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# Committee Meeting

of

## JOINT LEGISLATIVE COMMITTEE ON ECONOMIC RECOVERY

"Strategies designed to increase the export of  
New Jersey products and services, especially those  
provided by small and medium-sized business"

LOCATION: Port Authority of NY and NJ      DATE: April 21, 1993  
Port Elizabeth/Port Newark Facility      10:00 a.m.  
Administration Building  
Elizabeth, New Jersey

### MEMBERS OF JOINT COMMITTEE PRESENT:

Senator Jack Sinagra, Chairperson  
Assemblywoman Harriet Derman, Vice-Chairperson  
Senator John H. Adler  
Assemblyman Steve Corodemus  
Assemblyman William F. Pascrell, Jr.  
Assemblyman Alan M. Augustine



### ALSO PRESENT:

Christopher R. Berry  
Office of Legislative Services  
Aide, Joint Legislative Committee  
on Economic Recovery

### *Hearing Recorded and Transcribed by*

The Office of Legislative Services, Public Information Office,  
Hearing Unit, 162 W. State St., CN 068, Trenton, New Jersey 08625-0068



New Jersey State Legislature

JOINT LEGISLATIVE COMMITTEE ON ECONOMIC RECOVERY

LEGISLATIVE OFFICE BUILDING, CN-068

TRENTON, NJ 08625-0068

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GENERAL ASSEMBLY  
STEVE CORODEMUS  
JOSE F. SOSA  
WILLIAM J. PASCRELL, JR.

C O M M I T T E E   N O T I C E

TO: MEMBERS OF THE JOINT LEGISLATIVE COMMITTEE ON  
ECONOMIC RECOVERY

FROM: SENATOR JACK SINAGRA, CHAIRPERSON  
ASSEMBLYWOMAN HARRIET DERMAN,  
VICE-CHAIRPERSON

SUBJECT: COMMITTEE MEETING - April 21, 1993

*The public may address comments and questions to Christopher R. Berry, Committee Aide, or make bill status and scheduling inquiries to Sharon Constantini, secretary, at (609) 984-7381.*

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The Joint Legislative Committee on Economic Recovery will meet on Wednesday, April 21, 1993 at 10:00 AM at the Port Authority of New York and New Jersey's Port Elizabeth/Port Newark facility, Third Floor, Administration Building, Elizabeth, New Jersey. The meeting will focus on strategies designed to increase the export of New Jersey products and services, especially those provided by small and medium-sized businesses.

The following bills will be considered:

S-1592 Brown /Littell	Permits customized training grants to promote expanded export trade activity.
S-1593 Brown /Sinagra	Provides corporation business tax credit for certain export related job increases.
S-1595 Brown /Haines	Revises responsibilities of certain State agencies relative to international trade.

(OVER FOR DIRECTIONS)

Issued 4/8/93

Joint Legislative Committee  
on Economic Recovery  
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S-1596  
Brown  
/Lipman  
Establishes the new Jersey Export Finance  
Promotion Program; appropriates \$90,000.

SJR-29  
Brown/  
LaRossa  
Designates third week of May as "World  
Trade Week."

The committee will also receive testimony on additional ways to  
facilitate and expand export trade activities in New Jersey.

Directions to the Port Elizabeth/Port Newark facility:

From New Jersey Turnpike, Exit 14 (Newark Airport): Follow signs to Port  
Newark and look for overhead sign to Port Newark/North Side. After this  
sign, make second right turn onto Marlin Street, then next right onto Kellogg  
Street. Proceed west on Kellogg Street for approximately 2 blocks to the  
Port Authority Administration Building.

If lost, call 578-2125.

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Submitted by the Port  
Authority of New York and New Jersey

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**SENATOR JACK SINAGRA (Chairperson):** Good morning everyone. We've chosen today-- And our first speaker will give us a little overview about foreign trade, and what we're trying to accomplish in New Jersey. As we know, many states are trying to focus in on increasing economic opportunity and job opportunities for their residents. New Jersey certainly has had some successes and some effort. We, as a Legislature, want to focus in on what we do well and what we can do better, and try to assist small businesses that have tremendous potential for export, but for many reasons have decided not to get into it.

One of the unique advantages, and one of the great advantages that New Jersey has is-- You just have to look outside the window to understand our fine port facilities, and some of the unique advantages we would have in foreign trade over other states.

That's basically the purpose of this meeting. We've assembled a lot of speakers that have some expertise in the area, and we look forward to their testimony this morning.

With that--

Would you like to say anything?

**ASSEMBLYWOMAN HARRIET DERMAN (Vice-Chairperson):** Yes, I would.

I'm very, very happy to be here this morning and to participate in this discussion. As Senator Sinagra indicated, New Jersey is poised to participate in world markets, something we should avail ourselves of, especially at this time when we are struggling out of a recession. When markets are saturated, you look to other markets, and what better place to look than globally?

Hopefully, this will be the beginning of new joint ventures and other arrangements with other countries around the world. I'm very, very happy to be a part of this so that New Jersey can increase its exports around the world. Thank you very much.

SENATOR SINAGRA: Assemblyman?

ASSEMBLYMAN CORODEMUS: Thank you. Good morning, Mr. Chairman; good morning, Committee.

It's a pleasure to be here. It's good to see some old friends and also to make new friends today with the Chinese delegation. I'm very proud to be the sponsor of two bills in the Assembly, with Speaker Haytaian and myself, which actually pave the way for new foreign trade businesses in the State of New Jersey. One will attract new companies from out-of-state, as well as foreign investors into the district, and the other provides priority funding from the Economic Development Authority to make sure that this partnership of foreign and domestic businesses is given every opportunity to make a quick start, because in New Jersey, foreign businesses represent several hundred thousand jobs in the State of New Jersey.

When new businesses come from out of the country into the State that either manufacture or -- and particularly, source materials for manufacture from domestic sources and facilities, it's a home run for the State of New Jersey because it provides not only jobs at the immediate facility of the foreign business, but also from around the whole peripheral business community.

Thank you.

SENATOR SINAGRA: Assemblyman?

ASSEMBLYMAN AUGUSTINE: Thank you, Mr. Chairman. Members of the panel, ladies and gentlemen, I am very privileged to be here this morning to substitute for Assemblyman Jose Sosa. As a result, I expect to learn a great deal from the many expert guests and speakers from whom the Committee will be receiving testimony today.

According to the State Commerce Department, for every \$1 billion in exports, 22,000 jobs are created. As a result, we need to do everything we can to help those small- and medium-sized companies who have the potential to enter into the

export arena and the opportunity to do that. That's why making companies have easier access to financing is so important. For without easy access to export loans or lines of credit, which are made possible by the banks and the Economic Development Authority, smaller firms will be unable to expand in this global economy.

Without flexible financing transactions, a company may have the technology, the ideas, the know-how, and the potential for exporting, but it will not be able to capture the market without innovative arrangements such as those offered under Assemblymen Gibson's and Geist's measure, known as the New Jersey Global Export Network. This legislation, A-112 and S-1598 statutorily promotes a greater alliance between the banks, the EDA, and small- and medium-sized businesses which cannot always obtain access to export financing through traditional channels. It leverages direct loans, lines of credit, and loan guarantees to attract more banking participation.

I believe that we're on the right track, and I look forward to the passage of all these initiatives during the course of this year. Thank you.

SENATOR SINAGRA: Thank you.

Assemblyman?

ASSEMBLYMAN PASCRELL: Thank you. Mr. Chairman, I want to commend you for collaborating, and, of course, coordinating a number of bills that are going to affect exports, I believe, and the whole issue of exporting in America. It's no small task that you have set upon. I think that this Committee will gather credibility to the degree that we are able to establish practical inroads to job creation. I think this is one of them.

When I look at the bills, I think one of the most important factors in these bills that struck me was the Chair that would be established at Rutgers University. I think

it's critical that education be part of the process of job development, because that's what we're all about, and these bills speak to that issue.

The bills on the agenda today are important to demonstrate to the rest of the country, indeed, the world, that we recognize the value of a strong work force and a vibrant port facility. I think its message is very clear, very elemental, and I think it's critical that we all understand that.

My only concern is that these bills cost some money. For example, the tax credit legislation means a reduction, somewhat, in State revenue, and I think we should address that. But I don't believe that that should be a major boundary for us to perform what I think is necessary legislation.

This State has been fighting the national recession with jobs creation and job retention and economic stimulus initiatives, which, for the most part, have had bipartisan support. Correct me if I'm wrong. The Port Authority is in the midst of an extensive revitalization program itself, and I want to commend the Port.

We need to stress, I believe, Mr. Chairman, intermodalism as we move to try to connect our export policies to the policies of industrialization in the State of New Jersey. Intermodalism brings all the aspects of transportation working together, using New Jersey's high quality workers to service the world. The Port of Newark is a world-class facility that needs to continuously demonstrate that the ports of Virginia, Baltimore, and Philadelphia cannot really provide the service that Newark can deliver. And I think that message has to be very, very clear.

Why I think this is so critical is for this reason: And if you'll allow me the luxury of just two more minutes?

SENATOR SINAGRA: Sure.

ASSEMBLYMAN PASCRELL: There has been zero job increase in this area, as well as throughout the nation because we are all competing with each other to create jobs. So we think we've caused a great coup if we can attract from other states manufacturers who will come to the State of New Jersey. When we look at the situation of manufacturing, we've lost so many jobs in the past 25 years -- long before this past recession -- that is a steady decline in manufacturing because there has been no real base and no real reason for us to increase manufacturing when losing those jobs.

If we do this export policy correctly, if we establish markets in other nations, we will not only be helping the Port, because I think that's only a partial goal that we want to achieve. We will be helping the people in our State, Mr. Chairman, who have no jobs and will never -- listen very carefully, please -- they will never have any jobs because there is no reason to manufacture goods in the State of New Jersey. There are no markets.

We can no longer consider ourselves a service State, or the direction we're going in as being a service oriented State. If we're going to produce jobs in the State of New Jersey, there has got to be a product involved, and that product has to be shipped all over the world to other markets and other ports, or else we will continue to have a zero base increase in jobs. And all of we politicians who communicate to the public that we're in the business of extending and increasing jobs is a lot of baloney.

The fact is, that we have an opportunity here in this legislation -- in these bills -- to put together a major part of the component of having manufacturing jobs created in the State of New Jersey once we've created those markets. And what I like about the legislation is it really starts from the groundwork up, and I commend those sponsors of the legislation--

In the City of Paterson where I, for better or worse, am the Mayor, depending on how you look at it-- In the City of Paterson, where we based so much of our economy, as we have in the State of New Jersey in many parts, on the manufacturing sector, the brunt of the loss of manufacturing jobs has been greatest in the older communities in the State of New Jersey, both suburban and urban alike.

We have, in Paterson, some international manufacturers who have close ties to Czechoslovakia, Russia, and the Balkan nations. I think it's critical that we do everything possible to encourage initiatives as is suggested in parts of these bills so that their markets may grow as well. The only way -- I'll repeat and I'll conclude on this sentence -- the only way we are going to increase jobs in the State of New Jersey is if we increase the markets and our ties to those markets around the world. Otherwise, we are only kidding ourselves.

So I'm honored to be here today, and I will do anything to help, Mr. Chairman. Thank you.

SENATOR SINAGRA: Thank you, Assemblyman.

Senator Adler, would you like to follow that.

SENATOR ADLER: I agree with Assemblyman Pascrell.

(laughter)

SENATOR SINAGRA: Senator Brown?

**S E N A T O R L E A N N A B R O W N:** Thank you, Mr. Chairman and Madam Vice-Chairman.

Members of the Committee, we are here at Port Newark today to play global offense, and I think it's very significant that our latest colleague to arrive, Senator Adler, represents, of course, the great port city of Camden. But one of the reasons that we established over a decade ago the Governor's Commission on Trade, was because we knew in the north we had the Port Authority of New York and New Jersey, and in the south we worked with our fellow states in Delaware and in Pennsylvania, and what were we doing to look at the total State

of New Jersey? Therefore, it was bipartisan legislation. It was Assemblyman Patero, who was representing not only the Democratic Party but the interests of labor and trade, and myself, who established the Governor's Commission on Trade. You will hear from the Chairman and some of the members in a little while.

But over the last decade we have been working with the Division of International Trade, which, of course, is housed in the Department of Commerce. And we will hear from Phil Ferzan, who has done an excellent job with his responsibilities. We've been most fortunate that he has stuck with his responsibilities in this day and age of people changing jobs every couple of months.

Mr. Chairman, I commend your wisdom for realizing and understanding the close connection between exports and jobs. If we're looking to where we're going to get the growth in New Jersey, we have got to encourage our people to understand that the world is our marketplace. It is interesting how, in playing global offense here this morning, we are combining three functions. We have Chinese visitors here with us because one of our small businesspeople here in the State said, "Hey, there's the Big Apple, but come across the river and see one of the more exciting places in the whole wide world."

So Ms. Maynard, from the Port Authority, has taken the group up to the top of this building to see the airplanes come in and the ships arrive, and what a wonderful transportation hub Newark and Port Elizabeth provides for the world.

Unfortunately, Mr. Chairman, when we look at the amount of exports we do and how we rank, we're about number 13. There are too many ships that leave this area without being fully loaded. Hopefully, as we have had it pointed out to us by Assemblyman Augustine, the number of jobs that are created -- 22,000 for each \$1 billion of services or products provided.

We're going to just work very closely with people throughout the State, because we want not only to increase the number of jobs in the northern part, but throughout the whole State. We don't just represent the Port of New York and New Jersey. Although, I must say that I was disturbed to read in one of the papers yesterday that we still have a problem as far as dredging this particular area, with the dioxin problem. Hopefully, this Committee will understand and do everything in its power to see that not only do we have a clean ocean, but that we have berths right here that are deep enough for ships to deliver the products and to take our products to other parts of the world.

