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THE NASDA/AID BUSINESS DEVELOPMENT SEED FUND

STATUS OF APPROVED PROJECTS AS OF JANUARY 1, 1993

US-Thai Business Cooperation (Northwestern University)

Purpose: The International Business Development Program (IBD) at Northwestern University in Chicago undertook a project aimed at expanding US-Thai business relationships by matching Thai needs with US sources and encouraging state international trade agencies to explore the Thai market. The proposal was for a five-year program which would include the development of a new business incubator system, product commercialization centers, training, venture capital fund development and the transferring of technology to Thai firms. The first phase, for which a grant was provided by the Seed Fund, included feasibility studies, work with three states, identification of business opportunities in Thailand and the establishment of mechanisms to strengthen the export and innovation capability of Thai firms. Cost and duration: First year (November 1988 - November 1989) costs were \$108,000, of which the Seed Fund provided \$75,000. USAID Thailand contributed \$65,000 to the Fund for the project.

Results: In its first year, the project developed a target pool of over 300 US and Thai companies for matching, established a joint venture with SEAMICO under a program with the Thai Board of Investment to attract US firms, and provided concrete business leads. The IBD organized visits for three delegations of Thai businessmen seeking investment partners in the US and assisted 55 US companies interested in Thailand. By October 1990, when the project ended, eight of the client firms had visited Thailand and five had established substantial operations there.

Governor-Ambassador Business Development Initiative in ASEAN

Purpose: The Governor-Ambassador Business Development Initiative (GABDI) was designed to increase business relationships with companies in the Association of South East Asian Nations (ASEAN) by encouraging US governors to lead business development missions to the region and by enlisting the cooperation of US Embassies and private sector organizations to support the visiting American trade and investment delegations. GABDI objectives include introducing US firms to the opportunities in the region and assisting them in finding business partners. The project contracted the US-ASEAN Business Council to provide extensive technical assistance in the planning, implementation and follow-up stages of governor-led missions. Cost and duration: The Seed Fund contributed \$29,000 to the three-year project, which ended in September 1992.

Results: Three Governors (from Mississippi, Iowa and Ohio) led business missions under the auspices of the program. A dozen other states were assisted with market and other information on doing business in the region. A variety of new business partnerships have been formed. Iowa estimates that the mission directly generated \$6 million in sales. Companies participating in the Ohio mission in September 1992 received \$4 million in orders on the spot.

Delaware Trade Expansion with Costa Rica and Honduras

Purpose: The Delaware Development Office proposed to expand business ties with Costa Rica and Honduras, capitalizing on the relationship of the Port of Wilmington with the two countries. The idea of the project was to take advantage of favorable shipping rates resulting from containers of major fruit companies returning empty to Central America. The project focused on three key tasks: (1) research to identify markets for US products in Costa Rica and Honduras; (2) recruitment of buyers and sellers in the Delaware region; and (3) systematic follow-up. In addition to the DDO, port and fruit companies, other collaborators included a steamship line, the state-sponsored export trading company and the public/private business development agencies of Costa Rica and Honduras (CINDE and FIDE). The two countries would benefit from improved infrastructure at the ports, better distribution channels and cheaper imports. Cost and duration: The Seed Fund provided \$20,000 of the \$60,000 total expenses for this one-year (January 1990 - January 1991) project.

Results: As part of the research, over 300 companies were surveyed and specific export opportunities identified in what was a new market for the state. Twenty companies were represented in a business visit to the countries for briefings and matchmaking. Following formal completion of the project, the state has organized regular return business visits to the two countries and invited companies from there to Delaware, the most recent of which was in March 1992. Business deals are beginning to emerge, e.g. a large order for irrigation equipment and appointment of agent/distributors in both countries.

