



*Beyond the Horizon:
North Carolina and Foreign
Trade*

By J. Barlow Herget

For more than two centuries, North Carolina's chief executives have called upon international trade as a means of helping North Carolina grow and prosper. "The natural produce and Staple Commodities of this Province," wrote Royal Governor Arthur Dobbs in 1761, "consist of Naval Stores Mast yards Plank and Ship Timber, Tar pitch and Turpentine Lumber of all Kinds, furs and peltry Beef pork Hides, and some tanned Leather—Indian Corn pease Rice and of late flour Hemp flax and flax seed, Tobacco Bees and Myrtle wax and some Indigo." North Carolina's third royal governor then identified the problem with the province's efforts at promoting trade. "We export little or no bullion or Sterling the whole Trade being carried on by paper Currency."

In the intervening 225 years, the state has added to the list of 1760 exports, even if little bullion has appeared and trading still depends upon the vagaries of paper currency. While some private businesses have always sought markets abroad for their products, efforts by state government have also contributed to the importance of foreign trade. And that's largely because North Carolina governors—at least in modern times—have tried to promote economic development and increase trade with Europe and the Orient. Among them is Gov. James G. Martin, who just last fall led a trade mission to Japan. On Oct. 31, 1985, upon his return, Martin held a press conference to discuss his enthusiasm for trade in the East.

It had been Martin's first visit to the country, and the journey obviously agreed with him. He described Japanese politeness, demonstrated the ritual of exchanging greeting cards, and declared his optimism for increased Japanese business. He also told the reporters that he had assured the Japanese that he—a Republican only 11 months in office—clearly wanted to continue the trade and investment policies of his Democratic predecessor, Gov. James B. Hunt Jr.

The Governor's excitement aroused only modest interest from the assembled scribes. His search for foreign trade was hardly new; rather, it continued a trading tradition dating to colonial days. By 1981, the latest year for which official figures are available, North Carolina ranked 11th in the nation in total dollar exports, \$4.68 billion with another \$3.1 billion in supporting products.¹

Today, few analysts, even among *laissez faire* Republicans like Governor Martin, question whether state government has a role in developing international markets. But for nearly as long as the state has sought international

trade, defining that role has eluded politicians and policymakers alike. Such difficulties in the past have resulted in the absence of a well-defined state trade policy. But many would consider that a natural state of affairs.

After all, the major industries, like tobacco and textiles, have long sought international markets for their products. And the average North Carolinian is more likely to associate foreign trade efforts with the federal government than with the state. Indeed, the federal government establishes foreign trade policy and oversees its attendant parts such as tariffs, favored-nation treaties, and trade information reports. Between federal policy and private business practices, however, much room exists for the individual states to affect foreign trade directly and indirectly.

North Carolina policy regarding foreign trade has evolved over the years to meet the needs of an economy that has progressed from agrarian to industrial and now to the brink of high-tech and service-oriented trades. Today, that policy involves three general thrusts;

- assistance to the manufacturing sector, through recruiting foreign companies to locate new plants here, and through helping North Carolina companies export goods;
- assistance to the agriculture sector, by promoting exports; and
- support for both manufacturing and agriculture through a variety of cultural and technical assistance programs.

Industrial Assistance—From Recruitment to Trade Promotion

Since Luther Hodges served as the "business-man's" governor (1954-61), the state has aggressively hunted for foreign companies to locate in North Carolina. In fact, Hodges led the first state-sponsored industry-hunting trip abroad in 1959. In the mid-1970s, the state opened a European office, now located in Dusseldorf, West Germany, to extend its search for foreign industries and investment. In 1977, the state Department of Commerce established an International Development Division to oversee this search. The same year, the state opened a Tokyo office, also to help lure new industry to North Carolina. New York state opened the first such overseas office in 1968. Today, 21 states have "one or more full-time offices in Europe" and a number of states also have offices in the Far East.²

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Governor Dobbs bemoaned the lack of exports 225 years ago.

According to the August 1985 issue of "Comparative State Politics Newsletter," evaluating the effectiveness of those offices is difficult. "Reports of the number of European contacts made or potential clients recruited each year are useful, but they do not measure outcomes." For that reason, more comprehensive reports from the state's foreign offices to the General Assembly would be helpful in measuring their effectiveness and making trade policy decisions.

