into a reality for all Americans. For the last twelve years, the leadership on these issues hasn't been coming from Washington. It has been coming from groups like yours -- businesspeople, workers, educators, and community leaders in Pennsylvania and around the country. Indeed, even a government that's engaged and involved cannot itself create new jobs and opportunity. Only a vibrant private sector can do that. But government must invest our public resources in the basic building blocks of a sound economy and provide the right incentives for business to do what it does best.

As John Kennedy said, we cannot be strong abroad if we are weak at home. As we strengthen our domestic economy, we can play a leading role in shaping a new international order of peace and economic development. Your efforts and your insights will be an important part of that process.

###

Arlen Specter:

U.S. SENATOR PENNSYLVANIA

STATEMENT OF U.S. SENATOR ARLEN SPECTER ON MEETING OF ECONOMIC DEVELOPMENT COUNCIL OF NORTHEASTERN PENNSYLVANIA.

I applaud the participants of the policy roundtable on business opportunities for Northeastern Pennsylvania in Central and Eastern Europe.

Central and Eastern Europe offer significant trade and investment possibilities for U.S. businesses. Through the recession, exports have played an important role in supporting what economic growth has occurred, and this region represents an important potential market for U.S. goods. Free and fair trade with Central and Eastern Europe is likely to act to the mutual benefit of these emerging democracies and the United States.

The roundtable represents the type of communication that we need to encourage between U.S. businesses and the government. A number of federal agencies offer a wide range of programs and services for businesses interested in exporting or doing business international. In many cases, information is the key ingredient missing where a business is otherwise ready and able to enter the international marketplace.

Information on government agencies and programs is particularly important for smaller businesses who do not have the resources or the inhouse expertise to readily enter the international marketplace. For such businesses, the technical and financial support that the government can offer is particularly important. Accordingly, government agencies should make a particular effort to reach out to these small and medium sized businesses.

THE CITIZENS NETWORK

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NEWS RELEASE

For Immediate Release
May 5, 1993

Contact: Alex Carpenter
(202) 639-8889

PENNSYLVANIA BUSINESS LEADERS TO DISCUSS OPPORTUNITIES IN EASTERN AND CENTRAL EUROPE

WILKES-BARRE, PA - A panel of more than 40 business, government, and academic leaders from across Northeastern Pennsylvania will convene at The Woodlands Inn on May 11-12 to exchange ideas on trade and investment in Eastern and Central Europe.

The theme of the conference is "Democratization and Market Reform in Eastern Europe: Opportunities and Challenges for the Private Sector in Northeastern Pennsylvania."

The conference is part of The Citizens Network's innovative National Policy Roundtable Program (NPRP), whose unique feature is the development of policy recommendations for review and endorsement by members of the U.S. Congress and local officials. The endorsement list will be made available to the press at the closing of the event.

The Citizens Network for Foreign Affairs is a Washington, D.C.-based, bipartisan, nonprofit organization. Formed in 1985, The Citizens Network's mission is to serve as a catalyst for effective participation in foreign affairs by the U.S. private sector, and as a forum for dialogue on the U.S. stake in the emerging economies. The Citizens Network's NPRP has sponsored 25 similar roundtables in 15 states and the District of Columbia, attended by over 2,500 public and private sector leaders.

The Wilkes-Barre roundtable is being co-sponsored by the Economic Development Council of Northeastern Pennsylvania (EDCNP), a regional, non-profit corporation that coordinates economic development activities in seven counties of Northeastern Pennsylvania.

Other co-sponsors of the roundtable are: Kings College, Luzerne County Community College, Northeast Pennsylvania Resource Center, Sandvik Steel

- MORE -

The Citizens Network for Foreign Affairs is a non-profit, tax-exempt 501(c)(3) organization.

*Member, Executive Committee

Company, Thomson Consumer Electronics, T.R. Associates Inc., University of Scranton, and Wilkes University.

Guest speakers from Central and Eastern Europe will include:

- Eugen Jurzyca, Deputy Director, Slovak Anti-Monopoly Office, Slovak Republic;
- Irena Komitova, Secretary General, Union for Private Economic Enterprises, Bulgaria; and
- Jolanta Tanas, Director, Department for Promotion of Entrepreneurship, Ministry of Industry and Trade, Poland.