Iowa Swine Technology Conferences in Hungary and Czechoslovakia

Purpose: The Iowa Department of Economic Development developed a multi-stage program aimed at introducing central European customers to the state's agricultural technologies and products. Together with a public/private trade promotion organization and Iowa State University, the DED planned educational conferences in Budapest and Prague to focus on swine technology, equipment and food processing industries available in Iowa. The conference played a key role in the launching of the state's long-term strategy designed to capture new markets for Iowa firms while also assisting the modernization of agriculture in Central Europe. Expected results include: new relationships that will lead to sales, joint ventures, distributorships and licensing agreements; farmer-to-farmer exchanges; university exchanges; specific business opportunities identified during the conference; and recommendations for overcoming key constraints to business. Cost and duration: The Seed Fund provided \$10,000 of the \$55,000 project cost. The conferences were held in May 1991.

Results: Over 170 key agricultural decision-makers in Hungary and Czechoslovakia participated in the conferences. Impressed by the value of the knowledge transferred, the two countries requested similar conferences on grain technology. Iowa agreed to organize them as part of the broad strategy. Specific opportunities for co-ventures emerged during the conferences. The state continues to implement its program, which will culminate in an agribusiness trade mission to the two countries.

Minnesota Market Development and Export Training in Costa Rica

Purpose: The Minnesota Trade Office (MTO) designed a multi-phase program aimed at promoting long-term agribusiness ties with Costa Rica. In the initial phase, the state undertook research on the market for processed foods and organized a "Table of Taste" demonstration of Minnesota products. Working closely with Costa Rica's trade and investment agency and the American Chamber, the state helped producers of processed foods and associated equipment enter the Central American market and promoted long-term business relationships with Costa Rican companies. The Table of Taste is a matchmaker event where wholesalers, buyers, restauranters and others gather to sample various food products from Costa Rica and Minnesota. Market research will identify complementary processed foods. Benefits to Costa Rica include: exposure to new markets and new channels of distribution; creation of new food products; and access to sophisticated marketing and management techniques. Cost and duration: The total project cost was \$80,000. The Seed Fund is providing \$13,000. The first phases took place in the fall of 1991 through summer of 1992.

Results: A successful Table of Taste trade show, held in May 1992, involved processed food exhibits by 13 Minnesota and 22 Costa Rica companies. Promising business negotiations have begun. Plans for a follow-up trade mission are underway.

Washington Agribusiness Cooperation With Indonesia

Purpose: Based on its exploratory market research in Indonesia, the Washington State Department of Agriculture (WSDA) proposed to lead a business development team there to pursue opportunities in the agribusiness sector, particularly food processing. The goal is the creation of profitable, firm-to-firm relationships. A team of trade association and company executives along with agricultural experts would identify discrete business opportunities in the Indonesian agribusiness sector, with an emphasis on co-ventures. The strategy is to develop long-term business and institutional relationships that will result in significant new business for in Indonesia for Washington companies. Cost and duration: The total cost was \$91,500, of which \$20,000 came from the Seed Fund. The implementation period was October 1991 to September 1992.

Results: A nine-person team led by the state's Director of Agriculture visited Indonesia January 24 - February 7, 1992. Working closely with the US Agricultural Attache and the USAID Mission, the group met with the Indonesian private sector specializing in the food processing industry. An Indonesian agribusiness mission visited Washington in August and another trade delegation from the state plans to visit Surabaya (new sister city for Seattle) in February.

US sales contracts worth \$5 million are projected as a result of the initial trip. Six trade and investment deals are being negotiated (e.g. export of forage and of processed foods to three major food distributors, imports of exotic fruits and juices, and investment in Indonesian food processing plants).

Maryland Environmental Training and Marketing in Poland

Purpose: The state of Maryland International Division, through its Maryland/Eastern European People's Program, proposed to help institutionalize environmentally sound programs, policies and practices in two of Poland's critical provinces, and introduce Maryland-based environmental companies to key government decision makers. A team of representatives from the private sector, Johns Hopkins University and the Maryland State Department of the Environment would work with Polish officials and facility managers in the areas of air and water quality, and solid waste and wastewater treatment. This project is seen to be the first step in the establishment of long-term business relationships with Polish officials that would include an action plan for cleaning up the environment and introducing new technologies. Cost and duration: The Seed Fund agreed to provide \$13,600 of the total \$113,400 project cost. The implementation period was October 1991 to September 1992.

