Occasional Papers

State International Business Programs: Organization, Evaluation, and Oversight

Howard J. Shatz

Testimony at a hearing entitled "International Trade: Reassessing Structure and Process"
California Assembly Select Committee on California's Foreign Trade Offices
State Capitol, Room 447
Sacramento, California
Wednesday, February 11, 2004

Public
Policy
Institute *of*
California

The Public Policy Institute of California (PPIC) is a private operating foundation established in 1994 with an endowment from William R. Hewlett. The Institute is dedicated to improving public policy in California through independent, objective, nonpartisan research.

PPIC's research agenda focuses on three program areas: population, economy, and governance and public finance. Studies within these programs are examining the underlying forces shaping California's future, cutting across a wide range of public policy concerns, including education, health care, immigration, income distribution, welfare, urban growth, and state and local finance.

PPIC was created because three concerned citizens – William R. Hewlett, Roger W. Heyns, and Arjay Miller – recognized the need for linking objective research to the realities of California public policy. Their goal was to help the state's leaders better understand the intricacies and implications of contemporary issues and make informed public policy decisions when confronted with challenges in the future.

David W. Lyon is founding President and Chief Executive Officer of PPIC. Raymond L. Watson is Chairman of the Board of Directors.

Summary

The demise of the California Technology, Trade, and Commerce Agency gives California the opportunity to rethink its provision of international business services. Previously, California provided such services by helping firms export, attracting investment from overseas, guaranteeing export finance, and sponsoring overseas trade and investment offices. The case is by no means certain that the state should be involved in providing such services. However, should the state decide to reenter the field, it will be helpful to recognize that in the current international business environment, a large share of international business activity occurs through networks, suggesting that it is advantageous for a business to be linked to these networks. Furthermore, businesses involved in one form of global engagement, for example, exports, are often involved in other forms.

A justification for state involvement is that businesses, workers, and communities engaged with the global economy generally are more prosperous that those that are not. This does not mean global engagement brings unmitigated benefits, only that there is a tendency for the benefits to outweigh the costs. Should the state reconsider its approach to international business services, any program design should be built around the needs of clients – small and medium-sized enterprises as well as interested foreign investors – and around the wealth of international business services already offered in the state. Greater involvement of the private sector may be beneficial, and there are several models from which to choose. Foreign offices may be a useful adjunct but must be linked to strong domestic support.

Setting standards and evaluating performance will remain difficult, as they are for many state international programs around the United States. However, the state should avoid an oversight and evaluation system in which its officials are expected to take full credit for an export sale or some other international activity. Such activities are seldom the result of action by only one person or agency. Client surveys and external audits can be helpful for providing feedback and building credibility.

Given limited budget resources, the state can treat the next half year as a planning period, reestablish a high-level office for international business, conduct an inventory of the services and gaps in services available to businesses statewide, and examine more rigorously which services the state's small and medium enterprises would value.

State International Business Programs: Organization, Evaluation, and Oversight

Thank you for inviting me to this important hearing. My remarks are based on research conducted at the Public Policy Institute of California (PPIC), an independent, nonpartisan research institute. PPIC does not take positions on legislation, but instead provides objective information for decision-makers and the general public as they consider policy issues.

The research behind my testimony has included written sources, a modest amount of statistical analysis, and interviews during the past two years with a variety of state trade directors and others involved in providing international business services. In my remarks today, I will first give an overview of the international economy and then discuss whether California should be involved with providing services related to international business. Finally, I will outline some specific considerations in the design of a program that provides such services.

The nationwide community of state-level trade officials, U.S. trade officials, and even officials of foreign governments noticed the demise of the California Technology, Trade, and Commerce Agency (TTCA) in the current state budget. The end of the TTCA meant the end of the California Export Finance Office, the Office of Export Development, the Governor's Office of California-Mexico Affairs, the Commission of the Californias, and 12 foreign offices. Some state-run international business programs remain in other agencies, such as California Business Investment Services (CalBIS) in the Employment Development Department, the Agricultural Export Program in the California Department of Food and Agriculture, and the Energy Technology Export Program in the California Energy Commission. However, the state's action eliminated a great deal of California's trade and investment promotion infrastructure.

