

Approved

February 5, 1992
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at
Chairperson

3:40 ~~am~~ p.m. on Wednesday, January 29, 1992 in room 423-S of the Capitol.

All members were present except:

Representatives Dean, Edlund, Hamm, Wagnon, Wempe and Wisdom.
Excused.

Committee staff present:

Lynne Holt, Legislative Research
Betty Manning, Secretary

Conferees appearing before the committee:

Jim Beckley, Director, Trade Development Division, KDOC

Chairperson Gjerstad called the meeting to order at 3:40 p.m.

The Chair stated that to clarify the previous meeting's discussion, it is the intent that Jim Wilson will come back to committee next week with a balloon of **HB 2681** to be distributed and discussed the following Tuesday.

The Chair recognized Jim Beckley, Director, Trade Development Division, Department of Commerce. Mr. Beckley expressed his belief that Kansas companies' ability to sell their goods and services around the world is a critical ingredient in sustaining economic growth and prosperity. He reviewed the past year's activities of the division and detailed the Kansas Trade Show Assistance Program. To date, 168 Kansas companies have utilized and benefited from the program and have reported that without assistance they could not have participated in an international trade show. Attachment 1.

Mr. Beckley proposed several amendments be made to the Trade Show Assistance Act. And, also noted the expiration date in the Trade Show Assistance Act of July 1, 1991 was overlooked this past legislative session and would recommend the expiration date be removed and the recommended amendments be adopted. A copy of the legislative proposal was distributed. Attachment 2.

A new marketing program was started in FY 1992 designed to market services to Kansas companies. Contact was made with over 300 companies in first six months with 56% asking for Trade Division's services in one way or another. However, the program was cancelled as no money available to keep up with requests. Mr. Beckley stated upcoming events included trade shows at Bloomingdales and Harrods in London, plus a four day international trade show in Wichita marketing Kansas products.

An inhouse video entitled "Kansas Trade Development 1991" was shown highlighting trade shows in Dubai and Australia.

Business Kansas, a special report compiled by American Australian Business, Roseville, NSW, Australia, written by Ken McGregor who had visited Kansas was distributed. Attachment 3.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S, Statehouse, at 3:40 XX a.m./p.m. on January 29, 1992

Mr. Beckley stated that with every program presented, the Trade Division had made a special effort to keep the Marketing Division, State Board of Agriculture, informed and invited them to participate in showcasing Kansas to the world. However, the Marketing Division had not as yet participated.

Mr. Beckley commended his staff for their hard work and successes this past year.

Mr. Beckley responded to questions from the committee members. Questions of concern were funding of overseas offices, no mechanism in place for monitoring effectiveness of overseas offices, why Board of Agriculture has not participated in trade shows, and need for clarification of small/large businesses. Also, why processed food companies are not participating in international trade shows.

Chairperson Gjerstad thanked Mr. Beckley for appearing before the committee.

The Chair requested the committee introduce a bill that would extend the expiration date in the Trade Show Assistance Act. Representative Baker made a motion the bill be introduced, seconded by Representative Love. Motion carried.

Chairperson Gjerstad said a hearing would be scheduled for the proposed legislation. Additionally, since several questions were raised as to the role of Kansas State Board of Agriculture in international marketing, the Chair will invite its Marketing Division to respond on Monday, February 3, 1992.

The meeting adjourned at 4:45 p.m.

PREPARED FOR:
HOUSE ECONOMIC
DEVELOPMENT COMMITTEE
JANUARY 29, 1992

KANSAS

*Eco-Devo
Attach.#1
01-29-92*

Madame Chair, Members of the Committee:

Thank you for the opportunity to address you today on activities that we believe are vital to Kansas manufacturers and businesses throughout this great state. While much is said about the economic times that are facing this country, I believe it is without argument that the ability of companies, specifically Kansas companies, to sell their goods and services around the world is a critical ingredient in sustaining economic growth and prosperity. For this very reason the programs and activities that are provided within the Trade Development Division were instituted by you, the Kansas Legislature.

Today I would like to take a few minutes and review the past year's activities of the Division and also to discuss with you, in some detail, the Kansas Trade Show Assistance Program.

First, let us briefly discuss the Kansas Trade Show Assistance Program. This program was created by the 1989 Kansas Legislature to assist small Kansas business concerns in the pursuit of new markets. The Act allows the Secretary of Commerce to provide financial assistance to Kansas companies participating in international trade shows. A Kansas business can be reimbursed for up to one-half of the allowable expenses for an international trade show, not to exceed \$3,500 per show or \$7,000 per state fiscal year.

To date, 168 Kansas companies have utilized and benefited from this program. Kansas companies have been extremely pleased with this program, and have reported many times, that without this assistance, they would have been unable to participate in an international trade show.

Please turn to Figure 13, Page 20, for a summary of the programs performance during FY90 and FY91.

so far, in FY92, 70 Kansas companies have applied for Trade Show Assistance funding and although it will be several months until all figures are in, it does appear that the return on state dollar spent should be at a ratio of 50-55 to 1.

An interesting note to the division is the number of processed food companies that have participated in the program since its inception three years ago. Only two Kansas processed food companies have applied for and been allocated funding. Since the food industry is not within the division's jurisdiction, we are concerned that maybe they are not having the opportunity to take full advantage of this program.

The mission of the Trade Development Division by statute, is to promote the export of Kansas products both domestically and internationally. While we believe that we have developed a track record that has aggressively and successfully sought to fulfill that mission, we are always looking for ways to best utilize our limited resources.

With that in mind, the Division would propose the following amendments to the Trade Show Assistance Act:

- 1) broaden the assistance program to allow Kansas companies to participate in selected domestic trade shows;
- 2) maintain the current limit of 50% of trade show expenses reimbursable with a \$3,500 per show cap and a \$7,000 per fiscal year, per company cap for domestic trade shows;
- 3) increase the allowed reimbursable limit for international trade shows to \$4,500 per show and a \$9,000 per fiscal year per company cap;
- 4) expand the allowable freight expense limit to 80% of total freight cost for both domestic and international trade shows; and

- 5) limit the amount of domestic trade show funding to not more than 30% of the total allocated funding per fiscal year.

Under this proposal no costs would increase that are related to this program and the allocated funding levels would not be effected. The proposal would only reallocate how approved funding for the program is distributed to Kansas companies.

As a way to help you digest the above points, let me make the following observations:

- The Division has found that many Kansas companies do not have the ability or are not ready to expand into the international marketplace, but do have the products and/or services that could be expanded in the domestic market. One of the major obstacles to their success in large national trade shows is the tremendous cost. These large domestic shows are truly "where the domestic buyers are", but if a small Kansas company cannot afford the show costs they are shut out of a potentially lucrative market. At present, there are no resources available for either domestic or international shows held within the borders of the United States.
- Increasing the allowable reimbursement limits for international trade shows is proposed for two reasons. First, certain international trade shows are very expensive, but by many standards they are the best shows in the world. Kansas companies that wish to participate in these top shows have found it cost prohibitive. Second, even with the proposed increase limit in the limit of freight costs going to 80% (which I will discuss next), the limit of \$3,500 will be many times too low for Kansas companies to take advantage of the other reimbursable trade show expenses.
- Expanding the reimbursement rate for freight expenses to 80% for both domestic and international trade shows encourages the companies to actually ship products to the shows. One of the primary advantages of trade shows is the fact that a company can show their product to a large number of buyers at

one time. The costs to ship manufactured products is a major deterrent to company participation in trade shows. Even if companies decide to participate in the program, many do not ship their products because of the high shipping costs. Without products at the show, Kansas companies are at a disadvantage in attracting buyers.

- Lastly, the amount limited to domestic shows would be not more than 30% of the total allocation to the program. This will allow the Trade Development Division programming to continue its major emphasis toward international marketing.

On a technical note, the expiration date in the Trade Show Assistance Act, statute 74-5075, of July 1, 1991, was overlooked this past legislative session. Although we have been assured that every intent of the 1991 Kansas Legislature was for this program to continue, because of the FY92 allocated funding of \$200,000 we would like to recommend that the legislative expiration date be removed, and the above mentioned amendments be adopted.

Although we have had a few disappointments, the last calendar year has been a very busy, trying, but yet rewarding year.

If you would please turn to page #4:

As you can see Kansas has made tremendous gains in export, of non agriculture goods, over the last several years.

Page 6 shows you who our top 10 trading partners are and the amounts that each are buying from Kansas. And,

finally on page 7, you can see the percentage of export from Kansas to the different regions of the world.

This book has been put together for you as a reference guide and a information tool, so that you can have at your disposal, hard facts and figures about Kansas exports and trade.

When we put together a trade mission or a trade show we do so with Kansas companies in mind. We utilize as much information as we can find on foreign markets and study imports and exports to that country. In doing this we are able to advise companies as to their chances of exporting successfully to those countries.

We, in the Trade Division can not sell Kansas products, all we can do is create opportunities.

Some of the activities in the last year are:

- * Dubai, U.A.E. "Made In the U.S.A."
- * Paris Air Show
- * National Hardware Show
- * Middle East Visitors
- * Australian National Field Days
- * Russia Republic M.O.U.
- * Poland M.O.U.
- * Mexico
- * Manitoba
- * Canada
- * Trade Show Seminars
- * Export Finance Program
- * International Industrial Development
- * Breakfast Seminars
- * Exporter of the Year
- * 10 States
- * Export Seminars

Upcoming:

- * Bloomingdale's
- * Harrod's Department Store, London
- * "Made In Kansas" International Trade Show
- * Mexico
- * Dubai

We now have a short video that really sums every thing up.

As you can see the programs and activities that we have developed and executed are benefiting Kansas and the Kansas companies. Although we have many challenges ahead and numerous projects yet to complete, we feel positive and assured that the projects that have been done make an impact upon Kansas and its economy. In every program that we have presented to you today, the Trade Division has made a special effort to keep the Marketing Division of the the Board of Agriculture informed and we have invited them to participate with us in showcasing Kansas to the world.

With major new Division projects underway, such as initiatives into Russia that are setting the stage for prominent Kansas companies to have an impact upon that new country, and with the planning of a major "Made In Kansas" consumer products show in Kansas that will give Kansas companies an opportunity to be exposed to buyers from around the world, we are always striving to be on the leading edge of finding new opportunities for Kansas goods and services.

Thank you for your attention. Are there any questions?

TABLE OF CONTENTS

| | |
|---|----------------|
| KANSAS TRADE PERFORMANCE 1990 | Page 01 |
| | |
| TRADE DEVELOPMENT DIVISION | |
| Objectives | Page 13 |
| | |
| TRADE, MARKETING, AND PROMOTIONS SECTION | |
| Overseas Offices | Page 14 |
| Overseas Service Representation | Page 15 |
| Trade Shows and Missions | Page 17 |
| Kansas Trade Show Assistance Program (KTSAP) | Page 19 |
| Foreign Trade Missions/Foreign Visitors | Page 28 |
| Services Marketing | Page 29 |
| Directory and Catalog Publications | Page 30 |
| | |
| INTERNATIONAL MARKETING PROGRAM | |
| European Market | Page 32 |
| Japanese Market | Page 33 |
| Canadian Market | Page 33 |
| | |
| EXPORT FINANCE ACT | |
| Activities/Activity Dates | Page 34 |
| Types of Financial Assistance Provided | Page 34 |
| | |
| LETTERS FROM KANSAS COMPANIES | Page 35 |

TABLE OF FIGURE CONTENTS

| | | |
|------------|-------------------------------------|---------|
| Figure #01 | S.I.C. Descriptions | Page 02 |
| Figure #02 | KS Exports Worldwide by S.I.C. | Page 03 |
| Figure #03 | Kansas Exports Chart 1987-1990 | Page 04 |
| Figure #04 | Top Ten Export Commodities 1990 | Page 05 |
| Figure #05 | Top Kansas Export Markets 1990 | Page 06 |
| Figure #06 | Major Export Markets 1990 | Page 07 |
| Figure #07 | Top Kansas Exports Asia/Pacific | Page 08 |
| Figure #08 | Top Kansas Exports Europe | Page 09 |
| Figure #09 | Top Kansas Exports Mexico/Latin Am. | Page 10 |
| Figure #10 | Top Kansas Exports Africa/Middle E. | Page 11 |
| Figure #11 | Top Kansas Exports (Other) | Page 12 |
| Figure #12 | Kansas Overseas Representation Map | Page 16 |
| Figure #13 | KTSAP Return of the Dollar | Page 20 |
| Figure #14 | Kansas Trade Show Assistance Prog. | Page 21 |
| Figure #15 | KTSAP Eligibility | Page 22 |
| Figure #16 | KTSAP Eligible Expenses | Page 23 |
| Figure #17 | KTSAP Ineligible Expenses | Page 24 |
| Figure #18 | KTSAP Participation FY90 - FY91 | Page 25 |
| Figure #19 | KTSAP Dollar Return by Region | Page 26 |
| Figure #20 | KTSAP Company's Post-Show Reports | Page 27 |

KANSAS TRADE PERFORMANCE 1990

This summary is based on U.S. Department of Commerce tabulations of 1990 Kansas exports, for all non-Agricultural goods.

The U.S. Department of Commerce reports 2.04 billion dollars in exports from Kansas during 1990. This represents a increase from 1.60 billion in 1989, a 27.7% increase.

The increase of Kansas exports by 455 million dollars during 1990 is directly attributable to the rise in; (Fig. 1)

- * Transportation Equipment - SIC 37 - +259M
- * Food & Kindered Products - SIC 20 - + 68M
- * Non-Electrical Machinery - SIC 35 - + 24M

In terms of major exports in 1990, transportation equipment is once again Kansas's single largest export. Other major exports include, Food and Kindered Products; Non-electrical Machinery; Professional, Scientific, and Control Instruments; Electric and Electrical Machinery.

Canada is the single largest export market for Kansas; exports to Canada increased from 283 million in 1989, to 488 million in 1990, a 72% increase. Other major export markets were; Japan - 329 million; Mexico - 178 million; Republic of Korea - 123 million; France - 107 million; and the United Kingdom - 101 million.