Results: A five-person technical assistance team visited the two provinces in November and completed the introductory assessments, seminars, etc. Exchanges are ongoing, e.g. two public health experts from Johns Hopkins gave a series of lectures in June to Polish officials. Maryland businesses have been briefed on opportunities there. The project has already generated five major opportunities involving five specific Maryland companies in such sub-sectors as high tech energy management, bio-technology, harbor clean-up, air and water pollution control equipment, and recycling of coal ash. Follow-up trade missions are planned.

Illinois Meat Production Model in Hungary

Purpose: The Illinois Department of Agriculture, together with state universities and private agribusiness firms, proposed the establishment of a 150-hectare model farm and production facility for pork in Hungary. Goals include: the expansion of Hungarian swine production; an increase in the export of processed pork products; the introduction of proven management techniques; and the increase of Illinois agribusiness exports to the Hungarian market. Cost and duration: The Seed Fund awarded \$20,000 for the project, expected to cost \$230,000 and take one year, ending December 1992.

Results: Six Hungarian agribusiness entrepreneurs were brought to Illinois in March for exposure to modern agriculture and meat processing. A private agribusiness consortium from Illinois went to Hungary in mid-June to negotiate a \$1.7 million joint venture which will upgrade an existing hog farm and pork processing plant near Papa. The deal has been concluded and the first shipment of 20 Illinois gilts and 8 boars is scheduled for early 1993. The project will improve the quality of Hungary's exports.

Iowa Grain Industry Needs Assessment in Hungary and Czechoslovakia

Purpose: As part of its Central Europe initiative, the International Division of the Iowa Department of Economic Development proposed an assessment of the Hungarian and Czechoslovakian grain markets. A team from Iowa's private and public sectors and universities would work with their counterparts in the two countries to study grain industry needs, organize a grain technology conference, and lay the groundwork for business partnerships. The state's strategy in Eastern Europe of educating and transferring technology is intended to expose the region to the products, services and technology available in the US, and Iowa in particular. Cost and duration: In addition to helping on this particular activity, the Seed Fund grant of \$16,625 was awarded to encourage completion of the remaining phases of the Iowa strategy (which will cost \$160,000). The survey and conference preparation occurred during October 1991 through March 1992.

Results: The survey team visited Hungary and Czechoslovakia in December 1991. They assessed the grain industry, planned a grain technology conference for spring, and identified business opportunities. The conference took place in May. Business exchanges are underway, e.g. two Iowa manufacturers of grain drying equipment are returning in the fall to negotiate sales and distribution. An industry group from the two nations will visit Iowa and a business mission from Iowa will travel to Hungary and Czechoslovakia next year. Export prospects are good.

Southern Technology Council Apparel Exporting Initiative

Purpose: The Southern Technology Council proposed the promotion of apparel exports to developing countries through collaborative marketing of collective product lines. Working with a group of small and medium-sized apparel manufacturers based in North Carolina, the Council would form networks to devise effective ways to help these firms, which have never exported, enter selected markets in Eastern Europe, Latin America and the Middle East. Tactics include collaborative design of product lines, focus on two competitive lines, selection of knowledgeable export brokers, targeting adjacent developed and developing countries, and focussed market research. The project will transfer to counterpart apparel manufacturers in developing nations information on the organization and experience of collaborative exporting. The goal is to obtain one significant sale by the end of 1992 and have the participating companies well launched into exporting and co-ventures in developing nations within three years. Cost and duration: The Seed Fund agreed to provide half of the estimated \$40,000 cost of the initial phase of the project, which will run throughout 1992.

Results: The strategy has been refined, participating manufacturers organized, export markets and brokers identified, product niches chosen and an operational system put into place. The five companies involved are very small, first-time exporters.