Very quickly, I would just like to say that I have put in a number of bills similar to the package that was put into the Assembly, because here again, historically, one of our problems as a nation has been that we have not seen international trade. And that by grouping a number of bills, and by taking a few minutes this morning, it underscores the point that collectively, we really do care about bringing visitors here from all parts of the world; that we're going to be very assertive about selling our products, whether it's in Moscow, whether it's in Beijing, or whether it's in Paris.

So the first bill that I share with Senator Littell deals with having more of our training resources devoted to the fact that this is a global economy. I was interested that The Star-Ledger today had a wonderful article about the importance, if you are learning the secretarial skills -- that it's terribly important that you know some other languages. So by concentrating on S-1592, and highlighting to the people in the Labor Department, who also serve on the Governor's Commission on Trade, the importance and the diversity that export jobs and services can provide, I think it's a whole new area where we need to train our people.

Secondly, there is the bill that I share with you, Mr. Chairman, that would do with giving tax credits to businesses that provide new jobs that are directly related to exports.

Thirdly, we have the problem, of course, of making sure that there is financing. There has been some controversy. I was also pleased to read, recently, that two of our banks here in New Jersey had a meeting on financing for exports. But I was very disturbed, recently, to hear a member of the Commission on Trade say that if he wanted a line of credit for personal reasons, there would be no problem. However, if this New Jersey bank found out that his line of credit was going to be used to set up a pizza establishment over in Rome, maybe there would be problems with that line of credit being granted. I think we do need to work very closely with our banks here in New Jersey to let them know the opportunities that are out there.

Then, as far as the Division of International Trade, one of the areas we feel that we can do a lot more is when it comes to food processing. Senator Haines and I are looking forward to making it crystal clear that we can export a lot of our blueberries to Canada, as well as receive the Canadian blueberries here. Also, we are in the territory where Goya, and other very distinguished international food processing firms are located, and we ought to maximize the contribution that food processing in the Garden State can do as far as jobs are concerned.

We have also been talking with the Commission on Science and Technology, and that is part of S-1595, because we do want to maximize the discoveries that are made by our distinguished professionals here in the State of New Jersey, to make sure that we get the goods to the marketplace as much as possible.

There is also the Chair that Assemblyman Pascrell mentioned, and we'll hear testimony about that a little bit later on. Here again, the whole emphasis in New Jersey is on

excellence; on quality. We would like to have it known that the School of Management at Rutgers, which is located here in the commercial capital of New Jersey in Newark, can attract some of the best people to give, not only medium and small business advice about how to maximize yield in the international world, but also to make sure that New Jersey has a real first-rate reputation when it comes to knowledge from the academic side.

Lastly, every year we have to have a special resolution for International Trade Week, which takes care of May. If we make that into law, then we don't have to do it every year, which means we can attend to other important business.

I thank you very much for your coming here, and look forward to working with the Committee so that we can really next year say, "We're tenth in the amount of exports that we do, and we've put thousands of people to work because of your efforts."

Thank you, Mr. Chairman.

SENATOR SINAGRA: Just before you leave, Senator, does any member of the Committee have any question on any of these bills?

ASSEMBLYMAN CORODEMUS: Just one short one.

Senator, I commend you for your bills. I think you're headed in the right direction. I sit on an Agricultural Committee, and I took a tour with the Secretary of Agriculture and my colleagues, and I found it fascinating, the agricultural business that we still have in the State of New Jersey. And I was impressed by the technology they utilized to create wealth out of the ground.

I was thinking while you were making your presentation, about facilitating that leap of exporting our agricultural products, not only out-of-state, but perhaps abroad. There's a certain amount of gearing up, so to speak, and preparation for that type of transfer of product.

In your training bill, is there any opportunity for agricultural businesspeople to take advantage of the dollars being available for training, to train their people how to take a New Jersey product and ship it abroad?

SENATOR BROWN: Assemblyman Corodemus, I think that would probably be a very good specific addition to that particular piece of legislation. This is what we want to do and the reason for having this hearing today, because I'm sure they'll be other very good suggestions made by people who testify.

ASSEMBLYMAN CORODEMUS: Thank you.

SENATOR SINAGRA: Anyone else? Any questions for the Senator? (no response)

Thank you. If you would like to sit in for awhile, Senator Brown?

Mr. Tassos?

**A N A S T A S I U S " T A S S O S " E F S T R A T I A D E S :**  
That's the first name.

SENATOR SINAGRA: It's the only one I can pronounce.

MR. EFSTRATIADES: Mr. Chairman, members of the Committee, I'm Anastasius "Tassos" Efstratiades, and I'm the Chairman of the Governor's Commission on International Trade. Thank you very much for having me here today. The Commission will meet this afternoon in this room.

The Governor's Commission on International Trade, as Senator Brown mentioned, was created by statute in 1985. It consists of 16 public members, eight of whom are appointed by the Governor, four of whom are appointed by the Governor upon recommendation by the President of the Senate, and four by the Governor upon recommendation by the Speaker of the General Assembly.

The Commission also has three ex-officio members: The Commissioner of Commerce and Economic Development, the Commissioner of Labor, and the Director of International Trade.

The Commission's statutory authority includes monitoring trade activities by the State and by other bistate authorities, publicizing and promoting the importance of international trade in cooperation with the Department of Commerce, serving as the host of foreign trade delegations to this State, and advising State officials on initiatives aimed at enhancing New Jersey's participation in international trade.

Since I began my term as Chairman in July of 1982, the Commission has been very active in fulfilling statutory purposes. I have been in continuous consultation with the Commissioner of Commerce and the Director of International Trade on programs to promote international trade in this State.

The Commission's meetings are held, generally, on a monthly basis. At those meetings the Commissioner of Commerce and the Director of International Trade give reports on international trade programs and activities, and present the Commission with proposed programs for discussion.

In addition to the programs of the Division of International Trade, which deal mostly with assisting New Jersey companies to export their products and services -- we all understand how important exports are in creating jobs -- the Commission has expanded its interest to review programs in the Department of Commerce aimed to attract foreign companies to New Jersey. Such programs are handled by the Division of Economic Development at the Department of Commerce -- a different Division.

New Jersey has been very successful in attracting foreign firms. Over 1200 foreign companies have located operations in this State. Today we cannot envision trade with only exports. We look at trade as exports, imports, joint venturing, contracting abroad, and for a State attracting foreign businesses and creating jobs here, either through manufacturing by those businesses, or distribution because of our excellent location.

It's a major, major economic development issue. Therefore, we have decided to look into it and try to find ways to promote and market the State as a location for more foreign firms.

At the direction of the Commission, I'm working with the Department of Commerce to develop a survey of the foreign firms who are here today. Hopefully, that survey will enable us to determine the factors that have attracted those companies here, and use those factors to market the State abroad.

The Commission has, in the past, been very active in the field of international education. In 1988 and '89, it established a program in conjunction with the Department of Education known as the Lighthouse Project. The purpose of that project was to introduce international programs in key secondary schools throughout the State which would serve as an example to other schools in the area for establishment of similar programs. I have asked one of our members to reestablish the working group that created that program, and see how we can recreate it again.

The Commission has also hosted several trade delegations visiting our State. Today you see that through the offices of Senator Brown, we have a Chinese delegation that we met with.

Finally, the Commission is taking an active part in determining the international programs and services that exist in the different Departments within the State and the bistate authorities, and we're trying to work a program to coordinate all those services.

States, in the past, were not very active in international trade. This was viewed as the Federal government's domain, but with economic development becoming an important part of the states, we have to try to find these international trade services that were located in different

departments and different agencies; try to coordinate them and see how we can make them more accessible to the businesses within our State.

With respect to the proposed legislation before you, I would like to state on the record that I am very supportive of it. The bills have been introduced by Senator Brown, a member of our Commission who has been at the forefront of international trade issues. The only comment that I would like to make is with respect to bill No. S-1596, which creates a seven-member advisory board for the New Jersey Export Finance Program.

I would suggest to you that the functions of that advisory board can be performed by the Governor's Commission on International Trade, and I assure you that the Commission would welcome the opportunity to do so. This could happen by an amendment to the statutory authority of the Commission.

Again, thank you for the opportunity to testify before you today.

SENATOR SINAGRA: Thank you. Does anyone have any questions?

SENATOR ADLER: Just a comment.

SENATOR SINAGRA: A comment, sure.

SENATOR ADLER: Just so I can prove I can say his name.

Mr. Efstratiades, after you have had the opportunity to survey businesses that are already in this State, I think it would be helpful if you could come back to us, either informally or at the next Committee hearing after you've received those results, to give us thoughts as to what we could do legislatively to encourage location of additional businesses here within the State, and to retain the businesses that for whatever reason, are considering leaving the State. That's what we consider our mission and our task as members of this Committee.

So if you could come back to us, early and often, we would love to hear from you, and I suspect that we would follow your admonitions and suggestions pretty closely.

MR. EFSTRATIADES: I will be very happy to do that, Senator.

SENATOR ADLER: Thank you.

SENATOR SINAGRA: Anyone from the Assembly side? (no response)

One question: Does the Commission have any measure of how they rate their own success or failure, or any quantitative analysis of success or failure where we have done well, or in the area where we need to concentrate on?

MR. EFSTRATIADES: In the international trade area?

SENATOR SINAGRA: Yes.

MR. EFSTRATIADES: Well, we would like to do a review-- And again, I was not in '92, for a full year as Chairman of the Commission, but my intent is that at the end of '93 we will do a review of the international trade activities at the State level, and be able to report to the Governor and the Legislature on that issue.

One of the aspects of this is, in the past and in the statute, the review was limited to the Division of International Trade. Frankly, I believe that it goes well beyond that. Today you have the Division of Economic Development dealing with foreign firms coming here, you have the Economic Development Authority doing export loans, you have international trade services throughout the State and in the bistrate authorities. I think if we're going to do a review, we have to do a global review of the State activities, and that's what we're trying to determine by looking into the different agencies that have international activities.

Actually, Senator Brown, and Angelo DiNome, who are both members of our Committee, are working and looking into the

different agencies that do international trade work, and hopefully, by the end of the year we can come back to you with a report on the successes.

ASSEMBLYMAN CORODEMUS: Just one comment, Mr. Chairman. Tassos is a friend of mine, and I think he's too humble in his statement. He said that the Commission meets once a month, and I'm sure all of us who have had prior experience in municipal and county government were promised that it would be one or two meetings a month. You all realize that, as volunteers, it's many more meetings than the one meeting a month.

And this Commission is not a salaried commission. This is something that the members are volunteers serving the State. They have no personal interest in this.

I'd just like to thank Tassos and all the members of his Commission for doing a lot of hard work that is very commendable. It's helping all of us.

MR. EFSTRATIADES: And, in fact, living within the budgetary constraints of today, we have no staff. We are depending on the Division of International Trade to assist us through its staff. In the past, this Commission had two staff members, but we're getting the work done.

SENATOR SINAGRA: Thank you.

Gerald Harvey?

I'd like to ask all the speakers, before you start, that you make your comments brief. If you have a prepared written statement, I would prefer that you give it to the Committee and summarize it. We are under some time constraints, so thank you.

G E R A L D C. H A R V E Y, E S Q: Good morning, Mr. Chairman. I'm happy to accede to your request.

Mr. Chairman, Madam Vice-Chairman, members of the Committee: I want to thank you for the opportunity to be here this morning. I am not here as a representative of an

organization, but as an individual who, as a practicing attorney, works extensively with small and medium sized businesses seeking to export.

As a matter of fact, that was a prime motivation for my return to New Jersey five years ago. Prior to that I was, for a number of years, the legal counsel to the American operations of one of the giant Japanese trading companies. They are very adept at promoting exports. In a sense, they are a resource for us, although I will add that traditionally, they have been adept at promoting exports from Japan. We are here this morning to talk about ways to promote exports from our State of New Jersey.

I would note that when we talk of exports, we talk not only of goods -- manufactured goods -- but also of services. You may note that on the front page of today's Wall Street Journal there is a major article pointing out the extensive trade surplus that the United States enjoys in trade of services. I would like the Committee to note that while we must maximize opportunities for our manufacturing and agricultural services, the communities of this State -- the business, labor, education, and government communities -- must anticipate and address the impact of the knowledge revolution that is occurring around the world, and recognize that with our research and educational bases, this State is in a prime position to lead the way to the future. We must be careful not to merely address past needs, but to anticipate future opportunities, and to foster a culture of export that capitalizes on those opportunities.

I would like to suggest that in surveys of what this State exports, that we should include what is happening in the service sector. And I would like to use my firm as a simple example of that. Four years ago my law firm was a founding member of an international legal network, called Legal Network International. A substantial portion of my practice deals with

my working on behalf of overseas clients and New Jersey based clients utilizing the resources of that network. I've had projects in Japan, in Canada, in Switzerland, and in other countries in which the network has allowed us to capitalize on our ability to provide services to New Jersey based companies.

I would suggest, also, that as my firm, other firms, and other entities in the service economy seek out these initiatives, we are capturing dollars which, frankly, would have gone to Manhattan in the past. So that while I support the importance of continuing the kinds of trade show initiatives and other manufacturing based initiatives, we must also seek to expand New Jersey's identity within this region as a source of service support.

One of the things I was asked to address this morning, as an attorney who does counsel small and medium sized companies, are the impediments that would be exporters, manufacturers, or service companies seek to address, and what some of their repeated prime concerns are.

I think one of the major ones is that small and medium sized companies are intimidated by the learning curve. They feel that it is just very difficult to overcome what they regard as the myriad cultural, language, and frankly, regulatory barriers to export. Some are so intimidated by the learning curve they simply back off and don't export, finding that it's easier to sell within the United States than overseas.

Others decide just to ignore the technicalities and bull ahead. These people often increase their cost of exporting because they run afoul of exporting laws or other requirements.

I find often that what these companies fail to do is to appreciate and take advantage of the State and Federal resources available for them. There are tremendous informational resources available here at the State level and at the Federal level.

Sometimes my counseling consists of telling the would-be client who they should be talking to in the government first, and then when they really need a lawyer, to come back to me. But they often seem to feel that if it's tax supported and almost free, then it can't really be valuable. I know, from visiting these offices and collecting the information for myself, that it's very valuable. I think that we, both in the private sector and the public sector, must redouble our efforts to have businesses take advantage of the resources that are available.