S.I.C. DESCRIPTIONS

(Figure #1)

01 AGRICULTURAL PRODUCTS
02 LIVESTOCK & LIVESTOCK PRODUCTS
3X MISCELLANEOUS MANUFACTURES NSPF
08 FORESTRY PRODUCTS NSPF
10 METALLIC ORES & CONCENTRATES
12 BITUMINOUS COAL & LIGNITE
14 NONMETALLIC MINERALS, EXCEPT FUELS
20 FOOD & KINDRED PRODUCTS
21 TOBACCO MANUFACTURES
22 TEXTILE MILL PRODUCTS
23 APPAREL & RELATED PRODUCTS
24 LUMBER & WOOD PRODUCTS, EXCEPT FURNITURE
25 FURNITURE & FIXTURES
26 PAPER & ALLIED PRODUCTS
27 PRINTING, PUBLISHING, & ALLIED PRODUCTS
28 CHEMICALS & ALLIED PRODUCTS
29 PETROLEUM & COAL PRODUCTS
30 RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS
31 LEATHER AND LEATHER PRODUCTS
32 STONE, CLAY, GLASS AND CONCRETE PRODUCTS
33 PRIMARY METAL PRODUCTS
34 FAB. METAL PROD., EXCEPT MACH. & TRANSPORTATION PROD.
35 NON-ELECTRIC MACHINERY
36 ELECTRIC AND ELECTRONIC MACHINERY, EQPT., SUPPLIES
37 TRANSPORTATION EQUIPMENT
38 PROF., SCIEN., CNTL. INSTR., PHOTO. & OPT. GOODS, WATCHES
& CLOCKS
39 MISC. MANUFACTURED COMMODITIES
90 UNDOCUMENTED EXPORTS TO CANADA
91 WASTE AND SCRAP
92 USED, REBUILT, OR SECOND HAND MERCHANDISE
99 MISCELLANEOUS COMMODITIES NSPF

(Figure #2)

KANSAS MERCHANDISE EXPORTS WORLDWIDE FOR ALL S.I.C.'s
(All figures \$000's)

| <u>1990</u> | <u>1989</u> | <u>1988</u> | <u>1987</u> |
|-------------|-------------|-------------|-------------|
| 2,043,686 | 1,599,569 | 1,408,761 | 1,110,466 |

RANKED ORDER OF 1990 KANSAS MERCHANDISE EXPORTS WORLDWIDE BY S.I.C.

| | <u>1990</u> | <u>1989</u> | <u>1988</u> | <u>1987</u> |
|------------|-----------------|-----------------|-----------------|-----------------|
| 1) SIC 37 | 735,305 (36.0%) | 476,279 (29.8%) | 397,086 (28.2%) | 297,513 (26.8%) |
| 2) SIC 20 | 517,453 (25.3%) | 449,843 (28.1%) | 426,486 (30.3%) | 351,224 (31.6%) |
| 3) SIC 35 | 229,941 (11.3%) | 203,693 (12.7%) | 185,804 (13.2%) | 150,792 (13.6%) |
| 4) SIC 38 | 122,969 (6.0%) | 98,693 (6.2%) | 87,181 (6.2%) | 43,798 (3.9%) |
| 5) SIC 36 | 99,011 (4.8%) | 94,062 (5.9%) | 57,866 (4.1%) | 62,765 (5.7%) |
| 6) SIC 30 | 77,470 (3.8%) | 56,657 (3.5%) | 42,398 (3.0%) | 34,231 (3.1%) |
| 7) SIC 28 | 47,384 (2.3%) | 35,612 (2.2%) | 43,638 (3.1%) | 32,348 (2.9%) |
| 8) SIC 34 | 38,699 (1.9%) | 44,131 (2.8%) | 29,906 (2.1%) | 16,438 (1.5%) |
| 9) SIC 99 | 37,331 (1.8%) | 37,823 (2.4%) | 27,664 (2.0%) | 43,044 (3.9%) |
| 10) SIC 31 | 35,338 (1.7%) | 30,743 (1.9%) | 35,538 (2.5%) | 16,130 (1.5%) |
| 11) SIC 8 | 17,091 (.84%) | 6,829 (.43%) | 24 (.002%) | 18 (.002%) |
| 12) SIC 32 | 11,553 (.57%) | 5,711 (.36%) | 5,708 (.41%) | 3,796 (.34%) |
| 13) SIC 27 | 10,158 (.50%) | 4,385 (.27%) | 4,065 (.29%) | 3,517 (.32%) |
| 14) SIC 33 | 9,953 (.49%) | 7,817 (.49%) | 3,541 (.25%) | 4,935 (.44%) |
| 15) SIC 3X | 7,367 (.36%) | 8,531 (.53%) | 12,963 (.92%) | 12,390 (1.10%) |
| 16) SIC 29 | 7,242 (.35%) | 7,340 (.47%) | 4,132 (.29%) | 2,976 (.27%) |
| 17) SIC 39 | 6,802 (.33%) | 10,074 (.63%) | 7,866 (.56%) | 3,599 (.32%) |
| 18) SIC 26 | 6,718 (.33%) | 6,078 (.38%) | 7,594 (.54%) | 8,692 (.78%) |
| 19) SIC 24 | 2,670 (.13%) | 1,823 (.11%) | 1,311 (.09%) | 992 (.09%) |
| 20) SIC 91 | 2,554 (.12%) | 6,900 (.43%) | 2,729 (.19%) | 1,199 (.11%) |
| 21) SIC 23 | 2,362 (.12%) | 1,410 (.09%) | 722 (.05%) | 483 (.04%) |
| 22) SIC 14 | 2,332 (.11%) | 991 (.06%) | 849 (.06%) | 1,230 (.11%) |
| 23) SIC 22 | 1,691 (.08%) | 1,099 (.07%) | 719 (.05%) | 408 (.04%) |
| 24) SIC 25 | 1,682 (.08%) | 1,061 (.07%) | 520 (.04%) | 587 (.05%) |
| 25) SIC 9 | 1,476 (.07%) | 1,083 (.07%) | - | - |
| 26) SIC 13 | 1,238 (.06%) | 87 (.005%) | - | - |
| 27) SIC 2 | 1,059 (.05%) | 596 (.04%) | 6,081 (.43%) | 1,850 (.17%) |
| 28) SIC 92 | 452 (.02%) | 219 (.01%) | 16,371 (1.16%) | 15,512 (1.40%) |
| TOTAL | 2,043,686 | 1,599,569 | 1,408,761 | 1,110,466 |

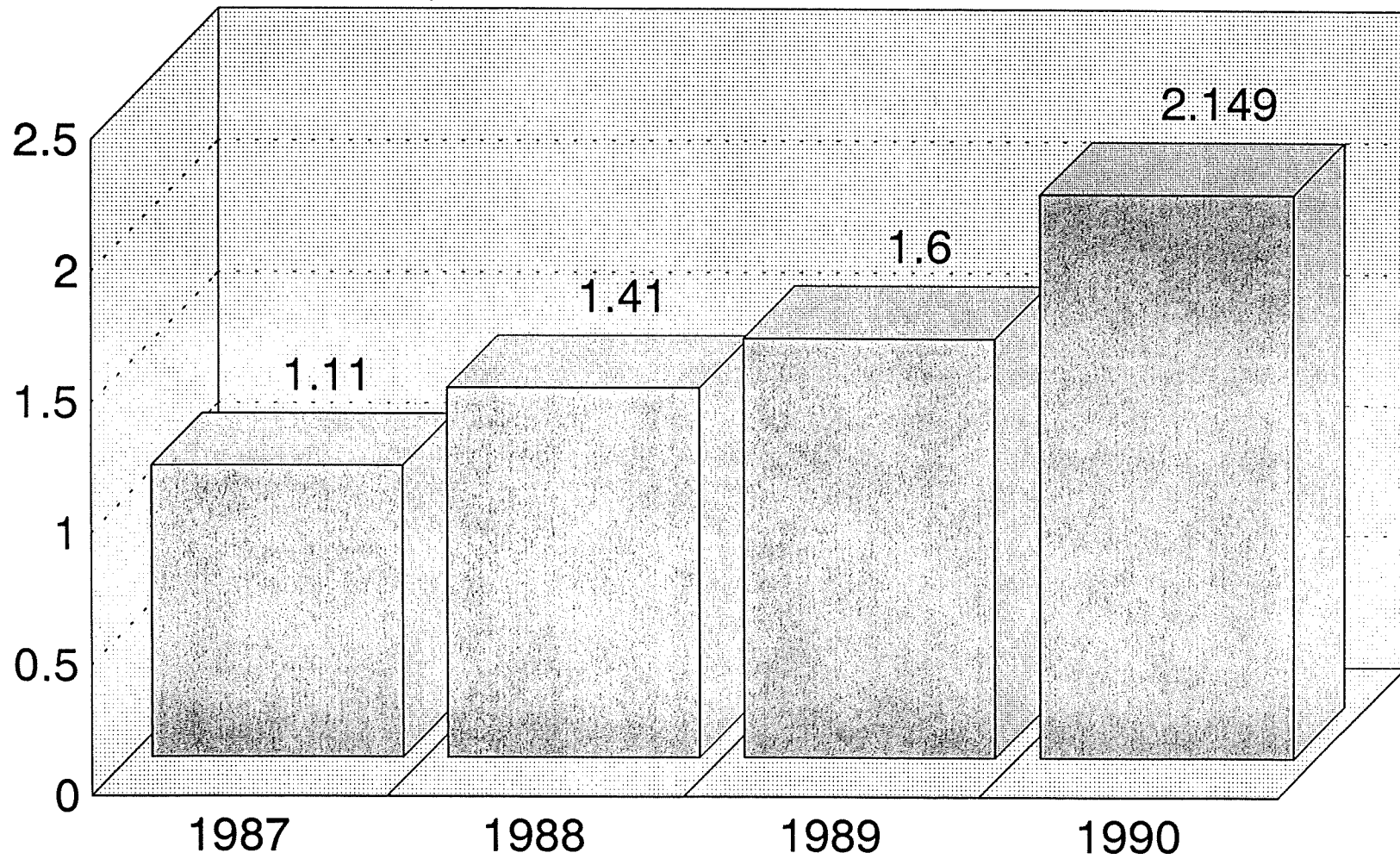
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Kansas Exports

1987 - 1990

(Figure #3)



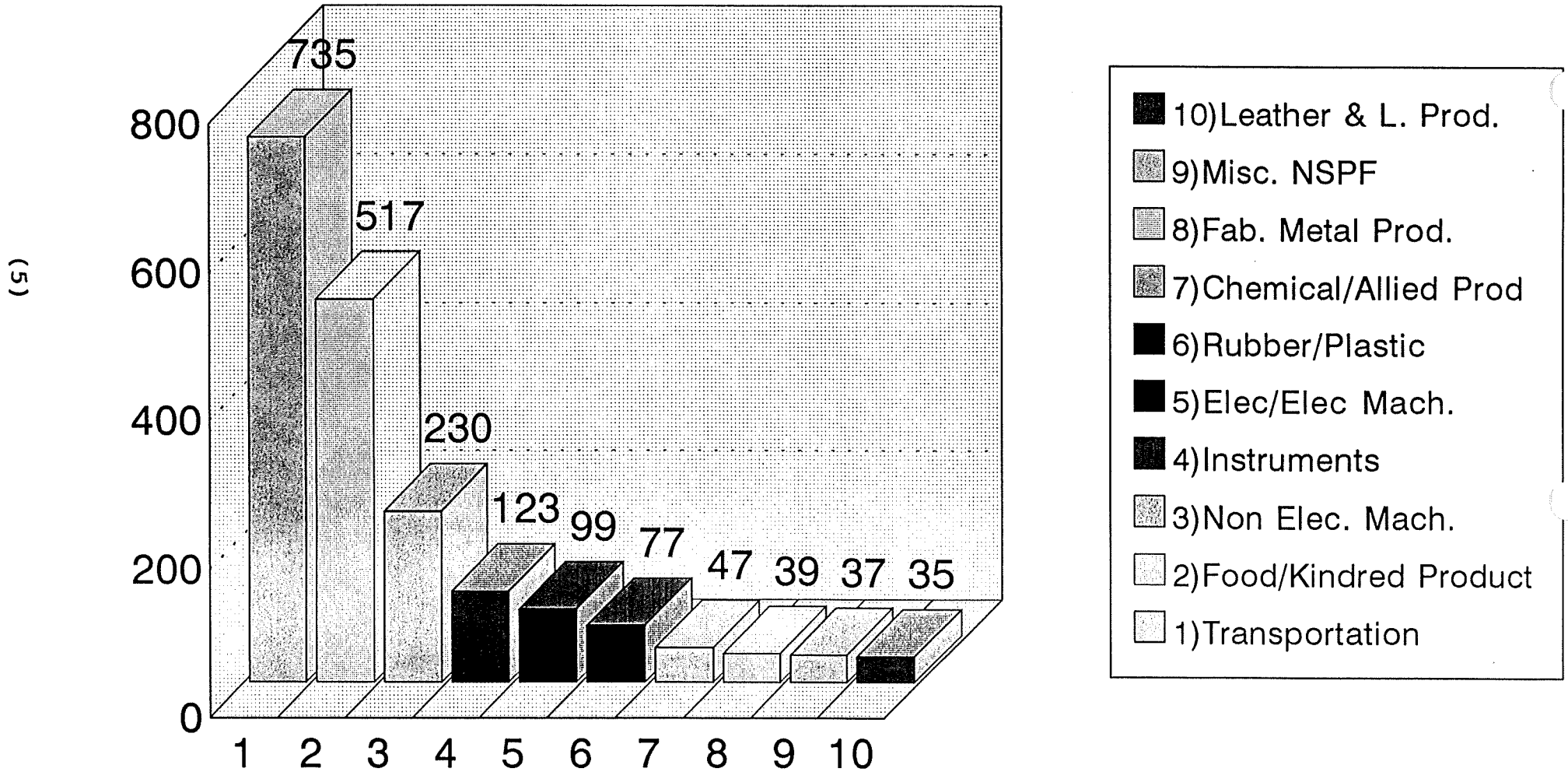
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1-13 (Billions) Source: U.S. Dept. of Commerce

Kansas Exports

Top 10 Export Commodities 1990

(Figure #4)



41-14 (Millions) Source: U.S. Dept. of Commerce

Top Kansas Export Markets 1990

(Figure #5)

| Country | Export Value (\$millions) | % of Total |
|-------------------|------------------------------|------------|
| Canada | 488 | 22.7 |
| Japan | 330 | 15.4 |
| Mexico | 178 | 8.3 |
| Republic of Korea | 123 | 5.7 |
| France | 108 | 5.0 |
| United Kingdom | 102 | 4.7 |
| Germany(FDR data) | 78 | 3.6 |
| Brazil | 70 | 3.3 |
| Egypt | 54 | 2.5 |
| South Africa | 52 | 2.4 |
| Top Ten Total | 1583 | 73.6 |
| Grand Total | 2149 | 100.0 |

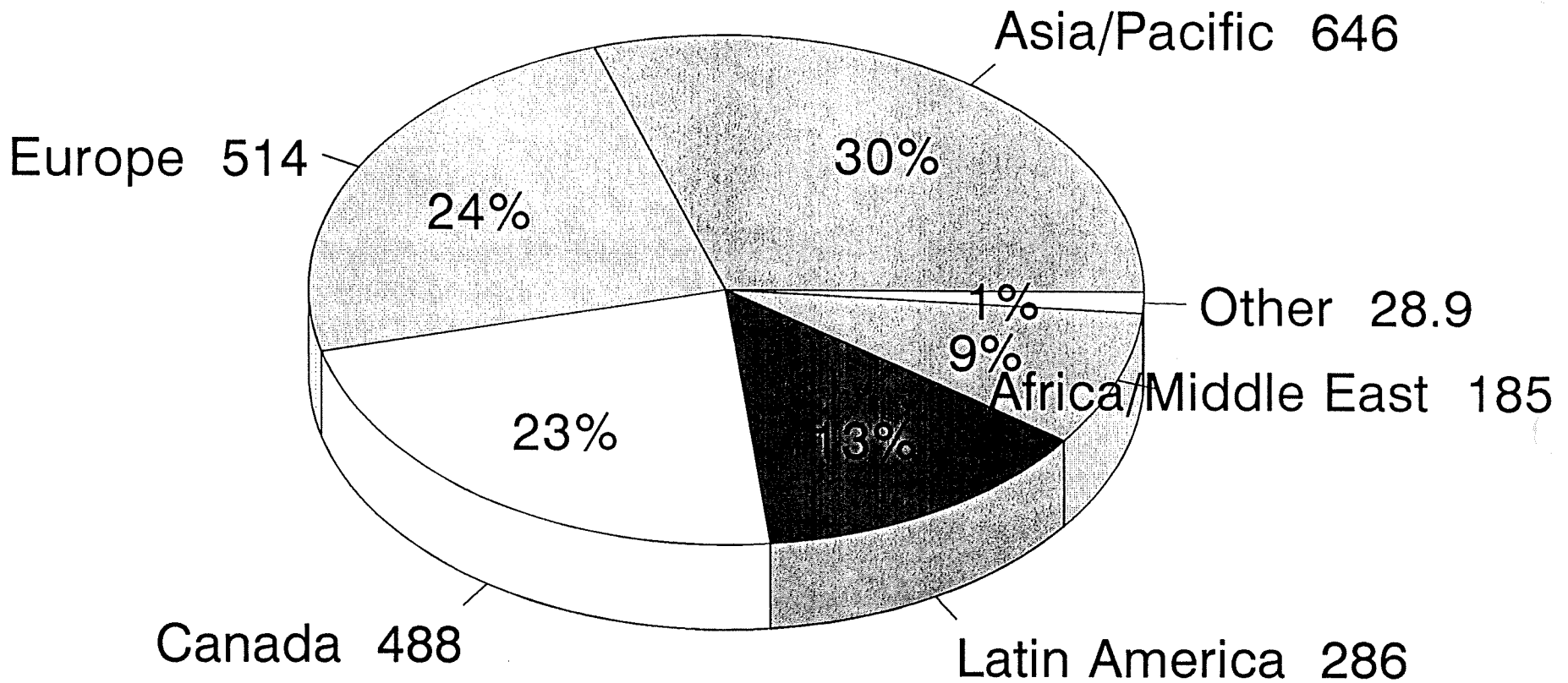
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Source: U.S. Dept. of Commerce