The state has been quite successful in attracting foreign industries and investments—sometimes called reverse investment—according to Wachovia Bank's 1985 edition of "N.C. Economic Information."³ The bank showed the state attracting \$467 million worth of foreign projects in 1984, more than almost any other state. Meanwhile, a Georgia State College study found that North Carolina attracted 20 foreign plants in 1984, ranking the state third behind New Jersey and California. The year before, in 1983, the state got 25 new foreign operations, which was better than any other state except New York.⁴ (For more, see Table 1.)

At the beginning of 1985, according to the N.C. Department of Commerce, North Carolina had 355 foreign or foreign-owned corporate facilities within its borders—including 234 manufacturing concerns. That latter number put North Carolina sixth in the country, behind New York, New Jersey, Pennsylvania, California, and Georgia. The net effect of all this reverse

investment over the years, according to the U.S. Department of Commerce, means 61,000 jobs and \$5.7 billion in investment in North Carolina alone.

In 1979, the International Division moved beyond its original mission of recruiting foreign industry to North Carolina. It established a new International Marketing section and began to promote the state's wares abroad in earnest. This marked a new emphasis for the division, and such efforts have gradually increased in the last six years, says Division Director Jim Hinkle, a veteran employee and survivor of Democratic and Republican administrations. For example, the marketing section placed a new trade specialist in the Dusseldorf office. Then in 1985, the General Assembly more than doubled the division's budget for trade promotion, from \$110,000 to \$292,000 for 1985-86.⁵

Gordon C. McRoberts, with 20 years of export experience in the private sector, joined the division in 1979 as the international marketing director. The office was being "bombarded by phone calls," remembers McRoberts, from North Carolinians wanting to know how to export and from foreign traders anxious to buy North Carolina products. "That was when the dollar was low," he explains, referring to the weakness of U.S. currency in comparison to foreign currency. The current strong dollar makes it more difficult to develop export markets because foreign buyers must pay more for U.S.-produced goods. He estimates that his office has continued to receive about 3,500 phone calls a year in regard to marketing questions.

The trade office offers one-on-one assistance with North Carolina companies. The office also organizes trade missions overseas, represents North Carolina businesses at foreign catalog shows, coordinates visits from visiting trade delegations, and directs a "mentor program" whereby experienced exporting companies are asked to help newcomers. Finally, the office has also worked on special projects that meet needs particular to North Carolina and to the times.

In 1980, for example, the International Marketing office persuaded the U.S. Department of Commerce to underwrite a study of international furniture markets and export requirements. Recognized as the nation's "furniture capital," North Carolina sent surprisingly few furniture products overseas. When the report was completed in 1981, the state helped host a national conference on the topic which attracted foreign buyers.⁶ "It's one of the most outstanding things we've done," concludes McRoberts.

Since the 1981 conference, state furniture makers have begun to seek increased overseas markets. While the industry still relies on the

domestic market during years of growth, an export market has begun to stabilize. "Drexel-Heritage, which exported all along, continues to do so and so does Broyhill and Century," says McRoberts. "Thomasville sold \$1 million worth in China in 1984."

The state's most recent strategy is to identify industries whose products are sought overseas and remain competitive despite the strong dollar. McRoberts is targeting for exports those companies involved with process controls (to regulate systems machinery), safety and security devices, biomedical equipment, computer software and hardware, telecommunications, and instrumentation. "We're taking a systematic approach," he explains. "We find who they (the companies) are, where they are internationally, and what they need to export."

Such efforts by the Department of Commerce have not gone unnoticed. "North Carolina has one of the most carefully integrated and highly successful export programs in the country," concluded the U.S. House of Representatives Committee on Small Business in a 1984 report. "The almost 100 percent increase of exporter manufactured goods from 1977 to 1980, and the 96,000 jobs created by the increase, dramatically illustrates the success of North Carolina's efforts." (Table 2 shows North Carolina exports by manufacturing sector.)

Despite these increases, however, in 1980 and 1981 the state ranked at roughly the same level nationally as it did in population. Ten other states had more exports in terms of the value of

total export-related manufactured shipments—including agricultural products. North Carolina also ranked 10th in population in the country; eight of the 10 states ahead of North Carolina in exports also exceeded North Carolina in population (see Table 3).