The Mid-America World Trade Center Wheat Milling Project in Egypt

Purpose: The Mid-America World Trade Center, based in Kansas, proposed to transfer wheat milling technology while conducting market development in Egypt. A joint venture between private sector and public agencies, the project would build on trade linkages already developed between Kansas and Egypt and take advantage of a specific opportunity, namely the potential for sales of grain milling equipment. In particular, the project would determine the application of short flow milling technology to the Egyptian market and introduce Egyptian wheat milling technicians to the equipment. Cost and duration: The project is estimated to cost \$67,000. The Seed Fund share is \$20,000. The time frame is the year 1992.

Results: The survey team visited Egypt in early February and found that the new grain milling technology would be applicable to 40% of existing capacity. The team returned in June. Egyptian candidates have been selected for a training program on the US equipment. There is potential for sales of at least three mills worth over \$4 million.

Massachusetts Environmental Audit in Poland

Purpose: The Massachusetts Office of International Trade proposed a program of environmental audit training and technical assistance for three provinces in Poland. In addition to conducting actual audits, the project will provide firms in the state specific knowledge of the Polish market requirements for environmental products and services. The goal is the development of future business relationships. The Environmental Business Council, the US Environmental Protection Agency and selected Massachusetts-based environmental firms are involved. The project will provide Poland an overview of US environmental protection regulations, training in conducting audits and the supervision of actual audits on three Polish industrial sites. Cost and duration: The Seed Fund will provide \$20,000 of the anticipated total cost of \$95,428. The implementation period is March - December 1992.

Results: The Office of International Trade visited Poland in November to begin the process of selecting participants for the training. The Poles selected arrived in August for hands-on training programs in companies. The Massachusetts companies visited Poland in December to promote their environmental products and services.

Promotion of US Business Ties with Czechoslovakia (Central Europe Institute)

Purpose: The Central Europe Institute is working with the North Carolina Small Business Technology and Development Center and the Nebraska Business Development Center to assist their clients in initiating trade and investment with counterparts in Czechoslovakia. The goal is to help both US and Czech companies overcome obstacles to bilateral trade by identifying specific business opportunities and helping match partners, particularly in the sectors of poultry production, grain storage facilities, veterinary supplies, and telecommunications. The Institute will compile a database for potential business matches, assist US companies in understanding regulatory, banking and other practices in Czechoslovakia, help assemble financing, provide advice for joint venturing, etc. Cost and duration: Total project expenses are \$103,200, of which \$20,000 is the Seed Fund contribution. The project began in January and will continue throughout 1992.

Results: The Institute has added Virginia's International Trade Office to the program and is using the state's database to help introduce its products into the Czech market. Despite uncertainty about the political environment, five potential co-ventures are being actively negotiated.

California Cooperation with Hungary on Wine Production

Purpose: The World Trade Center Association of Orange County (WTCA-OC) proposed to lead a survey team of wine industry representatives to Hungary and organize a follow-up seminar in California for Hungarian wine producers. The goal is to promote partnerships, technology transfer, and sales of US wine-related equipment. The project will also provide support for a Hungarian wine association and develop marketing, sales and investment information for US firms. University of Cal/Irvine, the World Trade Center of Budapest and the Ministry of Economic Relations are among the other cooperating organizations. Cost and duration: The project, which took place in mid-1992, cost \$125,000. The Fund awarded \$19,700 and the Mellon Foundation provided \$40,000.

Results: The Orange County study mission visited Hungary in May and identified areas of business collaboration. The Hungarian delegation of six wine producers spent 22 days in July meeting with the US wine industry to discuss technology transfer and joint ventures. Two California companies are interested in co-production once land ownership issues are resolved. A trade mission is planned to introduce competitive US equipment, such as bottling line facilities and stainless steel vats.

Southern Illinois University Business Center Project in Bulgaria

Purpose: Southern Illinois University at Carbondale will help establish a business center and incubator to serve emerging businesses in Bulgaria and to promote trade and co-ventures between Bulgarian and Illinois companies. The project will provide management support, training and technical knowledge to the center staff. The University and the Illinois World Trade Center will produce information that will help US companies identify trade and investment opportunities, including potential partners, in Bulgaria. Cost and duration: The Fund is providing \$20,000 of the \$55,000 total cost. The project begins in May and will continue through April, 1993.