Kansas Exports

Major Export Markets 1990

(Figure #6)

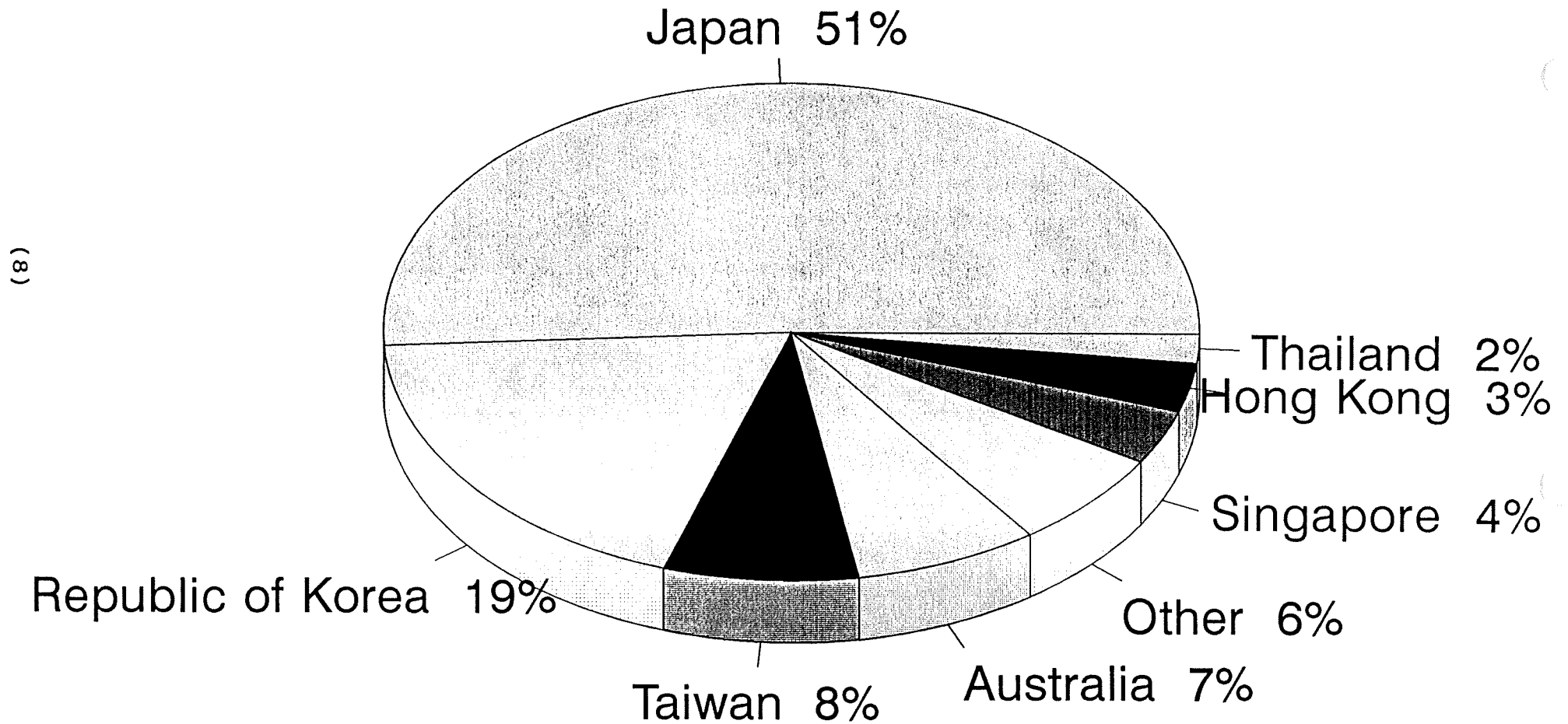


(Millions and %) Source: U.S. Dept. of Commerce

Top Kansas Export Markets by Region 1990

Asia/Pacific Total Exports- \$646 Million

(Figure #7)

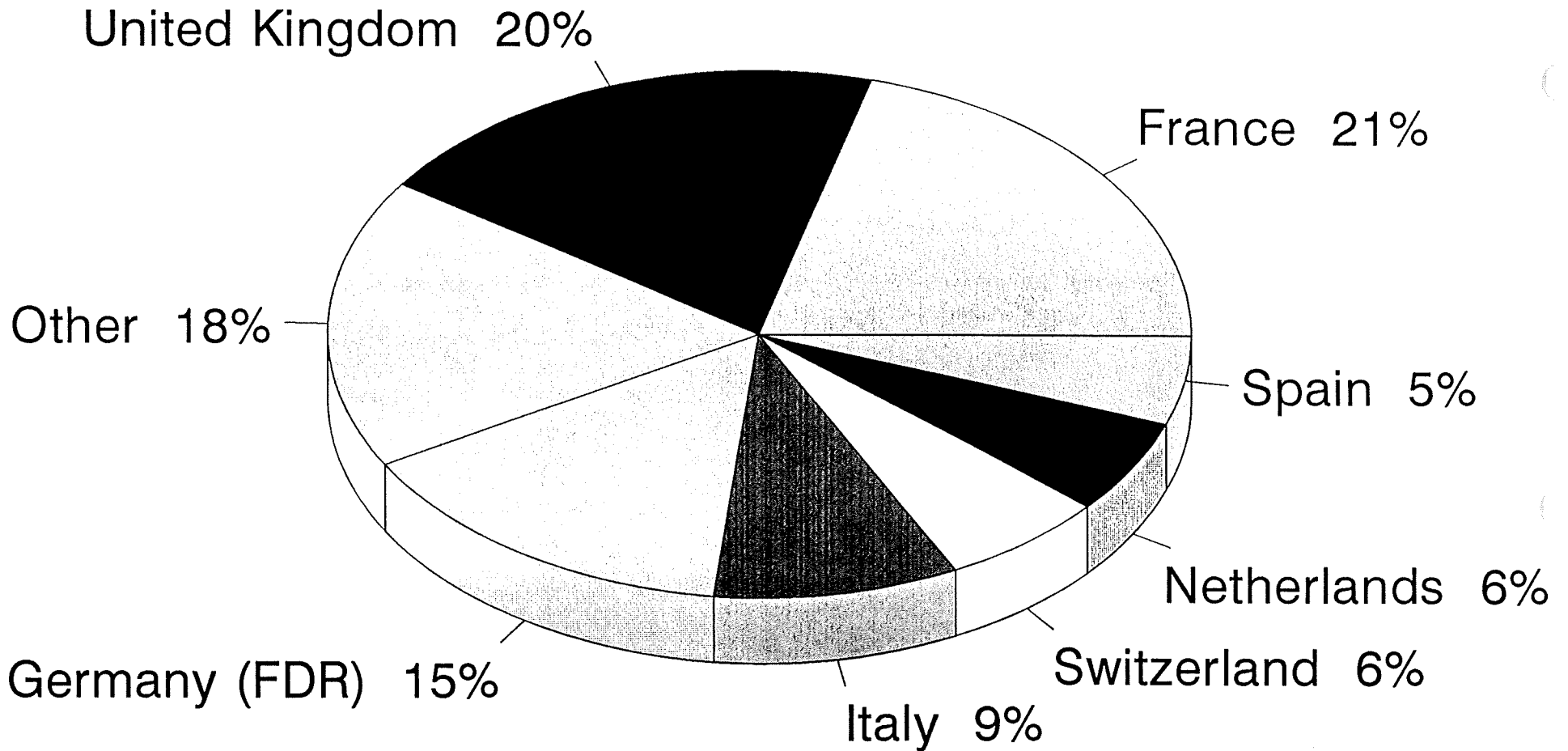


(%) Source: U.S. Dept. of Commerce

Top Kansas Export Markets by Region 1990

Europe (Excludes USSR/CIS, includes Central Europe) Total Exports- \$514 Million

(Figure #8)



(%) Source: U.S. Dept. of Commerce

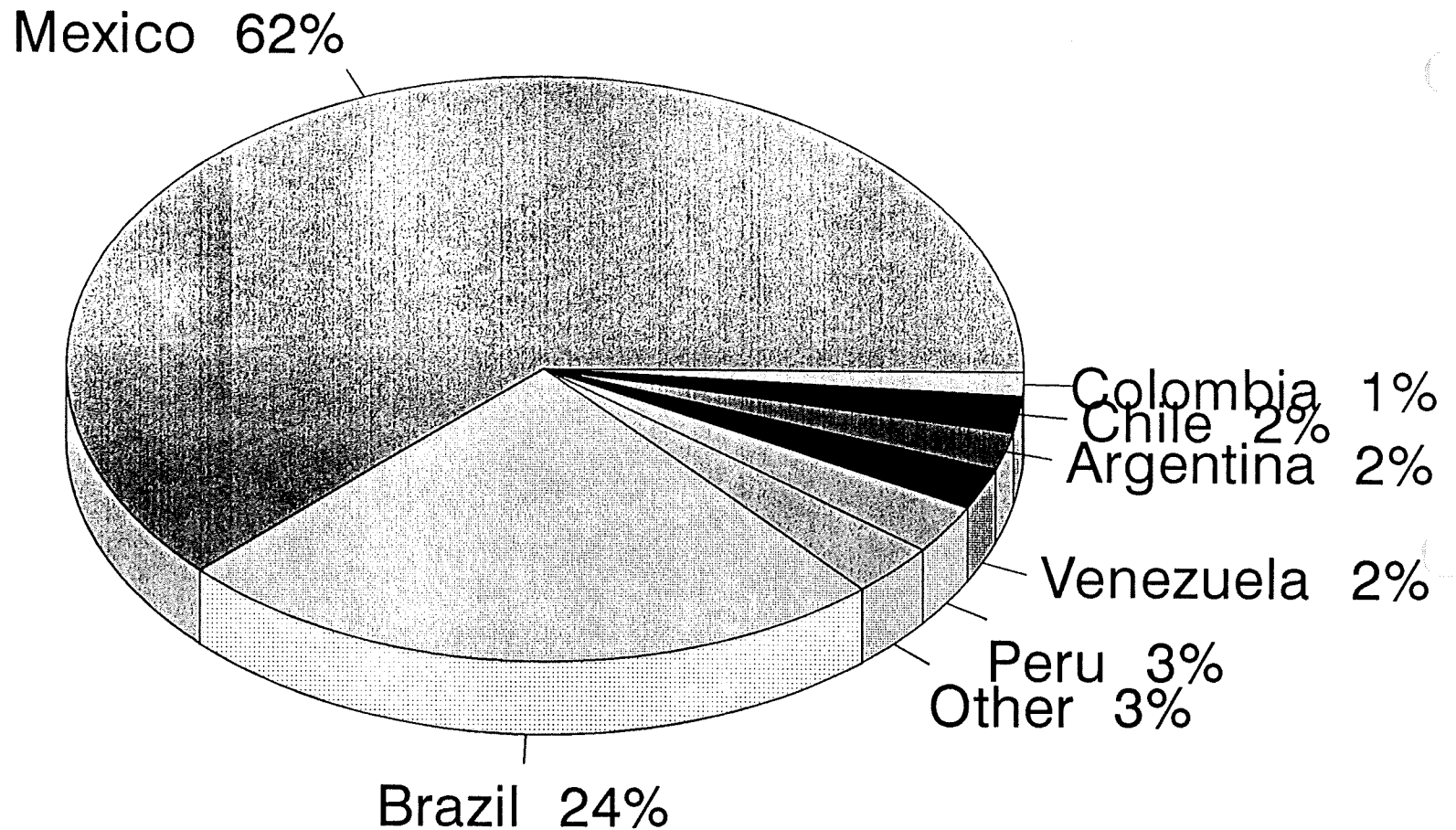
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Top Kansas Export Markets by Region 1990

Mexico/Latin America Total Exports- \$286 Million

(Figure #9)



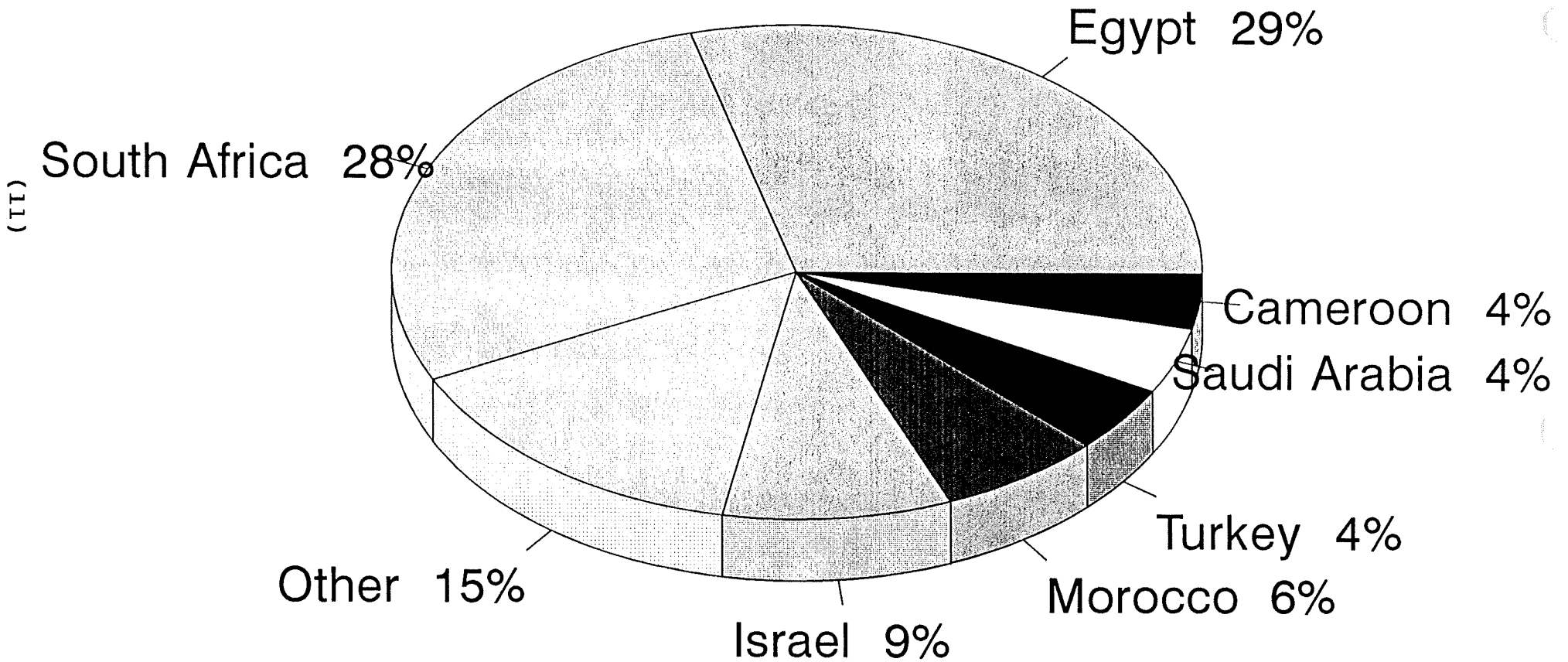
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61-1 (%) Source: U.S. Dept. of Commerce

Top Kansas Export Markets by Region 1990

Africa/Middle East Total Exports- \$185 Million

(Figure #10)