Guest speakers from the U.S. will include:

- John H. Costello, President, The Citizens Network for Foreign Affairs;
- Gail Griffith, Associate Director, The Pew Economic Freedom Fellows Program, Georgetown University;
- Howard Grossman, Executive Director, EDCNP;
- Bob Lawrence, President, Bob Lawrence Associates;
- James May, Project Manager, Trade and Investment Division, Regional Mission for Europe, U.S. Department of State;
- James Robb, Deputy Director, Eastern Europe Business Information Center, U.S. Department of Commerce; and
- Thomas Schlenker, retired Foreign Service Officer, former Counselor for Economic Affairs, and for Scientific Affairs, U.S. Embassy, Czechoslovakia.

Specific objectives of the roundtable are to:

- generate a dialogue among roundtable participants on the U.S. stake in expanding economic relations with the emerging economies of Eastern Europe;
- update participants on U.S. policy in the region and the current status of market reforms;
- illuminate the role of Northeastern Pennsylvania's private sector in expanding international trade and investment in Eastern Europe; and
- provide key policy makers and the media with policy recommendations developed by roundtable participants.

For conference registration, please contact Brigitta Miranda at The Citizens Network (202-639-8889) or Mike Horvath at EDCNP (717-655-5581).

Business

Wanted: Tourists As Trade Delegates

By VINCE COVELESKIE
Times Business Writer

Tourists as trade representatives?

That may be the most far-removed thought for Northeastern Pennsylvanians of Eastern European descent traveling to their ancestors' homelands.

But it's one way to bridge the gap between one democracy with more than 200 years experience and a host of nations just learning the meaning of the word.

Earlier this week, 40 business, government and academic leaders gathered at the Woodlands Inn & Resort in Plains Twp. with representatives of Bulgaria, Poland, and the Slovak Republic to explore ways of forging new, creative business partnerships.

The region's diverse ethnic makeup provides a natural springboard for ideas.

Dozens of ethnic churches and fraternal organizations, for instance, could play host to visiting trade delegations. And tourists could be advocates for Northeastern Pennsylvania's business community in between seeing sites and taking pictures.

"I believe the market opportunities are particularly good for us because we do have a lot of ethnic relationships in this part of Pennsylvania to Eastern and Central Europe," said Howard Grossman, executive director of the Economic Development Council of Northeastern Pennsylvania. "That bodes well for the future once we learn how to conduct business there."

With troubles in Bosnia-Herzegovina in the former Yugoslavia prompting President Clinton to consider military intervention, Grossman admitted all is not perfect in that part of the world.

"There are difficulties with (problems including) high unemployment, but opportunities for market reform through privatization are clearly there. What we're trying to do is educate our community about these opportunities," he said.

He urged skeptics to keep in mind that what existed five years ago is no longer the case today.

"Every country, Bulgaria, Poland, the Slovak Republic, and others that have come on line are going through privatization rapidly. Instead of talking about a few small businesses, you're talking about hundreds of thousands of businesses that are privatized," Grossman noted.

John H. Costello, president and co-founder of the Citizens Network for Foreign Affairs, reminded participants that every business venture carries some degree of risk.

"There's no doubt that business people are the most risk-averse people in the world, but there are ways to minimize the risk," he told *The Sunday Times*, suggesting owners team up in strategic partner-

Dozens of ethnic churches and fraternal organizations could play host to visiting trade delegations. And tourists could be advocates for Northeastern Pennsylvania's business community.

ships: "In some respects, the payoffs will be proportional to the risks."

Small businesses can gain access to Eastern Europe by serving as a supplier of goods to a larger, U.S. partner, he said.

"If you're doing business with a Heinz or Westinghouse, supplying them here, can you be a supplier to them out there? Can you help them solve some of their problems in the emerging democracies?"

The key, according to Costello, is to find ways to get more small- and medium-sized businesses involved in the process. "That's where the growth is going to come. It isn't going to grow by having IBM more actively involved. They're already out there. We've got to get businesses in Northeastern Pennsylvania involved in trade and export, and investment, to some degree," he said.

Asked about particular products and services in demand, Costello said "everything from telecommunications to pharmaceuticals to forklift trucks — anything you can think of is in big demand."

"The reality for us in this country is that these are the markets with the most dynamic potential for growth for economy. This is where the big increase in units consumed is going to take place. If we're not out there pushing our businesses, and looking for ways to position American enterprise in the marketplace, we can be very sure the Japanese, Germans, French and Italians, everyone else will be," he asserted.