The elimination of these TTCA programs may present an opportunity. California hosts a large network of trade and investment facilitation organizations in addition to the remaining state programs. These include federal export assistance centers, four nonprofit world trade centers, the Centers for International Trade Development at the California Community Colleges, and other governmental, nonprofit, and for-profit organizations and businesses. A clean slate provides the opportunity for the state to reevaluate its policy stance towards international business services, and if it decides to provide those services, to think more carefully about how to integrate the many other organizations and take account of how international business is practiced in the 21st century. California has set trends before, and this may be the opportunity to do so again.

What Does the International Economy Look Like?

Although much discussion of international business focuses on exports, the international economy encompasses many different types of business activities. In addition to exporting, many California businesses invest abroad, create joint ventures, license technology, and import raw materials, components, and capital equipment. Furthermore, foreign firms set up operations in California in the form of inward foreign direct investment (FDI), license their own technology to California firms, and view California as an inviting market for their products and services.[1]

Many of these modes of international business are linked (Table 1). In 2001, more than 80 percent of all U.S. goods exports involved multinationals, companies that had engaged in FDI. They were sold either by U.S. multinationals or by companies based in the United States but owned by foreigners, or they were bought by foreign affiliates of U.S. companies. More than 37 percent of U.S. exports actually stayed within a single multinational business group. In the other direction, more than 70 percent of all U.S. goods imports involved either U.S. multinationals or foreign multinationals, and almost 48 percent stayed within multinational business groups. In addition, almost 24 percent of all U.S. services trade involved sales between parent companies and their foreign affiliates.

Table 1
U.S. Trade Associated with Multinational Business Groups, 2001

	Goods trade (% of all U.S. goods trade)			Services trade (% of all U.S. services trade)
	U.S. multinationals	U.S.-based foreign affiliates	All multinationals	All multinationals
Exports	58.3	22.4	80.8	25.2
Imports	37.9	32.4	70.3	21.8

Notes: Goods trade includes trade within multinational business groups and trade by U.S. multinationals or U.S.-based foreign affiliates with unaffiliated companies. Services trade includes only trade within multinational business groups.

Sources: Mataloni (2003), Zeile (2003), and U.S. Department of Commerce, Bureau of Economic Analysis (2004).

The implication for California is that if the state intends to help its businesses compete in the global economy, programs shaped purely in terms of promoting exports and attracting investment will ignore the way the international economy actually works. True, businesses and the state can benefit from exports. However, there may be more to be gained from helping businesses join global production networks, find international partners for a variety of purposes, and engage in all forms of global business.

[1] FDI is cross-border investment for the purpose of operating a business. NUMMI, or New United Motor Manufacturing, Inc., the General Motors-Toyota joint venture in Fremont, is one example of inward FDI.

Should the State Be Involved?

Researchers and government officials have long known that firms that export are stronger than those that do not. These firms have higher productivity, pay higher wages, employ more people, have higher sales, and have higher capital intensity – characteristics that any company would be pleased to have. In fact, new research is showing that companies engaged in a variety of modes of globalization are stronger. These modes include exports, investment in other countries, foreign backing in the form of foreign investment in domestic firms, licensing of technology, and even the use of imported components and capital goods. [2]

The evidence also suggests that workers who work in globally engaged firms have higher wages than those who do not. Furthermore, communities with globally engaged firms are also more prosperous. These results appear to hold on a cross-country basis. They also dovetail nicely with the facts of modern international business; different forms of global engagement are linked, even for small companies. A recent survey of 1,100 exporters nationwide found that 27 percent of the mid-size exporters also manufacture overseas, and 55 percent import components or products from overseas. For small exporters, these proportions were 11 percent and 38 percent, respectively.[3]

This is not to say that there are no problems with global engagement. Inward direct investment, much sought after by states, can provide competition for domestic firms. No doubt to the chagrin of U.S.-headquartered auto manufacturers, the top selling cars in the United States in 2002 were the Toyota Camry and Camry Solara and the Honda Accord – Japanese nameplates manufactured in Kentucky and Ohio.[4] In addition, imports can displace workers, and foreign competition can hurt domestic industries and communities. Exporting can teach companies about foreign markets so they feel comfortable moving production out of the United States to better serve those markets. Yet research shows that in spite of the problems, firms, workers, and communities that are globally engaged generally do better than those that are not.