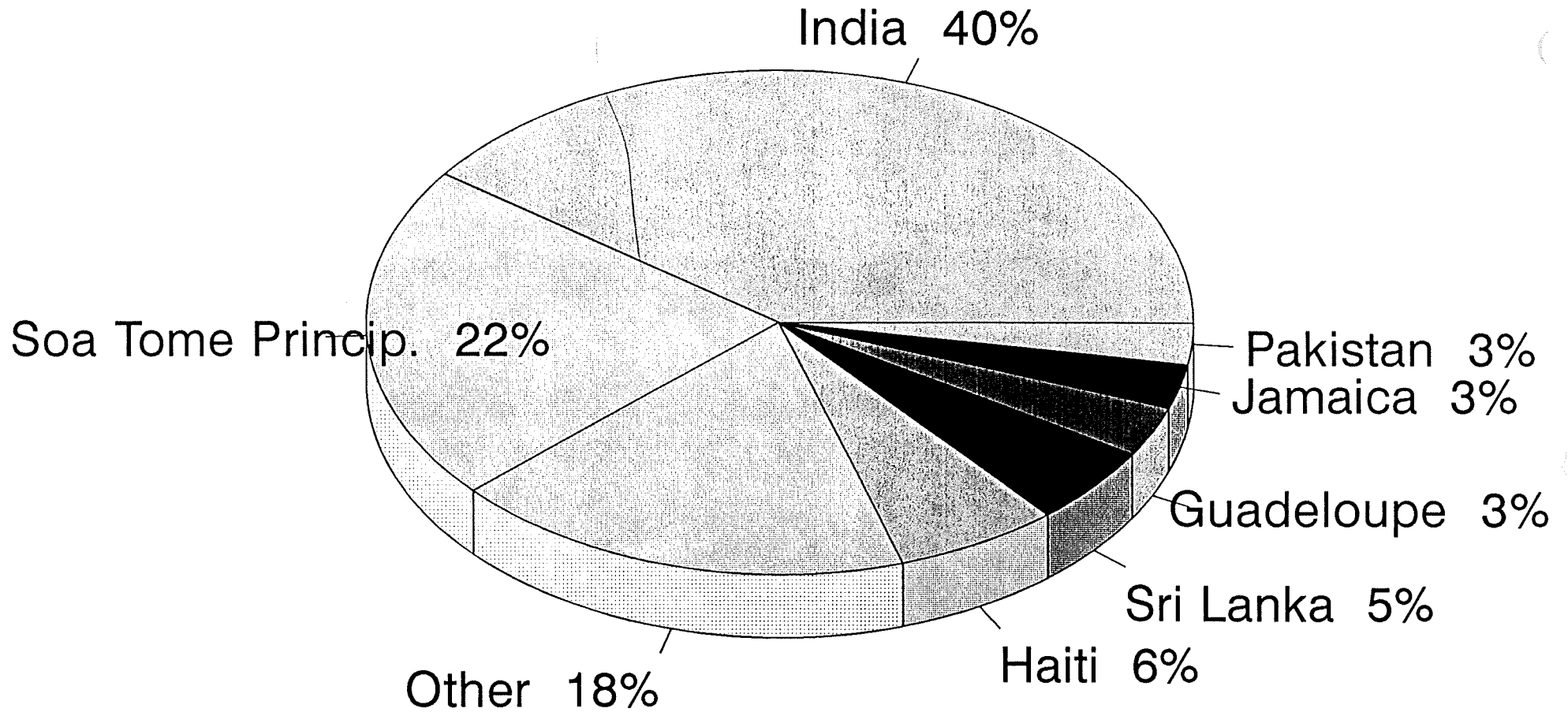
(%) Source: U.S. Dept. of Commerce

1-20

Top Kansas Export Markets by Region 1990

Other Total Exports- \$30 Million

(Figure #11)



(12)

18-1 (%) Source: U.S. Dept. of Commerce

TRADE DEVELOPMENT DIVISION

OBJECTIVES

Increase sales of Kansas products, processes and services worldwide, especially innovative value-added goods and services which diversify the Kansas economy, thereby creating quality jobs, bringing new dollars, income and wealth into the state, and enhancing the growth, diversification and expansion of the state's economic base. (K.S.A. 74-5047)

SECTIONS

1) Trade, Marketing, and Promotions -

This section participates in trade shows, trade missions, one-on-one contact with Kansas company officials, and also works directly with the Kansas offices and trade service representatives. The program area is divided into two marketing areas -- 1) Europe, Middle East, Canada, U.S., U.S.S.R., Spain; 2) Mexico, Central & Latin America, Australia, Asia, Southeast Asia, Africa.

2) International Industrial Development -

This section is responsible for recruiting international investment from Asia, Canada and Western Europe. Investment may take the form of direct manufacturing and distribution facilities or the form of technology transfer through joint ventures and licensing. The goal of the program is to create new investment and new employment from international sources.

3) Export Finance -

This section incorporates the Kansas Export Finance Act authorizing the agency to assist Kansas companies by providing insurance, coinsurance, reinsurance and guarantees against commercial preexport and postexport credit within Kansas or services which result in additional employment within Kansas which are sent to a destination outside of the 50 states.

The programs and services provided by the Division of Trade Development have provided assistance to many Kansas companies allowing them their marketing and promotional objectives. As these companies continue to develop their markets domestically and internationally, the Kansas economy will continue to benefit.

TRADE, MARKETING, AND PROMOTIONS SECTION

Through the Trade, Marketing, and Promotions Section, the Division developed several programs and services to assist Kansas companies with the marketing of their goods and services both domestically and internationally. Staff members can help companies that have significant domestic marketing and exporting experience as well as those with little or no experience. The Division staff has more than 70 years of combined international and domestic marketing experience.

Kansas Overseas Offices:

This section places a high priority on the establishment and maintenance of a network of international representation. In FY91 the Department operated two overseas offices and seven trade service representatives. These trade offices provide Kansas businesses with reliable and continual access to:

- Valuable marketing and sales information;
- Assistance with product introduction and adaptation;
- Trade lead development;
- Business assistance to individuals who travel to the respective countries.

Overseas offices and trade service representatives are located as follows for FY92:

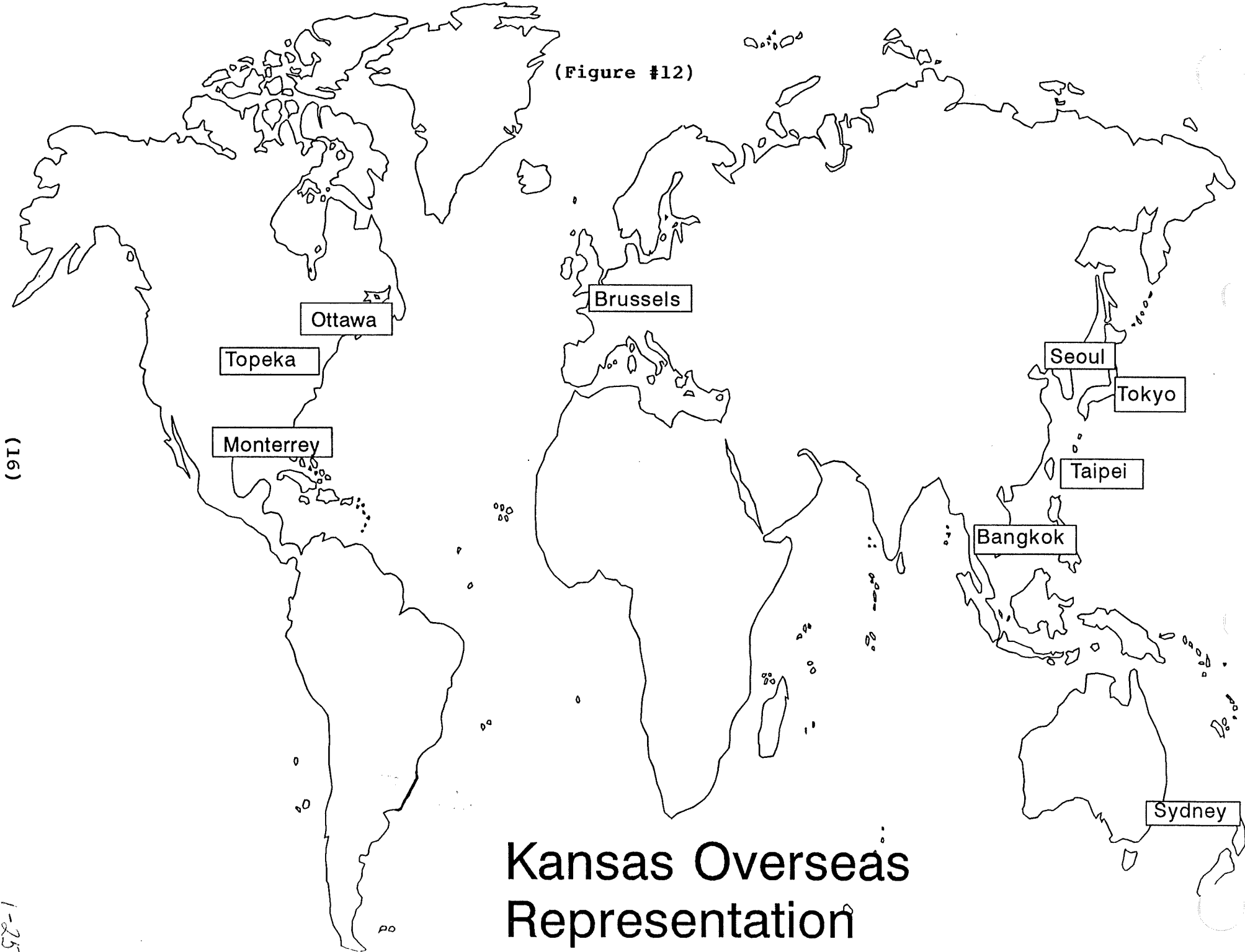
OFFICES

- * Brussels, Belgium
- * Tokyo, Japan
- * Ottawa, Canada

SERVICE REPRESENTATION

- * Sydney, Australia
- * Seoul, Korea
- * Monterrey, Mexico
- * Taipei, Taiwan
- * Bangkok, Thailand

(Figure #12)



Kansas Overseas Representation

(16)

1-25

PD

Trade Shows and Missions:

In FY91, the Division participated in six major trade shows and trade missions. The Division's participation allowed the Department to promote Kansas, its companies and their products both domestically and internationally.

- National Hardware Show. Six Kansas companies participated in the Kansas Pavilion. This show continues to be a good step for small Kansas companies to enter or expand their national marketing network. In fact, at this show a Wichita company participating in the Kansas Pavilion finalized, during this show, an agreement with a national distribution chain to sell their products throughout the U.S. A first for them and one which doubled their volume.
- Australian National Field Days. This show was a first for Kansas. Seven Kansas companies participated and were excited about the results that were obtained. Over a quarter-of-a-million dollars in sales of Kansas products and services took place at ANFD. In fact, the positive impact of Kansas at the FY91 show resulted in Kansas being invited back as a special "Guest Exhibitor" in FY92.
- New York International Gift Show. Four Kansas companies participated in the Kansas Pavilion. As with the National Hardware Show this show is an excellent way for small Kansas companies to enter or expand their national marketing network.
- "Made in the U.S.A." Trade Show. Held in Dubai, U.A.E., this show had excellent results for the ten Kansas companies that participated in this year's show. Initial sales of Kansas products and services from the show is over one million dollars.

- Paris Air Show. Four Kansas companies participated in the Kansas Pavilion at this year's show. The companies participating have reported over \$871,000 in sales.

- Birmingham Environmental Trade Show. This environmental show held in Birmingham, U.K. had four Kansas companies participate in the Kansas Pavilion. With initial sales of over \$60,000 and negotiations ongoing for sales well over \$100,000 more, the show resulted in good sales for Kansas companies.

Kansas Trade Show Assistance Program:

Foreign trade shows are a proven way for Kansas companies to develop international trade opportunities, promote products and services, and have face-to-face contact with foreign buyers. In recognition of the importance of trade shows, the 1990 Kansas Legislature appropriated \$150,000 for the Kansas Trade Show Assistance Program (KTSAP) in FY91. Under this program, the Trade Development Division will reimburse up to one-half of a company's approved expenditures not to exceed \$3,500 per trade show of \$7,000 per fiscal year.

During the 1991 session the Kansas Legislature approved an additional \$50,000 for a total of \$200,000 in the Kansas Trade Show Assistance Program.

Although the history of this program is short, KTSAP has become immensely popular. Presently under KTSAP, the Trade Development Division of the Kansas Department of Commerce will reimburse a successful applicant up to one-half ($\frac{1}{2}$) of the approved expenses directly attributable to the applicant's participation in a trade show (outside of the U.S. borders) not to exceed \$3,500 per show and no more than \$7,000 in total financial assistance during a state fiscal year. The KTSAP reimbursement will occur at the conclusion of the trade show after all documentation and official receipts are turned into the Department.

Kansas companies which are eligible to receive a reimbursement are those businesses with services (including engineering, design, architectural) originating within the state (excluding banks, freight forwarders, export management companies) or products manufactured or which receive value added processing in Kansas.

(Figure #13)

The return for Kansas of each dollar spent is as follows:

FY90

* Total Export Sales Assisted by KTSAP: \$5,092,352.00
 * Total KTSAP Disbursement: 88,916.61¹
 * Total Dollar Return Ratio: \$57.21 - \$1.00
 * Total Number of Allocations: 36

FY91

* Total Export Sales Assisted by KTSAP: \$5,745,989.61²
 * Total KTSAP Disbursement: 145,050.01³
 * Total Dollar Return Ratio: \$39.61 - \$1.00
 * Total Number of Allocations: 62

Percent of Participation by Company Size:

| # Of Employees | 1-9 | 1-49 | 50-99 | 100-249 | 250-499 | +500 |
|----------------|--------|--------|--------|---------|---------|--------|
| 1990 | 16.17% | 27.78% | 19.44% | 25% | 0% | 11.11% |
| 1991 | 16.13% | 30.65% | 22.58% | 20.97% | 4.84% | 4.84% |

% of Funding by Congressional District

| District # | 1 | 2 | 3 | 4 | 5 |
|------------|-------|-------|-------|-------|-------|
| 1990 | 13.8% | 19.7% | 28.3% | 18.0% | 20.2% |
| 1991 | 12.1% | 11.4% | 32.4% | 30.8% | 13.3% |

1-A total of \$100,000 was allocated under contracts. The remaining \$11,083.39 was a result of over estimates by companies and one cancelled contract. As the fiscal year ended with contracted amount encumbered, these funds were released.

2-Four companies still remaining to report.

3-All contracts paid out. \$4,949.99 remained after payments due to companies receipts being less than estimated.

Kansas Trade Show Assistance Program (KTSAP)

(Figure #14)

- The Kansas Trade Show Assistance Program allows an eligible company to receive reimbursement for up to one-half (1/2) of approved trade show expenses up to \$3500 per show or \$7000 per fiscal year (July 1 - June 30)
The trade show must take place outside of the U.S.

Kansas Trade Show Assistance Program (KTSAP) - Eligibility

- Kansas Companies which are ^(Figure #15) eligible to receive reimbursement are those businesses with services (including engineering, design, architectural) originating within the state (excluding banks, freight forwarders, export management companies) or products manufactured or which receive value added processing in Kansas.
- Additionally, the business must:
 - Be targeting a new market for their products or services or,
 - Be wanting to locate an agent, representative, or distributor or,
 - Be wanting to introduce a new product into an established market.