Costello advised local business owners to keep a global perspective.

"After World War II, when we decided our foreign policy would be to contain Communism, we had 55 percent of global GNP. We had everything. We had all the capital, all the commodities, all the technology. We didn't need to care about anybody else or what anyone else was doing," he said. "We have a systemic problem in this country based on our success. We spent 200 years developing a continental economy and haven't had to worry about it. Times have changed."

Trade Conference's Suggestions Listed

Here are some policy recommendations coming out of a trade conference held in Plains Twp. by the Citizens Network for Foreign Affairs. Based in Washington D.C., CNFA's mission is to "serve as a catalyst for effective participation in foreign affairs by the U.S. private sector."

Co-sponsors included EDCNP, King's College, Luzerne County Community College, Northeast Pennsylvania Resource Center, Sandvik Steel Co., Thomson Consumer Electronics, T.R. Associates, University of Scranton and Wilkes College.

- The U.S. government should encourage the emerging economies of Central and Eastern Europe to implement privatization reforms.

- Federal and state government should serve as a "business to business" introduction service for U.S. companies seeking partners in emerging economies around the world, providing information on reliable contacts and partners for trade and investment.

- There should be more federal and state government emphasis on partnering with American businesses interested in trade and investment opportunities in Central and Eastern Europe.

- Lending criteria of the Overseas Private Investment Corp., the Export-Import Bank, and World Bank should be relaxed in Central and Eastern Europe for the purpose of supporting democratic reforms and the development of infrastructure for U.S. trade and investment.

Responding to the recommendations, U.S. Sen. Harris Wofford said in a statement he has "consistently supported programs to encourage the creation of new free markets" for American products and companies. Investment in developing countries has the potential to strengthen America's economy down the road, he said.

"I want to make sure that we make government a more effective partner in helping workers and employers in Northeastern Pennsylvania, and throughout the state, to prepare for and prosper from these new export opportunities," Wofford said.

In 1990, U.S. exports to developing countries grew to \$127 billion from \$106 billion in 1988. It is estimated that every \$1 billion increase in exports creates 20,000 American jobs, according to Wofford.

U.S. Sen. Arlen Specter said Central and Eastern Europe offer significant trade and investment possibilities for U.S. businesses.

"Through the recession, exports have played an important role in supporting what economic growth has occurred, and this region represents an important potential market for U.S. goods," Specter said.

- Vince Coyleskie

1991

25 May 1993

Mr Martin J. Tillman
Director
Education and Policy Outreach
The Citizens Network for
Foreign Affairs
One Farragut Square South
1534 Eye Street, N.W., STE.702
Washington, DC 20006

fax: (202) 639-8648

Dear Mr Tillman,

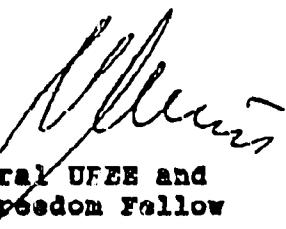
Thank you very much for your nice letter dated 14 May 1993 and the enclosed policy recommendations. I was really surprised at the speed of the reaction to the Roundtable discussion in Northeastern Pennsylvania. I found this to be an excellent example for my country, as well.

I have nothing to add to the summary of recommendations. I am glad to have them summarized in such a good format.

However, I would like to ask you for the following. I remember that all the proceedings from the Roundtable discussions were taped. Can you make a copy of the cassette for me, as well. I can give you an empty VHS cassette for the purpose. Please, if this is possible, contact me by phone, so that we agree how to do it. My office phone number is: CARESBAC - (202) 737-8463, fax: (202) 737-5536. My home number: (703) 527-1275.

I am leaving for Bulgaria on 10 June. I hope to hear from you soon. And thank you once again for the hospitality and the interesting meetings in Wilkes-Barre.

Sincerely,


Irena Komitova
Secretary General UFEE and
Pew Economic Freedom Fellow

12/8

17 May 1993

Mr. Martin J. Tillman
Director, Education and Policy Outreach
The Citizens Network for
Foreign Affairs
One Farragut Square South
1634 Eye Street, N.W., Ste. 702
Washington, D.C. 20006

Dear Mr. Tillman:

Thank you for your letter of May 14, 1993, with the recommendations from the Willkes-Barre program on Central European economic opportunities.

I was honored to speak at your conference and I greatly enjoyed the enthusiasm and candor of the audience. It was a delight.