Determining how well North Carolina has done since 1981 is difficult, at best, because of the astonishing lack of up-to-date data on exports by state and by commodity. The most recent statistics available are for the year 1981, published by the U.S. Department of Commerce in the Annual Survey of Manufactures. The next figures are set to be released in the spring of 1986—for the year 1982. Thus, businesses in North Carolina—and elsewhere—must rely on badly out-of-date information. "It's fairly depressing to try to figure out how to respond to trade problems when you don't really know what trade problems there are," says Bud Skinner of the state Commerce Department.

But it's clear that state officials, in North Carolina and throughout the country, will continue to seek ways to promote exports. "It is clear that the states have turned a new page," reported the April 1985 issue of *State Legislatures* magazine. "The heightened activities of federal trade agencies—because of the record U.S. trade deficit (\$123 billion in 1984), the administration's 'New Federalism' philosophy, and the federal budget crunch—have prompted the states to step up trade development efforts." The increased interest, no doubt, also is related to the estimate that \$1 billion in exports creates 25,000 jobs.⁸

In Colonial Days, the state's chief exports were agricultural products and pine stores.





Meat and meat products now rank 8th in the list of North Carolina's farm exports.

Agriculture—Promoting Exports

The N.C. Department of Agriculture has had a full-fledged program to promote trade since 1968 when it hired its first international trade officer. The assignment recognized the state's long history of farm exports in products such as tobacco, cotton, and feed grains. Commissioner of Agriculture James A. Graham in a message printed in the department's current "N.C. Agricultural Export Directory" reminds readers that "tobacco, of course, is the state's leading commodity, contributing a \$1.1 billion gross to farmers. However, N.C.'s total gross farm income is \$3 billion. That is, two-thirds of our farm sales come from livestock and crops other than tobacco. This diversified farm production provides an excellent base for exports."

In 1984, an 11-person staff administered the department's domestic and international marketing efforts. "One (person) spends full time working livestock exports on anything from chickens to rabbits," says marketing director W. Britt Cobb Jr. "We used to have a person in Dusseldorf and I felt the office earned its keep at the time," adds Cobb, who worked in the state's Dusseldorf office in the mid-1970s. "With the dollar so strong, it was much harder to develop markets and we no longer have a person in the office. When economic conditions change, we'll probably get back in there."

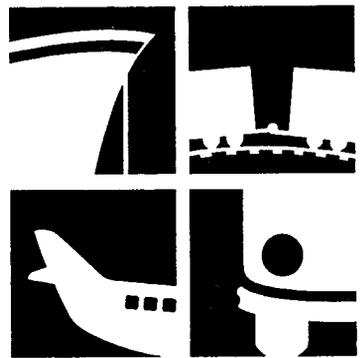
The department works closely with the U.S. Department of Commerce and embassies abroad to help farmers and processors export their goods, especially when they are unfamiliar with the country or the market. The department also helps put North Carolina agricultural businesses in direct contact with foreign buyers. "We participated in a trade mission not long ago to

Europe—England, Belgium, Holland, and West Germany," says Cobb. "You try to get someone from an exporting company to go—they pay their own way—who can sell direct. We had a chicken person, two beef people, and someone in turkeys and peanuts. In London, we stayed at the Britannia Hotel on Grosvenor's Square across from the U.S. Embassy and lined up people they would meet. The two peanut people called on roasters and others such as supermarket chains."

In 1984, tobacco was the leading farm export for the state, with \$693.8 million. The other top 10 exports and their values (in millions) were: soybeans, \$152.3; feed grain, \$72.5; poultry, \$39.2; wheat, \$34.6; peanuts and peanut oil, \$20.3; cotton, \$13.3; meat and meat products, \$8.8; fruit, \$8.3; and feed and fodder, \$3.5. The total value of farm exports was listed as \$1.059 billion.⁹

Cobb concedes that the department's program is not inclusive. For instance, the state seldom gets involved in tobacco exports because the industry itself has developed over the years a very successful and sophisticated close-knit system. "We learn from them," says Cobb, speaking of the tobacco dealers. "Occasionally, they might call the state, but I can't even remember the last time they did."

