



CALIFORNIA COUNCIL FOR INTERNATIONAL TRADE

700 Montgomery Street, Suite 305, San Francisco, CA 94111

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September - October, 1995

CCIT Members Descend on Washington

On September 18 - 20, CCIT members met with 38 members of the California Congressional Delegation, key trade committee counselors and top representatives from the Department of Commerce, International Trade Commission, National Security Council and National Economic Council, Ex-Im Bank, OPIC, USTR and the California Governor's office.

CCIT's message to Congress was: 1) international trade is critical to California's economy; 2) international business plays a key role in each Congressional District; 3) we seek Congressional support for extension of Fast Track, funding for trade policy and promotion programs and a number of other priority issues.

Each member of Congress received a report on international business activity in his or her district. We reported on companies that volunteered information on the type, value and trading partner for both imports and exports and the total number of employees and number employed in the district. (see page 3 for District summary)
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CCIT to Honor Secretary Brown

On Friday, November 3, 1995, the Honorable Ronald H. Brown, Secretary of the U.S. Department of Commerce, will receive the 7th Annual Golden State Award. Tracy O'Rourke, Chairman of the National Association of Manufacturers and CEO



Secretary of Commerce
Ronald H. Brown

of Varian Associates will give the featured presentation at the dinner chaired by Lewis Platt, CEO of Hewlett-Packard. This prestigious award is given annually to an individual who has made the most outstanding contribution toward furthering opportunities for two-way international trade and investment for California companies. The award recognizes innovation and excellence in promoting California's international business.

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Opinion

U.S. Trade Deficit is a Savings Issue, not a Trade Issue

By Dick Courtney*

Although much of the recent dispute between the United States and Japan over auto trade has been resolved, the U.S. trade deficit is still very much alive. While Japanese structural barriers are certainly an obstacle to U.S. exports, they are far less responsible for the overall trade deficit of the United States than the realities of too much American spending and too little saving.

Last year, the overall U.S. trade deficit reached \$151.1 billion. Of this, \$65.7 billion was with Japan. Removing some of the Japanese structural barriers that restricted market access will certainly benefit those companies and in-

dustries that have been stymied in their exporting efforts. However,

Until we address the savings issue on the home front, we will make little progress in reducing our overall trade

this is but a small piece of the overall picture. While the benefits of such efforts are likely to be great in terms of boosting U.S. exports, they should not be expected to result in any significant reduction of this country's overall trade and current account deficits.

The fundamental cause of the

trade deficit with Japan and the overall U.S. trade deficit is American-made. The U.S. current account deficit -- a measure that includes both merchandise trade and trade in services -- measures the amount by which U.S. gross domestic saving falls short of U.S. gross domestic investment. The current account deficit can only be reduced in one of three ways: increasing saving, decreasing investment, or increasing saving at a faster rate than investment to reduce the gap.

In the course of U.S. trade relations with other nations, trade deficits with certain countries are offset by trade surpluses with others. How-

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CCIT Members On-line

Thanks to all of you who responded to our fax poll this summer. We were thrilled with your response to CCIT's on-line presence. Here's what you told us about your connectivity:

98%	Use a computer
86%	Use computers for business operations, such as:
12%	Tariff retrieval
16%	Traffic information
32%	Transaction management
60%	Documentation
54%	News
74%	Communication
62%	Have e-mail for external communications
62%	Have Internet access
34%	Have a company Website
84%	Would like to learn more about communications technologies
58%	Prefer e-mail to receive info on business
48%	Prefer electronic bulletin board for information
46%	Prefer Websites for information on business

If you would like to link your company Website to ours, please e-mail Noah Rosenkrantz at noah@otismac.com.

Trade Deficit continued...

ever, the overall level of imports, which is fueled by American consumerism, remains high. The implication is that if the current climate of consumerism continues, any reduction of our trade deficit with Japan will only result in larger deficits with other countries. To reduce the U.S. trade deficit, we must increase our savings rate and decrease the proportion of income devoted to spending.