The policy recommendations that came out of the conference are important but something else emerged that I think may be potentially as powerful. In our group we discussed how local ethnic groups could be used to promote connections between businessmen in Pennsylvania and Central Europe. This theme was repeated in the wrap up sessions after the group meetings. I think more and more people realize that the ability of central governments to promote international trade may not be all powerful and it would be helpful to more individual efforts. Indeed, if there were more informal bridges among the business communities there would also be more sustained effort for their respective government to implement more helpful policies.

While a recommendation to make greater use of ethnic community ties (i.e. social, church, family connections and language abilities) to encourage business relations with Central Europe may not be strictly in the realm of federal government policy, it would show policy makers that business groups are also interested in exploring non-governmental resources within their grasp to promote their objectives. A grass roots theme can be effective and powerful and should not be overlooked in promoting a market economy and democratization in Central Europe.

Sincerely,



Thomas A. Schlenker

1993

Summary

Minneapolis, Minnesota, May 18, 1993

1 Participant List

2 Proceedings

CITIZENS NETWORK AGRIBUSINESS ALLIANCE (CNAA)
Meeting of the NIS Food Industry Coalition

HOSTED BY SUPERVALU INC.
11840 VALLEY VIEW ROAD, EDEN PRAIRIE, MN

May 18, 1993

All sessions will allow opportunity for discussion.

- 8:00** Registration & Coffee
- 8:30** Welcome from SUPERVALU INC. **Jeff Noddle, Executive Vice President
Marketing, SUPERVALU INC.**
- 9:00** Opening Remarks **John H. Costello, President, The
*The Citizens Network's Mission and
CNAA Programs in the NIS*** Citizens Network for Foreign Affairs
- 9:30** Warehouse/Wholesale Food Complex **E. Morgan Williams
in Moscow/St. Petersburg Senior Advisor, CNAA
*Concept & Project Development***
- 9:45** Reports from Companies **John H. Costello
*Activities and Experiences with
Operations in the NIS***
- 10:45** Coffee Break
- 11:00** Warehouse/Wholesale Food Complex **Jon Seltzer, Vice President of Industry
in Moscow/St. Petersburg and Government Relations,
*Our Interest, Ideas & Concept*** SUPERVALU INC.
- 12:00** Working Lunch **Vladimir Velikson, Project Engineer,
*Warehouse/Wholesale Food Complex:
Project Design, Development, and
Business Plan*** SUPERVALU INC.
- 12:45** The Food System in the NIS **James D. Watkins, President and
*ConAgra's Experience On-ground in
the NIS & Our Interest in this Project*** COO, Golden Valley Microwave
Foods, Lamb-Weston, and Arrow
Industries
- 1:15** Roundtable Discussion **Philip B. Fletcher, President and
*Continue Lunch Discussion*** COO ConAgra, Inc.
- 3:15** Closing Remarks **John H. Costello
Jon Seltzer**
- 3:30** Adjourn **John H. Costello**

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CITIZENS NETWORK AGRIBUSINESS ALLIANCE (CNAA)
Meeting of the NIS Food Industry Coalition

HOSTED BY SUPERVALU INC.
11840 VALLEY VIEW ROAD, EDEN PRAIRIE, MN

May 18, 1993

Hosted By:

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

John H. Costello
President, The Citizens Network

E. Morgan Williams
Senior Advisor, CNAA

SUPERVALU INC.

Jon Seltzer
Vice President of Industry and
Government Relations

Jeff Noddle
Executive Vice President, Marketing

Vladimir Velikson
Project Engineer

List of Participating Companies:

CARGILL, INC.

Nancy Ballsrud
Assistant Vice President

Tim Bodin
Economist

CONAGRA, INC.

Philip B. Fletcher
President and COO, ConAgra Inc.

James D. Watkins
President and COO, Golden
Valley Microwave Foods, Lamb-
Weston and Arrow Industries

Dick Moen
Vice President of Administration
and General Counsel, Golden Valley
Microwave Foods

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GENERAL MILLS

Donald L. Brink
Export Manager, Europe

Igor Goldshteyn
Representative, General Mills

GERBER PRODUCTS COMPANY

Fred Panyard
Director of Trade Relations &
Customer Development

H.J. HEINZ COMPANY

Thomas MacMurray
Vice President, International Relations

Emmanuel Dombakian
Consultant

HORMEL INTERNATIONAL

Timothy Barinka
Export Sales Manager

LAND O' LAKES

Jill Kohler
Project Development Manager,
International Development Division

10/2

PILLSBURY CO.