The key question is whether firms that are already strong engage in international business or whether engaging in international business makes firms strong. Although more work needs to be done on this question, the evidence suggests that the causality runs in both directions. The best evidence focuses on exporting and shows that although good firms become exporters, exporting raises employment growth and the probability of survival of those firms.[5] Other evidence suggests that exporting leads to higher industry-level productivity.

A remaining question is whether the state can or should be involved in encouraging the internationalization of business. There is little strong evidence that state actions can increase the overall level of state exports. This is because most exports go through large firms whereas state programs focus on small firms, and because the state export data are not ideal measures of the production of exports within a state. One state trade official interviewed said, "We play at

---

[2] This research is reviewed in Lewis and Richardson (2001).
[3] Bremer, Penny, and Simsek (2002).
[4] Edmunds.com (2003), Honda Motor Co. (2003), and Kentucky Cabinet for Economic Development (2003).
[5] Bernard and Jensen (1999).

the fringes. Never let anyone tell you we don't play at the fringes." There is somewhat stronger evidence that state action can help to attract foreign investment.[6]

Beyond the issue of effectiveness, there may be a debate about the proper role of government: state action in this area will necessarily involve assistance to individual private businesses, and people can reasonably argue that this is not a role for the state. The counterargument is that such actions can bring benefits to workers and communities and may in a small way help the overall state economy. The choice to proceed is ultimately a political question, one about which research has little to say.

How Can California Proceed?

Suppose California policymakers decide that the state should somehow assist international business. How should they deliver this assistance? Unfortunately, there is no one model for state international business programs. Some states try to involve the federal government, whereas others prefer to remain self-contained. Some track dollar values of exports or FDI, whereas others track activities or numbers of companies served. Some have networks of foreign offices, whereas others have few or none. Because of the diversity of options, I will review key points for a few selected topics.

Who is the client and what are the tasks?

Before any plans are made, it should be recognized that the primary clients of these programs would be individual private businesses. More specifically, the clients should be small and medium-sized goods and services producers because larger businesses have greater trade capacity and greater ability to pay private service providers. Recruiting FDI into the state may be an exception, and clients could be of any size. However, even with FDI, larger firms can more easily overcome investment barriers without state assistance, and smaller firms will need more guidance. Additional clients related to FDI will include developers, real estate professionals, landowners, and industrial- and business-park landlords looking for new tenants, goods and services providers who want a foreign-client sector, and even local governments seeking new investment. Given that most clients will be private, and that most will be small and medium-sized businesses, it pays for the state to reach outside government to hear what those businesses actually want and which services they believe are missing.

The 2002 National Export Strategy provides a good example of responding to the client.[7] The strategy itself was built upon a survey of more than 3,000 small and medium-sized enterprises and meetings with more than 100 exporters, intermediaries, investors, and lenders.[8] Regarding one export-promotion task, the strategy specified that the government should "include provision for customer focus groups as well as ongoing feedback from user groups who can provide insight into how well the efforts to improve access meet the needs of actual

---

[6] See Shatz (2003).

[7] Trade Promotion Coordinating Committee (2002).

[8] These results are reported more fully in Bremer, Penny, and Simsek (2002).

users."[9] Such a survey might be useful for the state in considering how to move forward. At the very least, the state should consult this survey.