I would also like to add that we need to promote education in addressing the cultural complexities involved in exporting. I would note that often people focus on the immaterial rather than the substantive. For example, to deal with the Japanese, that people talk about not wearing your shoes on the tatami mats. Well, everybody knows that, and if you make the mistake the Japanese will laugh, and you'll take your shoes off. More important is to recognize that the Japanese approach contracts differently from us. And how do they approach them differently? They regard contracts as obligations; we regard them as rights. We tend to try to assert our rights under contracts. They tend to avoid overobligating themselves under contracts.

So we need, in our education system and in continuing education, to train our people here in this State to those cultural complexities.

I think that, in fact, there has been expansion. I mean the fact that New Jersey has such a good track record in exports shows the foundation is here. What we're talking about is expanding those opportunities and capitalizing on them. In that respect, I certainly am very happy to see the bills that are in the Legislature. I think they are very good. But if there is a message that I want to convey that's a little

different from some of the messages this morning, it's that we must not ignore the service sector in seeking to address the opportunities of tomorrow.

Thank you very much.

SENATOR SINAGRA: Thank you. Any questions?

Assemblyman?

ASSEMBLYMAN PASCRELL: Yes.

Good morning.

MR. HARVEY: Good morning.

ASSEMBLYMAN PASCRELL: Through the Chair: What service areas are you talking about?

MR. HARVEY: Well, I think that, obviously, law is a service area. Historically, some of the areas in which I, for example, provide services, businesses have just automatically gone to New York. There is, in fact, a good international bar in this State now. Advertising is an area. There are a growing number of people in this State who have experience in promoting goods and the sales of goods overseas.

There is a growing network of niche export assistance companies. You may recall, over 10 years ago, Congress enacted the Export Trading Company Act. That Act was not a success. It was designed to utilize the banking industry as a catalyst to build Japanese style trading companies in this country. It failed.

But now what you'll find is that with computer networks, desktop publishing, these kinds of things, there are now niche export assistance companies, which tend to be small, capitalized really, on the knowledge revolution, and provide product export support to virtually the whole range of products manufactured here in New Jersey and the United States.

I think New Jersey is a perfect place for the majority of those companies to base their operations, given the natural advantages of our location.

ASSEMBLYMAN PASCRELL: You weren't suggesting, were you, in your testimony; and correct me if I'm wrong-- You weren't suggesting, were you, that when you referred to -- you did this twice in your testimony -- "past needs," that we should not be interested, primarily, in creating or filling in the gap that has been created in the last 30 years in the loss of manufacturing jobs? You don't think that we should address that, primarily, as well as the service area that you talk about, which is important? You're not suggesting that we neglect the manufacturing base, are you?

MR. HARVEY: No, in fact, just the opposite. I listened with care to your remarks earlier in this session, and it is essential for any successful economy to have a manufacturing base. The hollowing out of America has been a problem. You have to provide opportunities for a diverse work force. What I am suggesting is that we have to look for those manufacturing opportunities that are going to be existing tomorrow, not the opportunities that existed yesterday.

And the other thing I wanted to suggest is, I support the bills. I think the bills that I read in preparation for coming to today's hearing have good objectives. But my concern has been that we, to a certain extent, do neglect the service sector; whereas, in the culture export that we're trying to promote, we ignore the value of the service sector in our statements; whereas, in Manhattan they have been very adept at promoting it.

To give you a simple example from my background as an attorney: New York, a number of years ago, actually enacted a statute on choice of law provisions, saying that parties to a contract outside of New York which involved an amount in controversy in excess of a floor sum -- which if memory serves me was \$1 million -- could choose New York governing law and access to New York courts. Obviously, that was a bill to support the legal industry in New York. I'm not suggesting

that we should run out and adopt such a bill, but what I am saying is that in seeking to maximize their opportunities in the manufacturing sector, we should also look for the opportunities that are growing in the service sector.

ASSEMBLYMAN PASCARELL: Thank you, Mr. Chairman

SENATOR SINAGRA: Senator?

SENATOR BROWN: Mr. Chairman, may I just add that, of course, the insurance companies here in New Jersey are a major example of expansion worldwide.

MR. HARVEY: Absolutely, Senator. I agree.

ASSEMBLYWOMAN DERMAN: I have a question.

You referred before to regulatory problems. Are there any specific State regulations that do impede business in this area? We're so used to hearing complaints about ECRA and so forth, are there any particular regulations that you can point to that are obstructions?

MR. HARVEY: Well, my comments this morning have been directed toward exports. In the area of exports, I don't feel that State regulations are an impediment. And frankly, I don't think that Federal regulations are a particular impediment to exports. I think what happens is that people don't educate themselves sufficiently to the regulations. They hear regulations. They see that there are export licensing requirements, and rather than really try to access and learn the system, they avoid it. So that I think that for us as a country, it's more of a perceptual problem than a real problem.

We certainly have less requirements on export clearance than many of our competing countries.

ASSEMBLYWOMAN DERMAN: Also, with regard to that conflict of law change in New York, do you recommend that for the State of New Jersey?

MR. HARVEY: I would like to-- I think it's something to consider, but I would like to study it. I think maybe what we might like to do in New Jersey is view additional ways to

promote New Jersey as a center for alternative dispute resolution. The New York bill was something that was done about 10 years ago. But I think that with the growing globalization of business, businesses need better fora for alternative dispute resolution, and I think that English, frankly, being the commercial language of the world, and given New Jersey's location, that we could work to promote ourselves as such a center.

ASSEMBLYWOMAN DERMAN: Thank you.

SENATOR SINAGRA: Anything else? (no response)

Thank you very much.

MR. HARVEY: Thank you.

SENATOR SINAGRA: Karen de Bartolomé?

**K A R E N   d e   B A R T O L O M É:** Good morning, Mr. Chairman and distinguished members of the Committee. I'm pleased to present testimony this morning on the international trade programs and activities of the Port Authority of New York and New Jersey, and I'll be happy to answer any questions that you may have.

As Director of the Office of International Business, I'm responsible for our two overseas offices, The World Trade Institute, the XPORT Trading Company, and the Reverse Investment Program. In addition, I work closely with the Port, Aviation, and World Trade Center Directors in all aspects of international marketing for those facilities.

My purpose for coming before you today is to lay out the ways in which the Port Authority is involved in developing and supporting international business in the region: to describe areas where we've had some success and some areas where we see future opportunities.

The most basic role that the P.A. plays in international business is the operation of facilities, the most visible of these are right out the window (indicating Port of Newark), and include the regional airport system, the seaports, the Teleport, and the World Trade Center.

Our largest and fastest growing international facility is the airport system. Twenty million international passengers originating in this region are served by 115 international airlines, offering nonstop flights to 92 overseas destinations. This makes our area the best served air passenger and air cargo market in North America.

The high projected growth rates in the aviation business make this a sure bet for economic spinoff to the region. Already the airports generate 143,000 direct jobs, and another 100,000 indirect jobs for the region, and total economic activity of about \$22 billion.

Despite many changes in technology and growth, and competition from other U.S. ports, the maritime industry is still a critical piece of our international pie. Employing 180,000 people regionally, the Port of New York and New Jersey is the largest East Coast port, and the second largest port in the nation. Total cargo volumes in 1991 were 12 million tons, comprised of two-thirds imports and one-third exports.

A third facility operated by the Port Authority and private partners is the Teleport. Now home to 14 information intensive businesses employing 1250 people, the Teleport provides secure and reliable domestic and international data storage and transmission services to many area businesses. The Teleport system boasts a regional fiber optic network of 325 miles, connecting to 21 satellite dishes at the facility. One of the frequently cited advantages of an international business location in this area is the superb access that we can provide to telecommunication services.

Last in this list, but foremost in our minds these days, is the World Trade Center. Home to about 350 businesses involved in international trade, the World Trade Center is a major asset to the region. Not only has the uniqueness of this facility attracted new international investment into the region, but it has become an international community of its own.

A well known feature of the World Trade Center, which I'm happy to say was reopened on Saturday, is the observation deck, which last year attracted 1.8 million visitors.

A second role that the Port Authority plays in international business involves providing services that build international business. With its original programs dating back to the '50s, the World Trade Institute has trained thousands in the skills required to succeed in international trade, including exporting, transportation management, international tax and finance, and languages.

Specializing as it does in the skills that are actually used in business, World Trade Institute programs continue to build the work force needed to keep this region competitive. Last year more than 7500 students attended World Trade Institute programs.

Through franchise arrangements and direct instruction, the Institute also makes courses and seminars available around the world. Courses are also now offered in Parsippany and at Montclair State College to make it easier for New Jersey residents to access this service. I brought with me today copies of the Institute's 1993 course brochure. I hope you will take a minute to look through it.

Another service that we offer is the XPORT Trading Company, which is a service for regional businesses interested in gaining access to overseas markets. XPORT works directly with individual companies or industry groups that wish to expand into new overseas markets. We work hand-in-hand with companies through all phases of business learning and business building, including market analysis, identification of distributors, redesign of products, attending trade missions, negotiating price and shipping terms, and advertising.

We receive a small commission on any sales that result directly from our efforts, and we use the revenue to offset some of our costs. Our individual client efforts are currently

focused on five product groups: consumer products, lumber and wood products, environmental control equipment, specialty chemicals, and biomedical products.

We also work with industry groups to help them conceive and execute joint international marketing strategies. For example, in conjunction with the Division of International Trade, XPORT staff have been working with the New Jersey Council of the American Economics -- I'm sorry, American Electronic Association -- to expand exports of their members' products. We don't export economists, not yet, that I know of.

In 1992, XPORT's total sales on behalf of all clients and industry groups totaled \$20 million. Over the last 10 years we estimate that we've worked with about 150 small companies, and achieved about \$200 million in export sales.

Finally, working very closely with local and State agencies, we're in the business of investment attraction. While we're out scouring the world for businesses that may want to set up shop in a P.A. facility, we run into businesses that may be right for the region, but not right for one of the particular spaces that we happen to have available. Rather than toss these leads overboard, we work with our colleagues in local and State government and try to figure out how, by working together, we can keep these businesses in the region. In the last five years we've been able to attract 90 companies, now employing a total of 2500 people.

Again, working closely with the two states, the Port Authority is deeply engaged in overseas marketing efforts in three areas. The first, as I mentioned, is promotion of our own facilities. Tied to this is a second, the promotion of the region's tourist attractions. Tourism is one of the fastest growing areas of international trade. In 1989, which unfortunately is the last year for which we have complete data, New Jersey received \$558 million in direct expenditures by

overseas visitors. While we feel the world market for this is growing, our region has not been capturing its fair share of this growth. This represents a marketing challenge for all of us, and working with the State we're aggressively pursuing this business through our overseas offices.

A third focus of our overseas marketing efforts is building the image of the region as a place to travel and do business. In talking about the region we like to emphasize five special features: our extensive infrastructure; our location in the middle of the world's fourth largest market, and probably its most affluent; our unrivaled access to important markets in Europe, Canada, and now Southeast Asia; our talented and diverse labor force; and the excellent financial and business services available here for international businesses.

Our marketing efforts are carefully coordinated with the State, and we're happy to have been able to play a supporting role in Commissioner McConnell's recent trips to Italy and Japan.

What we see as major opportunities are as follows: Europe remains our most important trading partner, and a very, very important source of incoming investment. About half of the cargo coming through our airports and seaports represents trade with Europe. Our region handles half of all U.S./North Atlantic air passenger traffic, and nearly 70 percent of air travel between the U.S. and Eastern Europe. The enormous changes that have been going on here have opened new opportunities for the U.S.; particularly for this region, given our location and our special historic relationships.

The E.C. unified market changes are basically now in place, making it more feasible for smaller regional companies to plan to do business there. The economic slowdown may dampen enthusiasm in the short-run, but we always will see this as a close and important market.

Eastern Europe is a little bit less clear. We also have very close historic ties with this region, and economists assure us that in the long-run, the market economy will stabilize. But in the short-run, regional firms are finding it difficult to identify and build specific business relationships. Nevertheless, we have been experiencing trade growth with this region. Last year we saw an 11 percent increase in the New York and New Jersey area in exports to Eastern Europe.

A number of formal and informal relationships are being established that will, undoubtedly, yield opportunities in the future. The Port Authority Chairman, Richard Leone, has extended a formal offer to the Mayor of St. Petersburg, for the Port Authority to host and train two members of his direct staff who will be responsible for port and airport operations. We expect this program to take place in the fall.

Japan is another key market for this region and particularly has been as a source of investment. While we're now experiencing a slowdown in new investment, Japanese interest remains high. On behalf of regional companies, we've made some progress in expanding exports to Japan. With the active participation of JETRO, the Japan External Trade Organization, a number of export client companies are now actively selling into the Japanese market.

We also see enormous potential in China. China, according to USTR, has the potential to develop a trade surplus with the U.S. that will dwarf anything that we have ever seen with Japan. The Port Authority is working hard to open up opportunities there. Our initial successes have been in two areas. First, we've established a network of Chinese government officials and leaders of enterprises that are alumni of the World Trade Institute. Many of these persons have traveled here and have been introduced to local businesses by our World Trade Institute and XPORT personnel.

Secondly, we've agreed with the government of Shanghai to establish a sister port relationship with the port of Shanghai, and earlier this week we were pleased to cohost, with the City of Newark and the Newark Chamber, a delegation from Kiao Chow Province in China, which is Newark's sister city. We feel strongly that relationships such as this have enormous potential to influence decisions as to future trading patterns. Southeast Asia's economic miracle has given these countries annual growth rates of 7 to 8 percent. This is expected to continue and even to improve.

We're working hard to identify distributors and agents in this region for our export client companies, and we're beginning to experience some successes there.

Finally, another growing market for New York and New Jersey products and services will be Central and South America. U.S. exports to these areas increased last year by 21 percent, but only a small fraction of that originated in our region. We must build on the relationships that we have in these areas that will allow our region to capture a larger share of this growth than we have in the past.