(22)

Kansas Trade Show Assistance Program

(KTSAP) - Eligible Expenses

- Space or Booth Rental Fees ^(Figure #16)
- Participation Fees
- Space/Booth Design and Construction
- Space/Booth Furniture or Equipment Rental
- Translator/Interpreter Fees at the Show
- Dismantling of Booth/Exhibit
- Transportation of Equipment and Exhibition Materials to and from the show
- Space/Booth Utility Costs

(23)

Kansas Trade Show Assistance Program

(KTSAP) - Ineligible Expenses

(Figure #17)

- Compensation, Wages, Salary of an Employee or Agent
- Travel
- Lodging
- Meals
- Hospitality

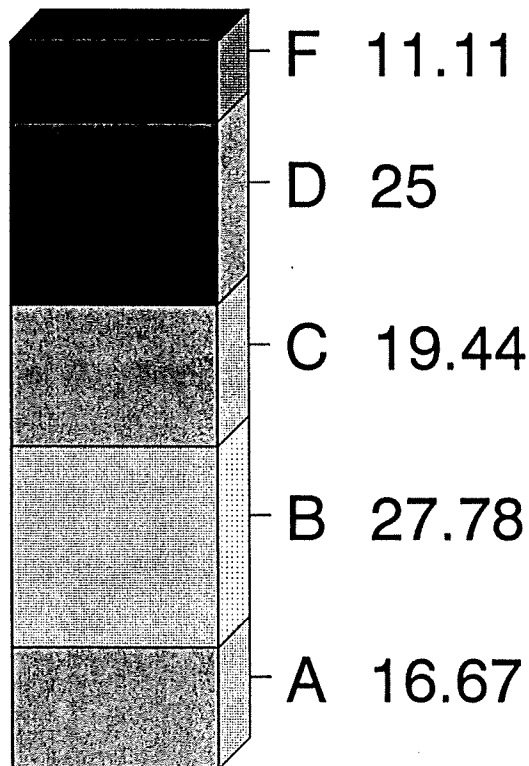
(24)

KTSAP Participation FY 90 - FY 91

Percent of Total Participation Based on Company Size

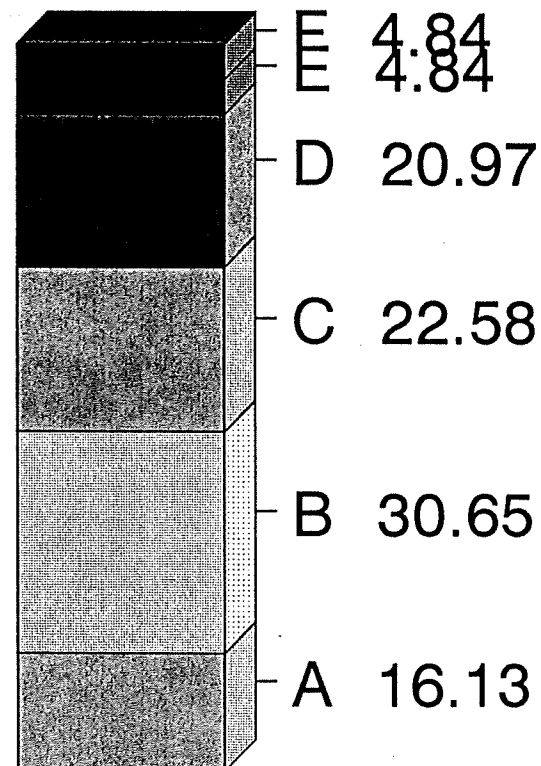
(Figure #18)

(25)



FY 90

36 Disbursements



FY 91

62 Disbursements

Source: KTSAP Records/KTSAP Manager

Kansas Trade Show Assistance Program

Dollar Returns by Region FY90 - FY91

| | FY90 | FY91 |
|---------------------|-------|-------|
| Germany | 127.6 | 86.74 |
| U.K. | 68.73 | 12.37 |
| Mexico | 31.34 | 33.09 |
| Canada | 24.16 | 13.89 |
| Korea | 24.29 | 20.97 |
| Australia | 22.81 | 24.25 |
| Spain | 22.86 | 0 |
| Netherlands | 8.57 | |
| China | 2.86 | |
| France | 0 | 30.9 |
| Singapore | 0 | 17.18 |
| Chile | 0 | |
| Thailand | | 84.68 |
| UAE | | 23.58 |
| Norway | | 88.6 |
| Japan | 0.87 | 0.27 |
| Costa Rica | | 2.3 |
| USSR | | 0 |
| Netherland Antilles | | 0 |
| Malaysia | | 0 |

Source: Kansas Company's Post-Show Reports/KTSAP Manager

Kansas Trade Show Assistance Program

FY90 - FY91

(Figure #20)

| Year | Number of Disbursements | KTSAP Dollars Spent* | Company Reported Sales from Show Participation | Dollar Return Ratio |
|------|-------------------------|----------------------|--|---------------------|
| FY90 | 36 | \$ 88,916.61 | \$5,092,352.00 | 57.27** |
| FY91 | 62 | \$145,050.01 | \$5,745,989.61 | 39.61*** |

* Shows Cancelled or
Co.'s Receipts Less
Than Estimates

** One deviation
due to exceptionally high
return. Actual would be Aprox.
26.76:1

*** Actual return ratio may
be higher as four
final reports not yet
returned as of 24 Jan. 92

(27)

Source: Kansas Company's Post-Show Reports/KTSAP Manager

1-36

Foreign Trade Missions to Kansas and Foreign Visitors:

During FY91, the Department hosted over 300 visitors from countries throughout the world for a variety of trade functions including company appointments, technical training, and trade conferences. Highlights of the visiting delegations include:

- A group of Taiwan officials and businessmen visiting Kansas to learn more about our Aerospace industry and to see what mutual business opportunities could be created.
- The Ambassador from Lesotho was in Kansas to visit with government officials and business executives to discuss trade between Lesotho and Kansas.
- Representatives from the Japan External Trade Organization (JETRO) were in Kansas to talk with Kansas companies about the trade opportunities that are available in Japan.
- A Japanese import buyer toured the state looking for and purchasing Kansas Arts and Crafts.
- Australian businessmen visited Kansas manufacturers and foundries to open discussions about trade opportunities.
- A group of Hungarian's were in Kansas to learn more about trade opportunities in Kansas.
- A large Soviet delegation visited the state to learn more about the possibilities between Kansas and the U.S.S.R.

Services Marketing:

The Division staff made company visits throughout the year to gather information from companies about their products, export interest and capabilities, and potential buyers. The staff provided this information, along with product brochures, to various overseas offices and representatives. These offices work to locate distributors, agents or end-users for these products. When the office locates potential customers, it puts the possible customers in direct contact with the Kansas company for continued negotiations and sales.

A new program started in FY92 that is designed to market our services to Kansas companies. With this new program we have been able to have direct contact with over 300 Kansas companies in the first six months of FY92.

DIRECTORY AND CATALOG PUBLICATIONS:

The Kansas International Trade Resource Directory. This directory has been updated and distributed to exporters of Kansas manufactured products. It contains the names and addresses of federal and state government officials and public/private organizations that offer assistance programs to exporters. The directory also includes listing of export service vendors such as international attorneys, bankers, freight forwarders/customs house brokers, couriers, translation and interpreter services, foreign consulates, U.S. Embassies, and international telephone codes for cities and countries.

Kansas Manufacturing Firms in Export. A directory of almost 1,000 Kansas companies that export their products to a broad cross-section of foreign countries. The Division distributes the directory to those businesses interested in purchasing products offered by Kansas exporters.

The Kansas Importers Directory is published to identify those Kansas companies who are presently importing products and is distributed to foreign exporters to inform them of companies that would like to import additional products. This directory is intended to encourage the growth of these importers which will create jobs within Kansas.

The Kansas Agribusiness Services and Equipment Directory profiles more than 75 Kansas companies that export their products and services. The directory features photographs of each company's products along with a brief descriptive statement of the company, its product and services. The directory includes a section in both Spanish and Chinese. The Division distributes the directory domestically and internationally.

The Best of Kansas Arts and Crafts Catalog continues to widespread recognition for its presentation and content of high-quality art and craft items. Introduced at the 1988 Chicago-based Bloomingdale's promotion, the catalog contains the work of 150 artisans and craftspeople and 50 art galleries and craft shops throughout Kansas who were selected from more than 700 entries. A panel of art experts from across the state selected the works to be included. The catalog features such diverse items as painting, wood crafts, quilting, wheat weaving, sculptures, glass objects and jewelry. Since its publication, over 5,000 copies have been distributed through the four visitor center operated by the Travel and Tourism Division, selected retail outlets statewide, and by the Division.

The Kansas Aerospace Directory contains information on more than 65 Kansas companies that export their aerospace products and services. Photographs of each company's products appear in the directory along with a brief descriptive statement of the company and its products and services. More than 700 copies of the directory have been distributed to international aerospace importers, trading companies and government officials. It includes sections in Spanish and Chinese.

INTERNATIONAL MARKETING PROGRAM

This section is responsible for recruiting foreign investment to the state of Kansas. Efforts are primarily targeted to Japan, Europe and Canada with support from state offices located in Tokyo, Brussels, and Ottawa. The program involves direct mail marketing as well as networking with a variety of international contacts both domestically and abroad. Promotional materials are available in Japanese and German to support the state's marketing efforts in these areas.

European Markets. The Kansas European office supports both trade promotion and investment recruitment activities. On the investment side, the office tracks trends and issues affecting international investment and conducts an aggressive program of marketing Kansas to firms which have the potential to make an investment. The Kansas European office is a member of the Council of American States in Europe (CASE) and the American Chamber of Commerce.

In 1991, two German companies announced decisions to locate facilities in Kansas. BIG Spielwarenfabrik, a German manufacturer of plastic toys, announced its decision to locate a 100,000 square foot warehouse and distribution facility at Strother Field. A German manufacturer of galleys and ovens for commercial airliners also announced plans to produce galleys in Wichita. Buderus Sell GmbH purchased a 29,000 square foot building and planned to begin production in early 1992. Initially, the company will employ up to 100 workers.

Staff travel included trips to Europe to move the office from Stuttgart to Brussels, participate in the Paris Air Show, and support the Wichita/Sedgwick County area marketing efforts in England. Marketing efforts were also conducted in Washington, D.C. where several major European companies have representative offices.

Japanese Market. The Kansas Japan Office represents the state's trade and investment interests in Japan. Interest from Japan continues to grow. In June, 1991, the Takako Corporation of Osaka, Japan broke ground in Hutchinson for a 25,000 square foot manufacturing plant to produce hydraulic components. The Kansas Japan Office was instrumental in the site location decision by the company. At full capacity, the company will employ 100 workers.

The Kansas Japan Office continued its targeted pharmaceutical effort. The direct mail program included six separate mailings to Japanese pharmaceutical companies promoting Kansas as a site for research and production of pharmaceuticals. Company visits were arranged for directors from the Higuchi Biosciences Center during two separate trips to Japan during the year. Executives from a number of Japanese pharmaceutical firms have visited Kansas and the Higuchi Biosciences Center to examine potential for research and investment.

Target industry recruitment has now been expanded to include food processing and warehouse/distribution facilities. A major mission to Japan was conducted in November, 1991, with a focus on pharmaceuticals, food processing and distribution.

Canadian Market. Interest from Canadian firms continued to increase during the year. Staff also identified a number of new prospects through participation in the Industrial Development Division's trade show program.

Staff provided site location assistance to Engineered Air, a Canadian company based in Calgary, which announced its decision to locate a manufacturing facility in DeSoto to produce heating and air conditioning equipment. Total employment at the site is expected to reach 300.

The state opened a new office in Ottawa, Canada to support trade and investment initiatives.

EXPORT FINANCE ACT

Since passage of the Export Finance Act in 1989, the KDOC has organized the office of the Export Finance Director and begun to provide financial assistance to the exporters of Kansas products and services. Some milestone dates are as follows:

| <u>ACTIVITY DATE</u> | <u>ACTIVITY</u> |
|-----------------------------|--|
| 1. 1989 Legislative Session | Export Fiance Act Passed. |
| 2. February 19, 1990 | Export Finance Director hired by KDOC. |
| 3. October 8, 1990 | Administrative Rules and Regulations, KAR 110-40-1/8 became effective. |
| 4. October 18, 1990 | Export Loan Guarantee Review Committee (ELGRC) appointed. |
| 5. November 26, 1990 | First Meeting of ELGRC. |

Two types of financial assistance are provided: firstly, consulting responses to inquiries on trade finance matters, and secondly, the Loan Guarantee Program which assists exporters of Kansas products to obtain pre and post export working capital loan funds from Kansas banks.

A. In fiscal year '91, the Export Finance Director handled a wide variety of trade finance questions from over 97 different entities, primarily Kansas companies and banks. This activity continues to be in constant demand. While the predominance of questions pertained to the sourcing of working capital and the Loan Guarantee Program, other inquiries were recorded and categorized as follows:

1. EXIMBANK, 2. Letters of Credit, 3. Terms of Payment, 4. Foreign Credit Insurance Association, and, 5. Other. (Examples of Other inquiries on trade finance subjects were foreign exchange, collection of bad debts, sources of credit information on foreign buyers.

B. Four working capital Loan Guarantee Program applications have been approved. These guarantees have backed loans supporting the export of Kansas products valued at over \$350,000. There are 4 applications now being considered, and are in the process at the present time.

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PH. (07) 359 9559

Mobile 018 677 416



22nd November 1991

Attention: **MRS LAURA NICHOLL**

Secretary of Commerce
Department of Commerce
400 S W 8th Street, Suite 500
TOPEKA
KANSAS
USA 66603-3957

Dear Mrs Nicholl,

re Australian National Field Days

With reference to the above Field Days, recently conducted in Orange, we would like to thank your Department firstly for the invitation and the professional organisation of the three days in which we were involved, as it was a total pleasure, and the success which we experienced can only be attributed to the dedication of the people involved, both in attendance and behind the scenes.

We would especially like to thank Mr Jim Kadel, who was continually assisting not only ourselves but the other exhibitors.

We hope that you enjoyed your time in Australia and should the occasion arise, when we can be of service to you, please do not hesitate to contact us, as we would only be too happy to assist.

Yours faithfully,

T. C. W. S. DISTRIBUTION

SCOTT REIBELT PTY. LTD.

Ralph Hendriksen
(Director)
N.S.W./VIC
Red Jacket Distributor

Scott Reibelt
National Representative
Marley Pump Company

Rocky Mountain
Regional Office
U.S.-Arab
Chamber
of Commerce



6440 South Pontiac Court
Englewood, CO 80111
U.S.A.

Telephone: (303) 694-9125
Fax: (303) 770-9105

January 20, 1992

Mr. James Beckley
Director, Trade Development Division
Department of Commerce
Suite 500
400 West 8th Street
Topeka, Kansas 66603-3957

Dear Jim:

It was a pleasure to meet you during my recent visit to Topeka. I wish we had had more time to talk given that we have travelled in many of the same places. Perhaps we will have another occasion to trade war stories.

It was a real treat to make that presentation. David was well organized and took very good care of me. The companies were enthusiastic and seem determined to go after business in the Middle East in a serious fashion. Already the two medical companies have called me this morning to see how I can help to make their products known to the Saudi Arabian medical trade mission which will be in Denver in early February. I have undertaken to take care of that matter for them. My only regret is that I may not know too much about the results of the visit to Dubai.

David deserves an extra vote of thanks for coming over to Kansas City to pick me up and for spending so much time with me. It was helpful to have discussed each of the companies and its goals before actually meeting the group on Friday morning.

Again my appreciation for the efforts put in by all of you. I hope another occasion to meet you will arise. You have a good team and they receive high marks from the companies with which I talked.

Sincerely,

Peter T. Beneville, Regional Coordinator

SEND THIS FAX TO 913-296-5263 IN U.S.A.

TO: JIM BECKLEY

GOOD MORNING!

TO USE THE WORDS OF BOB STEELE,
OWNER OF H & R AUTO & EQUIPMENT, SALINA,
" I'VE HAD MORE BUSINESS ACTION IN 2 DAYS
IN THE KANSAS PAVILION AT REP CON '91 THAN
A WHOLE WEEK ON THE ROAD KNOCKING ON DOORS!
THIS CHARACTERIZES WHAT ALL OF OUR KANSAS
COMPANIES ARE SAYING.

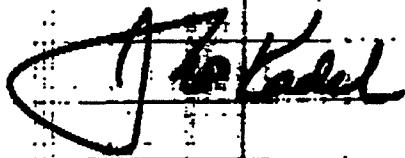
GEORGE ANDREO OF BALCO, INC, WICHITA,
MAKER OF BUILDING CONSTRUCTION ACCESSORIES AND
FIXTURES, HAS WRITTEN ~~OUT~~ ORDERS FOR THE
PROTOTYPE MATERIALS FOR DISPLAY CASES IN A LARGE
~~GROCERY STORE~~ ³⁰ GROCERY CHAIN THAT COULD
REACH A VALUE OF US \$ 150,000 TO OUTFIT ALL
THEIR STORES.

IMS OF OARTHIE, KANSAS WHO MANUFACTURE
FLOATING DREDGES, IS REPRESENTED BY KIP SCHWINNEY
AT THE SHOW ^{AND} WILL BE TALKING WITH LOCAL MEXICO
CITY OFFICIALS ABOUT DREDGING OPPORTUNITIES AT
THE WORLD FAMOUS BOTANICAL GARDENS.