Based on what users say, the tasks the state *could* provide are many. In general, government can coordinate, convene, subsidize, and fill gaps in services that the market cannot provide; or it can provide services generally. More specifically, the state could monitor U.S. trade policy and lobby the federal government, and monitor foreign governments' trade policies. It could inventory services provided by other groups and coordinate those services. It could teach firms how to export, help arrange export finance, and bring companies on trade missions and to trade shows. It could prospect for FDI, arrange venues where California firms can create partnerships with foreign firms, sponsor foreign offices, and cooperate with foreign or domestic national, provincial, or state governments to do many of these tasks. The tasks could be aimed at small and medium-sized firms generally or focus on specific industries. For example, companies in services sectors may be a promising set of clients because international services trade is becoming more important, and relatively less services trade than goods trade goes through multinational business networks.

Different states do different sets of these tasks. Whether California should do any or all of them will depend on the needs of California businesses and on the services currently provided. One thing states do have in common is that they actively seek feedback from businesses, and they tend to have offices in different regions to offer services statewide. States with programs that have a reputation for success also have continuity in leadership, and this could be accomplished with at least one high-level civil service position in the state's international business infrastructure.

Public-private partnerships and funding

One of the possibilities mentioned for California has been a new public-private structure. There are certainly benefits to this approach, but there are also costs. The main cost is that such an approach probably will not remove a need for state financial contributions. State trade officials interviewed indicated that most public-private partnerships do not stint on their share of public funding. For example, Enterprise Florida, the Florida public-private economic development agency, is now being discussed as a possible model for California. Although Enterprise Florida can raise money through federal grants and must raise money through private contributions, it also received almost $10.8 million from the state of Florida for the 2003-2004 budget year.[10] A second cost of public-private partnerships is that if certain services were to be funded mainly by one or two donors, there could be the appearance that these services were tilting their benefits to the donors rather than to the general community.

On the contrary side, benefits from public-private partnerships are that private-sector involvement can provide extra money, limit politicization, provide feedback and a constituency for programs, and improve the quality of programs. They can also bring about significant private sector support that can help encourage stability, professionalism, political support, and continuity of activities.

---

[9] Trade Promotion Coordinating Committee (2002), p. 38.

[10] Florida Office of Program Policy Analysis and Government Accountability, Florida Government Accountability Report (2003).

Bearing in mind that public-private structures can have both benefits and costs, let me note several examples, at least one of which should be familiar.

- Although Enterprise Florida gets most of its money from the state government, it is required by legislation to generate $1 million in private contributions. Its 2003-2004 budget includes $1.6 million in private contributions and $1.2 million in revenues and fees for specific programs or sponsorships. Adding this to the $10.8 million state contribution results in a $13.6 million budget, with more than 25 percent coming from private sources. Enterprise Florida also administers state incentive programs and coordinates the activities of nearly 50 local and regional economic development organizations in the state. Business leaders at the chief-executive-officer level constitute a large majority of its board of directors.

- A popular mode of private sector involvement is to have a state international trade council or commission that includes as members business people and public office holders. Certainly, this can become filled with appointees uninvolved with international business. One method of guarding against this problem is to allocate places automatically to universities, economic development councils, or business and industry groups – especially groups serving small and medium businesses – as some states do. Other states vest the state international trade council with oversight powers or the ability to appoint the professional staff member in charge of economic development.

- For eight years, California organized the Cal-IT conference in London and is now working to continue it. This was a trade, investment, and partnering forum for selected California technology companies and European technology companies and investors. Although formerly hosted by the now-closed TTCA, the conference also relied on a European Technology Advisory Board of private companies that screened prospective participants on the basis of technology, management strength, business plan, and relevance to the European market.[11]

- Across the United States, Virginia has started an innovative program to provide intensive assistance to 30 exporters each year. Called VALET (Virginia Leaders in Export Trade), the program selects 15 companies every six months, grants them $10,000, gives $10,000 worth of services by private trade experts, provided for free to the state, and requires each VALET company to commit $20,000 towards export trade. The state then works intensively with them over two years.[12]

On funding, California should investigate methods of private funding while remaining aware of the conflict-of-interest problem I noted earlier. It may be possible to create a fund into which money may be contributed for unrestricted use by the state's international business

---

[11] Cal-IT (2003).