Our North American neighbors, Canada and Mexico, are already important trading partners for us. Despite recent slowdowns, growth rates in these countries are expected to be higher than U.S. growth rates in the next couple of years. Successful implementation of NAFTA should open up some opportunities to expand trade in goods and, particularly, trade in services, as Mr. Harvey has already mentioned.

In the same period as the U.S. trade deficit widened, the trade surplus in services jumped up by 25 percent. This is clearly an important fact, as Mr. Harvey pointed out. This calls attention to a major international strength of the New York/New Jersey region, which includes service categories such as tourism -- financial, legal, accounting, and advertising services; and engineering design, and architectural services. We need to search for ways to support this growing market.

There are a couple of ways in which the Port Authority is doing this. As I mentioned earlier, we work with airlines and State government agencies to promote the region for tourism. Of course, it's also critical that we continue to invest in our airports to make them attractive and efficient for international travelers.

Perhaps a more unusual approach to promoting service exports is the work we're doing with the construction industry. Just last month, an XPORT staff member returned from a trade mission to Taiwan, where she assisted 14 regional construction and engineering firms to discuss joint venture opportunities in Taiwan's \$180 billion infrastructure building program. We are awaiting the results of some of these early discussions, and expect to expand this approach in other markets if we find that it's working.

I'm trying to observe your caution to take as little time as possible, so I'll stop here and take any questions that you might have.

ASSEMBLYWOMAN DERMAN: How do you handle the inherent conflicts between fostering business and trade for the State of New Jersey, and fostering business and trade for the State of New York?

MS. de BARTOLOME: Delicately. (laughter)

I think, perhaps, I mean-- You've probably talked to enough Port Authority people that you know that our view is of this region as a common -- as one economy, or one market. We find that something that is most attractive about this region to overseas investors is the market. It's not the New York market or a New Jersey market that's attracting them. It's the whole regional market, which is 15 million people who live in what we call the Port District, and another 30 to 40 million people who can be reached by truck from this area within a day. So that's an enormous and also very affluent market.

So when we're promoting the region, we don't particularly promote one side of the river or the other. We see it as a whole. We treat our airport system as a whole. The airports support each other, and we let the market decide which side of the river it wants to locate on. That's not our-- That's beyond our decision.

ASSEMBLYWOMAN DERMAN: So you offer the area as a whole--

MS. de BARTOLOMÉ: That's right.

ASSEMBLYWOMAN DERMAN: --rather than encouraging New York or New Jersey?

MS. de BARTOLOMÉ: That's right.

ASSEMBLYWOMAN DERMAN: Thank you.

ASSEMBLYMAN AUGUSTINE: Mr. Chairman?

SENATOR SINAGRA: Surely.

ASSEMBLYMAN AUGUSTINE: Just to amplify on Assemblywoman Derman's question: Do you find equal cooperation and user friendly attitudes as far as the governing bodies and the governmental units that affect your jurisdiction? I mean, is there any-- What I'm trying to say-- You're actually in my home county here, now--

MS. de BARTOLOMÉ: Mine, too.

ASSEMBLYMAN AUGUSTINE: --and I just came on the Assembly in December, having been a Freeholder in this County for eight years. Many people in Union County are always concerned about what was indicated, whether or not this area is getting equal time, so to speak, as far as the Port Authority. Is there anything they're doing or should be doing to provide a better -- a compatible attitude and environment for--

MS. de BARTOLOMÉ: I'm sorry. Is there anything the Port Authority should be doing, or Union County should be doing?

ASSEMBLYMAN AUGUSTINE: Well, either one, really. I mean, Union County as the host -- one of the cohosts with Essex County.

MS. de BARTOLOMÉ: Well, I think the other speakers this morning have pointed out a lot of the areas where all of us need to be working harder. You know, international business is the name of the game. It's where a lot of our economic growth and recovery is expected to come from, and growth in exports is also, we feel -- a lot of us feel -- has helped to lead the little bit of economic recovery that we've experienced in the last year.

So I think turning to international business is the right thing to do. How do you do that? You raise awareness of export opportunities. We need to work together. The governmental entities need to be working together to make sure that every dollar that we spend is as effectively spent as it can be, and we're not competing with each other but we're really supporting each other.

We feel strongly about the whole notion of training. Cross-cultural communication, different kinds of business practices, even just learning how to deal with the customs regulations, is all stuff that can be learned. These are skills that can be taught and can be learned if we spend the time. So I think some of the proposals that have been discussed here this morning related to support for training are really excellent ones.

ASSEMBLYMAN AUGUSTINE: Well, I think you should know without me saying it, that the people of this area -- and I'm talking about our educational institutions, our governmental agencies, our economic development corporations, our chambers of commerce -- are very eager to reach out to the Port Authority, and try to do anything from their viewpoint to make this particular area very desirable and cooperative with your endeavors.

MS. de BARTOLOMÉ: Thank you.

ASSEMBLYWOMAN DERMAN: Mr. Chairman, can I follow up on that question? I think you really picked up a very important part of my question.

Do you think that there is a difference in reception that a country receives between the State of New York and the State of New Jersey? For instance, and more specifically, is the State of New York doing something that the State of New Jersey should be doing, or do we have regulations in effect that are impediments? Or is the Department of Commerce in New York more helpful than the companion Department in the State of New Jersey?

MS. de BARTOLOME: Well, I haven't really compared them in that way, so I can't say. I think-- I used to work in the Federal government in this business. It was interesting to me how much innovation was going on at the state level, and how little the Federal government was managing to learn from that. I really see the state governments, particularly in the international business area, as being the sort of laboratories for how public and private entities should work together in order to expand trade opportunities for their businesses.

I think in that sense, there's a lot that New York and New Jersey can learn from each others' programs. New Jersey just started an Export Financing Program. I know in New York, they're struggling, looking for ways to expand their export financing. So, obviously, there are programs existing in one state that perhaps could be models for another state. The Port Authority has tried, at various times, to facilitate a dialogue between the officials on both sides of the river so that that kind of learning can take place.

SENATOR SINAGRA: Assemblyman?

ASSEMBLYMAN PASCRELL: Yes, thank you.

Through the Chair: If we're about the business of creating new jobs here, and that's the bottom line of everything we're talking about, and not just shifting jobs around as has been the case in the last 20 years -- 25 years. Therefore, we need to be about the business of the incubation of new industries, or the expansion of those already in

existence. The only way to do that, as I understand it looking at it from a policy viewpoint and looking at the data, is to create foreign markets -- explore, exploit foreign markets.

The question is: How do you do that? What do they need that we have, or that we don't have but that we can produce in the future? Is that basically a foundation for growth of the Port, would you say?

MS. de BARTOLOME: I think it is. I mean, as you know, the Port traffic coming-- I have colleague here in the Port Department who could probably go into more detail on this, but the Port serves an area that's larger than what we see immediately around here. I mean, the Port facility hopefully attracts cargo from a lot of different parts of the nation in order to transship it out. And that industry, in and of itself, apart from whatever manufacturing is also in the area, creates its own economic activity. So, certainly, working to make the Port and the airports more competitive, in and of itself, does create jobs because it expands the economic activity going on at the facility.

Certainly, overseas markets is the way to go. I mean, it's often said in this business that Americans are the slowest to export of businesses around the world because we have the largest domestic market, and it's easier to make your money selling domestically than it is to just take the trouble to figure out how to do it overseas.

A lot of other countries have such small domestic markets that they had to learn these tricks a long time ago. And we're now reaching the point where, perhaps, in a lot of industries, the domestic market is saturated, or it's very competitive and we need to look beyond our borders.

ASSEMBLYMAN PASCRELL: How do you get this information, and once there is a review and survey of foreign markets and we know, basically, what the needs are, how do you

get that information back to the manufacturers, particularly within the Port area, to look for those small industries that you mentioned in your presentation so that we can start to hook up those small industries with these foreign markets? How do you go about doing that, now?

Here we are trying to help the export area. I want to deal in the nuts and bolts for a second. How do you hook up local companies with foreign markets?

MS. de BARTOLOMÉ: Well, first of all, you have to work with them and make sure they're prepared to do this, because I think in some cases, exporting takes a couple of years of commitment to learning the process, to exploring the markets, to be willing to spend a little money, to make a couple of mistakes, to get yourself trained; to learn a few things. We find with our export client companies, it frequently takes two years from the point where we sign them on to the point where they conclude their first successful international sale. What happens during those two years? A lot of learning, basically.

We have developed, over the last 10 years, through the XPORT Trading Company, a network of distributors, and a knowledge of the marketplace overseas. We're better in some areas than others because of where we've been successful. And certainly, for the client companies of the XPORT Trading Company, and for companies that are referred to us by others, we can make that network known.

There are also data link services, like the World Trade Center's Association Network, which is kind of a worldwide electronic mail system that attempts to match buyers and sellers. That's one system. AT&T, I know, has another system. The Federal Department of Commerce has various ways of matching up buyers and sellers. And you really have to use all of those services, I think, to be successful, and be patient.

ASSEMBLYMAN PASCRELL: It would seem to me that the Port Authority has an unusual opportunity here to be the distant early warning signal since you have international contacts, to in some way communicate to the business community in the State of New Jersey what's happening and what's going to be needed, so that we may gear up -- not only our machinery and our facilities -- that we can gear up our educational institutions to work in a comprehensive way to deal with what's coming down the pike. Otherwise, we'll continue to lose jobs in the State of New Jersey. Do you agree with me?

MS. de BARTOLOME: Hopefully, we won't continue to lose jobs in the State of New Jersey. I think it's very important that we do a better job of sharing this kind of information.

We do it in a couple of ways now. One is, we do a lot of speaking around the region at groups that are interested in international trade -- industry groups, school groups, all kinds of people. We have a lot of internships, actually, at our facilities, where students can come and learn. I think that information gets through and percolates around.

The other way we do it, as I mentioned, is that we work with industry associations in industries where we feel there is a lot of potential. So, for example, I think I mentioned the New Jersey Council of the AEA, helping the electronics industry in New Jersey, which is mostly comprised of small and medium sized businesses, to both educate themselves about the market opportunities and to get organized so that they can begin to take advantage of things like trade shows.

SENATOR BROWN: Mr. Chairman, could I just interrupt? I know that we have to move along, but the Urban Institute put together a fun thing about New Jersey's target industries, of which bakeries happen to be one. And certainly, there are a lot of good bakeries that are being done in Paterson.

Industrial organic chemicals, hardware, rubber products, and mens' and boys' furnishings are some of the target areas that are listed for growth potential.

But if we can get your baked goods from Paterson exported to other parts, we'll be putting the people to work.

ASSEMBLYMAN PASCHELL: Well, now that you mention it, through the Chair: I don't know how well we could export our bakery goods, but I know that we do manufacture quite a bit of nonethnic products, which are going to need other markets because those markets in America are dried up. And I know that those businesses will need direct assistance now -- yesterday -- from the Port Authority in order for those businesses to continue to exist; exist, we're not talking about growth -- to continue to exist. I think it's critical that those industries now be communicated with by the Port Authority.

First of all, we are in the Port Authority Zone in Paterson. We're not on the Hudson River, but there are other towns-- It's very interesting, when you look at the towns that are in the Zone. Those areas need specific attention by the exporting division of Port Authority, yesterday, Madam Senator.

And I think it's important that we, together, encourage that kind of information, because you know, when I listen to your statistics and look at the statistics, and listen to you talk about how the small growth in South and Central America, when we know the tremendous amount of businesses that have been incubated and started in this area from Latino-Americans, who work very, very hard, you can't tell me that there is not a natural connection with the homeland and that we should be there at the frontline.

We're talking about new jobs, or we're talking about the same old business again. I hope we're talking about new jobs, and I hope we're not talking about the same old business as usual, which got us no place in the last 25 years.

MS. de BARTOLOMÉ: Well, I can speak for the XPORT Trading Company. They would be happy to talk to those businesses if you want to refer them to me. I'll leave you my card after I finish.

ASSEMBLYMAN PASCRELL: Well, what if the Port Authority, in view of these bills, established out in the hinterlands, away from the river-- There are other cities that don't exist on the river. There are small towns that don't exist on this river. And if you came inland, you know, like Frederick Jackson Turner, the historian, you know-- Ah, forget about it.

But anyway, if we went inland to meet with the communities and the manufacturers, and make your information available to them, you'd be surprised as to what would happen.

MS. de BARTOLOMÉ: We would be happy to do that.

ASSEMBLYMAN PASCRELL: I'm talking to Russians and Czechoslovakians every day, who are fascinated by what they know we can do that we don't even know we can do. Do you know what I'm saying?

We have it here. We have the talent, we have the workers, we have the workforce. People really want to work here; they have no jobs. And you are a very solid answer to that question. I hope you understand what's in your hands.

MS. de BARTOLOMÉ: Thank you. We'd be happy to meet with them, and I'll give you my card.

SENATOR SINAGRA: Thank you.

ASSEMBLYMAN AUGUSTINE: Mr. Chairman, there are probably a lot of questions that I would like to ask, but I'm going to yield, because I know there are speakers waiting to appear before us today, so we have to worry about that.

SENATOR SINAGRA: Thank you.

Joseph Kaye?

J O S E P H K A Y E: Mr. Chairman and Committee, my name is Joseph Kaye. I represent Antistatic Industries as its President. I've been in the exporting field for over 20

years. I've listened to you and I've listened to the speakers, and I'm amazed. As a businessman, a person who won an award as exporter of the year, who teaches in Port Authority in New York, Montclair State College, Middlesex College -- I have spoken to 20 colleges throughout the United States -- I'm just amazed at the programs asked. The things you are trying to do, they are fine, but are you really addressing the situation? Are you really looking at it, as you said, "nuts and bolts"? I will only talk nuts and bolts. I will not talk theory.

The most important thing that I look at when I teach is jobs. Here is a student of mine from Montclair State College. (indicating member of audience) I didn't ask him to come here, but I'm very favored to him, because I want to see that man who worked for Sea-Land get a job.