DIVERSIFLEET, INC. OF KANSAS CITY, KANSAS,
U.S. SAFETY OF LENEXA AND GOLDEN PLAINS
HOTEL OF COBY ALL REPORT IMPRESSIVE
NUMBERS OF INTERVIEW OPPORTUNITIES WITH
INTERESTED MEXICAN DISTRIBUTOR BUSINESS OWNERS.

KANSAS COMPANIES HAVE AN EXCELLENT
OPPORTUNITY TO DO BUSINESS WITH MEXICO AND
SHOULD CONSIDER JOINING THE NDOC TRADE
DEVELOPMENT DIVISION, MISSION TO THE
GUADANARA REPCON '92 SHOW.

RICHARDS,



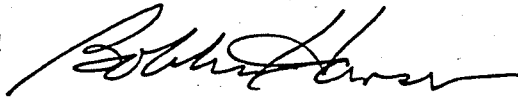
SUNFLOWER TRAVEL

CORPORATION

November 26, 1991

To: Jim Beckley, Department of Commerce

From: Bobbi Hansen, CTC
President



Subject: Orange Australia Fields Day

Now that we are back to an almost normal routine, I want to thank the Department of Commerce - International Trade and Investment Division - for the part those of us travelling with the Tourism experienced in Sydney and Orange.

Laura, Randy and Sonya - withstood rigorous schedules and represented KS in a way that we are proud of and I wanted to thank them for their leadership. Toby and Mimi are unique individuals. It was fun to meet and be hosted by them.

Australia is just the beginning. I'd like to see KS pursue tourism opportunities in other countries. Promoting the Heartland is perfect - our Western/Indian Culture is alluring and we can provide the attractions and events to fit these requirements. I'd like to see TIAK/The North Central/South Central/TCVB/WCVB, etc. groups involved in continuing programs that would allow interested parties to participate in future trips such as this one. The USTTA's Seminars in August and September in Sydney will be a tremendous opportunity to continue an awareness program of Kansas to the Australian Market.

It is very important to continue promoting our State to other Nations! We have so much to offer.

Again, I want to express my sincere appreciation for being a part of this delegation. We look forward to working with you in promoting our State!





TAYLOR FORGE ENGINEERED SYSTEMS, INC.

First & Iron Streets • Paola, Kansas 66071
Tel: 913-294-5331 • Telex: 62192610
FAX: 913-294-5337

October 30, 1991

Kansas
Department of Commerce
400 S. W. Eighth Street
Fifth Floor
Topeka, Kansas 66603-3957

Attn: Mr. James E. Beckley

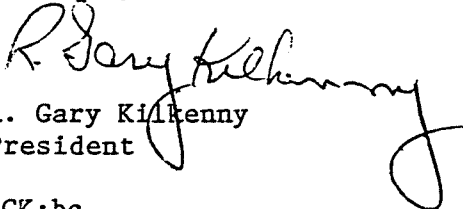
Dear Mr. Beckley:

We at Taylor Forge Engineered Systems wish to thank you and the Department of Commerce for the nice plaque and for selecting us as a finalist for Exporter of the Year.

The entire process has been rewarding and the presentation dinner was impressive.

All of our people are pleased with this recognition.

Sincerely,


R. Gary Kilkenny
President

RGK:bc

JAYHAWK
PLASTICS INC

15285 South Keeler
Olathe, Kansas
66062

Suburban Kansas City

Phone 913-764-8181
FAX 913-782-3103

November 1, 1991

Ms. Laura E. Nichol,
Secretary of Commerce
Department of Commerce
400 S. W. 8th Street
Topeka, Ks. 66603

Dear Secretary Nichol;

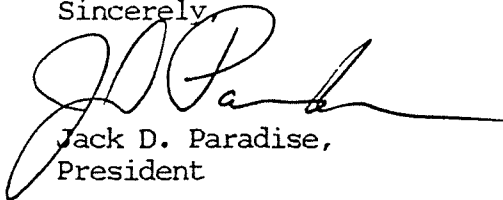
Our company manufactures and sells various specialty plastic parts. Until this year our markets have consisted of the U.S. and Canada primarily.

Late last year we learned of your departments export assistance program. With the help of Jim Kadel in Topeka and Toby Forwood in Sydney, Australia, my partner and I went to Australia in April and made sales calls that were set up by Mr. Forwood. For our particular product line there are about 10 potential customers in Australia, and prior to our trip our Japanese competitors sold 9 and a German competitor sold the other. As a result of your departments help and our in person sales calls, we are now selling 3 of those 10 and anticipate picking up 3 or 4 more in the next year.

We are a small company and are able to compete with the Japanese because we are lean, mean and efficient. However, I don't feel we would have penetrated the Australian market without the valuable help provided by your department.

We are planning to utilize this assistance in other world markets and want to thank you for having such an excellent program available to Kansas companies.

Sincerely,


Jack D. Paradise,
President

cc: Mr. James Beckley, Kansas Department of Commerce
JDP/ms

The University of Kansas

Higuchi Biosciences Center
A KTEC Center of Excellence

November 26, 1991

Mr. Robert T. Hitchner, Manager
International Investment Consultants, Inc.
Shuwa Kioicho TBR Building, Room 1001
7, Kojimachi 5-chome
Chijoda-ku, Tokyo, Japan 102

Dear Bob,

It is almost impossible for me to express how pleased and impressed I was with the performance of the entire staff at IIC during my recent visit to Japan as part of the Kansas Department of Commerce trade mission. Every aspect of the trip went off without a hitch (even though several parts occurred without a Hitchner). The attention to detail which you and your staff exhibited was most impressive. There were no surprises and no distractions so we were able to perform our tasks with substantial ease.

I was especially impressed with Ms Constance Downs whose performance as guide, translator and educator can best be summed up by the word professional. The positive effect of your briefings and Ms Downs knowledge of the language and culture of Japan was palpable as we visited a broad range of businesses.

There is no doubt in my mind that some of the contacts we made or continued during this visit will bear fruit in the form of research contracts or more within the next year or two. There is also no doubt that this mission would not have succeeded without the considerable effort put forth by IIC.

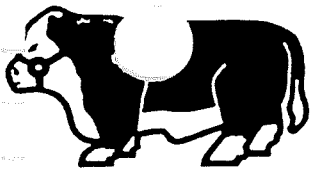
I thoroughly enjoyed my first trip to Japan and look forward to working with you and your staff again. Please give my best regards to Consty and Ohnishi-san.

Cordially,



Charles J. Decedue, Ph.D.
Executive Director

cc: ✓ James Beckley
John Watson



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SIRLOIN STOCKADE INTERNATIONAL
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Hutchinson, Kansas 67502
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FAX 316-669-0531

December 5, 1991

Ms. Laura Nicholl
Secretary
Department of Commerce
400 Southwest 8th
Topeka, KS 66603-3957

COPY

Dear Ms. Nicholl:

What could help the Kansas economy more than an infusion of outside capital?

When Kansas companies reach out beyond our borders for new business, it means jobs for Kansans, and income taxes for the state coffers from prospering companies.

Our company is growing, bringing in new dollars from international business clients outside the United States, thanks in part to the efforts of our Kansas Department of Commerce.

Sirloin Stockade International is the franchisor (based in Hutchinson, Kansas) of a chain of family steakhouses in 12 states. Perhaps you have enjoyed the Sirloin Stockade hospitality at our Topeka restaurant.

As the Director of Franchise Development, I was invited by the Japanese government to participate in a 10-day program in Tokyo last December on "How to Do Business in Japan". This was the direct result of contacts made by Jim Kadel in our Department of Commerce, with the Japanese External Trade Organization. Other representatives from our International Trade Office and their Japanese contacts in business and government were extremely helpful. I was the only Kansan in the group, which included 45 business people from 13 countries.

Because the Japanese are now allowing more beef to be imported, our market for selling franchises for family steakhouses has been enlarged to include Japan. This also means an increased opportunity to export Kansas beef. We have in the state of Kansas, some of the largest slaughtering plants in the industry.

On another international front, Sirloin Stockade will open its first Mexican restaurant in Monterrey in early 1992. What does this mean to the Kansas economy? The Mexican franchise owners will send their franchise royalties to Kansas. For now, it means the royalties from one restaurant ... how many Sirloin Stockade

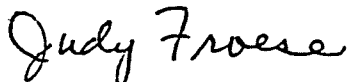
Ms. Laura Nicholl
December 5, 1991
Page Two

restaurants will be opened in Mexico, who knows? We have confidence that this will be the first of many Sirloin Stockades in our neighbor country to the south.

Contrary to the beliefs of some, the Kansas Department of Commerce has been extremely influential in establishing business relationships, which result in new business and expanded markets for Kansas companies. In order to build trust and continuity in a relationship, it is important to keep abreast of international developments, and to produce results which are beneficial for both parties. This is the role that the Kansas Department of Commerce representatives play. For Kansas to close our International Trade Offices, or even to cut back on international travel by the Kansas Department of Commerce representatives, would interrupt, perhaps irreparably, the growing business relationships for a number of Kansas companies. For us and many other Kansans, it would be an unforgivable set-back in our international expansion.

Let me go on record, along with Sirloin Stockade International, that we oppose any cut in spending for the Kansas Department of Commerce International Trade Office, or travel allowances.

Sincerely,



Judy Froese, Director
of Franchise Development

cc: Governor Joan Finney
State House
Topeka, KS 66612



City of Lawrence KANSAS

MIKE WILDGEN, CITY MANAGER

CITY OFFICES 6 EAST 6th
BOX 708 66044-0708 913-832-3000

CITY COMMISSION
MAYOR
ROBERT L. WALTERS
COMMISSIONERS
BOB SCHULTE
SHIRLEY MARTIN-SMITH
JOHN NALBANDIAN
BOB SCHUMM

December 9, 1991

Ms. Laura Nicholl, Secretary
Department of Commerce
400 S.W. Street, Suite 500
Topeka, Kansas 66603-3957

Dear Ms. Nicholl:

Thank you for the opportunity to participate in the recent economic development mission to Japan. The mission was both enjoyable, informative and productive. The delegation sustained a hectic pace, but the schedule of visits to Japanese firms allowed us to both establish new contacts and to renew existing relationships. I am cautiously optimistic about prospects of doing business with three or four pharmaceutical firms. I do not expect formal relationships to happen overnight, for I know that doing business in Japan takes time and is one of personal visits establishing confidence and trust.

I do want to provide accolades to Department of Commerce personnel for their achievements. John Watson and Randi Tveitaraas did a wonderful job of organizing and briefing at our end, and Bob Hitchner and Constance Downs continued the excellence at the Japan end. I am most appreciative of having John Watson accompany us, for he provided that important contribution called continuity and real time assistance, and Bob Hitchner and Constance Downs were indispensable in their support. I cannot say enough about the value of having an office in Tokyo, and especially the knowledge, experience and expertise Bob and Constance bring to the table. Japan, along with other Pacific-run countries, are important markets for Kansas products and also important in terms of investment potential. I believe this is an especially crucial time, with the increase in opportunities that will come with the diminution of barriers, particularly in Japan.

It is, therefore, my view the mission was a success, and I hope Jon Daveline and Dick Hahn offer similar credits and expressions.

Sincerely,

Robert L. Walters
Mayor

cc: Governor Joan Finney



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Fax: (49)-931-74408

TELEFAX MESSAGE

From: ... Michèle Becker
Assistant to Mr. Abdelatif
To: ... Mr. Jim Beckley
Kansas Dpt. of Commerce

Page(s) Total: 1... Date: 15.11.91



Re: Your letter dated September 26, 1991

Dear Mr. Beckley,

Many thanks for your invitation to join the Kansas Department of Commerce Trade Mission to exhibit at the made in the USA Trade Show in Dubai, United Arab Emirates, February 16-20, 1992.

Mr. Abdelatif would be pleased to join the Trade Show in Dubai.

However, we would need just the booth. Hotel and travel reservation is not required.

Looking forward to having further notice from you, I remain with best regards.

M. Becker

Michèle Becker
Assistant to Mr. Brahim Abdelatif
Sales Manager
Middle East/Africa



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September 26, 1991

Jim Beckley
Director of Trade Development
400 S.W. 8th Street
5th Floor
Topeka, Kansas 66603-3957

Dear Jim:

In August, our company participated in the National Hardware Show in Chicago, Illinois. Our booth was partially funded by the Kansas Department of Commerce.

This show was originally introduced to us by Wesley Jaeger with the Department of Commerce in 1990. It has proven to be an invaluable marketing tool for our company. The show is primarily beneficial to our company in three ways:

1. Provides instant national exposure to almost every lawn and garden buyer from the major companies in our industry.
2. Enabled our company to recruit a national sales force of independent representatives. (Thousands of representatives work the show in search of new companies to represent.)
3. The Hardware Show is the only event of its kind where all our representatives and distributors can meet simultaneously, and discuss current issues relating to our company and industry.

The Hardware Show enabled us to form many new relationships and solidify existing ones.

Our company is currently experiencing a significant increase in sales. Although it is impossible to calculate exact figures, our sales will increase several million dollars this year alone; this is primarily due to our involvement in The Hardware Show. Our plant will soon be in operation 24 hours a day to full spring orders.

Please know that the state's funding of our booth at The national Hardware Show helped make these sales possible.

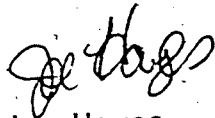
Our company would personally like to thank Wesley Jaeger for introducing us to The National Hardware Show in 1990. The Department of Commerce should be commended for their efforts in providing this essential opportunity for Kansas manufacturing companies.

Larry Childs and Jack Groves helped us out tremendously this year in preparation for the 1991 show. Both Larry and Jack worked with us at the show and attended our sales meeting and press conference. I greatly appreciate their time, effort, and professionalism.

Please contact me personally concerning any issues relating to this program. We hope to be involved with the Kansas Department of Commerce at The National Hardware Show in 1992.

Again, thank you for providing this essential program.

Sincerely,
The Hayes Company, Inc.



Joe Hayes
Director of Marketing

encls.

cc: Larry Childs
Jack Groves



HODGDON POWDER CO. INC.



July 25, 1991

James E. Beckley, Director
Department of Commerce
Kansas Trade Development Division
400 S. E. 8th Street, 5th Floor
Topeka, KS 66603-3957

Dear Mr. Beckley:

I appreciate the help that you have given our company, through the State of Kansas, in our efforts to sell our products in Europe.

We have two shows that we display out of the country each year. One is The Canadian Hunting Show that this year will be in Ottawa, Ontario. We are currently awaiting their final information so that we can choose our booth for the show, which is in February 1992. The other show that we have out of the country is the IWA show in Nuremberg, Germany. It will be in March 1992, and we have already had a space allocation. I will gladly forward you any information that you would like to have on either of these shows.

We feel that with your help we have been able to successfully sell products that are manufactured and packaged or packaged only in the state of Kansas, to Europe. Our products have received a warm welcome and some substantial sales, due primarily to our being at the trade shows and giving the European distributors service and a product that they cannot obtain from manufacturers in Europe.

We look forward to your participation with us in 1992, and hope that it will be as successful as it was in 1991.

Thank you for your assistance.

Sincerely,

J. B. Hodgdon

lc

Business Office: 6231 Robinson • P.O. Box 2932 • Shawnee Mission, KS 66201
Telephone: (913) 362-9455 Fax: (913) 362-1307

Manufacturing: Herington Industrial Park • P.O. Box 270 • Herington, KS 67449
Telephone: (913) 258-2547

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тэл. 315-84-47

27 December 1991

№ _____

На № _____ от _____

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Mr. James Beckley
Director of Trade Development
Kansas Department of Commerce

In particular, we are pleased that you will be bringing specialists in the areas of foods processing such as flour milling, pasta production, potato processing and grain storage. As we mentioned to the Kansas representatives in September, the processing of food is our highest priority.

As we work with your delegation members to develop specific projects, we want to assure you that the Leningrad Region has the necessary funds in hard currency to finance necessary purchases and construction costs. At present we have more than \$ 8 million USD available for such purposes. We hope that this assurance will be relayed to your delegation members as they are preparing proposals for our consideration.