Results: The project director went to Bulgaria in May to initiate training. The Bulgarian director visited in June to sign an agreement with the IWTC. Eight preliminary matches between Illinois and Bulgarian firms are underway.

Montana Mapping Technologies Project in South and Southeast Asia

Purpose: The Montana Department of Commerce proposed a program of three workshops organized by the GeoResearch company aimed at introducing integrated digital mapping technologies to the developing nations of Asia. The goals are to promote business between companies in Montana and Asia and to advance the planning and management of mapping and environmental programs in South and Southeast Asia. The objective is to introduce state-of-the-art integrated GPS/GIS technology to key users and beneficiaries. The

workshops will demonstrate various applications of the technology and instruct participants in the operations. Three Asian national organizations have already requested the program. The first workshops will occur in Malaysia and Nepal. Cost and duration: The Fund will provide \$20,000 of the estimated \$51,200 total cost of the workshops. The project runs from August, 1992 through July, 1993.

State Participation in OPIC Missions

Purpose: The Private Enterprise Bureau of AID approved a NASDA proposal to finance the participation of state trade specialists in missions to AID-recipient countries organized by the Overseas Private Investment Corporation (OPIC). By accompanying companies on such missions, the trade specialists will increase their understanding of business opportunities in developing nations and therefore their ability to assist constituent companies in entering those markets. In order to qualify, trade specialists will have to recruit companies for the particular mission. They will submit a report on their activities and explore the possibility of proposing a business expansion activity with the developing market. The grant will cover participation by five states. Cost and duration: The Seed Fund is contributing \$20,000. OPIC is waiving the Mission fees. The states will match in kind. The project life is Oct. 1992 - Sept. 1993.

Wisconsin Dairy Venture in Indonesia

Purpose: The state of Wisconsin Department of Agriculture, Trade and Consumer Protection is sponsoring this project which aims to stimulate dairy-related companies in Wisconsin, such as Agrecol Corporation, to undertake long term business relationships in Indonesia. The project will include: a pre-feasibility study focussed on a proposal by the Eagle Group of Indonesia to develop a modern dairy operation; training in dairy management techniques; and sponsorship of business co-ventures. Indonesia will benefit from increased milk production, lower retail prices, and job creation. Cost and duration: The Seed Fund will cover \$20,000 of the estimated total cost of \$85,000. The project will run for one year beginning September 1, 1992.

Arizona Business Development in Hungary

Purpose: The city of Tucson Office of Economic Development plans to expand business relationships between Arizona companies and counterparts in the sister-city of Pecs, Hungary. Tucson will use a catalog show in Hungary in November to set the stage for a delegation of sector-specific Arizona companies to visit Pecs in March, 1993. In addition to business match-making, officials representing the city, the Arizona Department of Commerce, the university and Chamber of Commerce will create institutional relationships to ensure follow-up and sustained business progress. Cost and duration: Of the total project cost of \$75,000, the Seed Fund will provide \$20,000. Project activity will run from September, 1992 through May, 1993.

Business Development in North Africa

Purpose: NASDA proposed to the Near East Bureau of AID that a delegation of state trade officials visit North Africa in order to gain a first hand understanding of the business opportunities and of the AID programs in the region. The objective is to enlist the states in generating US business transactions and relationships with counterparts in Egypt, Morocco and Tunisia. The Bureau has also made available a special allocation to the Seed Fund for projects in the AID-assisted countries in the Near East. The mission is expected to generate innovative proposals for the Seed Fund. Trade specialists from seven states, the US-Arab Chamber and NASDA traveled to North Africa in late October. The mission participants paid their food and lodging expenses and contributed their resources in organizing follow-up activities. Cost and duration: The Seed Fund will provided \$20,000 to defray expenses for the delegation. The travel and follow-up occurred during the fourth quarter of 1992.