You can ask him how I teach. I teach a 12-week course, one of the largest courses in New York. The thing that I look at is that you don't address the person. First of all, the United States is not an exporting country. If you look at who exports, it's the multinationals. The little people do not export. The \$100,000 orders, the \$10,000 orders, they're peanuts compared to the broad picture of Caterpillar, Ford, General Motors, and all the other companies that make up the export dollars.

There are 300,000 to 400,000 small businesses that have expertise -- it's unbelievable -- that should be exporting. They should be out there exporting.

Now, let's look at some facts. First of all, every small company should have an export department. Every small company should have someone on staff that should just take care of exports. If you really want to do exports, you've got to have someone who knows exports.

You sit here and you talk export. That's great. But how are you going to get management -- the president, the vice president -- who is working and is trying to get his company

going, who is worried about payroll, worried about getting the products out, worried about competition-- Do you think he's going to worry about selling something overseas? No.

I get calls, at least five times a week, from small companies who say, "I got a letter from overseas. A man wants to buy my product. What do I do with it?" Just like that. And I look at it, and these sales range from \$10,000 to \$500,000.

Now, I'll tell you something better. I got called in by the bank. A company got a L.C. for \$10 million -- a large cosmetic company in the State of New Jersey -- and left it lay on a desk because the manager thought it was perpetual; it would last forever. And the letter of credit expired.

So you have two extremes of knowledge of the export business. In addressing exports, it is true, it is the way to go. Exports will create jobs. Exports will create business. Exports will create raw materials. Exports will do things that we're not doing, but we're not addressing it properly.

If industry today can be taught exporting, which it should be, rather than just looking at the surface it should go below. It should actually be shown what exports can do. If you take the average seminar that's put on by the SBA, by the Department of Commerce, and look at the attendance, it could range anywhere from 100 people out there-- If you take the State of New Jersey, and you look at the number of businesses, and you take 100 to 200 people attending a seminar, it represents nothing. That should be 2000 people sitting in that audience.

When you have the SBA, at the Radisson in Newark, New Jersey, which I speak at, and I see the audience of manufacturers trying to get export trading companies to handle their products, it's a handful -- it's a handful -- compared to our total State.

So, let's look at some facts here. First of all, we need people to work. You've got human resources in this State that's unbelievable. You've got workers with tremendous potential. First of all, you've got multilanguage people here. You've got people who have come to this State who can speak foreign languages. That's another thing that we downplay. Sure, we're Americans; that's great in America. But we're not great overseas.

The person overseas wants to talk in a common language. He wants to be comfortable. He wants to be understood. And even though he can speak to you, maybe, in some English, some of the English is not commercial English, and some of the things he doesn't understand -- or she doesn't understand.

So I think that a lot of the personnel within the State of New Jersey -- and I'm talking about my State, the State of New Jersey -- has the potential, has the whereabouts, and has this human resource, sitting right here.

The second thing is industry. You talked about a bakery. Do you know that they are exporting bread from New Jersey, right now? Do you know they are making new products out of frozen dough that is going overseas? Did you know that?

Did you know that? You're all out there in the field of the political arena. I think you should come down and see what industry does. I think you should go out, the same as you do when you're getting elected and you talk to the people at large. Why don't you go into industry, spend time, and see the nuts and bolts: see what goes on, and see the problems?

Try to go to a bank in New Jersey today with an export order, and see what you get? There are 13 banks here that I took out of a magazine -- 13 banks, State of New Jersey. "World Trade," April 1993 edition, only two banks are listed in New Jersey: Chemical Bank, and National Westminster. National Westminster is a branch only, and Chemical Bank is practically

a branch. The big one is Citibank, with \$2 billion of the \$5 billion in export business with the Ex-Im Bank. Try to reach an Ex-Im Bank, if you're trying to get a loan? Try to go and get an Ex-Im Bank loan. It takes three months. Nobody is waiting for you for three months for that order. You might as well forget about Ex-Im Bank, most times.

Now, I attended a seminar in New York two weeks ago, which was done through the banks, about accounts receivable. They are trying to open up a new door now, where you could bring in accounts receivable to the bank. The bank, through their technology, will check out the account in the country at large -- mostly foreign banks -- buy your receivable like a factor, no letter of credit issued, and the deal is done. That's the way I think it should be, eventually.

I think your programs are on target and good, and I think that it needs a little more refining. I think you need some kind of credits to get the people who are in the streets, the people who need jobs: to give tax credits to small industry and have a program around them that corresponds to industry.

I also think that industry itself needs help, and it needs help because they're filtering down-- As you asked the Port Authority-- Forget the Port Authority.

What you need help is to see what comes in daily. Do you know that we receive 500 leads a week from all over the world? Five hundred leads, ladies and gentlemen, come into this country, and less than 1 percent is answered -- 1 percent. And the needs for those products and services go overseas.

Another thing that's interesting, talking about job base. You said, "zero growth." I disagree with you. Do you know why? We're not giving help to the entrepreneur. The Defense Department today has downsized, and we've got a consumer base. What's happened is, we make products for defense, and being an engineer, I have four products, already,

that I developed that are starting to take off. What happened? I had to do it myself. It was our expenditures, our know-how, and our cost.

But we've got the same thing in the State of New Jersey. There is a tremendous amount of work that was done here under Defense programs, millions and billions of dollars that both came from the State and Federal government, and wherever else the assistance was to big business, that's laying here. That technology, although it's in the United States, can move overseas, because of the fact that they're not as fast and ahead of us, and they need that technology. It's so important.

We get inquiries in from plants. I was just telling a gentleman, I got a call from Ecuador that they would like me to come down, because as an engineer, they have a problem in one of their plants. And I said, "No, I can't do that. I just can't get away to get down to you." And I said, "Why did you choose our company?" They said, "Because you were recommended to us, and you had done something for another company, in Chile, and therefore, we knew of you."

The opportunity that abounds is that we need different levels of communication. The levels of communication have to be grass root. The level of communication has to be that either, if the small companies can't do it themselves, there should be a satellite. A satellite; not a trading company; a satellite. And it doesn't have to be government. I think it can be private. Private is extremely important. Government dissipates; private can help, and I think it's important.

I think that if business is given the opportunity, with some kind of an incentive to hire a person, some incentive. The same as if you start in some of the southern towns, if you go in there, and they're trying to get a plan, and they say, "We'll take your worker, and we'll give you 50 percent off the cost of whatever you pay him for one year." And I think that's one way to go.

As far as exporting the products and the things that come in, I feel that all these particular companies in the State of New Jersey have good products. It's proven. It's proven everyday in what goes out of here, and the sales that have been done. It's proven what comes into our office. We see it. Some of the things are not our field, but we see it on a constant basis.

And another thing, ladies and gentlemen, if you don't do anything with the banks, you can defeat this whole program. I don't care what you tell me. If you go into a bank, other than to put money in, and you ask a bank that, "I've got a deal here. I've got a letter of credit," or, "I've got a potential to make a sale," and you get turned off, well, it's very discouraging for a businessman. He can't afford to run around to 10 banks and get 10 nos, so he puts the thing aside.

It has to be done on a creative basis -- a creative basis -- where banks have to understand. Now, it's easy for a bank to check out a man's credentials; it's not difficult anymore. I mean, what does it take for a bank to find out who you are if you've been a customer. And what does it take to find out who the other end is, today. Communications are so fast that you can get a credit report within one day in a foreign country. I think that's important, and I think your banks have to be made to stand the line.

I think that New Jersey is losing this. And especially you, who are in the political arena, who control this, should be putting something on banks in this State. If they want to do business in this State, they in turn should take care of exporters, take care of small companies. And they should help them, not to be standoffish.

The '80s have gone. This is the '90s now. The '90s are here. Potential is growing, and we need help. We need help badly in this State, and I think this is the way that it should be addressed.

And when I see articles that we don't even rate. Even in the State of New Jersey we're not even listed on the amount of sales that go on. I think that's sad, as far as I'm concerned.

We need financing. Financing is very, very important.

We're losing a lot of technology overseas. I just read an article that was very, very disheartening to me as an engineer. Those of you who have been in the school arena, who have come out of college, who have any background-- The amount of technology that is taking place today is at an alarming fast rate. And do you know something: It's free, and it's being given to the world. What's happening is, the world is picking it up, and we're not manufacturing it here. We should be making it here. We should be making it right in this State, and that stuff is leaving. I think that's wrong also. I think too much data is going out at our expense, to do it. We have major colleges here.

Another thing that I feel is important, is I think that colleges should be a partner in business. I think all the colleges that have anything to do with any kind of marketing, business, research, technology, communication, computers, or computer science, should be part of business, and I think that there should be, within the various communities, whether it's Union, Essex, or it's Bergen County, I think that there should be seminars for businesspeople, of what's new, and how they can help. I think there should be pockets -- pockets of these type of communications to help businesspeople.

This isn't being done. We have to do it at our own expense and our own time. And I think we have to get out there to do it. If we're going to grow-- And we don't have zero growth. We can have hundreds, not zero, 1-0-0, not 0; I disagree with you. We have the potential, and the manpower, and the resources right here, and we should have it. I think it's important. That's why it annoys me.

Now, I teach in New York, and I have the largest class in exporting. I come to New Jersey, and I have the smallest class in exporting. And I say to myself, "That's unbelievable." Why? It's because of the fact that exporting, itself: the way it's communicated and taught.

Another thing that I think is extremely important is going overseas as groups. We should be in the position to somehow underwrite trips where matchmaking and trade shows should be done, and getting more people into that arena; not the few that have the few dollars to do this thing, but more people to be going out there, to get exposed to the world, to be able to show their wares, and to see what goes on.

I put an ad in the "Commercial News, U.S.A." I just tried it for the first time. It's a publication put out by the United States government, and it goes all over the world. We developed a product called Static Paint, which is used in the computer industry, and we received 300 inquiries from this magazine. I got a call from Ecuador, where they want to use it in homes to prevent dust -- a new application.

Now, we never addressed the market of homes. We didn't make this-- Our product is for the computer industry. A brand-new market opened. This same example should be used for the people within the State to find out what else can you use your product for.

And lastly, one of the most important things, I feel, when you're talking about industry and manufacturing, and why we're losing it, no incentive is given to start a manufacturing business. Why don't we have incentives to buy machinery; tax credits? Why don't we have some help, that if someone wants to make a widget and needs a milling machine, that he can buy that machine? If you're going to start up, you are going to have to have some kind of funding, and I think that funding should be done not only at the levels that the person has to have the collateral, but I think you have got to have the ability to

write up his paper, write up who he is, what he is going to do -- like a business plan. If you're going to have a stock offering, you have to have a business plan. Well, why not have a business plan, if someone has an idea of creativeness, and wants to do something? Apple started in a garage. Well, how about the other million Apples that are out there in our streets? I think they're important.

So ladies and gentlemen, I say to you this: This is a hell of a State; it's a great State. We've got a lot of stuff in this State, and I think we're not using it. I think the potential here is beyond your belief. And I think that it could be marketed and sold worldwide, but it's got to start at the grass roots. It's got to put all these things together. It's right here now, and you should start now.

Thank you.

SENATOR SINAGRA: Thank you very much.

ASSEMBLYMAN PASCRELL: Mr. Chairman, through the Chair: I really tried hard, Mr. Kaye, to find something in what you said that I disagreed with. But I did not.

I've never met you before, and I've never heard you before, and I would probably think that you would say the same about me. Knowledge of the export business is very critical here, and -- you know what? -- I can make a parallel with this, and I'll be very brief, because I would really like to get to know more about you and your thoughts. You didn't mention Passaic County, and I hope you haven't written us off the map.

MR. KAYE: No, I wouldn't have; I'm next door to it.

ASSEMBLYMAN PASCRELL: In the housing industry in the State of New Jersey there is a very interesting parallel here that can be made, at least in my mind, of when housing gets built and when it doesn't get built. Particularly in our older communities, Mr. Kaye -- through the Chair -- we provide different sources of revenue, and we basically-- Most of the housing programs in the older areas are dependent upon

not-for-profit organizations being involved in the building of those houses. A good portion of the time -- too many times -- it fails, because the not-for-profit organizations have not been educated, nor are they fully knowledgeable about all that goes into the housing situation of financing or working with the banks, and that is a very, very critical area -- knowledge of what you're doing before you get into it. But most of the problems we face in New Jersey we don't solve because we don't know the right questions. I think your point is not so elemental that it should be ignored. It is critical, and, I believe, fundamental.

The banks, also-- I think you can see the parallel that I was drawing between the housing industry and the export industry. You've got to know what you're talking about, and experts like yourself need to be part and partial of educating the public. Entrepreneurs and future entrepreneurs, what incentives are we giving those incubator people out there?

So you're a man in my bones, as I say.

MR. KAYE: You handle Paterson, don't you?

ASSEMBLYMAN PASCRELL: Well, I don't know if I handle it, but I'm the Mayor there, yes.

MR. KAYE: Okay, you're the Mayor. Well, Paterson was the dyeing center of the world; is that correct?

ASSEMBLYMAN PASCRELL: I don't know.

MR. KAYE: Okay. What amazes me, and I go through Paterson, and being an engineer and being in the dyeing field for many years as a graduate from Textile, I was involved in that. The technology has gone out of Paterson.

ASSEMBLYMAN PASCRELL: Correct.

MR. KAYE: But yet, today, there is Nomax. There are new fibers that are coming on stream that require special dyeing processes that are not available. A lot of it is being sent overseas.

ASSEMBLYMAN PASCRELL: That's correct.

MR. KAYE: Now, with the technology of fibers, Kevlar, Nomax, and so forth, this should be the kind of thing that should be in Paterson. Why? Because we've got old buildings that are still there.

ASSEMBLYMAN PASCHELL: But the plan, and you've heard mentioned here on both sides of the table, is to have that very product manufactured in Mexico, and put in boxes in the United States. Am I exaggerating, Mr. Kaye?

MR. KAYE: No.

ASSEMBLYMAN PASCHELL: I'm not exaggerating?

MR. KAYE: No, but you can get around that.