[12] Virginia Economic Development Partnership, Division of International Trade (2003) and Virginia Economic Development Partnership (2004).

programs. Donors will surely want something in return, and the state will have to be creative in giving something of value without compromising program integrity. Giving them a strong voice in the governance of the international business programs could be one such benefit.

One other way of raising money is to charge fees for selected services. Experience shows this cannot be used to fund program operations completely. However, as in the Enterprise Florida example, it can help expand the budget. It can also have two other benefits for state programs. First it can act as a barrier to businesses that are not serious about global engagement. Second, it can signal to the state what programs private businesses believe are truly worthwhile.

Cooperation and coordination across organizations

As I stated earlier, California has a wealth of trade development organizations throughout the state. Given the state's limited resources, now may be a good time for it to take an inventory of these organizations and then figure out which services are being provided and which are not. The state can then think about ways to cooperate with these organizations or to coordinate services. Cooperation can involve joint planning and service delivery or filling in service gaps rather than duplicating services. Coordination can involve acting as a clearinghouse for information on organizations, directing possible clients to different organizations, or even issuing requests for proposals from private service providers who could fill gaps in services. Memoranda of understanding between the state and other organizations can detail the rights and responsibilities of each.

For example, California hosts 15 U.S. export assistance centers of the U.S. Commercial Service. These are responsible for boosting the exports of California companies and have links to the worldwide network of U.S. Department of Commerce foreign commercial offices – more foreign offices than California could ever hope to have. The state could formalize a partnership with them or even contract with them to carry out California's export development. One state, for example, subsidizes companies from its state that use the Gold Key Service of the U.S. Commercial Service, a program that helps link exporters to potential markets.

Some states and local trade groups elsewhere in the United States cooperate closely with the U.S. Commercial Service. Others coordinate their activities through periodic meetings. Others, however, expressed disappointment in the U.S. Commercial Service or believe that their state should retain control of export development. Still, it may pay for California to investigate cooperation, especially given budget realities.

Aside from export development, various groups in the state may be able to work on other areas of global engagement, such as training firms to export and import, providing market information, or going on trade missions. At a minimum, the state could fulfill the role of linking businesses with the various services by working as an information clearinghouse.

No matter what types of alliances the state can form, two key modes of global engagement likely will remain under-served without direct state involvement. These are the attraction of inward FDI, and the sourcing of foreign components or capital equipment by California firms. FDI attraction will remain the largest gap for California because the state can be confusing to outsiders and because other states actively compete for foreign investment.

Oversight, standards, and evaluation

Although states generally house their international business programs in executive agencies or departments, state legislatures play a key role in providing oversight. This can involve setting standards and then relying on various evaluation methods to make sure the state's programs are meeting those standards. Setting standards and evaluating the effectiveness of state offices has been one of the biggest problems state international business programs face. One recent report noted:

> Measuring the effectiveness of state international trade programs is extremely difficult. Legislators have a duty to ensure that all state programs benefit their intended constituencies and use state dollars as efficiently as possible. However, in the absence of well-established standards for program evaluation, it is often tempting to set unrealistic goals. Mandating that programs achieve specific increases in state exports ignores the fact that state-by-state export data available from the Census Bureau is inherently flawed. Mandating that trade offices help a specific number of companies over the course of a year encourages agencies to have superficial contacts with as many companies as possible, rather than providing in-depth assistance to particularly important sectors.[13]

Choosing the correct export metric is one example of the difficulties involved. If officials are evaluated based on the dollar value of exports they facilitated, they will have incentive to work only with large, established exporters – firms that may not need the state's help. In addition, firms – even those that received valuable assistance – may be unwilling to report numbers. One state trade official said, "They're going to fudge; they're going to make it up."

In fact, if the purpose of these programs is to strengthen the state's economy, export levels may be the wrong criteria anyway. Research suggests that the gains from global engagement come from the *fact* of global engagement rather than the *level* of global engagement.[14] Therefore, the state may be better off judging trade officials by the new exporters they help – companies that have never previously exported – or by entries into new markets by more experienced exporters.