In this situation, we should heed the words, "We have met the enemy and he is us." Eliminating the U.S. current account deficit is a much larger issue than the auto dispute and other similar trade disagreements with Japan. Certainly, the U.S. and Japan should continue to make strong efforts to eliminate unfair practices, unreasonable regulations, and other forms of non-tariff barriers wherever they exist. However, until we address the savings issue on the home front, we will make little progress in reducing our overall trade deficit. * Dick Courtney is Vice President and Senior Economist at Bank of America International Trade Bank.

Welcome New Members!

Business

James Lock & Associates *Santa Rosa*

Individuals

Michael Craig *San Mateo*
Kevin R. Haug *Walnut Creek*
James B. Jones *Emeryville*
Robert S. Keitel *Redwood City*
Lydia McClure-Lee *Orange*

Many Thanks to Renewing Members

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Graham & James
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German-American Chamber of Commerce
RB International
Smith Environmental Technologies

Individual

Alan Schwartz
Fred Martin
James Phillips

Trade by Congressional District

The adjacent table reflects data collected by the California International Trade Register based on information volunteered by some 8,500 California companies. Combined with "District Finder" we have been able to match these companies with Congressional Districts in which they are located. The result is a report on minimum levels of international business activity in each of California's Congressional Districts.

CCIT intends to augment this database with more detailed information about each district. We will identify a key advocate company in each district, as well as active Chambers of Commerce, international organizations and educational programs to further strengthen our grassroots network. If you are interested in developing the network in your district, please call the Secretariat at (415) 788-4127.

International Trade by Congressional District At A Glance

District	Representative	# of Companies	Exports (\$millions)	Imports (\$millions)	Total Employees	Local Employees
10	Baker	187	\$609.75	\$313.75	107,489	4,896
30	Becerra	230	\$360.50	\$249.25	116,446	4,210
24	Beilenson	308	\$685.50	\$682.75	171,542	7,816
26	Berman	224	\$656.25	\$243.50	45,231	5,285
49	Bilbray	289	\$758.25	\$89.75	292,461	14,478
44	Bono	40	\$110.75	\$30.50	3,896	856
42	Brown	176	\$408.50	\$43.75	200,616	3,482
43	Calvert	99	\$522.25	\$34.50	94,623	2,295
18	Condit	62	\$110.75	\$5.00	6,138	1,330
47	Cox	621	\$2,742.50	\$1,363.00	388,882	26,365
51	Cunningham	319	\$877.50	\$386.25	151,479	12,751
9	Dellums	193	\$232.50	\$68.00	103,133	8,185
32	Dixon	283	\$408.50	\$137.25	861,131	7,986
20	Dooley	106	\$189.75	\$100.75	18,637	2,029
4	Doolittle	39	\$49.75	\$1.25	4,718	721
46	Dornan	496	\$1,729.75	\$921.25	298,762	18,582
28	Dreier	276	\$654.25	\$282.25	129,886	7,482
14	Eshoo	438	\$1,883.25	\$451.50	468,181	26,114
17	Farr	67	\$275.00	\$112.75	11,723	3,082
3	Fazio	70	\$139.50	\$116.00	100,623	3,128
50	Filner	82	\$84.25	\$46.50	21,214	851
23	Gallegly	313	\$1,006.00	\$593.25	137,463	99,436
36	Harman	453	\$1,472.50	\$723.75	881,176	17,159
2	Herger	40	\$117.50	\$2.25	2,468	1,452
38	Horn	349	\$776.75	\$314.25	100,373	7,550
52	Hunter	79	\$72.75	\$33.75	15,291	1,046
41	Kim	476	\$1,605.25	\$859.00	280,406	12,595
12	Lantos	402	\$364.25	\$202.25	700,550	6,426
40	Lewis	50	\$30.00	\$8.75	14,739	701
16	Lofgren	330	\$1,396.75	\$501.25	521,013	30,517
31	Martinez	253	\$235.50	\$133.75	101,732	7,600
5	Matsui	89	\$238.75	\$126.00	253,326	4,664
25	McKeon	171	\$446.75	\$227.25	24,562	6,136
7	Miller	170	\$369.25	\$49.25	228,608	6,463
15	Mineta	367	\$1,542.25	\$478.25	769,650	24,226
27	Moorhead	285	\$669.50	\$310.75	61,180	9,228
48	Packard	204	\$364.75	\$196.00	21,100	2,608
8	Pelosi	482	\$718.25	\$507.75	1,602,230	21,541
11	Pombo	88	\$220.50	\$16.75	167,687	2,553
19	Radanovich	115	\$227.50	\$108.00	30,812	4,013
1	Riggs	104	\$93.50	\$26.00	14,331	1,800
45	Rohrabacher	363	\$905.25	\$361.75	67,780	11,154
33	Roybal-Allard	605	\$1,572.25	\$950.50	1,067,511	20,062
39	Royce	524	\$1,503.50	\$1,358.25	458,784	24,545
22	Seastrand	92	\$472.50	\$189.75	18,910	3,734
13	Stark	447	\$1,034.25	\$756.25	205,171	27,424
21	Thomas	41	\$41.75	\$10.00	11,244	1,270
34	Torres	529	\$1,125.00	\$1,047.25	427,093	16,277
37	Tucker	477	\$1,639.00	\$939.75	266,454	14,587
35	Waters	419	\$947.00	\$378.75	649,588	9,106
29	Waxman	351	\$640.25	\$131.50	557,923	6,523
6	Woolsey	133	\$310.75	\$30.00	50,45	4,057