ASSEMBLYMAN PASCHELL: I think you can, too.

MR. KAYE: You can, you can.

ASSEMBLYMAN PASCHELL: How do we get the banks to stop dealing with the Federal government, and start to dealing with we folks?

MR. KAYE: That's tough.

ASSEMBLYMAN PASCHELL: How do we do that?

MR. KAYE: You have to have the muscle to do that.

ASSEMBLYMAN PASCHELL: No, seriously, how do we do that? The banks are dealing with the Feds.

MR. KAYE: Well, I'll tell you one way.

ASSEMBLYMAN PASCHELL: If you look at your profiles and if you look at the briefs, this is who they're doing business with, while business in this State is suffering. How do we put them to the wall?

MR. KAYE: I'll tell you how.

SENATOR SINAGRA: Just to interrupt, we've heard this at numerous of our meetings, and maybe one of the meetings we'll devote to hearing from the banking community--

ASSEMBLYMAN PASCHELL: Great idea.

SENATOR SINAGRA: --and talking to them--

ASSEMBLYMAN PASCHELL: That's why you're the Chairman. What a great idea.

SENATOR SINAGRA: --talking to the banks directly, rather than asking someone else.

MR. KAYE: Mr. Chairman, and Mr. Mayor, wait a minute. There's an answer to that. You know, there's one trouble with being an engineer; you should never be engineers. Engineers have got two problems: He reads a lot, digests a lot, and then he focuses in. You asked me a question. I have your answer right here.

I have your answer, reading -- reading. I'm not in your arena. I stay in my arena. My arena is profitable, it's enjoyable, it grows, and I like what I do. But there's a bank here, out in California, that joined forces with Standard Charter, and they said that once they joined forces here -- the new partnership forged in 1992 -- exporters can reap the whole benefits of the home product. Because not only do they have a multi U.S.A. company, but they have 700 branches that takes Asia, the Middle East, Africa, Central and South America, and Australia in one shot.

So by going into a foreign bank, it's actually a U.S.A. bank. By being connected with the Standard Charter or the National Westminster, or the Hong Kong banks, all these particular banks have the ability, and they have the exporting background. That's your answer, really, to do that.

Find a bank who has been associated with a foreign bank.

ASSEMBLYMAN PASCARELL: I think this Committee has the wherewithal to make marriages like that. I think that that's part of our job; is it not, Mr. Chairman?

MR. KAYE: I'll read about you when you do it.

ASSEMBLYMAN PASCARELL: Thank you very much. Come up to Passaic County. Come up to Paterson.

MR. KAYE: Well, I'm next door to you. I live in Hackensack.

ASSEMBLYMAN PASCARELL: Okay. That's only seven minutes.

MR. KAYE: That's all right. If you invite me, I'll come over and see you.

ASSEMBLYMAN PASCRELL: You're invited.

MR. KAYE: Okay.

SENATOR SINAGRA: Thank you.

Mr. Philip Ferzan?

PHILIP A. FERZAN: Mr. Chairman, the last speaker made a statement that was very strong. He said, "Government dissipates." I hope that within the next 10 minutes, speaking for the Division of International Trade, I will prove to you that my Division doesn't dissipate.

Mr. Chairman and distinguished members of this Committee, I would like to thank you for allowing me to take a few minutes of your time to tell you about the activities of the Division of International Trade. I've been the Director of the Division since April 2, 1990, and since then we have tried to do two things: One is to develop a business focused approach to all of our activities; and two, within two weeks of my joining the office, I met with a Congressman who looked at me after listening to one of my speeches and said, "You look like a fairly intelligent guy, what are you going to do that's different, given the fact that since 1976 we have been in this country in a trade deficit position?" Because of that, everything that we try to do in the Division of International Trade has been innovative and different.

The Division had been created in 1982. Its budget has gone from a high of \$4.7 million in 1989 when 31 positions existed to service the international needs of our corporations, to a projected low of \$1.5 million for Fiscal '94, with only 11 positions left, and that includes one representative in Tokyo.

If you were to meet with all members of my staff, they would tell you that one thing that I keep preaching to them is that in this Division, we go down in flames. Despite all those things, the intensity of the programs and services we offer has increased, and I'll explain how in a minute.

However, let me say that further reductions in our core staff of trade specialists might impair the ability of the Division to service its corporate constituency.

With your permission, I'd like to submit to you a package, including some statements. May I?

SENATOR SINAGRA: Sure.

MR. FERZAN: (witness distributes statements) It includes a 10-year review of the services provided by the Division of International Trade with information on New Jersey's exports and export markets, a profile of the New Jersey companies assisted, -- the distribution by county should be of interest to you, of these companies -- the conferences sponsored by the Division of International Trade with the topics covered, and the number of corporate participants at each event. We also have a document that shows the trade leads generated through participation at the trade shows.

SENATOR SINAGRA: Just for the record, this is not the Appropriations Committee.

MR. FERZAN: No, no. I realize.

SENATOR SINAGRA: You don't have to justify your existence or your budget.

MR. FERZAN: I am not. However, you will see in a minute why I went into this.

Because this 10-year report was issued in 1992, the package also contains an updating of two of our most important activities, trade shows and trade missions, and a random sampling of unsolicited letters sent in by various New Jersey companies and organizations, recognizing the professionalism of the staff, and a sample of one of the issues of the Division's newsletter, featuring an article on women winning in international trade.

What does the Division do, very quickly? Basically, there is a group of services which includes what we call educational and instructional activities, and under that, we do

counseling to companies. We do counsel, on an average, 100 businesses a month. We do seminars and conferences. We've done over 80 since 1987. That means an average of 14 a year, including only those events where we have a speaker from the Division speaking. And we have our own publications which include directories which are distributed overseas -- directories by industrial sector of New Jersey companies that are interested in selling overseas. We also have what we call the "How To's," the newsletter that was mentioned. Then we go for a different type of market, into joint efforts with the private sector such as we've had. A book called, "Europe in the '90s," in association and cooperation with KPMG Peat Marwick, that is the instructional and educational part of the program.

In addition to that we have market access activities. There we include the trade shows. We average 10 a year, catalog shows, which most of the time are offered to our companies for free. Therefore, any small company can participate in those without spending a penny.

We include in those market access activities trade missions. We presently have an average of two a year. We also include the incoming buying missions, and we also have an average of two incoming buying missions a month. We put our corporate sector -- depending on what sectors are identified by our visitors -- we put them in touch, in our Division, most of the time, with the visitors.

We have more recently focused on two subsegments, including minority-owned companies. We're in cooperation with the United States Department of Commerce. We have taken six companies to Mexico, and at the present time we're addressing companies owned by women.

That is the first portion -- the first group -- of services that we offer. The second one, which is very new, and I think New Jersey is way ahead of the other states: The other

states have met with us and are trying to get -- are getting information from us on how we're doing it -- is a group of services that we call creative facilitation services. They are at no cost to the taxpayer or the participants.

For instance, last year we negotiated with the "Journal of Commerce" to include, four times during the year in their Asian and European editions, to get the right to our New Jersey small and medium sized companies to advertise themselves and their products. Over 400 companies have taken advantage of that, and the initial returns that we got indicate that there have been successes and sales -- actual sales.

The experts tell us, also, that presence overseas is essential for entry into a targeted market. I assume that you, Mr. Chairman, and other members of the Committee do know that through the assistance that we get from the Port Authority of New York and New Jersey, we have free space given to us in Tokyo, and we have a representative there who has a contract with our Division. We have, for your information, already had discussions, again, with the Port Authority of New York and New Jersey, who have been kind enough to accept to give us free space in their office in London.

In addition to that, what we've done is, we've approached the foreign regions with which we have signed sister state agreements, and asked them to give us free space to be used by our New Jersey small and medium sized companies. And as you may have seen in the papers, last Friday we signed with the City State of Bremen. They're giving us the facilities and the staff to represent the State of New Jersey.

We have received an agreement in principle from the region of Emilia-Romagna, and to have an office in Bologna, in Italy. We have initiated discussions with the Mexican authorities for an office in Mexico City, and we're looking at another presence in the Far East beyond the City of Tokyo.

In addition to that, we have entered into agreements with the World Trade Center and the United States Department of Commerce to provide us with trade leads that are made available to our small and medium sized companies at no cost to them.

In our discussions with the foreign regions, we are planning on including a clause that would have them send us, before anyone else, the trade leads that are generated within the regions that have signed with us.

Given the fact-- This is why I was pointing out the reduction in our budget and the loss of personnel, and I also said that we go down in flames. What we have done over the past 12 months was to rely more and more on interns from our colleges and from our graduate schools. They've been working diligently with us at no cost to the State, and they have done an excellent job. That's how we could survive.

Finally, there is a third group of activities, if you will, that require us, for instance, to work with the United States Department of Commerce and its agencies. For instance, when the International Trade Administration was looking for information on subcentral government procurement procedures and developments; wanting to know information of what was going on in New Jersey, they came to us, and we provided that information to them.

We're also looking at an association with the private sector on ways to tackle new markets. As an example only, Russia, CIS, we have worked with the New Jersey Business & Industry Association and also NJIT, who have, under our sponsorship, applied for a grant from the Federal government.

I won't take more of your time. If you have any questions, I'll be more than delighted to answer.

SENATOR SINAGRA: Thank you.

Any questions? (no response)

Thank you very much.

MR. FERZAN: A pleasure.

ASSEMBLYWOMAN DERMAN: Mr. Jeremiah Hanley, and, I believe, Mr. Dennis Rodkin? You're together?

D E N N I S R O D K I N: Good morning, Mr. Chairman and members of the Committee.

ASSEMBLYWOMAN DERMAN: Good morning.

MR. RODKIN: My name is Dennis Rodkin, the State Director of Government Affairs for AT&T. I have with me Jerry Hanley, who is Vice President of Public Affairs for AT&T International, Network Systems Division.

I'd like to say a few words first, before I turn it over to Jerry. I'd like to talk about the North American Free Trade Agreement in the sense that I'm working on behalf of the Business Round Table to try to organize a coalition -- a broad-based coalition -- which would include small and large business, consumer groups, organizations, trade associations, and others to try and mobilize support on a grass roots basis for the NAFTA. The coalition is called New Jersey Coalition for the NAFTA.

We are soliciting membership at the present time. We have support from a number of organizations, including: the New Jersey State Chamber of Commerce; New Jersey Business & Industry Association; the American Electronics Association; Commerce and Industry Association, based in Paramus; the New Jersey Retail Merchants Association; New Jersey's Chemical Industry Council; and a couple of consumer groups are looking at what we have to offer and are making their minds up as to whether they are going to be supportive. Although one is very supportive, whether they're going to participate in the coalition, I'm not sure. That's called Consumers for a Sound Economy. I don't know if anyone is familiar with it?

But our mission is, again, to try to convince members of Congress when the Agreement starts to move through the Congress, with the side agreements included, to try to convince them of the good support for jobs that that Agreement can produce, and try to convince them to support the Agreement.

We're going to be doing that through meetings with members of Congress, letters to them trying to obtain favorable press coverage, and whatever we can do to generate support. Our first meeting is going to be held on May 14. Senator Bradley, who as you probably know, has agreed to spearhead the effort for NAFTA in the Senate, has agreed to come and speak at that meeting. We're hoping for a big turnout. We encourage anyone here who is interested to try and attend that meeting.

Unless anyone has any questions for me, I'd like to turn it over to Jerry Hanley.

**J E R E M I A H H A N L E Y:** Thank you, Dennis. As Dennis mentioned, my name is Jerry Hanley, and I'm with AT&T. I'm the Vice President for International Public Affairs for Network Systems. I have about 23-years experience with AT&T, about half of which has been in international businesses, particularly in the area of sales and marketing, and development of joint ventures. I recently came back from an assignment in California where the State of California was extensively active in developing export particularly with the Pacific Basin and with Latin America.

My current job with Network Systems is to assure that our globalization plans can be met. As such, I deal extensively with trade issues, market access issues, and the ability for AT&T to meet its competitors squarely and fairly in the markets where we are attempting to be successful outside the United States.

The overall subject of your hearing today is trade, and although I will limit my remarks to NAFTA, I would like to share my perspectives with you on the importance of global trade, not only for AT&T, but for the State of New Jersey.

AT&T is present in over 270 nations and territories, and we have offices in 90 nations. Of course, AT&T's principal strategic location is here in the State of New Jersey. And I guess, in terms of employees in the State, we have over 50,000 employees.

Let me focus a bit in the time given on three key points that can help you in your deliberations. The first is: What is needed to be able to generate wealth in the particular context of these hearings, and for the State of New Jersey? This will be helped by NAFTA, I believe.

Secondly is: Why does AT&T, as a significant economic interest, and a corporate interest within the State of New Jersey and the United States have such a strong interest in NAFTA?

And finally, I want to share some insights with you about public policy and how it can be used to assist us all here, with some specifics.

Trade exists because people want to or are motivated to exchange what they have in some quantity with something else that someone else has. That's what trade is all about. Now, the basis for trade is exchange and the exchange rate. To the degree to which there is an ease in interest in trading, then the amount of exchanges will increase, and the very ability to access more and different people -- think of it in terms of markets -- produces value added. That is where wealth is generated.

ASSEMBLYWOMAN DERMAN: Please don't use that term, "value added." (laughter) I break out.

MR. HANLEY: All right. I'll give you some reasons for not breaking out, okay? In fact, I think that some of the discussions this morning have a lot to do with how we think about that because as the economic structures of various markets change, the question of where does the State of New Jersey add that value, becomes critical. In fact, the Mayor of Paterson and I might have some interesting discussions, if he were still here, on that subject. But the concept of trade has a lot to do with where that value is added. So let me get into that a little bit later.

Organically, and even in a biological sense, what that produces is growth. And real growth is what wealth is all about.

Now, free traders believe that the freer the trading transaction, which includes access to markets -- a facility that transacts business -- and the clarity of the exchange itself, the better there is an opportunity for growth. And NAFTA is designed to implement changes in the relationships that we have with several principal trading partners of ours, particularly Canada and Mexico.