Here are examples of how other states measure their activities:

- One state requires companies to report export sales six months, 12 months, and 18 months after receiving assistance. State officials then record the company's market, its product, the state trade manager with whom it worked, the date of export sale, how the company reported the sale (for example, by telephone or e-mail), the dollar amount of the sale, and the type of assistance the state provided. It also monitors the value of inward FDI and employment by those foreign-owned companies that it has assisted. Based on an economic model, it then computes export-related jobs, and export- and FDI-related tax revenues.

[13] Whatley (2003), p. 36.
[14] Lewis and Richardson (2001).

- Another state simply commits to work with a certain number of companies in each of its programs and then has its clients fill out evaluations.

- Another state conducts only annual surveys of customer satisfaction.

State trade officials and others involved with state trade promotion efforts recognize that it is often very difficult to determine credit for who actually was responsible for an export sale. However, they do recognize who the client is, and the interviews and my own research suggest that California should consider periodic surveys of firms that work with the state, perhaps carried out by an independent agency or company. California could also build into its programs a requirement for client companies to report levels and types of international business activity periodically. The state could encourage such reporting by providing financial incentives in the form of grants or reduced fees for services. Reporting requirements may discourage some clients, but they could encourage stronger relations with others.[15]

Another strategy would be much more involved but could go far toward answering the question of effectiveness. This is to build into the state's international business programs a formal evaluation system in which a statistical evaluation specialist could analyze the programs every three years or so to answer whether firms that have been helped perform better than similar firms that have not been helped. Such evaluations have been done for other government activities, but to my knowledge they have not been carried out for state international business programs. If California were to do this, the state certainly would be setting a new standard for the nation.

An immediate strategy for state international business assistance

Given the variety of choices and the lack of money, one option is to treat the next six months or year as a planning period. The state could reestablish an office of international business or create an inter-agency coordination structure, perhaps answerable to the governor's office, and then inventory the variety of international business services now being provided in California. This approach fits California's current fiscal condition:

> These coordination structures need not consume a large amount of scarce resources. States don't need foreign ministries; they just need mechanisms for inventorying and coordinating their international activities. The one indispensable ingredient in creating these mechanisms is executive leadership.[16]

Such an inventory would reveal not only what is present, but also what is missing. As part of this initial step, such an office could set up a comprehensive web portal of services and data, or collaborate with a private group in setting up such a portal. The international business

[15] Besides trade and investment data, the state may also want to collect data on current operations, such as the level of employment or sales, so that state officials can judge whether assistance is reaching small and medium-sized businesses rather than large businesses.
[16] Whatley (2003), p. 24.

site of Enterprise Florida provides one such example.[17] The web sites of the California Centers for International Trade Development or of TradePort provide other models.[18]

A next step might be for such an office to survey California businesses to find out what kinds of services they actually need. Further information could be gathered from trade directors in other states – some of whom would be more than willing to talk to members of the California Legislature – and trade officials from foreign provincial, state, or national programs – many of whom are already based in California. Combining information about the existing landscape, the needs of the state's businesses, and the types of services that others provide, California can then devise a new program that may prove more effective than previous models.

Conclusion

California has a great many options to consider should it again decide to offer international business services. Please notice that I have mentioned very little about foreign offices, the subject of much legislative and staff time over the past few years. Foreign offices, be they state-run or contract, can be useful for a number of tasks. However, they also rely on strong staff support in their home state and work more effectively if their staffing and existence are uninterrupted. Discussion about a foreign office network may therefore be premature if it takes place before even thinking about whether California will have an international business function back home. Working without a Sacramento connection, California foreign offices may once again become the object of doubts.

Although the state has many choices regarding international business programs, it does not have many options regarding the nature of the international business environment. The international business environment is set by developments in communications and transportation technology, the economic growth of the United States and partner countries, and by U.S. and multilateral trade policy. California has little say in any of this, although it retains the seemingly underused right to try to influence federal trade legislation and policy.