Vivien P. Godfrey
Vice President, Strategic Brand
Development

John Lenker
Agribusiness Consultant, Former
President

Don Ludemann
Strategic Development Analyst

Robert Schwartz
Director of International Operations

RJR NABISCO

John D. Evans
Vice President, Capital Planning and
Purchasing

SUMMIT LIMITED

John J. Cavanaugh
Chairman and CEO

Dennis Jorgensen
President

2004

CNAA NIS FOOD INDUSTRY COALITION MEETING

May 18, 1993

Proceedings

The Citizens Network Agribusiness Alliance (CNAA), in conjunction with SUPERVALU INC., hosted the first meeting of the CNAA NIS Food Industry Coalition on May 18, 1993 at SUPERVALU's corporate headquarters in Minneapolis, Minnesota.

The CNAA NIS Food Industry Coalition convened representatives of major American food manufacturers to discuss plans to create a major warehouse/food distribution complex in Moscow and St. Petersburg, Russia. The development of a major warehouse/food distribution complex adds an essential wholesale/retail component to the CNAA Food Systems Restructuring Program, a broader initiative which uses public-private sector collaboration to support the emergence of functioning private food and agriculture sectors in the NIS.

The Citizens Network's participation in this project has three goals:

1. To respond to the needs of the Russian consumer by developing a comprehensive wholesale/retail distribution system;
2. To support cooperation and collaboration among American companies who wish to enter an expanding, yet volatile market; and
3. To respond to the need for a distribution system which can function for American companies in the short term as well as contribute to the long-term transformation of the Russian food system.

A roundtable format was used for presentations by company representatives and discussion of strategies to deliver products to the Russian consumer. Each participant reported on their individual experiences in the Russian market and addressed issues of legality, ownership, and security for new businesses in the NIS.

All participants agreed that cooperation on the part of American companies is the best strategy to enter the Russian market. As a result, participating companies will work together to formulate a business plan to create a food distribution facility in Moscow and St. Petersburg.

The CNAA NIS Food Coalition meeting is part of The Citizens Network's overall mission to support public-private sector collaboration in the development of a comprehensive food system in the NIS.

JMS

Outline

Indianapolis, Indiana, June 17-18, 1993

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS

Preliminary Outline of Indiana National Policy Roundtable

- Theme:** *Indiana's Stake in the Post Cold War Global Economy: Opportunities and Challenges for the Private Sector in the New Independent States of the former Soviet Union*
- Dates:** June 17-18, 1993
- Location:** DowElanco World Headquarters, Indianapolis
- Host:** DowElanco
- Co-sponsors:** Indiana Farm Bureau, Indiana Chamber of Commerce, Indiana Institute of Agriculture, Food, and Nutrition, Purdue University School of Agriculture, Indiana-Russia & Independent States Trade Consortium
- Invitees:** Leaders in Indiana government, agribusiness, academia, and non-profit sector
- Goal:** *Illuminate the role of Indiana's private sector in expanding international trade and investment in the New Independent States of the former Soviet Union*
- Objectives:** *Generate an informed dialogue among roundtable participants on Indiana's stake in expanding economic relations with the emerging economies of the New Independent States of the former Soviet Union*
- Update participants on U.S. policy in the region and the current status of democratization and market reforms*
- Provide key policy makers and the media with policy recommendations developed by participants*

PRELIMINARY ROUNDTABLE AGENDA

Thursday, June 17

EVENTS AT RADISSON PLAZA & SUITE HOTEL

6:00 - 7:00 pm Reception

7:00 - 9:00 pm Dinner and Keynote Address

U.S. Representative Lee Hamilton

Friday, June 18

EVENTS AT DOWELANCO WORLD HEADQUARTERS (Employee Development Center)

8:15 - 8:45 am Registration and Continental Breakfast

8:45 - 9:00 am Welcoming Remarks and Introduction

**John Hagaman, President & CEO
DowElanco**

**John H. Costello, President
The Citizens Network for Foreign Affairs**

9:00 - 10:15 am ***PANEL ONE***
The Opportunities and Challenges for Indiana in
Developing Agribusiness in the New Independent States

Moderator:

**Dr. Robert Thompson
Dean of Agriculture, Purdue University**

Presenters:

