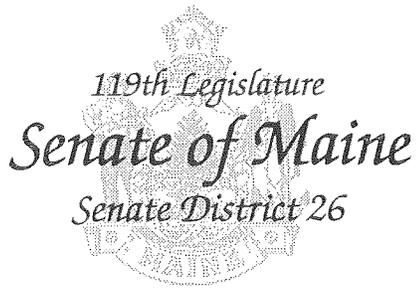


MAINE STATE LEGISLATURE

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Senator Carol A. Kontos
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Windham, ME 04062
(207) 892-3474

April 1, 1999

TO: Honorable Mark W. Lawrence, Chair
Honorable G. Steven Rowe, Vice-Chair
and Members of the Legislative Council

FROM: Senator Carol A. Kontos

A handwritten signature in cursive script, appearing to read "Carol", written in dark ink.

SUBJECT CSG/ERC Eastern Trade Council

Thank you for giving me the opportunity to bring the issue of Maine's financial support of the Eastern Trade Council at the March 22, Council meeting. I have enclosed a copy of the Progress Report on the Council that was presented to members of the CSG/ERC Executive Committee last week and think it demonstrates why it is important for Maine to participate in this initiative.

I have also enclosed a schedule of dues for each ERC member state for FY 2000/2001 for your information. Note that the dues are derived from a formula that uses total state population rank within the Eastern Region.

As a member of the ERC Executive Committee, I want to thank you again for your unanimous support of the Eastern Trade Council.

Enclosures

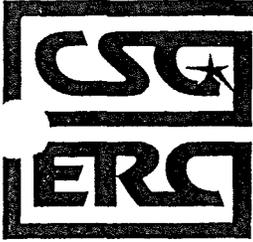


Council of State Governments/Eastern Regional Conference

**ERC State Appropriations to Eastern Trade Council
FY 2000 & FY 2001**

State	Population* (1000's)	% of Total Regional Population	Dues Schedule
Connecticut	3,281	5.9	14,750
Delaware	689	1.2	3,000
Maine	1,235	2.2	5,500
Massachusetts	5,998	10.8	27,000
New Hampshire	1,111	2.0	5,000
New Jersey	7,789	14.2	35,500
New York	18,119	32.8	82,000
Pennsylvania	12,009	21.7	54,250
Puerto Rico	3,522	6.4	16,000
Rhode Island	1,005	1.8	4,500
Vermont	570	1.0	2,500
Totals	56,328	100.00	250,000

*Population based on 1992 Census.



March 10, 1999

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Senator William T. Doyle
Chairman
Senate Government Operations Ctte.
VERMONT

Representative Sally G. Fox
Chairwoman
House Appropriations Ctte.
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Chairwoman
Senate Special Legislation Ctte.
RHODE ISLAND

Representative Paul W. Crowley
Vice Chairman
House Finance Ctte.
Rhode Island

Director

Alan V. Sokolow

TO: Members, ERC Executive Committee

FROM: Wendell Hannaford, Deputy Director, Eastern Office

RE: Eastern Trade Council (ETC) Progress Report

- I. ETC Mtg. - 1/28/99
- II. Current ETC Projects
- III. Proposed FY 2000 Projects
- IV. Status of ETC funding

I. Eastern Trade Council

The ETC convened its first meeting in New York City on Thursday, January 28, 1999 (*attachment a*). All of the ETC member states were represented, except Massachusetts, which was in the process of relocating their international trade staff to new offices. Key actions included:

- **Adoption of By-laws** - By-laws were adopted which set out a mission statement, established membership and voting criteria, and established roles and responsibilities of the members and ERC staff (*attachment b*). Membership is restricted to state trade directors or their designees. Under the ETC by-laws, all projects must be approved by a majority of the voting members. All policy resolutions approved by the ETC would need subsequent approval by the ERC executive committee before they could be adopted.
- **Election of Officers** - By a unanimous vote of the Council, Maureen Mezei, Trade Director, RI, was elected ETC Chair, and Kay Wilkie, International Policy Analyst, NY, was elected Vice Chair. The officers will serve for one year terms. (*Attachment c*)

II Status Report on Major Projects

A. Export Market Analysis

Phase II of this project was completed in December 1998 and identified overseas markets with high demand for ETC exports. Phase I of the project evaluated the ETC member states' recent export performance.