N O R T H
C A R O L I N A



A G R I C U L T U R A L
E X P O R T
D I R E C T O R Y

**Table 1. N.C. Foreign Investment
Number of firms locating facilities in North Carolina**

Country	1960-1980	1981	1982	1983	1984
West Germany	79	9	5	12	20
England	43	7	7	7	16
Canada	30	3	0	7	11
The Netherlands	23	0	1	1	4
Japan	21	2	3	3	5
Switzerland	21	0	1	3	3
France	16	0	0	3	4
Sweden	8	0	0	0	2
Italy	7	0	0	0	0
Denmark	5	1	0	0	2
Belgium	4	0	0	0	1
Singapore	0	0	1	0	0
Philippines	0	0	0	1	0
Austria	0	0	0	0	2
Norway	0	0	0	0	1

Source: N.C. Department of Commerce. These figures differ from other studies (see text) because of counting methodologies.

The department's strength, he adds, lies more in helping "the small company that doesn't know how to export." An Albemarle popcorn processor, for example, had a surplus and called for advice on exporting the product. "I made some contact with people I know overseas in the popcorn business," says Cobb. "We worked closely with the U.S. Department of Agriculture and identified the major importers in Europe. After some telexing and shipping some samples, now he's shipping to or negotiating with 10 to 15 countries."

Cultural and Technical Assistance

A number of quasi-public programs in the state affect foreign trade directly or indirectly. Two centers are located at North Carolina State University—the International Trade

Center, founded in 1978, and the North Carolina Japan Center, begun in 1980. The trade center, directed by Charles A. Shields, helps to educate and assist business persons and others. For example, it has sponsored workshops on "Export Documentation and Traffic," "Finance and Letters of Credit," and "Tax Aspects of Doing Business Overseas." It also seeks to offer "hands-on" instruction, guidance, and practical advice at a series of seminars and short courses, as well as in-house training programs "designed to meet specific needs of companies and business organizations," says a recent ITC brochure.

The Japan Center conducts academic programs such as teaching the Japanese language to business people and sponsoring overseas research. It also teaches courses to North Carolina companies about Japanese customs and has developed a video program on "Selling to the

Japanese Market" and a short audio course, "Essential Japanese for Business Travelers." On Nov. 1, 1985, it helped sponsor a major conference for state businesses on "Japan and North Carolina: Trade and Investment."

Director John Sylvester Jr., an ex-Foreign Service officer who speaks Japanese fluently, says the center also assists Japanese nationals on assignment to North Carolina. For instance, it helped establish the Saturday Japanese School at Effie Green Elementary School in Raleigh where Japanese children continue to take courses in their native language so they will not fall behind their counterparts back home. The center also works closely with the state's International Division when Japanese businessmen visit the state. Finally, it helps escort visiting Japanese reporters and dignitaries.

Other trade organizations with government ties include the N.C. District Export Council and the N.C. World Trade Association. The council is composed of 42 state businesses, most of whom are exporters and education leaders appointed by the U.S. Secretary of Commerce. The World Trade Association includes manufacturers, exporters, bankers, customs officials, freighters, and others involved in international trade. Without any formal staff, the association serves as an exchange for trade information.

Another facet of the state's overall trade program is Foreign Trade Zones or FTZs, of which North Carolina contains four: Charlotte,

the two ports at Wilmington and Morehead City, and most recently, the Research Triangle's FTZ No. 93. Such zones were first established in 1934 by President Franklin D. Roosevelt to help American companies delay paying import duties until the companies were ready to sell the products.

The Wilmington and Morehead City FTZs are operated by the State Ports Authority port facilities in those two cities. The ports themselves have become increasingly important to the state's international trade programs in recent years as tonnage and revenue have gradually risen. The Wilmington port terminal features more than one mile of continuous wharf and three 40-ton container cranes, plus another 85 acres of open storage and more than 1 million square feet of warehouse space. The smaller terminal at Morehead City is principally a bulk commodity terminal. It, too, has a mile-long wharf, 14 acres of open storage and half a million square feet of warehouse space.

The zones are approved by the U.S. Department of Commerce but regulated by the U.S. Customs Office. (The zones also provide state business tax exemptions.)¹⁰ Today, with many products built with parts from all over the world (called world sourcing), the FTZs have an additional use. A company, for instance, may avoid paying duties on a foreign part if that part is a component of a product—such as a computerized telephone switch system—that is as-



One of the State Ports Authority's whopping cranes dominates the wharf at Wilmington on the Cape Fear River.