Results: The 12 day mission proved successful in establishing contacts with effective contacts with trade intermediaries and businessmen in the three countries. Specific leads were generated and passed on to constituent companies. Follow up steps are underway to capitalize on the trip. Information is being shared with all the states.

AmCham Business Development in Egypt

Purpose: The American Chamber of Commerce in Egypt will undertake a one year pilot program which will link the information, matching and counseling roles of the Chamber and the states, particularly the seven states that participated in the North African business mission. The program is aimed at generating business transactions and long-term commercial relationships which will prove mutually beneficial for the companies involved and at the same time strengthen the Egyptian private sector and increase economic development. Under this project the Chamber will provide 150 subscriptions of its monthly journal to the state international trade offices, dedicate a staff member to serve state inquiries and interests, bring a delegation to one of the states and provide support for five state trade missions to Egypt. Cost and duration: The Seed Fund will provide \$20,000 of the estimated \$116,000 cost of the project, which began in December, 1992.

American Tunaboat Association Fishing Modernization in Tunisia

Purpose: The Seed Fund is providing money to the American Tunaboat Association for a project to help develop the tuna industry in Tunisia. The project will include: a one work week visit in January, 1993 to the Sfax region of Tunisia by an assessment team of technical and management experts; a status report on training, equipment and requirements for modernization; and the identification of trade leads and possible joint venture partners for U.S. companies. The project was designed jointly by the USAID Mission in Tunisia and the US firm Suppliers International in concert with the Association.

Cost and duration: The total estimated cost for the assessment phase is \$30,400 of which the Seed Fund will provide \$15,200. The duration of this phase is four months.

The Mid-America Committee Program for Central and Eastern Europe

Purpose: The Mid-America Committee (MAC) will organize a series of business seminars in US cities during May 1993 by the US Ambassadors and Senior Commercial Officers to five Central and Eastern European countries. This US Ambassadors' tour of the American Midwest will be designed to produce sustainable commercial results for US companies. MAC will coordinate with the Department of Commerce and relevant state and local governments to focus on companies with an interest in Eastern Europe. The project should also strengthen private business and economic development in that region. Cost: Of the total estimated cost of \$397,450, the Seed Fund will contribute \$15,000.

Arkansas Oil Industry Modernization in Uzbekistan

The Arkansas Industrial Development Commission will assemble a team of Arkansas companies led by Mr. Edward Snider to develop a long term relationship aimed at helping modernizing the Uzbek oil industry while creating significant commercial opportunities for Arkansas companies. Specifically, the project expects to improve efficiency of existing wells; drill new wells; and upgrade technology at the refineries. A team of oil experts will travel to Uzbekistan in January, 1993 to assess the situation, conduct seminars, etc. A technical team will return in March to assemble the data needed to stimulate co-ventures. Cost: The Fund will provide \$20,000 of the total project expenses of \$65,000.

Global Linguistic Institute Business Assistance in Russia

The purpose of this pilot project is to increase commercial activity between the US and the Newly Independent States (NIS) of the former Soviet Union by overcoming linguistic, telecommunications and documentation barriers to business. This project will: create an automated high-speed system of processing and translating commercial documents; identify co-venture partners, e.g. in the field of oil drilling equipment and technology; produce standardized joint venture agreements and other commercial documents. International Computran Corp. and AP-Link Enterprises of Moscow will be working with the Global Linguistic Institute, which operates out of Kirkland, WA and San Diego, CA. Cost: The Fund will provide \$20,000 of the \$70,000 total cost for this initial phase.

Colorado Radioactive Soil Clean-up in Belarus

The purpose of the project is to conduct a demonstration test of cleaning up radioactive soils in Belarus. The Colorado International Trade Office will assist a team of six environmental companies from Colorado in decontaminating two test sites and developing a strategy for removing radioactive substances from 19,300 square miles in Belarus. In addition to providing significant economic development benefits for Belarus, the project is expected to generate substantial business for the US firms, including exports of equipment and chemicals. Thirty professional and support staff will be involved. Cost and duration: The year long program beginning January, 1993 will cost the companies about \$765,000 of which the Seed Fund will contribute \$20,000.