**David Swanson, President & CEO
Central Soya**

**Joseph Zimmer, Vice-President
ffi Corporation**

**Phillip French, President & CEO
Countrymark Cooperative, Inc.**

10:15 - 10:30 am Break
10:30 - 11:30 am Policy Recommendation Break-out Groups
11:30 - 12:00 pm Whole Group Reconvenes for Discussion
12:00 - 1:30 pm Luncheon and Luncheon Address

Senator Richard Lugar

1:30 - 2:30 pm

PANEL TWO

Integration of the New Independent States' Food Systems and Economies into the Global Market Economy

Moderator:

Dr. Richard Judy
Hudson Institute

Presenters:

Malcolm Butler
Director of NIS Task Force
U.S. Agency for International Development

Edward Delaney, Attorney
Barnes and Thornburg

Jeny Leach, Director
Agnibusiness Volunteer Program
The Citizens Network for Foreign Affairs

2:30 - 3:00 pm Policy Recommendation Break-out Groups
3:00 - 3:30 pm Whole Group Reconvenes for Discussion
3:30 - 3:45 pm Closing Remarks

John H. Costello

John Hagaman

3:45 pm Roundtable Adjourns

*** All speakers are invited, but, not all speakers are confirmed.**

Outline

Yakima, Washington, August 23-24, 1993

THE CITIZENS NETWORK FOR FOREIGN AFFAIRS
Preliminary Outline
Pacific Northwest Regional Roundtable

Theme: *Hemispheric Trade and Regional Economic Cooperation for the 21st Century*

Date: August 23-24, 1993

Location: Red Lion Inn
Yakima, Washington

Co-sponsors: KI-YAK Economic Development District,
Hispanic Trade Alliance, Pacific Northwest
Economic Region

Participants: Delegations of academic, business, and
government leaders from Idaho, Montana,
Oregon, Washington, Alberta, and British
Columbia

Goal: *To illuminate mechanisms for Pacific
Northwest public and private sectors to
expand economic cooperation and trade
opportunities in the Western Hemisphere.*

Objectives: *To generate an informed dialogue on the
Pacific Northwest's stake in the NAFTA
and business ties with Latin American
economic regions.*

*To review existing mechanisms for
regional economic cooperation and develop
ideas for new regional efforts.*

*To update participants on the status of the
NAFTA, U.S. and Canadian Latin
American trade policies, and democratic
and market reforms in Latin America.*

*To provide key policy makers and the
media with policy recommendations
developed by the participants.*

AGENDA

Keynote:

Hemispheric Trade Opportunities in the 21st Century

Outline the potential economic benefits to the Pacific Northwest of successful hemispheric trade.
Overview of potential future economic growth in the emerging economies of the hemisphere.

Panel One:

The implications of NAFTA for Cross-Border and Hemispheric Trade

Luncheon:

The Potential for Regional Economic Cooperation

Past regional economic cooperation efforts. What has been effective? Not so effective?
What ties, other than geographic, could reinforce and encourage regional cooperation? Ethnic?
Economic?

Panel Two:

Prospects for Regional Economic Cooperation: The role of the public and private sectors

Outline

Washington, D.C., September 28 or 29, 1993

DRAFT OUTLINE OF ROUNDTABLE PLAN

Cooperation for African Development: Perspectives from Africa, Japan and the United States

**Sponsored by
Africare
The Citizens Network for Foreign Affairs
and Tuskegee University**

Host Organization: Africare, Washington, D.C.

Date/Locale: September 28 or 29, at Africare House

Time: 9am - 5 pm

Invitees: Hill staff (Africa and Foreign Assistance Sub-committees), African and Japanese officials, Interaction, AID, State, and Commerce Department officials, foundations (Ford, Sasakawa, Rockefeller, etc.), multilaterals: World Bank, African Development Bank, IMF

Participants: 40-50 persons

OBJECTIVES:

- **To review prospects for widening cooperation for development in Africa among Japan, the U.S. and African states**
- **To assess U.S. - Japanese bilateral policy priorities and their implications for development initiatives in Africa**
- **To examine new and changing roles of Japanese, American and African NGOs and universities in the development process**
- **To establish a basis for follow-up discussions among participants concerning ongoing initiatives for African development**

PROPOSED ROUNDTABLE AGENDA

Cooperation for African Development:
Perspectives from Africa, Japan and the United States