Trade Policy Issues

CCIT is tracking the following policy issues. Please call Stephanie Broerman, Policy Analyst, if you have a priority trade issue you would like addressed by the Public Policy Committee. The next Public Policy Committee meeting is scheduled for November 7, 12 noon - 1:30.

U.S. Department of Commerce: Funding and Reorganization

Reorganization: House International Relations and Ways and Means Committees agreed to a proposal creating a new, cabinet-level trade agency including USTR, which will be attached as an amendment to the budget reconciliation bill. This House version designates the U.S. Trade Representative as the head of the new trade agency as well as of Ex-Im Bank and OPIC. The Senate Governmental Affairs Committee approved Sen. Roth's bill to combine the trade functions of Commerce with USTR in a new U.S. Trade Administration.

Funding: Funding for Commerce was approved by the full House with a 17% cut from FY 1995. The Senate approved the Commerce, Justice, State Committee appropriations bill, HR 2076, which funds the total Commerce Department at \$3.2 billion, \$80 million more than the appropriations approved in September by the Senate Commerce Committee.

The budget reconciliation conference is scheduled for October 24 - November 8. The bill will be sent to President Clinton for approval on November 15.

Fast Track Authority

House Republicans drafted a fast-track bill which would exclude labor or environmental provisions from fast-track authority, limiting it strictly to negotiations concerning the reduction or elimination of tariff and nontariff barriers to trade. The Administration wants explicit authorization of green and blue provisions in trade agreements. Recently, House Republicans indicated willingness to clarify the issues "directly related to trade" which would be covered by fast-track. Republican opponents of fast track, including California Representatives Hunter, Bono, Royce, Seastrand, Doolittle and Dornan, argue that fast track should be left out of the reconciliation. A final version of fast track must be considered by the Rules Committee to be included in the reconciliation bill the week of October 23rd.

Customs Line Release

U.S. Customs Commissioner George Weise imposed an immediate moratorium on all new applications for the line release program, in response to Sen. Feinstein's calls to abolish the program because of drug traffic. New applications will be accepted in January, but new applicants, and all line-release participants as of July 1, 1996, must use Customs-approved carriers. Trucking companies will have to undergo employee training and examination of their vehicles, warehouses and drivers. The line release program allows commercial trucks to cross the border into the U.S. with the transmission of information by importers through a barcode rather than computerized customs clearance paperwork.