Major findings of the analysis include:

- While exports from the ETC grew 28% between 1994 and 1997, nationally exports grew 34% during this period. As a result, ETC share of national exports decreased from 18% in 1991 to 17% in 1997.
- Industry sector ranked as having the highest export potential of all manufacturing industry groups in the ETC was SIC 32, stone, clay and glass products; It was suggested ceramics and high tech firms with products such as fiber optic strands most likely accounted for SIC 32's strong export performance.
- Other industry sectors with high growth potential for the region included: **fabricated metals** (particularly firms involved in coating & engraving, or production of cutlery, handtools & hardware, and misc. fabricated metal products), **industrial machinery & computers**, **Transport equipment**, **lumber & wood products**, and **chemicals** (ie. drugs and pharmaceutical products, soap, cleaners and toilet goods)
- While dependence on the Canadian market is high, there is opportunity for growth in exports to Europe and Mexico, due to implementation of NAFTA.

B. ETC Foreign Trade Office & Video Conferencing Feasibility Studies

These two reports completed in December 1998 examined: 1) the feasibility and desirability of establishing a regional foreign trade office for the ETC member states and jurisdictions, and examined operating principles and procedures to be considered in creating such an office, and 2) the use of video conferencing technology to enhance trade development.

C. ISDN Video Conferencing

By mid April, ETC will have completed equipping each state trade office with video conferencing capability. Each state trade office will receive a Dell Pentium II PC, Picture Tel video conference hardware, software and training for state trade personnel as well as technical support. In addition to building the capacity of the states to work collaboratively and assist firms, ETC is providing savings to the states through a coordinated purchase of this equipment.

D. Six State Regional Trade Mission to Germany

The ETC will provide funding support for an "Emerging Technologies" trade mission to Germany. The Mission to Germany, April 26-30, 1999, will be led by the International Trade Directors from the six New England States. Approximately 15-20 firms are expected to participate.

E. International Trade Data Network (ITDN) Linkage

The RI Export Assistance Center completed its linkage of all ETC members jurisdictions to the International Trade Data Network this year at a cost of \$5,000 per state. ERC has sent a grant proposal to Fleet Bank to fund this linkage for years 2, 3 and 4 of the project.

III. Proposed Projects for FY 2000

A. ETC Incoming Buying Mission

Maureen Mezei suggested organizing an incoming buying mission. She asked for volunteers to survey states to identify suitable industries for joint domestic trade show participation. Dawn Wivell volunteered to survey the New England states and Kay Wilkie agreed to survey the Mid-Atlantic states.

B. Establish Relationship/Partner with EUSAFEC

The suggestion was made to establish a relationship between the ETC and the Agricultural Commissioners, through the Eastern US Agriculture and Food Export Council (EUSAFEC) around exports and examine commonalities of interest. John Pastor (DE), was identified as taking the lead on this issue. Pastor has served as a member of the EUSAFEC board. The suggestion was made to organize a regional trade event with EUSAFEC.

C. Mission to Washington, D.C.

A suggestion was made that the ETC could help its members states and jurisdictions raise their visibility with Commerce Dept. officials and members of Congress by organizing a "mission to Washington, D.C." The trip could be helpful in identifying federal resources that could be available to the region; ETC could also provide valuable input to Commerce officials regarding types of export services that are most needed. Dawn Wivell and Kay Wilkie volunteered to develop issues/ideas for the mission. The Chair also asked ERC staff to identify members of Congress from the region that sit on the House and Senate Commerce Committees to be included in the Washington meetings.

D. Establish ETC Foreign Trade Office

Members discussed the feasibility and desirability of establishing a jointly funded foreign trade office (FTO.) The Council of Great Lakes Governors operate several successful jointly funded state FTO's which can provide a useful model the for ETC. However, among the key

issues to be resolved is developing a consensus regarding the objectives of such an office, ie, export promotion vs. foreign investment and its location. A lower cost approach to establishing an overseas office that will be examined is the potential of partnering with an industry trade association that might be interested in sharing space. There was general agreement to investigate this issue further.

IV. ETC Revenues/Expenditures

ERC has requested \$250,000 per year from its member jurisdictions to fund regional export development activities (*see attachment d.*) As of March 10, 1999, ETC had received state appropriations and corporate contributions totaling \$372,450. While funds from three states, MA, NH and VT, had not been collected for prior fiscal year 1998, those funds have been appropriated and are in the process of being disbursed by their state economic development agencies along with their proportionate share of funds for FY '99.

Expenses paid out to consultants in 1998 amounted to \$76,936 for three studies. Other expenditures included \$55,000 to the RI Export Assistance Center to link the states to the International Trade Data Network. An additional \$8,500 has been budgeted to support the New England states advance mission to Germany in April. As of March, ETC has \$212,055.75 in revenues over expenses. ERC has set up a separate account in Lexington for depositing state contributions to the ETC.