Morning

8:00-8:45am

Registration and Coffee

8:45-9:00

Welcome and Introductions

C. Payne Lucas, Executive Director
Africare

John H. Costello, President
The Citizens Network for Foreign Affairs

President, Tuskegee University

9:00-10:15

Policy Overviews

Minister Hiroshi Hirabayashi
Deputy Chief of Mission
Embassy of Japan

Ambassador Donald McHenry
Chairman of the Board
Africare

Spokesperson : Organization of
African Unity - to be determined

10:15-10:30

Coffee Break

10:30-11:30

African Perspectives on Development

Speakers (3) to be determined

11:30-12:00

Summary of Critical Policy Issues

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Afternoon

12-1:30pm

Luncheon & Address

African speaker to be determined

1:30-2:30

Role of Japanese Development Agencies in African Development

2:30-2:45

Coffee Break

2:45-3:45

U.S. University and PVO Roles in African Development: Examples of Africare and Tuskegee University

3:45-4:30

Presentation on Tokyo Meeting With African Heads of State

4:30-5:00

Conclusions and Next Steps

Evening

5:30-7:00

Reception at Embassy of Japan
To be arranged

National Policy Roundtable Program -- Work Plan

ID	Name	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12
1	Compile Invitation List	████████████████████											
2	Compile Media List	████████████████████											
3	Compile endorsement list		████████████████████										
4	Research feature & news stories		██										
5	Media research & intro letter				◆								
6	Planning of Brochure			████████████████████									
7	Invitations mailed				████████████████								
8	Phone calls to invitees						████████████████████						
9	Contact Local Contractors					◆							
10	Press Releases Mailed								◆				
11	Supplemental Press Release									■			
12	Day(s) of Conference										◆		
13	Receive Endorsements										████████████████		
14	Follow up with Media										██		

National Policy Roundtable Program

Roundtable Checklist

- ___ Agenda created
- ___ Organize conference site
- ___ Compile Invitation List.
- ___ Compile Media List
- ___ Compile Endorsement List
- ___ Research feature and news stories
- ___ Intro letter to media
- ___ Brochure printed
- ___ Confirm logistics of arrival/presentations of speakers
- ___ Invitations mailed
- ___ Contact local contractors
- ___ Press Releases mailed
- ___ Press secretaries alerted to endorsement process
- ___ Packets delivered to speakers
- ___ Speakers confirmed
- ___ Speakers re-confirmed
- ___ Organize hotel/local contractor billing arrangements
- ___ Re-confirm hotel/meal arrangements
- ___ UPS package to hotel w/ RT materials

National Policy Roundtable Program

Media/Endorsement Checklist

The key objective of the media/endorsement process is to provide a communications link between:

- 1) conference participants and the state/region's general public; and
- 2) conference participants and local, state, and national policy makers.

Media Check List

- ___ Compile Media List
- ___ Research Media List
- ___ Letters of Introduction
- ___ Press Release
- ___ Plan Feature Stories
- ___ Supplemental Press Release
- ___ Phone calls/meetings with priority contacts

Endorsement Check list

- ___ Compile Endorsement List
- ___ Check voting records
- ___ Meetings/Phone calls with press secretaries
- ___ Assign priority contacts
- ___ Draft recommendations mailed
- ___ Day-before phone reminders
- ___ Endorsement lists sent to the media

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THE CITIZENS NETWORK FOR FOREIGN AFFAIRS
MEMORANDUM

TO: John H. Costello
FROM: Alex Carpenter cc: Marty Tillman
DATE: May 10, 1993
RE: Policy recommendation/press preparations for Wilkes-Barre

I have prepared a briefing for you on our press/policy recommendation preparations for the Wilkes-Barre meeting.

First, nearly three weeks ago, the attached letter (sample) was mailed to appropriate staff at the offices of Governor Casey, Senators Specter and Wofford, and Congressmen Kanjorski, McHale, McDade, and Holden and local NE PA officials (policy makers). The letter outlined our policy recommendation process and requested a statement in reaction to the policy recommendations from their office on Wednesday, after the conclusion of the meeting. Today (Monday) we faxed the attached draft policy recommendations, derived from preliminary recommendations made by speakers, to policy makers.

Second, the attached news release (dated May 5) was mailed to over 30 newspaper, TV and radio stations in the area. News reporters have been informed that statements from policy makers will be available at the conclusion of the meeting on Wednesday. The attached supplemental news release (dated May 10) was faxed to five of our key reporters today. We have also followed up with the press to confirm their receipt of the release, and I plan on following up with our 5 key contacts again on Tuesday.