China: Accession to the WTO

Differences between the EU, U.S. and China on the terms of China's accession remain after the EU meeting with Chinese Trade Minister Wu Yi on October 9. The U.S. and EU disagree on the length of phase-in periods and the breadth of the "national treatment" principle. China wants a longer transition period than the three years the EU demands, and has proposed to eliminate restrictions on Chinese firms before foreign ones. Further, China wants to protect certain "infant" industry sectors, such as automobiles, chemicals, shipping and machinery. Finally, China wants to restrict foreign firms' presence by geographic and numeric limits. President Clinton is scheduled to meet with Chinese President Jiang Zemin on October 24th.

Harbor Maintenance Fee

The U.S. Court of International Trade heard arguments on June 27 in the case of U.S. Shoe Corp. v. United States. The U.S. Court of Appeals for the Federal Circuit recently struck down as an unconstitutional export levy a tax assessed on certain marine insurance policies, reaffirming the legal principles on which the challenge to the HMF is based. The Harbor Maintenance Fee is levied at 0.125% of the value of cargo loaded or unloaded from commercial vessels at ports subject to the fee.

Ocean Shipping Reform Act (HR 2149)

The budget resolution eliminated funding for the Federal Maritime Commission, deregulating the U.S. shipping industry by phasing out government tariff enforcement and tariff filing requirements. The House Transportation and Infrastructure Committee approved HR 2149 in early August and attached it to the Transportation section of the budget reconciliation bill. The Senate reconciliation bill does not include shipping reform; the issue will be negotiated by reconciliation conferees.

APEC

The latest APEC draft for implementing the agreement reached in Bogor last year includes the controversial "flexibility" clause for certain "sensitive sectors", including agriculture. These sectors would not be obligated to meet tariff reductions by the 2010 and 2020 deadlines. APEC senior officials will meet in Tokyo next week, then not again until the November Heads-of-State summit in Osaka.

Financial Services

The U.S. withdrew from the Multilateral Agreement on Investment, citing insufficient concessions from the negotiating countries. The U.S. will continue bilateral financial services negotiations on an MFN basis. The remaining nations expect to conclude the Agreement by the spring of 1997.

* Stephanie Broerman, CCIT Policy Analyst

CCIT will present this award to Secretary Brown for Commerce's success in advancing trade and export opportunities nationwide. As a state whose GDP is especially sensitive to international business, California has benefited from the National Export Strategy, the California Initiative and public-private cooperative projects such as BAYTRADE and LATRADE.

GSAD on the Barbary Coast

The festivities will include a Barbary Coast Casino and silent auction where you can compete to win:

- A first-class trip to Moscow for 2*
- A lavish weekend in Sonoma for 4*
- A half-day sail cruise on the Bay for 4*
- A sunset champagne cruise with the winning whaleboat crew for 2*
- VIP tickets to Phantom , with dinner, for 4*
- VIP tickets to Kiss of the Spiderwoman for 2*
- VIP Raiders tickets for 2*
- Santa's Surprise: children's toys*
- Fine wines*
- Special edition Levi's jackets*
- Free books and software*
- Blue Diamond Almond gift packages*

The party will also feature music by Soul University where you can whirl the night away in case your luck runs dry at the Barbary Coast Casino. We hope to see you all November 3rd.

D.C. trip continued...

Business delegates represented BofA, Bechtel, Hewlett-Packard, Hughes Electronics, Lam Research, the LA Economic Development Board, Fred Martin, National Semiconductor, Solar Turbines, Wells Fargo and W.J. Byrnes.

Washington, D.C. representatives from our member companies joined us for these visits, helping to build an even stronger CCIT coalition in the Capitol.

Special CCIT Taskforce Addresses CCIT's Long - Term Plans

A special taskforce of members of the CCIT Board of Directors has been meeting to discuss CCIT's long term plans. The end product of the taskforce will be a five-year business plan to be presented for Board approval in December.