Table 2. Shipments of Export-Related Products and Export-Related Employment by Major Industry Group for North Carolina, 1981

Manufacturing Sector	Total Manufacturer's Shipments' Value (in millions of dollars)	Total Export-Related Products (in millions of dollars)	Exports as a Percentage of Total Shipments	Total Employment (in 1000s)	Total Export-Related Employment (in 1000s)
Total Manufacturing	\$62,196.6	\$ 7,808.5	12.5%	822.3	80.6
Food	5,824.5	262.2	4.5%	42.4	1.6
Tobacco	6,512.4	1,354.6	20.8%	22.9	4.4
Textiles	14,021.2	1,591.9	11.3%	233.3	24.2
Apparel	2,621.0	93.1	3.5%	77.9	1.9
Lumber	2,053.0	225.6	10.9%	38.2	3.6
Furniture	3,704.5	127.9	3.4%	83.5	2.7
Paper	2,575.2	439.5	17.0%	22.8	3.2
Printing	869.7	18.1	2.0%	18.8	0.3
Chemicals	5,341.5	1,169.0	1.8%	32.2	5.9
Petroleum and Coal	123.6	6.1	4.9%	0.3	
Rubber and Plastics	2,314.7	269.8	11.6%	28.1	3.0
Stone, Clay and Glass	1,198.4	116.2	9.7%	16.0	1.4
Primary Metals	942.7	215.3	22.8%	7.6	1.6
Fabricated Metals	2,656.6	303.8	11.4%	26.5	2.6
Machinery	4,352.4	717.8	16.4%	47.1	7.7
Electronics	4,525.6	595.5	13.1%	50.4	7.2
Transportation Equipment	991.6	153.1	15.4%	13.2	1.9
Instruments	869.2	109.7	12.6%	10.4	1.3
Miscellaneous Manufacturing	432.3	28.6	6.6%	9.3	0.4
Administrative	NA	NA	NA	35.9	4.7

Source: Annual Survey of Manufactures, 1981, U.S. Bureau of the Census, U.S. Department of Commerce, May 1985

sembled in the FTZ itself and then exported.

According to Lee H. Capps, director for economic development for Consolidated Ventures Corp. of Chapel Hill, the zones permit an exporter or importer to "fine tune the business cycle" and help his cash flow.

Exporters will also get new help in 1986 from construction of a world trade center in the

state port city of Wilmington. The 200,000 square-foot center, part of an eventual 45-acre complex, will bring international trade facilities and services under one roof for the first time in the Carolinas. It will provide one-stop shopping for state companies interested in world trade, and will make the state's products more attractive to foreign buyers and to investors.

Table 3. Total Export-Related Shipments, 1981 and 1982 (In Millions of Dollars)

State (rank in population)	1981	1980
1. California (1)	\$27,389.9	\$24,533.8
2. Texas (3)	22,650.8	19,530.5
3. Ohio (6)	18,132.3	17,394.4
4. Illinois (5)	17,038.9	16,444.6
5. Michigan (8)	15,512.3	13,494.6
6. Pennsylvania (4)	15,485.1	14,235.7
7. New York (2)	15,259.5	13,780.6
8. Washington (20)	10,772.8	10,124.0
9. Indiana (12)	9,692.2	8,741.2
10. New Jersey (9)	8,203.5	7,859.6
11. North Carolina (10)	7,808.5	7,371.4

Source: Annual Survey of Manufactures, 1981, U.S. Bureau of the Census, U.S. Department of Commerce, May, 1985.

Finally, outside of the direct and indirect state programs there are numerous private sector trading resources such as the tobacco trade network. Often, they are used by state government, as in the International Division's "mentor program," to augment state efforts to educate less sophisticated companies.

What Prospects for North Carolina's Trade Programs?

The increase in state resources for international trade in recent years indicates a commitment to expanding export markets. More exports mean more jobs, and it's an unusual politician who doesn't favor finding jobs for his constituents. Exports no doubt also help the state's "balance of trade"—its ability to sell more goods abroad than it imports. The big question, however, is how much of a commitment does North Carolina have? The answer is difficult to

find. Import figures other than those very limited amounts coming through North Carolina ports are difficult to measure. Also, such a "balance" can be misleading as an indicator of the state's economic well-being.