Third, we will fax the final policy recommendations to the policy makers, receive their statements, and release them to the press on Wednesday between 4-7pm. Our co-sponsor, the Economic Development Council of Northeastern Pennsylvania, has invited me to use their office (5 miles away from the site) for the printouts, faxes, and phone calls I will need to make on Wednesday night.

Some key phrases on the process:

"A communication link between roundtable participants and their local, state, and national representatives."

"An opportunity for policy makers to hear, and respond, to their constituents opinions on opportunities for trade and investment in Central and Eastern Europe."

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National Policy Roundtable Program
Guidelines for Biden/Pell Conference Proceedings

We need roundtable proceedings publications that are consistent in timing, design, content, and distribution. I am writing this memo to propose some standards for all future roundtable proceedings.

Timing: Proceedings should be ready for distribution 1-2 months after each roundtable.

Design: Roundtable proceedings should follow the style sheet to be set by the upcoming CNFA Annual Report. I will use a preliminary style sheet for the Pasco and Clearwater proceedings, since they will be produced before the Annual Report.

Content:

1. **Policy Recommendations**
 - A. List recommendations
 - B. Statements of endorsement
2. **Foreword**

Letter from JHC or MJT framing the results of the meeting.
3. **Executive Summary**

Background on the topic of the roundtable.
4. **Conference Agenda**

One page summary of the agenda.
5. **Keynote, Welcoming, & Luncheon Addresses**
 - A. Text of the address
 - B. Questions and Answers from participants
6. **Session One (Two, Three, . . .)**
 - A. Text of Speeches
 - B. Questions and Answers from participants
7. **Conference Participant Lists**

List name & organization of all participants.
8. **Biden/Pell Overview and Other Publications**

Proceedings Guidelines
Page Two

The margin text used in the US-Japan-Mexico publication (see attached) could also be effectively used in roundtable proceedings. Key excerpts from speeches and questions, positive comments made after the meeting, and statements of endorsement could all be placed in the margins.

Distribution:

PN=Projected Need (# of copies)

1. Conference participants (PN=100)
2. 50-300 copies to each co-sponsor (PN=750)
3. Key local, state, and national policy makers (PN=200)
4. Contacts from CNFA database interested in topic of the roundtable (PN=250)
5. CNFA information packets (PN=500)
6. Key AID/foundation contacts (PN=100)

**THE
CITIZENS
NETWORK**
FOR FOREIGN AFFAIRS

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May 31 1993

David Watson
Acting Administrator
FHA/PVC
Room 709, SA-8
USAID
Washington, DC 20523-1802

Dear David:

I am pleased to submit our Annual Report describing the second year development education grant activities for our project, **America's Stake in the Developing World: Expanding the Focus.**

As the report documents, our program activities are back on track this year. We completed those activities listed in our revised Work Plan (as indicated in my memorandum to you of June 8, 1992) and most importantly, we have successfully conducted a thorough independent evaluation of our grant activities between 1988 and the first quarter of 1993. Ruth Perot's report is an excellent summation of our successes and has also provided us with important guidance for strengthening our program administration and developing our program targets for the remainder of the grant period.

I believe that we have an exciting agenda for our National Policy Roundtable Program in the coming year. We have several important roundtables addressing the critical issues in the NIS and on the technology transfer and development issues facing Latin America. Our new AID supported projects in the NIS and Latin America/Caribbean have strengthened The Citizens Network's organizational capacity to address these issues.

Through our collaboration with Africare and Tuskegee University on a new roundtable concerning U.S.-Japan cooperation for development in Africa, we are leveraging our contacts and experience on this crucial bilateral relationship in addressing the unmet development agenda in Africa.

Page Two - David Watson

In another important area, our participant and co-sponsor data base - now being updated - will enable us to keep our network informed on these issues. We are making a concerted effort to provide opportunities for past participants and speakers to become involved in forthcoming roundtable discussions.

Furthermore, Marty is widening our outreach capability through implementation of regional roundtables which will broaden the participation of in meetings and also move the policy debate onto another level.

I look forward to discussing our report with you in the near future.

Sincerely,

John H. Costello
John H. Costello
President

Enclosure: Annual Report: September, 1992 - September, 1993

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