The taskforce's first meeting concluded with a re-drafted mission statement, a statement of principles and a set of current goals. *Mission:* CCIT is the only statewide organization dedicated to promoting government policies that expand two-way international trade and investment for its member companies and for California.

Principles: Why do we do what we do?

- * International Trade increases economic prosperity and social stability.
- * CCIT supports strengthening organizations and institutions that develop and enforce the international rule of law that governs trade.
- * CCIT supports measures that facilitate U.S. exports and imports.
- * CCIT supports reducing tariff and non-tariff barriers to U.S. exports of goods, services and investment and to imports from other nations.
- * CCIT supports bilateral and multi-lateral agreements to deal with unfair trade practices, to protect intellectual property rights, to permit free flow of investment, and to extend the provisions of the GATT, GATS (services) and the WTO.
- * CCIT supports policies that ensure fairer treatment of U.S. goods in foreign markets.
- * CCIT opposes unilateral economic sanctions.

Goals: What do we do? CCIT provides policy leadership by:

- * Identifying and analyzing critical trade policy issues

CCIT Sponsors

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- * Developing policy recommendations
- * Educating policy makers, members of the business community and the media
- * Advocating policies through our grassroots network
- * Providing a forum for the trade community to exchange information and ideas
- * Maintaining a channel for policy-makers to access the California trade community
- * Assisting our members to effectively advocate their trade issues.

CCIT People

Wells Fargo has just opened The Trade Bank, their joint venture with the HSBC Group in London. **Kevin Dillon** has established Global Focus, a firm that can help you create and implement winning strategies and develop distribution channels in Latin America. **Noah Rosenkrantz** of Otis McAllister with **Jerry Hanley** and **Phyllis Chiu** at the USC Center for Telecommunications Management are building CCIT's HomePage. Check it out in December...You can also reach CCIT by e-mail at ccit@well.com; see you on the net!

Everett Golden is engaged to marry Nancy Dickson... **Karen Rondon** and **Karen Swanner** both have beautiful new babies... Congratulations!

Calendar continued

November 17

East German Information Technology Trade Mission

A lunch and reception to meet with eleven small high-tech manufacturers from the former East Germany who are seeking business partners in the U.S. 11 a.m. to 2 p.m. at the Santa Clara Marriott. Contact the German-American Chamber of Commerce for info and registration. (415) 392-2262. E-mail: 763.1513@compuserve.com

December 5

Board of Directors Meeting

CCIT Editorial Board

Stephanie Broernan
Hani Dethero
Jerry Hanley
Martina Johnson

Calendar

November 3

Golden State Award Dinner honoring Ronald H. Breiten, U.S. Secretary of Commerce; Featuring Tracy O'Rourke - Chairman of the National Association of Manufacturers and CEO of Varian Associates; in the Grand Ballroom of the Fairmont Hotel in San Francisco. The Gold Rush party includes a Barbary Coast Casino and music by Soul University dance band. Call (415) 788-8719.

November 7

Public Policy Committee Meeting 12 - 1:30 p.m.
Executive Committee Meeting 4 - 6 p.m.

November 7 - 9

Wescom 95: Technology on the Move - Solutions for Success

Look for CCIT's booth at the three-day trade show and conference featuring advanced technology exhibits, economic forecasting and more... Call 1-800-877-2668 for details.

November 9 - 10

Asia-Pacific Rim: International Strategic Partnering and Licensing

Learn the most current and effective strategies successful national and global partnering. UCSC Extension in Santa Clara, 3120 De la Cruz Blvd. Cost: \$495, includes lunch. Call (408) 748-2171; e-mail: smthomas@cats.ucsc.edu for details.

November 13

Rebuilding for Peace: Croatia After the War:

A candid discussion with Croatia's Ambassador to the United States 11:30 a.m. to 1:00 p.m. At the Bankers Club in San Francisco. Call (415) 788-4127.

November 14-16

Ex-Im Bank Training Seminar; at the Federal Reserve Bank in San Francisco. Call (415) 788-4127.

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