We are looking forward to your arrival in St.Petersburg and hope that your visit here will be productive.

Our best regards,

.....
Director General

.....
Chairman



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KANSAS DEPARTMENT OF COMMERCE

Legislative Proposal

Kansas Trade Show Promotion Act

1. Bill Summary

Legislation is proposed to statutorily re-authorize the Kansas Trade Show Promotion Act (K.S.A. 74-5075 through 74-5081) and to make proposed amendments. The Trade Show Assistance program was created in 1989 to assist small Kansas businesses in the pursuit of new markets. The Act allows the Secretary of Commerce to provide financial assistance to Kansas companies participating in international trade shows. The legislation currently allows a Kansas business to be reimbursed for up to one-half of the allowable expenses for a trade show, not to exceed \$3,500 per show or \$7,000 per state fiscal year.

The proposed amendments would expand the Trade Show Assistance program for the for the following purposes:

- broaden the assistance program to allow Kansas companies to participate in selected domestic trade shows;
- maintain the current limit of 50% of trade show expenses reimbursable with a \$3,500 per show cap and a \$7,000 per fiscal year per company cap for domestic trade shows;
- increase the allowed reimbursable limit for international trade shows to \$4,500 per show and a \$9,000 per fiscal year per company cap;
- expand the allowable freight expense limit to 80% of total freight cost for both domestic and international trade shows; and
- limit the amount of domestic trade show funding to not more than 30% of the total allocated funding per fiscal year.

2. Fiscal Impact

This proposed legislation would not increase costs related to this program and would not effect the currently allocated or funds requested for FY 93. The amendments are intended to reallocate approved funding levels for the program so that more Kansas companies have an opportunity to expand their markets.

3. Policy Implications/Background

On July 1, 1991, the Trade Show Promotion Act expired, but the 1991 Kansas Legislature made an appropriation of \$200,000 for FY 92. To avoid possible conflicts

*Eco-Devo
Attach #2
01-29-92*

between statutes and appropriations, the Department proposes the re-authorization by statute of the successful program by removing the legislative expiration date.

Thirty-six Kansas companies participated in the program during FY 90 and reported a sales to dollar invested ratio of 57:1. During FY 91, the program had 62 Kansas companies participate with a sales to dollar invested ration of 30:1 to date. The results of sales leads from trade shows can take up to 18 months to be fully completed and finalized, thus the ratio for FY 91 will be higher.

Kansas companies have been extremely pleased with this program, and have reported many times that this program has allowed them to participate in trade shows in which they would have been unable to participate had it not been for this program.

The reasons for each of the proposed amendments are discussed below:

- In terms of allowing the assistance program to permit Kansas companies to participate in selected domestic shows, the Department has found that many Kansas companies do not have the ability or are not ready to expand into the international marketplace, but do have the products and/or services that could be expanded in the domestic market.

One of the major obstacles to their success in large national trade shows is the tremendous cost. These large domestic trade shows are truly "where the buyers are," but if a small Kansas company cannot afford the show costs they are shut out of a potentially lucrative market.

Since a part of the Department's mission is to assist Kansas companies in both domestic and international markets, this amendment is proposed to expand the opportunities for Kansas businesses.

- The present reimbursement limits are adequate to meet current domestic trade show costs.
- Increasing the allowable reimbursement limits for international trade shows is proposed for two reasons. First, certain international trade shows are very expensive, but by many standards they are the best shows in the world. Kansas companies that wish to participate in these top shows have found it cost prohibitive. Second, even with the proposed increase in the limit of freight costs going to 80% (as discussed below), the limit of \$3,500 will be many times too low for Kansas companies to take advantage of the other reimbursable trade show expenses.
- Expanding the reimbursement rate for freight expenses to 80% for both domestic and international trade shows encourages the companies to actually ship products to the shows. One of the primary advantages of trade shows is the fact that a

company can show their product(s) to a large number of buyers at one time. The costs to ship manufactured products is a major deterrent to company participation in trade shows. Even if companies decide to participate in the program, many do not ship their products because of the high shipping costs. Without products at the show, Kansas companies are at a disadvantage in attracting buyers.

- Limiting the amount of domestic trade show funding to not more than 30% of the total allocation to this program allows the Trade Development Division to continue its major emphasis and programming toward international marketing efforts.

4. Impact on Other State Agencies

The proposed amendments would have no impact on other state agencies.

BUSINESS KANSAS

Business Kansas is a Special Report compiled by American Australian Business (AAB), PO Box 405, Roseville, NSW, 2069, Australia. Tel: 02 922 6177, fax: 02 922 6831. It was written by managing editor, Ken McGregor, who visited both Kansas and Orange.

The arrival of Kansas, the US' Sunflower State, at the Australian National Field Days in Orange, NSW, this month, marks a new chapter for America's biggest wheat producing and agriculturally-oriented State and the Orange region itself.

Kansas is in Australia with a high school band (Shawnee Mission North), at least 20 top-level business people, tourism executives and its "Minister for Trade", Laura Nicholl, herself accompanied with top government officials.

First hand investigations and research by American Australian Business (AAB) in both Kansas and Orange in the last month show that:

* Exports of non-agricultural products from Kansas now exceed its better-known agricultural products for the first time ever this year, with the State writing upwards of \$US5 billion a year in exports.

And to fully exploit its diversity, supported primarily by high-technology products and services, management expertise and tourism, Kansas remains the only State of the US with an office in Australia.

* Orange is fast emerging as one of the richest and dynamic inland business regions in Australia for overseas investment potential and export capability.

Stephen Sykes, assistant town clerk development/corporate services, City of Orange (063 615 215) is able to show a broad base of manufacturing and agri-business emerging, confirmed

by Barry Ward, affable general manager of Orange-based utility, Ophir Electricity (063 637 300) which enjoys consistent above general business growth consumption for its power.

Chris Gryllis, vice chairman, development, City of Orange (063 62 5999) says the re-location of a major State Government department (Agriculture) from Sydney to Orange, underwrites much future local growth.

For this year's Australian National Fields Days, secretary Mike Langham (063 62 1588) forecasts some 600 exhibitors and 60,000 visitors.

In Topeka, capital of Kansas, I talked with Jim Beckley, a very determined and charismatic head of the State's Department of Commerce Trade Development Division.

Beckley said that non agricultural exports from Kansas wrote \$US2.1 billion in sales during calendar 1990. He forecast that they would top \$US2.5 billion this year and for the first time ever exceed the State's much better known agricultural products, particularly wheat.

Beckley said Kansas exports to Australia would also be a record in 1991, exceeding \$60 million for the first time, with engineering products, environmental, aerospace, spare parts, manufactured items and plastics heading the growing list.

Transportation equipment has been and is the overwhelming biggest Kansas export to Australia, followed in 1990 by non-electrical machines,

instrument/photo/optical, rubber/plastics and electrical/electronic equipment.

Other exports have included processed foods, paper and fabricated metal products

A transport and logistics expert with a long-established company of his own, Beckley took over Kansas' international office early this year at the invitation of the State's vivacious Secretary of State, Laura Nicholl.

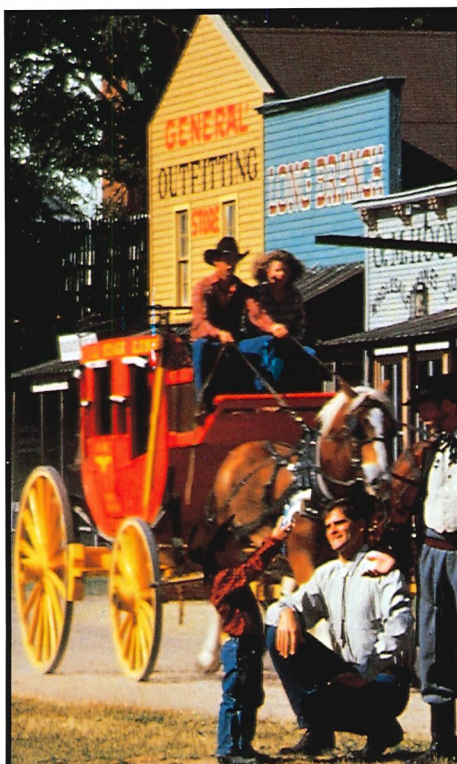
Anna R Anderson, VP and manager, international services of Kansas' top export financial institution, Bank IV (316 261 4189), told AAB its ties with Australia spanned "many years", starting with Cessna and the ANZ Group.

"Australia is an important market for many Bank IV customers, including Beech, Coleman and Pizza Hut," she said.

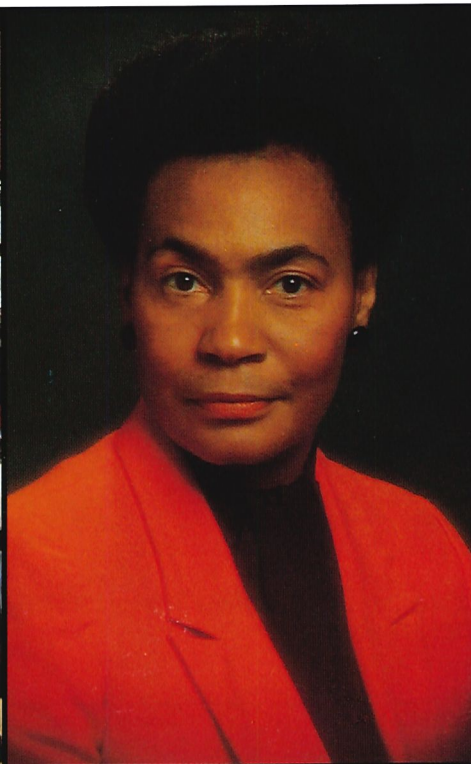
"Kansas manufacturers of agricultural implements have done very well in Australia. For many of our customers, doing business in Australia feels as

Continued page 7

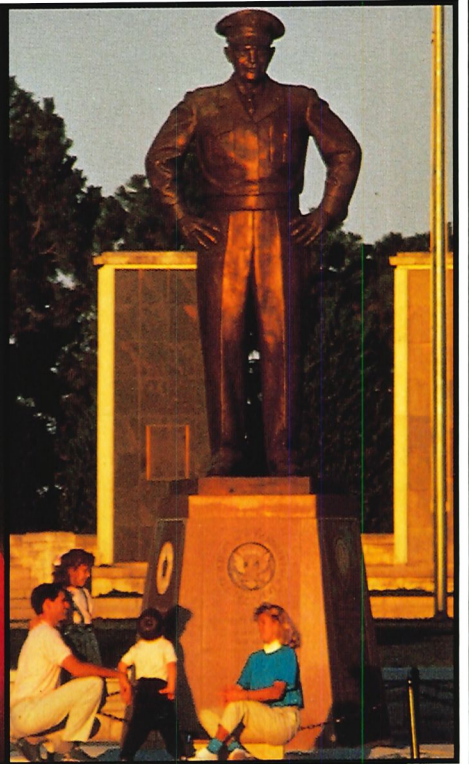
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Trade Development Division



Kansas cowboy history.



Blanche Banks, Shawnee Mission North



Ike's memorial

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Pizza's future? Distribution, thank you

As Pizza Hut moves swiftly towards being a distribution (eat-in, takeaways and deliveries) company rather than simply another large restaurant chain, Pizza Hut Australia remains a key Jewel in the Crown of the Wichita-based giant.

Part of the \$US17.8 billion New York-based PepsiCo soft drink, snack foods and restaurant major, Pizza Hut is a thriving operation and clear cut leader in pizzas around the globe. Australia is one of its biggest country markets.

The corporation's plush Wichita world headquarters reflect the global hustle towards some 70 countries.

Large flags representing the many nations Pizza Hut operates in straddle its rambling foyer and senior executives such its chief financial officer, Stephen Bishopp, are pros at handling a wide range of queries.

Richard Boudreaux, VP, distribution services, PFS (316 681 9790) and Richard Sheahon, VP, field services, PepsiCo food service international (316 681 9781), were also interviewed

Bishopp (316 681 9364), very familiar with the Australian market for fast food, is aggressive, energetic and watchful of trends, returns and plays thousands of miles away, such as arch competitor and Sizzler's Bob LaPointe, a master at manipulating properties alongside fast food operations (with associates such as Bob "Champers" Graham).

"Australia has been a real success story for us and I have no doubt it will continue to grow - David Chapman is a real godsend and 1991 has been particularly strong," Bishopp said.

Chapman runs Pizza Hut's Australasian operations, which this year boasts 396 outlets and sales of \$A320 million, up 12% on 1990.

He has organised a booth at Orange this month and is looking for much growth in the 13,000 to 25,000 population towns throughout Australia.

"These new small town stores involve room for 50 to 70 seats, underneath our 100 seat mininums in cities," he said.

Pizza Hut's greatest push is to dominate the faster-growing takeaway and delivery sectors, rather than sit down restaurants. Dominos Pizza is not a welcome word in Wichita!

With help from Anna Anderson's Bank IV of Kansas, Pizza Hut Australia is particularly solid and increasingly worrying overall fast food leader, McDonalds, whose earnings have slowed

comparatively and forays into Pizza have not yet paid off.

With the world's first Pizza Hut a few blocks away from Bishopp's office in Wichita, the business is a morass of percentages, trends, forays, initiatives, hype marketing, sporting and other sponsorship alliances, environmental hassles and razor-edge management constantly watching margins.

Locations and property management are crucial. In Australia, over one half of stores are equity owned while the balance is franchised. Australia is producing about 10% of Pizza Hut worldwide's operating profits (sales: \$US4.9 billion).

Chapman, a career marketer with no fast-food experience prior to joining the company three years ago, himself eats Pizza "two or three times a week" and four-five times a week when travelling.

"Delivery and takeaway business is growing at double the rate of sit-down traffic," he said. "We've adapted and now distribution is more what we are about overall."



Sister deals? Governor asks

"Being guest exhibitor at the 40-year-old Australian National Field Days in Orange this month is a great honour for Kansas," Joan Finney, Governor of Kansas (913 296 3481), told AAB.

Australia and be seen in the fact that Kansas is the only State in the US with a permanent trade representative in Australia.

"Many people around the world think of agriculture and wheat when they hear the name Kansas and we are extremely proud of our pioneer and agricultural heritage," she said.

"Kansas is the number one producer of wheat in the US and also ranks very high among beef producers.

"Even so, we have many other qualities, products and services to offer the world that may not be as obvious as agriculture.

"This year for the first time it appears our exports in manufacturing will outstrip our agricultural exports.

"That is one indication of what a richly diverse State we call home.

"The people of Kansas and Australia have many things in common, and I hope Australians will think of Kansans as their friends in the US.

"I hope this mission will generate a great number of trade opportunities and joint ventures between Kansas companies and the Australian business community.

"I also feel it would be beneficial to both our people to explore sister State and/or sister city relationships.

"We view Australia as a very important market for Kansas. An example of the level of our commitment to



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Engineering products thrive

Manufactured products for agriculture and mining form a key part of Kansas' industry and successful exports to Australia.

Probably the best known are aviation products of Beechcraft and Cessna: transportation equipment remains the dominant Kansas export to Australia. (Unfortunately figures available from Australia don't itemise Australian exports to Kansas - little research is carried out around specific State-by-State action in the US from Downunder).

Other thriving Kansas exports to Australia include giant mining trucks (Wiseda), grain drills (Great Plains Manufacturing) and transfer pumps/meters (Great Plains Industries).

The drills are an exception here - sales have collapsed, due, the Australian representative Pioneer Industries says, to the US' draconian wheat subsidies 'war on friends and foes alike'.

Great Plains Manufacturing is the leading independent maker of grain drills in the US: Great Plains Industries makes self-priming transfer pumps for petroleum, diesel and kerosene.

Wiseda, based in Baxter Springs (316 856 2364), makes huge 240-tonne trucks of which 20 have been sold to Mt Newman Mines in West Australia.

The potential market for these-size trucks, Wiseda's Jim Stevens told AAB, was 100 units in Australia alone, at a price tag of \$US1.6 million each, with other markets opening up in Queensland and NSW's Hunter Valley.

