

STORAGE NAME: h2345.bdt

DATE: April 17, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
BUSINESS DEVELOPMENT & INTERNATIONAL TRADE
ANALYSIS**

BILL #: HB 2345 (PCB BDIT 00-03)

RELATING TO: International Trade

SPONSOR(S): Committee on Business Development & International Trade
and Representative Bradley

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) BUSINESS DEVELOPMENT & INTERNATIONAL TRADE YEAS 7 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

HB 2345 would establish the Florida-Africa Market Expansion Program within Enterprise Florida, Inc. (EFI), to increase trade between Florida and Africa. The bill would also create the Florida-Caribbean Basin Trade Program under the Florida Seaport, Transportation, and Economic Development Council. The establishment of each of the programs is contingent upon the legislative appropriation of funds.

The act would take effect upon becoming law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

In 1996, the Legislature provided for the dissolution of the Florida Department of Commerce and the assumption of comparable economic development and trade development activities by Enterprise Florida, Inc. (EFI). Section 288.9015, F.S., designates EFI as the principal economic development organization for the state, responsible for leading business development by establishing a unified approach to Florida's international trade and reverse investment efforts; marketing the state as a pro-business location for potential new investment; and assisting in the retention and expansion of existing businesses and the creation of new businesses.

EFI 's International Trade Services & Programs

Export Counseling Services: Provided directly to Florida companies through seven EFI field offices and staff located in Miami. EFI, the World Trade Association of Florida, and the U.S. Department of Commerce provide export counseling for Florida manufacturing and service companies. Under a three-way agreement with the U.S. Department of Commerce, EFI, and the World Trade Centers of Florida, over 20 trade specialists often do joint counseling and can provide several services. They are also available to help plan seminars and workshops, and to help bring overseas experts in to discuss specific markets abroad.

Florida Certified Trade Events Program: This program is designed to encourage and increase the effectiveness of regional trade development initiatives and support the participation of Florida manufacturers and export intermediaries in high-potential export marketing. Through a competitive bid process, Enterprise Florida provides financial and technical support to economic development organizations that organize trade missions or participate in trade exhibitions in international markets.

Florida Supplier Service: An in-state matchmaking program designed to match small and medium-sized Florida manufacturers who are export ready and not inclined to export directly with experienced Florida exporters to increase Florida origin exports and encourage in-state sourcing. This programs allows EFI to foster and develop an environment that will provide Florida producers with solid business connections and relationships for indirect export sales. Once candidate manufacturers have been identified,

STORAGE NAME: h2345.bdt

DATE: April 17, 2000

PAGE 3

a search will be conducted to identify suitable partners among Florida's export intermediaries that are appropriate for their products, services, and target markets.

Florida Trade Network: Expands the number of small and medium-size businesses engaged in international trade. This program leverages the Targeted Market Pilot Project Grant Program to bring together public and private organizations with international trade resources into a focused objective of assisting Florida's small and medium-sized businesses with comprehensive services and training. The grant program is designed to maximize available Florida resources and increase export transactions.

One of the entities involved in the Florida Trade Network is the Seaport Training & Employment Program, Inc. (STEP) which is organized under the Florida Seaport Transportation and Economic Development Council (FSTED). STEP has developed an international trade program designed to provide export services to Florida's small minority and women owned businesses.

International Representatives: Florida has representatives in the following countries: Brazil, Canada, Columbia, Israel, Japan, Korea, Mexico, Spain, Taiwan, United Kingdom, and Venezuela. All representative contracts are turnkey performance-based. The representatives provide assistance to Florida companies that want to sell Florida-origin products and services in their respective markets, and they attract foreign investment into Florida.

Made In Florida: A worldwide marketing program designed to generate sales opportunities for Florida companies. The campaign includes advertisements in targeted media worldwide, targeted mailings to purchasing decision-makers, press tours, and aggressive marketing. Its goal is to influence purchasing decision-makers worldwide to purchase Florida-made products.

Market Site Trade Events: Open to all businesses registered in the state of Florida that are interested in doing business internationally. EFI market site trade events are professionally planned missions that feature one-on-one, prearranged appointments with business executives interested in the specific product lines of services or the mission participants. Export marketing missions have proven to be one of the most successful and cost effective ways to develop and expand business internationally. Included in this area is support of the Business Forum of the Americas of the Free Trade Alliance of the Americas (FTAA).

Qualified Trade Lead Program: Distributes qualified sales leads to Florida manufacturers, working in conjunction with Florida Trade & Data Center and 40 statewide EDO's. International Trade qualifies the leads, responds to the foreign buyer, and, at the same time, distributes the leads to businesses and EDO's in Florida, both directly and through the Florida Trade Data Center.

Team Florida Projects: "Team Florida" is used to designate a major retention, recruitment, trade, or policy advocacy initiative. It is part of an aggressive global recruitment and trade development strategy, that involves leaders from business, government, and economic development organizations from throughout Florida. The program is aimed at promoting the Florida "brand" and Florida-origin products and services in key target markets worldwide. Team Florida missions may be led by the Governor. Generally speaking, the following criteria determines a Team Florida Project: It is a project with state-wide significance; the project has a clear, usually time-limited objective; and the project requires the participation of businesses and political leaders statewide.