When Clinton was running for President, he had the statement that, "It's the economy, stupid." One of the things that I had done recently in a speech was to say what he really meant to say was, "It's the global economy, stupid." I think that in the discussions that we heard this morning, you've seen many initiatives under way that really strike the fact that we are not in a U.S. domestic economy; we are in a global economy. And so the questions of the Port Authority, the questions of how you encourage your small businesses to understand how to get access to the transactions, are very much a part of the enabling legislation that you people need to consider here today.

The very first trading bloc that I am aware of that was ever established at the point in time when it was interested in becoming a sovereign entity was the United States. And, in fact, the United States Constitution has very specific points in it about how commerce shall pass between and among the several states. When we think about NAFTA, we need to think about that in the same context. It is designed to create ease of transactions between and among the several sovereign states, particularly, in my opinion, with the nation of Mexico.

Our trade surplus with Mexico was \$5.5 billion in 1992. And later on, I have some specifics about the State of New Jersey. Trade has nearly doubled since 1988, and is

expected to run between \$70 billion and \$80 billion a year. You see there a chart that talks about New Jersey's exports to Mexico increasing about \$35 million to \$40 million between 1990 and 1991. We're talking big dollars.

Now, to put that in perspective, the Department of Commerce estimates that for every \$1 billion of exports that are generated, a net new job factor for the United States of about 19,000 new jobs. So for every billions of dollars that you can consider generated, that's new occupations here in the United States.

Export oriented jobs; that is, jobs that are dedicated to creating exports, command higher wages. According to the U.S.T.R., a significantly higher premium is generated from jobs that are dedicated toward export over the normal \$10 average hourly wage for nonfarm workers.

Economists project that with the passage of the NAFTA Treaty, the annual current accounts budget surplus -- or trade surplus -- with Mexico will be \$10 billion a year through the end of this century. So you begin to start thinking about that in the context of jobs and the higher valued jobs we're dealing with.

Another interesting statistic which is mentioned in the current issue of "Fortune Magazine," which I recommend, "How NAFTA will help America," -- it's the April 19th issue of "Fortune Magazine," -- is that Mexicans spend, on average, \$380 a year on U.S. products. That's \$20 more per person than Korean consumers, and Korean consumers make twice as much as Mexicans in terms of their annual salaries and so forth.

A few quick background items on NAFTA: Between 1986 and 1990, Mexican trade with the United States doubled. It then rose to \$64 billion in '91, and foreign direct investment in Mexico, most of it by Americans, increased from \$17 billion in '86 to \$41 billion in '91. The statistics that I have are that: according to some of the later figures, about \$76 billion in actual trade dollars in 1992 with Mexico.

The NAFTA Agreement -- and one of the interesting things about it is stressing the letter "F," the free trade aspect -- offers many new opportunities for American businesses of all sizes. For large corporations, NAFTA will create new export and investment opportunities. U.S. service firms, as mentioned earlier, including financial services, will gain increased on-site access to the fast growing Mexican market, which in the past had been prohibited.

For small companies, NAFTA offers the chance to enter the small yet growing market on the ground floor. And in the short term, small companies could serve niche markets and set increased opportunities as Mexican distribution systems develop and consumer demand grows.

For consumers in all three countries -- that includes Canada -- NAFTA means cheaper goods and more choice. The modest economic growth that is expected will result from NAFTA will increase consumer wealth, especially in Mexico. This, too, will benefit U.S. exporters who can sell more to a country where the money is there to spend.

On a larger scale, NAFTA offers the North American continent the chance to stay competitive with Europe and Asia at a time when multilateral Uruguay Roundtable Talks remain inconclusive. While the strengthening multinational systems remain the free trade vehicle for the choice of U.S. business, the promise of regional agreements to complement multilateralism is the best scenario to protect against protectionism and things that we've heard about; for example, in Europe, with the E.C., where they sometimes just want to put up barriers to us. Having a strong trading bloc in the United States with Mexico and Canada helps the situation.

Willie Sutton once said, when asked why he robbed banks, "Well, that's because that's where the money is." In fact, the United States has made over \$100 billion in

investments in the last three years in Latin America. I'm speaking in the broader sense, of all of Latin America. That's up from \$24 billion only three years earlier.

NAFTA's experiences in New Jersey are something I would like to turn to now, briefly. When will and how will NAFTA benefit the State of New Jersey? It will first of all benefit the State of New Jersey by accelerating the positive momentum with New Jersey's trade with Canada and Mexico. Since 1987, New Jersey's merchandise exports to Mexico have grown by 139 percent -- and I will leave these statistics with you -- raising from \$189 million to \$452 million. New Jersey exports to Mexico and Canada are worth about \$3.3 billion in 1991. A significant share of these exports have been generated by smaller and midsized firms that export directly, or serve as suppliers to larger companies. I would stress, in the case of AT&T, we have extensive support from other smaller suppliers, particularly in the northeast area of the United States, for exports into Mexico. So when we think about a company, think about all of our suppliers as well.

NAFTA is needed to lock in and build on these opportunities for export, and will greatly expand the market access for New Jersey goods.

Some other statistics: Chemical products -- \$136 million in exports to Mexico in 1991, a major industry here in the State of New Jersey. New Jersey chemicals and petrochemicals will be more competitive because Mexican tariffs which range from 10 percent to 20 percent and nontariff barriers such as import licenses are eliminated.

Industrial machinery and computers, which is about a \$70 million export in 1991, from New Jersey, the top New Jersey export: The NAFTA Agreement will eliminate 10 percent to 20 percent tariffs on computers, and will remove restrictions that will boost already strong New Jersey sales.

Primary metals, which is another industry here in the State of New Jersey: There were \$52 million in export in 1991. NAFTA will eliminate Mexican tariffs, which averaged 8.2 percent on a trade weighted basis. Combined with an expanding economy and infrastructure, this will encourage expansion of New Jersey exports of steel. I could go on with some of the other statistics, but I'll leave them behind.

Essentially what NAFTA does is, it gives to us the freer access to the Mexican market that in previous days the Mexicans had to our own. At the same time, it removes some of the structural barriers that had prevented us from getting access to, and freely trading in those markets.

I wanted to summarize with a few quick points about what I would do if I were you. First of all, be aggressive with policies that attract Mexicans and Canadians to New Jersey. That has not been discussed very much yet, but is an important point to consider.

I have with me two exhibits. One is from the State of Florida, which was a development analysis in which AT&T participated: "Recommendations for the North American Free Trade Agreement to Help Hemispheric Trade." But rest assured, this was a detailed analysis of how the State of Florida could get a very big piece of the action. Currently the states of Texas, California, and Florida are getting the biggest piece of Mexican trade.

The Port Authority of New York and New Jersey has the capability of doing a great deal to encourage that business. This is something from The Miami Herald, dated Monday, March 29: "Business Monday; The Hemisphere, What Path for Latin America?" The State of Florida is being very aggressive thinking about how they can do more business with the Latin American market.

The Business Section of The New York Times, April 11: "A New Rush to Latin America." This is where the statistics come from on investment in Latin America.

We have, going back to Willie Sutton's analogy, a great deal of opportunity with strong hemispheric ties, as well as the Hispanic relationships that we have within the State, great opportunity to do well in these markets. And I believe that the opportunities for New Jersey are significant.

The second point is to think commerce with the trading bloc, and think about the ease of transactions. The point was made earlier about telecommunications. How does the State of New Jersey find itself easy to do business with for these foreign entities, and what specifically would incent people to do more business in New Jersey -- or with businesses in New Jersey than in New York, as you mentioned -- or any other state in the United States?

Interestingly, the nation of Singapore, which in terms of size is quite small, but is very powerful in the Far East. They always think about themselves as the Port of Singapore, and they're always thinking about the types of transactions that they're able to generate wealth over -- or value, if you will -- in the Far East. And it's been one of their strategies for years: to be better at it than Hong Kong, so that they will, depending on what happens in '96, get more of the commerce coming through Singapore than Hong Kong.

So think about that in the context of the empowering legislation that you're planning to pass. Think in terms of the full value chain. Wal-Mart is making significant investments in Mexico. And Wal-Mart is noted as a retailer not so much for having good prices, but having full control over their upstream and their downstream value chain; between how they disseminate daily information about sales, down through how they handle warranties and their suppliers' relationships. Think in terms of what is good about the way we do it in New Jersey, and what could be done better about it. Pepsi-Cola is another famous example of that.

Transportation, by the way, particularly because of the Port, is a piece of the business cycle that is often forgotten about when we consider manufacturing jobs and jobs of that sort. The NAFTA Agreement makes real concessions in Mexico about how truckers and cargo loaders, and transactions in and out of ports can be handled easier. So look for that in terms of ways to do better.

It's interesting, I had a meeting with the head of the port authority for the Port of Brownsville, and they, of course, being very close to Mexico, are thinking through exactly how will their port become user friendly under NAFTA. I would suggest you consider the same thing.

Think pharmaceuticals, chemicals, and industrial machinery. Just some interesting statistics, which are in the "Fortune Magazine": "Imports versus exports for the United States": pharmaceuticals, a major industry in New Jersey, imports \$86 million, exports \$138; chemicals, imports \$952 million, exports \$3.517 billion; industrial machinery, there is a surplus of exports over imports of about \$700 million.

Two final points, extension programs: There has been a lot said about education, and one of the personal philosophies that I have, and it ties into this chair at Rutgers, is the United States in the first 100 years, in an effort to develop wealth, developed an extension program for agricultural extension services. It ranged from how to plant things and harvest them more efficiently to how to do pesticides and control of blight and so forth. They used the educational system to develop the economic system. I believe that one of the things that should be done is that we should have extension programs for small business for exports. I think that in the context of that, almost like a land grant institution, think about promoting exports in a way that is very much different than it has been for the last 200 years in

the United States, because we were the best market in the world to be in. That is no longer the strictest interpretation of what market competition is, and something that AT&T has learned.

So when you think about education, think about it in terms of enlisting and aligning educational systems to the extension program notion that was used for agriculture.

Finally, think banks and insurance companies -- major service industries here in the State of New Jersey. The NAFTA Agreement makes significant changes in the insurance industry and the banking industry in terms of foreign-owned subsidiaries and access to those markets. When you meet with the banks to talk with them about trade, as was suggested earlier, ask them what their plans are to do business with NAFTA, and see what their plans are to promote small business in these markets with the kinds of access that they themselves will have under NAFTA.

Thank you.

ASSEMBLYWOMAN DERMAN: Thank you.

Any questions? Do you have any questions, Assemblyman?

ASSEMBLYMAN AUGUSTINE: I don't think time will permit it.

ASSEMBLYWOMAN DERMAN: Okay. Thank you very much.

Our next speaker is Maxine Finkelstein.

**M A X I N E F I N K E L S T E I N:** Hi, I'm Maxine Finkelstein. I'm Manager of Marketing for the Port Department at the Port Authority of New York and New Jersey. I'm very pleased to be here and have this opportunity to tell you about the activities of the Port aimed at stimulating international trade and transportation.

The marine facilities of the Port of New York and New Jersey include the Passenger Ship Terminal in Manhattan, The Red Hook Marine Terminal in Brooklyn, and the Howland Hook Terminal in Staten Island; in New Jersey, the Port Newark-Elizabeth Marine Terminal complex, as well as the Auto Marine Terminal in Bayonne and Jersey City, and the privately owned Global Container Terminal.

The majority of marine activities takes place at the 2100 acre Newark-Elizabeth facility which contains four container terminals, automobile import-export processing facilities, 5 million square feet of warehouse and distribution facilities, and specialized facilities for handling breakbulk and bulk cargos. This Port was the first to enter the era of containerization, and is among the largest ports in the world.

The Port Authority's responsibilities for the port encompass the development of water and land-side infrastructure to support this diverse array of marine activity; planning for harbor requirements over the long term in conjunction with appropriate Federal, State, and local agencies, and industry groups; international trade promotion of the Port and the region, in order to generate jobs and economic activity.

You are aware of the statistics that measure the importance of the Port to the region's economy. Over the years, this port has faced increasing competition from other North American ports on the Atlantic and in the Pacific, as well. Ports are looked at as the economic engine driving a regions's growth, and our competitors have become increasingly aggressive in providing new facilities and infrastructure, and in marketing and promoting their region. It is not unusual, for example, to read about the governor of Maryland traveling to a world region of particular interest to promote trade through the Port of Baltimore. As a result of highly aggressive marketing on the part of other North Atlantic ports, our share of general cargo tonnage has declined from more than 50 percent in 1970, to less than 40 percent in the 1990s.

The growth in Pacific rim trade during the last decade has led to a loss in cargo to West Coast ports, as well. Steamship lines who used to move cargo all-water to the Northeast have increasingly relied on rail services from West Coast ports to bring containers into this region. Our share of total U.S. general cargo has declined from 15 percent in 1970 to about half that in the 1990s.

But the region and the Port have a lot of advantages to offer shippers of goods. The size of our local consumer and producer market are 17 million consumers in the Port District, with access to an additional 79 million consumers through our intermodal connections. The range of facilities and support services available are more than 10,000 trucking companies, international financing, broker and forwarder services available, nearly 100 steamship lines calling at the port providing, in many cases, the fastest access among East Coast ports to important inland markets. These are a few of the features we can offer shippers choosing among port options.

The Port can offer a range of services that is unparalleled. In addition to the trade services you have heard about such as our overseas offices and the World Trade Institute, the Port has worked extensively with customers and partners in the maritime community to analyze trade patterns and assist in identifying business opportunities. Several years ago, we identified the growth potential of Southeast Asian countries, and through an analysis of industry and transportation costs, determined the potential transit time and cost advantages of an all-water service utilizing the Port of New York and New Jersey. We shared those results with steamship lines and businesses in the region, and we have seen cargo services generated in that area.

Through the publication of "Via" magazine, the Port informs the port community of important issues and trends, and where appropriate, the Port has brought together the maritime community to define services that can better be addressed on a portwide basis. Two examples are the Automated Cargo Expediting System, or ACES Program, and the Auto Quality Initiative.