For example, state furniture manufacturers traditionally have cultivated domestic markets over exports and have sought foreign customers only when U.S. sales lagged. Conversely, when sales boomed at home the companies often neglected foreign customers and exports dropped.

Governor Martin, at his Oct. 31, 1985 press conference, exhibited an enthusiasm for the prospect of more trade with foreign countries but also showed caution about endorsing any expansion of existing state agencies to attain export growth. In 1985, the Commerce Department with its increased budget was putting into effect its first comprehensive foreign trade program. New professional employees were hired, and plans were developed to engage more actively in trade shows. But when asked whether the state should make further strides in its trade programs, such as adding a trade officer to its Tokyo office, Martin replied that the idea should be studied first and said he had asked Secretary of Commerce Howard H. Haworth to "look into it." He said, "There's no point in putting people in Japan if they're not going to be useful."

Nonetheless, one trade official who asked not to be identified said the need for such trading experts was immediate. The state has added a trade official to its Dusseldorf office, but state officials privately say more trade officers could produce greater trade results. Also, several observers including McRoberts and the ITC's Charles Shields say that the state should focus more of its attention on the developing China and Southeast Asian markets.

One businessman active in the state's foreign trade community, James F. Kelly, president of Aeroglide Corp. of Cary, believes that far too many people do not understand international trade and its potential. It is also a view shared by Jeana Dunn McKinney, who co-authored a July 1985 study titled, "Assessing North Carolina's International Resources: Public and Private Partnerships."¹¹ Ms. McKinney's report found, for example, a "widespread international (language) illiteracy," and in a later interview, she said that further export gains should be tied to greater long-range public education efforts.

Kelly, a member of the World Trade Association and the District Export Council, calls for a more prominent role from state officials. "We need somebody who has status who can open the door, someone who can make the business person in Nigeria or Saudi Arabia

State foreign-trade development programs

	Seminars/ conferences	One-on-one counseling	Market studies prepared	Language bank	Referrals to local export services	Newsletters	How-to handbook	Sales leads disseminated	Trade shows	Trade missions	Foreign office reps	Operational financing program
Alabama	•	•		•		•	•	•	•	•		
Alaska												
Arizona	•	•	•		•		•	•	•	•		
Arkansas	•	•	•	•	•		•	•	•	•		
California	•	•	•		•	•	•	•	•			•
Colorado	•	•	•				•	•	•			
Connecticut	•	•	•	•	•		•	•	•			
Delaware	•			•			•	•	•			
Florida	•	•	•				•	•	•	•		
Georgia	•	•	•	•			•	•	•	•		
Hawaii	•	•		•			•	•	•			
Idaho	•						•	•	•			
Illinois	•	•	•	•			•	•	•	•		•
Indiana	•	•	•				•	•	•	•		•
Iowa	•	•	•	•		•	•	•	•	•		
Kansas	•	•	•	•	•	•	•	•	•	•		
Kentucky	•	•		•		•	•	•	•	•		
Louisiana*												
Maine	•						•		•			
Maryland	•	•			•		•		•	•		
Massachusetts	•	•	•	•				•				
Michigan	•	•	•		•	•	•	•	•	•		
Minnesota	•	•		•	•		•	•	•	•		•
Mississippi	•	•	•		•	•	•	•	•			•
Missouri	•	•	•	•	•	•	•	•	•	•		
Montana	•	•	•	•		•	•	•	•			
Nebraska	•	•		•		•	•	•				
Nevada	•		•		•				•			
New Hampshire	•	•		•		•	•					
New Jersey	•	•		•	•		•	•	•			
New Mexico	•	•		•		•	•			•		
New York	•	•		•	•	•	•	•	•	•		
North Carolina	•	•	•	•	•		•	•	•	•		
North Dakota	•	•					•	•				
Ohio	•	•	•	•	•	•	•	•	•	•		•
Oklahoma	•	•	•	•	•	•	•	•	•			
Oregon	•	•		•	•	•	•	•	•			
Pennsylvania	•	•	•	•	•		•	•		•		
Rhode Island	•	•	•	•	•		•	•	•	•		
South Carolina	•	•	•	•			•	•	•	•		
South Dakota	•	•	•	•			•					
Tennessee	•	•	•	•		•	•	•	•			
Texas	•	•				•	•	•		•		
Utah	•	•				•	•	•	•	•		
Vermont	•									•		
Virginia	•	•	•				•		•	•		
Washington	•	•	•	•	•	•	•	•	•	•		
West Virginia	•								•			
Wisconsin	•	•		•	•	•	•	•	•	•		
Wyoming									•			