California developed innovative trade programs in the 1980s in response to the global environment and the needs of California businesses. A review of programs and services currently offered throughout the state may clarify California's policy options, especially in view of the differences between the international economy of today and that of the 1980s, the needs of California's businesses, and the level of commitment state government can make. I hope my comments will help you determine how the state can best benefit from today's global economy. Thank you.

---

[17] The Enterprise Florida international business site has separate links for information about FDI in Florida, the state's international trade, and the Free Trade Area of the Americas; a list of foreign-affiliated companies in Florida; the 20 foreign trade zones in Florida; information about exporting assistance; Florida's electronic trade leads network; information about Florida's global linkages, such as consular offices and sister-city relationships; Florida's foreign offices; and Enterprise Florida field offices within the state that deal with international trade. The site can be accessed at www.eflorida.com.
[18] URLs are www.citd.org and www.tradeport.org.

References

Bernard, Andrew B., and J. Bradford Jensen, "Exceptional Exporter Performance: Cause, Effect, or Both?" *Journal of International Economics,* Vol. 47, No. 1, pp. 1-25.

Bremer, Jennifer, Robert Penny, and Arda Simsek, *Report Card on Trade II: Assessing the Effectiveness of U.S. Government Support to Small and Midsize Exporters* (report no. PB 2002-105721, prepared under contract to the U.S. Department of Commerce, International Trade Administration), National Technical Information Service, Springfield, Virginia, 2002.

Cal-IT, "FAQs [Frequently Asked Questions]," 2003, available at www.cal-it.com.

Conway, Carol, and William E. Nothdurft, *The International State: Crafting a Statewide Trade Development System,* The Aspen Institute, Aspen, Colorado, 1996.

Edmunds.com, "Top 10 Best-Selling Vehicles in 2002," posted May 7, 2003, available at www.edmunds.com.

Florida Office of Program Policy Analysis and Government Accountability, Florida Government Accountability Report, "Executive Office of the Governor: Enterprise Florida Inc.," Tallahassee, Florida, September 18, 2003, available at www.oppaga.state.fl.us.

Honda Motor Co., "Honda Auto Production Hits 10 Million Cars and Light Trucks in the U.S.," November 25, 2003, available at world.honda.com.

Kentucky Cabinet for Economic Development, "Automobile Production in Kentucky: 2002 Statistics," Frankfort, Kentucky, 2003, available at www.thinkkentucky.com.

Lewis, Howard, III, and J. David Richardson, *Why Global Commitment Really Matters!* Institute for International Economics, Washington, D.C., October 2001.

Mataloni, Raymond J., Jr., "U.S. Multinational Companies: Operations in 2001," *Survey of Current Business,* November 2003, pp. 85-105.

Shatz, Howard J., "Statement on State Foreign Offices," Public Policy Institute of California Occasional Paper, San Francisco, California, 2003.

Trade Promotion Coordinating Committee, *The 2002 National Export Strategy: The Administration's Trade Promotion Agenda: Unlocking America's Potential,* Washington, D.C., 2002.

U.S. Department of Commerce, Bureau of Economic Analysis, "Table E. Affiliated and Unaffiliated Trade in Services, 1997-2002, accessed February 2004, available at www.bea.gov.

Virginia Economic Development Partnership, Division of International Trade, *Annual Report, July 1, 2002 – June 30, 2003,* Richmond, Virginia, 2003.

Virginia Economic Development Partnership, "VALET Program," Richmond, Virginia, 2004, available at www.exportvirginia.org.

Whatley, Chris, *State Official's Guide to International Affairs,* The Council of State Governments, Lexington, Kentucky, 2003.

Zeile, William J., "U.S. Affiliates of Foreign Companies: Operations in 2001," *Survey of Current Business,* August 2003, pp. 38-56.

PUBLIC POLICY INSTITUTE OF CALIFORNIA
500 Washington Street, Suite 800 • San Francisco, California 94111
Phone: (415) 291-4400 • Fax: (415) 291-4401
www.ppic.org • info@ppic.org