The ACES Program resulted from a group of terminal operators, steamship lines, and brokers and forwarders convening with the Port Authority to define their interests and

needs for communicating cargo documentation electronically. After defining specifications for user requirements, a contract was awarded by the Port to G.E. Information Services, who provided an electronic data interchange network, or an EDI network, for Port users to communicate in a paperless environment. The ACES Network has about 100 members, and new system features are being added, as the maritime community requires.

Automobiles are a very important cargo for this port. During the 1980s, growth in imported automobiles moving through the port was very strong. But in recent years, as Asian manufacturers built plants in this country and the recession cut back demand for some of the high priced European imports, the volume of imports declined. However, in this new environment, new opportunities presented themselves to the Port. Companies manufacturing in the U.S. evidenced an interest in exporting. Also, in order to cut costs, importers reduced the number of port calls, and distributed imports and exports from very few port hubs. Given our proximity to the market and the excellent transportation access we have, this port seemed to be a natural choice.

However, we began to hear from some of the manufacturers that vehicle handling at this port was not as good as in some others. To address this we convened a summit meeting last July with manufacturers, port processors, stevedores, steamship lines, labor, and port management. The meeting generated a lot of information and hard data which was shared with us on a confidential basis so we could examine the problem.

Subsequently, labor and management initiated a training program for all port labor to understand what the issues were, and to be trained in handling both imports and exports. The commitment of labor and management to this

problem has been superb. The performance overall has improved, and recognition has been worldwide for our dealing with this problem as a port.

Another important service the port provides is the operation of Foreign Trade Zone No. 49. In addition to the benefits accruing to individual Zone users, the Foreign Trade Zone is an important tool in attracting business to the Port and the region. Often, interest in the Zone Program will encourage businesses to contact us. They may decide to locate here, and even if they don't, ultimately, use the Foreign Trade Zone.

A foreign trade zone is a designated geographical area located within the U.S., but considered to be outside U.S. Customs territory. A general purpose zone accommodates many different users in a variety of activities such as pick and pack, minor manipulation, and distribution. A subzone is a special purpose zone, used by one company, almost always for manufacturing.

During the last year, 13 firms used the Foreign Trade Zone, and in one subzone, Bristol-Myers Squibb was in operation. More than \$1 billion worth of goods moved through the zone, including commodities such as automobiles and imported frozen orange juice.

The Port Authority serves as liaison between individual companies and U.S. Customs, provides technical guidance, assists companies to identify areas where savings may be achieved, and as with all of our tenants or customers within the Port, we provide assistance in marketing and developing business leads.

I have described a number of the facilities and services the Port provides. In the near term, our marketing programs are focusing on a number of very specific customer groups with whom we can work to increase their services and develop new business, or encourage them to divert cargo from

competitor ports and competitor regions. These include the container carriers, the forwarder and broker community, auto manufacturers, and the warehouse and distribution facility operators. In addition, we are putting a very special emphasis on encouraging exports from this region.

This effort encompasses two elements: First, to encourage businesses located in the region to generate new exports or expand their current level of exports; and second, to assist businesses who are already exporting, in their transportation decisions, and hopefully, to encourage them to choose this port as their port of exit.

The Port can benefit by achieving a more equal balance of imports and exports because efficiencies are created for the transportation companies and service providers using the port, and they will, hopefully, pass on those efficiencies of savings to their customers -- to the shippers and manufacturers. There are many agencies involved in export promotion in the region. And coordination of all, I think, is key to succeed as a region.

We see many market opportunities with growth potential for the Port. You've heard about many of them already this morning: Canada, Latin America, Southeast Asia and India, China, Eastern Europe, and the former Soviet Union, as well as our traditionally strongest trading partner, Western Europe. We are working with our maritime colleagues to position the Port to capture trade growth from these regions, and working with colleagues in ports in those areas to reach out to new customers for businesses located here.

The most important theme for our marketing effort has been partnership with customers, service providers, and other agencies to determine what's needed, and to find creative solutions for efficient customer service. I've touched only on a few of the efforts underway at the Port, and I'd be happy to provide additional information you may require. I think there are enormous possibilities for the region to gain economically

by aggressively competing for international trade as a region, and by combining the knowledge, services, and resources of the Port, the businesses operating in the Port, and the State and local agencies committed to this goal.

Thank you. I do have some information packets that I will leave behind for you.

ASSEMBLYWOMAN DERMAN: I just have one question. We do have to move along, though. Is there anything that the State of New Jersey is doing that impedes international companies from wanting to do business here, or is there any state that is more aggressive than we are, and we can learn from their role?

MS. FINKELSTEIN: I think there are a lot of states who are far more aggressive than we are in international markets in terms of reaching out. As I said, governors of other states, or delegations of business or important people will go out to Russia -- to any new market with any potential -- very quickly and very easily. I, personally, would like to see more involvement on the State's part -- both states as a region -- to go out and reach out to these markets overseas and to help create the impression and the image that this is a region that wants to do business, and it will make it easy for international business to occur.

On your first question about what we're doing to impede progress, I don't have a specific answer. I don't see anything that is deliberately undertaken on any agency's part, but I think one of the things we found as a port is that through the research that we've done in various places, we suffer from a longstanding negative image as a region. There are things that people think back to 30 or 40 years ago and think about this area as high cost and high crime. Unfortunately, a lot of the press that gets out of the region tends to be more of the negatives that get highlighted. I think there is a lot that we can do to spread the good word

and to get businesses who are operating successfully in the region to reach out and talk more and help people understand that this is a good place to do business, and that they should want to be here. It's the center of the world for international trade and all sorts of things. So, I think in that respect, there's a lot more that can be done.

ASSEMBLYWOMAN DERMAN: Assemblyman?

ASSEMBLYMAN AUGUSTINE: Do I have time for one quick one?

ASSEMBLYWOMAN DERMAN: A quick one, and a quick answer.

ASSEMBLYMAN AUGUSTINE: Okay. Could you tell me what percentage of capacity the Port enjoys, now, as far as the facilities being utilized? Is it fairly well occupied, or do you have space available?

MS. FINKELSTEIN: We have space available in different ways. We're always looking to modernize, reconfigure, and get more efficiency out of the space that's here. We do have a container terminal, for example, Howland Hook, on the New York side, which is not being used. We have space in the Newark/Elizabeth complex that can be dedicated to new marine activities. We're always actively and aggressively looking for new businesses that can locate within the Port, and if we can't accommodate them within the boundaries of the Port itself, we look for other locations in the region.

ASSEMBLYMAN AUGUSTINE: Do you feel you enjoy a good labor market and good labor relations within the Port jurisdiction?

MS. FINKELSTEIN: I think it's been excellent. In the last couple of years, labor and management have been superb in working together. I referenced the training program in the auto area, but training programs have been initiated in a number of different areas. Labor and management have been out making calls on behalf of the Port, promoting the Port together, which raised a few eyebrows in a very positive sense,

overseas. They were very surprised and pleased to see that happening. And labor and management have been active participants in all the efforts we've initiated to improve problems, improve image, and bring new business in.

ASSEMBLYMAN AUGUSTINE: Good. Thank you.

ASSEMBLYWOMAN DERMAN: Thank you very much.

Hal Eastman? Is that correct?

H A L P. E A S T M A N: Madam Vice-Chairperson, members of the Committee, distinguished guests: I hesitate even to sit down. If my stomach is representative of the average stomach in the room, that will be a barometer of a very short address, I believe.

ASSEMBLYWOMAN DERMAN: Good.

PROFESSOR EASTMAN: I will say I would like the opportunity to send members of the Committee my remarks in somewhat more detail.

There is some advantage of coming at the end of a long and very well informed train in that many of the things that I wanted to say have already been said. There is no need for me to go over the statistics that I had gathered of the need for the State's interest in economic recovery, and in export and foreign investment.

That takes me to the point that I laud and applaud, the proposal of S-1594 for the Chair in International Business and Education. It's probably inappropriate and I do this only half facetiously, but only half facetiously: I might propose an amendment for an incumbent of that Chair, Mr. Joe Kaye, who stole a great deal of my material in speaking of the need for and the benefit of collaborations between business and the universities and colleges of this State. This bill goes right to the heart of that, because I see it as a means to leverage our resources, and leverage the resources of the business community in this State for impact upon our international trade and foreign investment needs.

I will briefly speak of our international faculty at the school. Since there are only three people on that faculty, there's not a great deal to say, except their impact goes far beyond their numbers.

In a recent survey, their research output caused Rutgers to be ranked fourth among universities in the United States concerning research output in international trade. And one of these three faculty was ranked as the number one; i.e. the leading contributor in the country by a count of articles over the last few years from the six top journals in the field of international trade.

I'll turn quickly to our course work, and mention one course which, with the resources of the Chair, I believe we would be able to expand to other areas. That's a course in international marketing. Joe Kaye may be able to speak in a more informed manner than I can about it, because he was one of our corporate clients.

In this course we match teams of three to four students up with businesses and corporations that volunteer to participate in a program. The students work with corporate management in increasing and improving the ability of the organization to go after export markets and to make foreign investments. Having started in 1984, that course has processed more than 300 students through it and 90 corporations, and we believe has had a very significant impact on strengthening the ability not only of our students, but also of the corporate managers who work with our students in increasing exports.

I'll conclude, just by introducing my colleague, Mr. Richard Meisenbacher, who runs our Office of International Assistance with New Jersey's Small Business Development Center, which is housed in the Graduate School of Management, which has a charter of working widely not only in export matters, but in all matters of small business and entrepreneurship with New

Jersey businesses. Dick Meisenbacher was responsible for coordinating the effort of this course, where businesspeople and our students work together.

I think those are the essence of my remarks. I'll just conclude by saying, I look at this bill for a Chair in International Business as a high yield sort of opportunity, an opportunity for the State, by putting forward a modest amount of resources to leverage our research capacity and the abilities and energies of our students, and having a wide-ranging impact through the State.

Thank you very much.

ASSEMBLYWOMAN DERMAN: Thank you.

Are there any other speakers who we haven't called upon? (no response)

With that, we will conclude this morning's session. Thank you very much for attending.

**(MEETING CONCLUDED)**

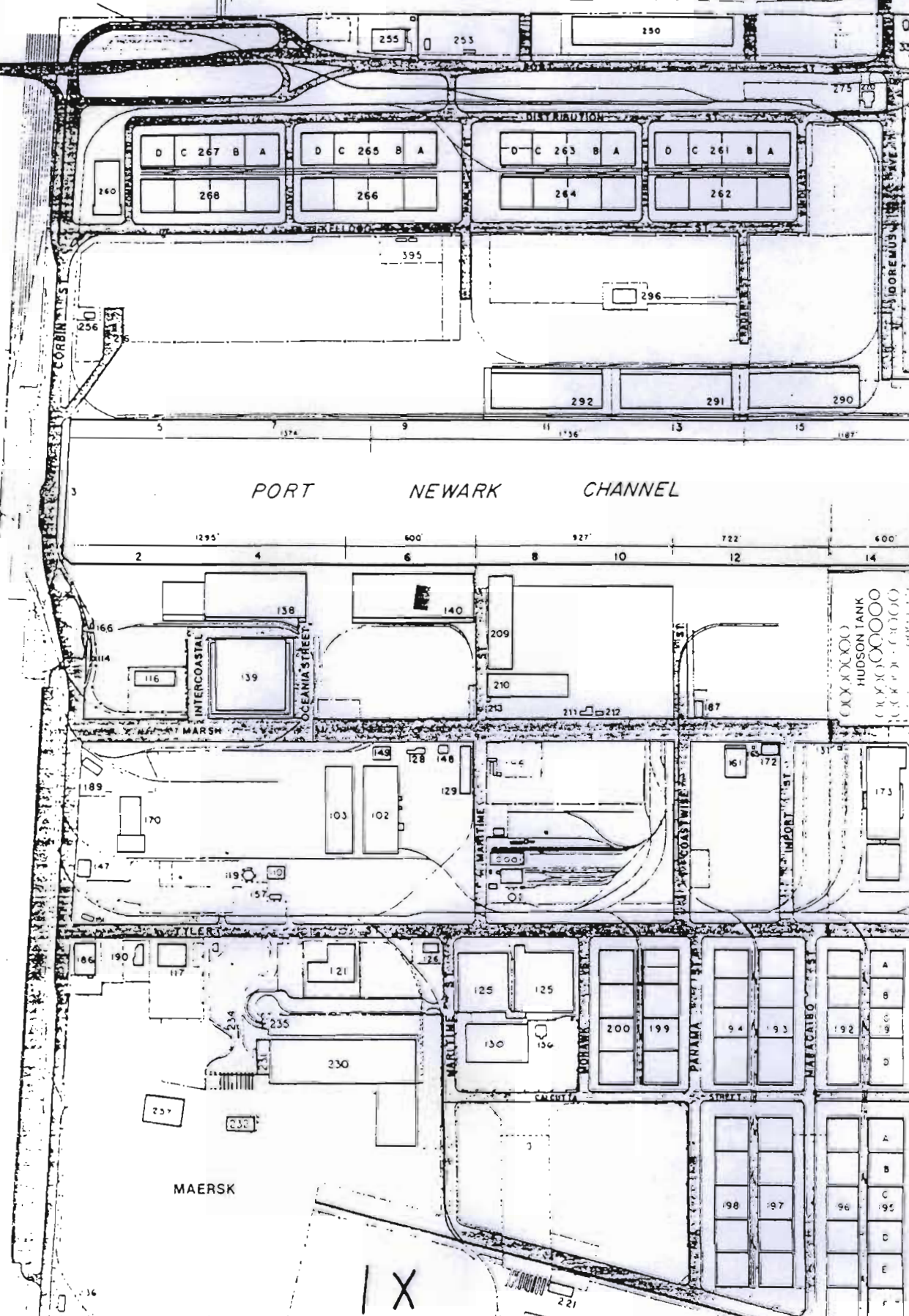
APPENDIX

Port Newark/Elizabeth  
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