Source: National Association of State Development Agencies

*Office of International Trade, Finance and Development, 1984 recently established and is in the process of developing programs.

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respect what he says. Now they send someone just out of school," Kelly explains. His company builds driers and roasters and dehydrators for cereal grains, processed grains, wood chips, and forage crops. A third of his machines are exported, mostly to Third World countries which he, too, saw as North Carolina's market of opportunity. Moreover, he described the state's future role as one that would develop better marketing information and more aggressive sales representation abroad. "We need somebody who can come back to smaller companies and say, 'fellows, here's a place you can look.'"

Kelly's call for better information reflects a national attitude about foreign trade by many businessmen, especially those in small companies. A survey conducted by Yankelovich, Skelly and White for the National Association of State Development Agencies in 1982, for ex-

ample, found that nearly one-third of small businesses have not even considered exporting.¹² It found further that the majority of small business that did export and 90 percent of non-exporters needed assistance in market research and overseas promotion of their products.

Other states are exploring programs involving export trading companies (ETCs)—organized with certain tax advantages and anti-trust exemptions designed to help promote the export of certain types of products, and offering a wide variety of direct services to export-minded companies—and export financing operations. In the past two years, 14 states have enacted various types of export finance legislation that offer such help as guarantees to banks for working-capital loans made to firms before an export shipment is made; post-shipment guarantees to banks for short and medium term

Agencies and Organizations Involved in International Trade

A. N.C. State Government Agencies

1. International Development Division
N.C. Department of Commerce
430 N. Salisbury Street
Raleigh, North Carolina 27611
919-733-7193
2. North Carolina European Office
N.C. Department of Commerce
Wasserstrasse 2
4000 Dusseldorf 1 West Germany
Telephone 49-211-320533
3. International & Domestic Marketing Office
N.C. Department of Agriculture
P.O. Box 27647
Raleigh, North Carolina 27611
919-733-7912
4. International Trade Center
Jane S. McKimmon Center
N.C. State University
P.O. Box 7401
Raleigh, North Carolina 27695
919-737-3793
5. N.C. Japan Center
N.C. State University
P.O. Box 8112
Raleigh, North Carolina 27695-8112
919-737-3450

B. Other Organizations Involved in Foreign Trade

1. N.C. District Export Council
Contact: U.S. Department of Commerce
North Carolina Office
203 Federal Building, P.O. Box 1950
Greensboro, North Carolina 27402
919-378-5345
2. N.C. World Trade Association
P.O. Box 36160
Raleigh, North Carolina 27602
919-851-2901
3. Foreign Trade Zones
 - Charlotte (Zone #57)
P.O. Box 16100
Charlotte, North Carolina 28216
704-398-2076
 - Durham (Zone #93)
P.O. Box 13487
Research Triangle Park, North Carolina 27709
919-541-9331
 - Morehead City (Zone #67)
P.O. Drawer 829
Morehead City, North Carolina 28557
919-726-3158
 - Wilmington (Zone #66)
P.O. Box 9002
Wilmington, North Carolina 28406
919-763-1621

For a list of advisory councils affecting trade, see table on "Executive Branch Boards, Commissions, and Councils Affecting Economic Development," p. 33.

loans to foreign buyers; insurance for the banks from federal or private sources against the risk of default by a foreign buyer; coordination for services from the U.S. Export-Import Bank to exporters; and advice on state and federal finance programs.¹³ If North Carolina wishes to help promote exports, the General Assembly should consider similar legislative vehicles.