Florida-Caribbean Trade

Florida trade with the Caribbean exceeded \$9.4 billion last year with Florida holding a market share of 50.6% of all US trade with the Caribbean. The Caribbean markets are important to Florida particularly to Florida small business; thousands of Florida small businesses trading in the region.

Caribbean trade expansion is somewhat limited by the size of the market. Even the larger island nations have very small population bases and very limited Gross Domestic Product (GDP) by US standards. The largest economy in the Caribbean is the Dominican Republic with a GDP of approximately \$16 billion. The largest economy in the English-speaking Caribbean is Jamaica with a GDP of about \$7 billion. By way of comparison, the State of Florida has a GDP of over \$380 billion.

EFI maintains a full time Manager of Caribbean Basin Development charged with coordinating our trade development efforts with the region, with emphasis on minority business development. During the past two calendar years EFI has organized or co-organized eight international trade development events in the Caribbean:

- Jamaica - 3 mission visits
- Trinidad & Tobago - 3 mission visits
- Barbados - 2 mission visits
- Dominican Republic - 2 mission visits
- Haiti - 1 mission visit
- St. Vincent - 1 mission visit

Trade missions to Curacao and Aruba and to the Bahamas are scheduled for FY 2000-01.

Eighty nine Florida companies participated in the eight trade missions to the Caribbean. These companies reported actual and expected sales of \$29,265,138 dollars. Over 66% of the participating companies were minority companies and over 90% met the definition of small business.

EFI has provided counseling to over 300 companies in the last two years interested in expanding trade with the Caribbean. It has participated and supported the annual Miami Conference on the Caribbean and sponsored a collateral event at the 1999 conference. EFI works closely with the Florida Association for Volunteer Agencies for Caribbean Action (FAVA/CA), Florida's not for profit Caribbean Basin Development Agency which has been a participant in many of our Caribbean initiatives. A senior staff member of the EFI trade unit sits on the board of FAVA/CA to coordinate efforts. EFI also works closely with Florida Export Finance Corporation to provide the necessary trade finance tools to our small business constituents.

Florida-Africa Trade

Trade with Africa accounts for less than 1% of the state's total trade, and trade with sub-Saharan Africa, in particular, accounts for only 0.4% (about \$299 m) of Florida's total trade. Florida-Africa Trade is growing at about 20% every year, and South Africa accounts for about 55% of total Florida-Africa trade.

C. EFFECT OF PROPOSED CHANGES:

HB 2345 would establish the Florida-Africa Market Expansion Program within Enterprise Florida, Inc. (EFI), to increase trade between Florida and Africa. The program would establish and maintain an alliance between EFI and the United States Agency for International Development (USAID) to focus on identifying business opportunities in Africa and matching trade leads with Florida companies. The program would establish a Certified Trade Events Program to provide financial and technical support and other services provided by EFI for business development initiatives geared toward trade with Africa. EFI would establish representation in South Africa to create cultural and infrastructure ties between Florida and Africa and would coordinate with other organizations and educational institutions to maximize the resources and information services for the expansion of trade. EFI would be authorized to establish an African trade or consular office in Florida for the nations of Senegal, Cote d'Ivoire, Ghana, Benin, South Africa, and other sub-Saharan countries, contingent upon a specific appropriation. The establishment of the program is contingent upon the legislative appropriation of funds.

The bill would also create the Florida-Caribbean Basin Trade Program under the Florida Seaport, Transportation, and Economic Development Council (FSTED). Export readiness, assistance and referral services, adult job training, career awareness, internships, seminars, workshops, conferences, e-commerce, mentoring, and matchmaking services would be included in the program.

The program would assist small and medium sized businesses in entering the international trade arena. The program would assist urban communities in tapping into opportunities in international trade, maritime, transportation, tourism, and information technology. The program would focus on urban development, and would seek to create job opportunities and permanent economic opportunities for inner-city areas. The FSTED Council would coordinate with other organizations and educational institutions in the development of a plan to expand trade between Florida and the Caribbean basin. The council would be allowed to develop and administer other programs it considers advisable and appropriate for the purpose of collecting and disseminating business information regarding trade with the Caribbean to prospective manufacturers. The establishment of the program is contingent upon the legislative appropriation of funds.

The act would take effect upon becoming a law.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

Enterprise Florida, Inc., has estimated the cost to establish the Florida-Africa Market Expansion Program at approximately \$300,000 for FY 2000-2001. The cost of the Florida-Caribbean Basin Trade Program has been estimated at \$545,000 for FY 2000-2001.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

N/A

B. REDUCTION OF REVENUE RAISING AUTHORITY:

N/A

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

N/A

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

STORAGE NAME: h2345.bdt

DATE: April 17, 2000

PAGE 7

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT & INTERNATIONAL TRADE:

Prepared by:

Staff Director:

J. Paul Whitfield, Jr.

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