North Carolina might also benefit from better coordination of its disparate and sometimes far-flung elements that affect international trade. A position paper written for the International Trade Center in 1981 noted that trade assistance programs in the state suffered from a lack of cooperation. It observed, "Under these conditions (of non-cooperation of programs) North Carolina will not have a single coordinated program of international development; it will have many, fragmented incomplete programs . . . (and) opportunities will be lost to neighboring states that are 'run like a business.'" ¹⁴

Since that report was written, the state has done little to develop more cohesive trade policies or programs. Tom Vass, a former N.C. Department of Labor official, examined the state's lack of a coordinated trade program in a report written for the N.C. 2000 Commission.¹⁵ Vass recommends that the state develop "a strong, coordinated administrative structure to tie the activities of the U.S. Department of Commerce, private banks, the various chapters of the International Trade Centers, and other existing programs in international trade, together for a more unified approach to trade development and assistance."

But the Martin administration, already leery of more bureaucracy, seems hardly likely to embrace creating even more of an "administrative structure." However, it might be interested in another Vass recommendation for which there appears to be a critical demand: developing "a comprehensive computerized information system for coordinating the market demands of foreign buyers with the market supply of North Carolina's manufacturers." McRoberts pointed out in an interview that the Commerce Department was putting into place its new computerized information system, and said the improved data retrieval would produce immediate benefits.

Such a system would seem to be elemental to any hopes for significantly increasing foreign trade, and the state Department of Commerce would be the likeliest repository and operator of such an information system. The benefits would be numerous. Not only would the state be able to rely on more up-to-date data, but it could also tell potential exporters whether a market for their products may exist—and perhaps more important, where that market is.

The United States, if not North Carolina, compiled its largest trade deficits ever in 1984, and the trend was not abated in 1985. Individual states have turned to their own resources to promote their goods and products, and North Carolina has joined in the pursuit of the elusive foreign trade fox. The record suggests that the state has benefited from its efforts in terms of new jobs and increased exports. Governor Martin, while enthusiastic about trade opportunities, has called for a study before endorsing any expansion of the state's programs. At the same time, he acknowledged that his Japan trip "showed me that our past efforts have paid off." The question remains whether a larger state role will pay off even more. □◡□

FOOTNOTES

¹Annual Survey of Manufactures, 1981, U.S. Bureau of the Census, U.S. Department of Commerce, May 1985.

²"State Offices in Europe," *Comparative State Politics Newsletter*, August 1985, published by Sangamon State University, Springfield, Ill., p. 22.

³"N.C. Economic Information," 1985 Edition, Wachovia Bank & Trust Co., Winston-Salem, N.C., August 1985, p. 5.

⁴*Directory of Foreign Manufacturers in the United States*, Third Edition, 1985, published by the Business Publications Division, College of Business Administration, Georgia State College, Atlanta, Georgia.

⁵SB 1, approved and ratified June 27, 1985, as Chapter 479 of the 1985 Session Laws.

⁶"Tailored Export Marketing Plan, North Carolina Furniture," by International Trade Administration, U.S. Department of Commerce, December 1981.

⁷"State, Local, and Private Sector Small Business Initiatives," a report of the Committee on Small Business, U.S. House of Representatives, Ninety-Eighth Congress, Second Session, by U.S. Government Printing Office, Sept. 18, 1984, p. 35.

⁸"State Roles in Foreign Trade," *State Legislatures* magazine, April 1985, published by National Conference of State Legislatures, Denver, Colo., p. 18.

⁹"Exports from North Carolina in Millions of Dollars, 1984," compiled by International and Domestic Marketing Office, N.C. Department of Agriculture.

¹⁰NCGS 105-275.

¹¹"Accessing North Carolina's International Resources: Public and Private Partnerships," by Jeana Dunn McKinney and Thomas P. Norman, Office of International Programs, N.C. State University, July 1985.

¹²"Export Trading Companies: Possible Structures, Small Business Response, Public Sector Roles," November 1982, by the National Association of State Development Agencies.

¹³"State Offices in Europe," *Comparative State Politics Newsletter*, August 1985, published by Sangamon State University, Springfield, Ill., p. 22.

¹⁴"North Carolina 2000: The International Imperative," position paper, N.C. State University at Raleigh, International Trade Center, Nov. 16, 1981, p. 3.

¹⁵"Industrial Recruitment and the Path of North Carolina's Economic Development to the Year 2000," N.C. Department of Labor, April 1982.