Wiseda competes against Komatsu/Dresser, Caterpillar and Uniclid for the market, he said.

In Perth, Milt Coleman runs Wiseda's Australian subsidiary (09 356 1266), which with 10 staff oversees assembling the giant vehicles after arrival from the US and prior to delivery to Mr. Newman, plus stocks spare parts.

Coleman told AAB a second Australian office would open in the eastern States by first quarter 1992.

Begun in 1980 by Texan Walt S Davis, Wiseda also makes 190 and 205 tonne trucks all aimed at the iron ore, gold and coal industries, with current annual sales of \$US65 million.

Agricultural drills are what **Great Plains Manufacturing** is all about, at Assaria, Kansas (913 667 4755), where the company's VP, marketing, Eric Lund, says it writes \$US50 million sales a year.

Via Australian agent, Pioneer Industries of Moree, NSW (Ray Christie, 067 524744) a now-stagnant base of over 100 seed drills in Australia has built up, with units worth an average \$US20,000 each.

Christie told AAB in Moree that the agency began following a recommendation from Bill Ortham's Orthman Manufacturing of Nebraska in 1984. In 1985 two 30ft drills were imported and a 45 footer was bought by Ian Slacksmith of Merah North.

To 1988 some 16 drills has been sold but with world grain prices recovered that year, the Christie team went on to sell another 81 units in all States of Australia.

"The momentum of sales and inquiry was just starting to build up to where the effort was paying

real dividends but then the US increased the EEP Subsidy War on its friends and foe alike," Christie explained.

"Since then, Australian farmers have been unable to purchase food, let alone Great Plains drills. As a result, sales have stopped completely.

"Combine this with the collapse of wool prices, and that is the final nail in the coffin of Great Plain's sales in Australia," he said.

In Kansas, Lund told AAB that: "It's been boom or bust in Australia for us, but with new models out this year we are optimistic it will improve."

Great Plains drills handle a variety of seeds, from cotton to vegetables, from corn to rye, oats and barley.

Key features of its products include extra road clearance and longer tongue, narrow-profile, offset-blade openers and a speed change gearbox.

At the Orange show, **Great Plains Industries** of Wichita, Kansas (316 686 7361) will release for the first time in Australia its 220/240 volt transfer pump, aimed at taking the company into the larger tank area for big corporate farms, fleet refuelling and 500,000 gallon tank markets.

Harry Crow, director, international sales, told AAB the new unit was part of its expansion into electronics and advanced componentry design.

The company, begun in 1972, is majority owned by Charles Peer and has two other investors, Lyle Koontz and Kenneth Rix, all engineers. Operations are via Great Plains Ventures, involving five operating companies.



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Visiting? Try Cowtown!

It has survived a transfer of early dependence on making evaporative air coolers for agricultural vehicles (mainly cabs for tractors) to become a world player in new areas of transfer pumps and electronic meters, competing with companies like Australia's UK-associated and Sydney-based MacNaught (02 567 0401) and a formidable world market leader in Indiana.

Downunder, the Crow operation is allied with Les Gason, general manager, at AF Gasson at Ararat, Victoria (053 522151), a key distributor.

Gason, a diversified supplier of farm machinery from various sources, has handled Great Plains equipment since the mid-1960s and fuel pumps from the mid 1970s, Gason told AAB.

He explains that Gason diversified with Great Plains when the major tractor companies started building cabs on tractors as standard in the latter 1970s.

Crow says that Australian sales "really began" in 1975 and exports to over 20 countries today by Great Plains comprise one-third of total turnover of \$US20 million.

Other Australian distributors are Liquip of Sydney (petroleum equipment) and Blues Supply of Bielea, Queensland (tool supplies).

Crow said the company boasted considerable engineering capability and invested regularly in R&D (\$US400,000 a year) producing a string of new products in what he termed was a "highly competitive and new product oriented market".

Tourism has discovered Kansas - and viceversa - with the Midwest State suddenly the fastest-growing of any in this sector throughout the US.

Topeka-based Greg Gilstrap, director, travel and tourism development division of the James Beckley-led Trade Development operation of the Kansas Department of Commerce (913 296 4027), said Kansas' tourist boom was based around several burgeoning attraction sectors.

These included restorations of the State's Wild West history, big numbers of well-run and modern racetracks, museums, the Eisenhower Center at Abilene and outdoor hunting activities such as quail, prairie chicken, pheasant and rabbit shooting, plus "unlimited" grappie, walli, bass and channel catfish fishing.

Convention centres, such as in fast-growing Wichita, were also attracting overseas meetings looking for new venues.

"Perhaps our greatest overriding advantages however are unequalled and genuine Midwestern hospitality and good quality hotel rooms available at prices down to \$US32 a night including breakfast to nowhere higher than \$US110, plus restaurant prices offering the best value in the US.

"You can get the best steaks in the nation, pure grain-fed beef, at no more than \$14.95, twenty ounces, at places like North Star right here in Topeka."

Gilstrap also noted that Kansas' clean air - the State has little heavy industry - and its fast-growing film industry, were also strong contributing factors to the boom.

AAB visited two key venues - the ultra-modern \$US18 million Greyhound Park (316 755 4000) and Old Cowtown Museum (316 264 0671), both in Wichita.

Bill Aggar, general manger, Wichita Greyhound Park, said races were run six days a week and visitors could also watch a wide range of other sports at the park. Biggest win to date was \$156,000 for a \$2 bet.

Deborah Walters, vivacious director of communications and special events, said an informal club atmosphere had been created with videos at dining tables available as patrons could eat and drink overlooking the races.

Walters' associate, the effervescent Shirley Condiff, Director of Tourism, Wichita Convention & Visitors Bureau (316 265 2800) said Old Cowtown Museum was a detailed restoration of Wichita's early startup from 1865 to 1880 as a trading centre and onetime railroad crossroads for famous Texas longhorn cattle.

It is one of the leading living history museums of the Midwest, recreating the original atmosphere of Sedgewick County-Wichita. Over 1.6 million visitors has visited Old Cowtown since 1978, with 153,000 in 1990 alone.



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Cessna jets improve Downunder

With Kansas supplying an extraordinary big percentage of the Western world's aircraft, Cessna Aircraft Company is a byword in its key industrial city, Wichita.

It is no surprise also to learn that since the 1950s, Cessna has built up a base of over 3,200 piston powered aircraft in Australia alone, plus a growing batch of pure-jet Citation units, with some high profile owner pilots such as Dick Smith and Paul Terry.

Cessna, a wholly-owned subsidiary of General Dynamics, writes around \$US800 million a year, with operating earnings of about \$100 million.

It is investing some \$US250 million over the next four years (a threefold increase on the previous period) in research and development of its new Citation jets, particularly its planned top-of-the-range Citation X, which will fly at Mark 0.9, at a high 47,000 feet, carry 15 passengers and sell at \$US11.9 million.

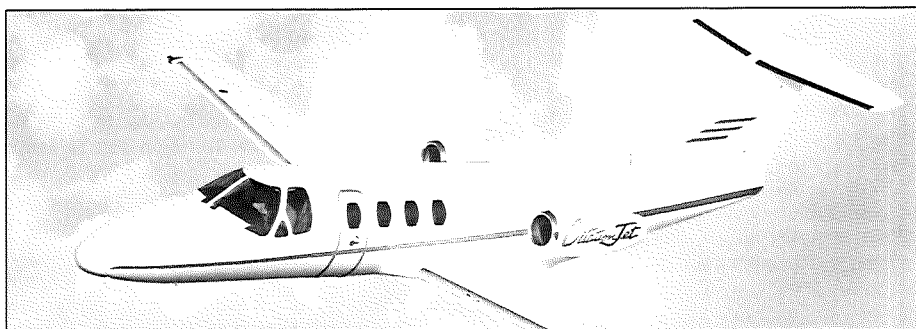
In Wichita, AAB talked with Mark Paolucci, sales director, Pacific/Far East, Citation Marketing (316 941 6270), and Gordon Vieth, sales manager, international division, Citation Marketing (316 946 6437).

The current emphasis in Australia, however, is on further sales of Citation 11 and V jets, which sell in the \$A4 million and \$5 million range and are part of a contingent of some 20 assorted Citations placed Downunder by energetic local representatives, Michael Keenan's Australian Jet Charter Sales (02 693 2855).

Keenan told AAB his company was formed in 1983 and is today the largest corporate jet aviation company in Australia.

The company sells Citations and also handles the Cessna Caravan range of turboprop aircraft.

Keenan has some 25 years of aircraft marketing



knowhow throughout the Australian, Pacific and Asian regions.

He said sales to date included a Citation V, a Citation 11 and a pre-owned Citation recently delivered to a pearling company in the Cook Islands.

The Citation range, he said, included seven different models from the six-seat CitationJet to the long-range, high performance Citation X.

"The Caravan range is extremely versatile and can carry up to 14 passengers in its commuter role," he said. Keenan says potential is high for sales into Papua New Guinea and a freight version can handle 452 cubic feet of cargo space or 4,235 pounds of useful load.

In Wichita, excitement is centred around development of the Citation X, whose speed will exceed wide-bodied jets and whose passengers may include some an interesting percentage of the first-class travellers currently aboard major airlines.

First flights of the new jet are planned for early 1993 and deliveries will start in mid 1995.

From a peak of sales in 1976-77 at \$US1 billion,

Cessna has changed from having 21,000 employees and selling 8,000 turboprop aircraft to today's 5,200 employees selling less than 200 aircraft (mainly jets), but showing enhanced profits.

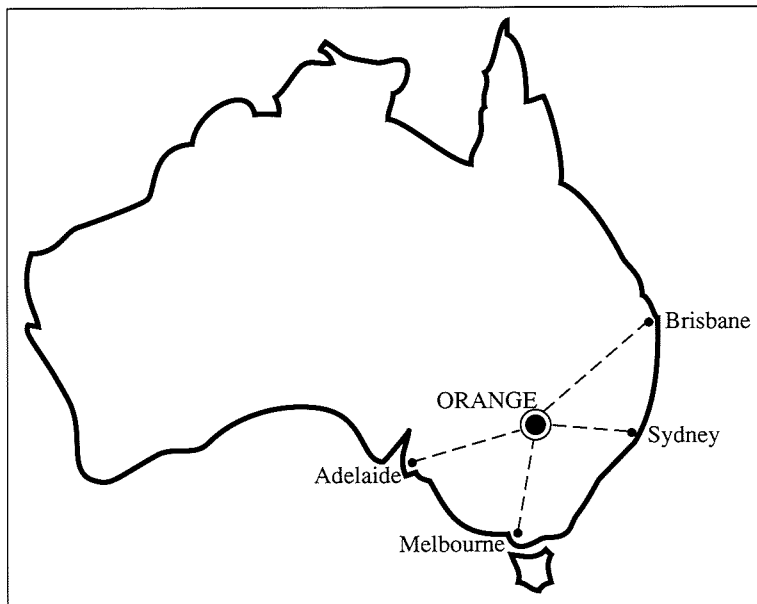
It astutely plumps for different engine makers for its Citation line - Pratt & Whitney, Garrett, Williams International and GM's Allison (the X) - and competes with the likes of Challenger, Falcon, Beechcraft (also in Wichita) Gulfstream and British Aerospace.

Its world market share of corporate jets is high - 60%-plus, and with 55% of its total revenue coming from exports. It delivered 171 planes last year (101 Citations, 70 Caravans) and for the first half of 1991 has sold another 53 Citations.

"The future looks encouraging," says Keenan. "We have an excellent product from a proven manufacturer now part of a huge technology conglomerate in General Dynamics.

"Our Australian base is established and I can see further sales into the 1990s."

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Selling Kansas

From page 1

comfortable as doing business in the next county."

She said Bank IV was also associated with Westpac and the Commonwealth as banking respondents Downunder.

Nicholl heads the big Kansas business, cultural and educational mission to Orange.

"We want to get acquainted much better and we are looking hard at a range of business opportunities with Australian companies," Nicholl told AAB in a separate interview.

"We want Australians to know that Kansas has a lot more to offer and is faster growing they perhaps they imagine.

"Our location in the centre of the US, our strong Mid-West work ethics - we are a right to work State - and the environmental and quality of life for Australian companies who come to Kansas are all things which make us particularly attractive.

"One of the major incentives here I believe is our new SKILL Bill, which puts considerable State money into employee training for new businesses - this gives us an edge over other US States."

The SKILL program allows employees to initiate agreements to establish training programs for new employees.

Immediate training project costs are financed through tax exempt, public purpose bonds. The bonds are retired through the revenue received from the deferment of no more than 1% of statewide employer withholding taxes.



Jim Kadel

SKILL funds pay for instructor salaries, travel expenses, videotape development, training manuals and textbooks, other training aids, supplies and materials and curriculum development, she said.

Nicholl said one example of new business coming to Kansas was some 6,000 new jobs being created by United Telecom-US Sprint. She noted that the State was also bidding with nearby Missouri for a new 10,000-employee plant to be built by aerospace giant, McDonnell Douglas.

Recent investment coup decisions for Kansas include Japan's TSW going ahead with a hydraulic components plant at Hutchinson, DeSoto of Canada starting up a ventilation/heating and aviation equipment plant and Buderus Sell of Germany's decision to build its first production facility in the US at Kansas' industrial capital, Wichita.

Buderus Sell makes aircraft galleys and convention ovens. It will employ 100 people initially and it expects this number to grow to 300 in three years,

In the State capital of Topeka, Beckley runs one of the most organised and best-researched State Government export promotion and investment-attraction agencies AAB has yet seen in the US.

There's a budget of about \$1.5 million at Trade Development and in addition there are State incentives to Kansas companies to exhibit overseas (via a busy program run by the Beckley team including the



legendary Jim Kadel) and State guarantees of certain loans against some exports.

Wichita-based Bank IV, with its energetic international chieftain, Anna Anderson, is also supportive of exporters.

Beckley himself boasts an extraordinary personal success story internationally. He left his father's transport company to arrive "on spec" in Cairo, Egypt, 20 years ago after selling the family home to raise funds to start up an "African business of some kind".

He didn't get an order for 18 months, somehow survived in Egypt, and eventually ran his own successful logistics operations (Jim Beckley Associates) out of bases in Kenya and Ethiopia.

Distributing relief food through Ethiopia was one assignment.

"My priorities are getting Kansas involved with the world, getting us business out there, diversifying at home and creating jobs for people in Kansas," he said.

"That's what we are doing and we will do more of it."

The Kansas Government passed an economic development strategy in 1985, formed its international trade division in 1987 and set up what is now the Beckley team under direct control of the Kansas Governor rather than as another public service division.

One result has been two offshore offices - Tokyo and Brussels - plus a string of seven overseas consultancies representing trade, tourism and culture, including the Sydney-based Kansas Office/ISS (02 247 4747, Toby Forwood).

"Joint ventures with overseas companies will be the biggest business trend in Kansas by the turn of the century," forecast Beckley. "And here, Australia will move into the top 10 countries.

"I urge Australian companies to consider JVs in Kansas in these sectors - petrochemicals, natural gas,

education, plastics moulding, printing and pharmaceuticals.

"Kansas is a marvellous place to live and do business. I cannot stress the advantages of the Midwest work ethic enough. Some 90% of our companies have nine employees or less, but they make an extraordinary range of products.

"Kansas is diversifying fast, as can be seen by the growth of our non-agricultural exports, and by achieving this, we intend to be as recession-proof as possible."

Available from Beckley's department are several key executives such as Kadel, John Watson (investment) and Greg Gilstrap (tourism).

An ongoing program of "getting Kansas companies out there" includes a formidable formula of enticing the same into a big number of overseas exhibitions each year, such as at the Orange, NSW, show.

Watson works with Randi Tvectaraas to attract overseas investors to Kansas and the main focus has been and is on Canada, Asia and Western Europe.

Results from Australia have been modest to date, with the exception of Kansas City-based Philips USA pharmaceuticals operation of Alan Felton, which came in independently (913 599 0909).

"We have advantages such as the SKILL program, our strong labor work ethics of the Midwest and impressive education/research facilities available in Kansas," Watson said.

Kansas aggressively hunts for investment with 49 other US States and no less than 14,000 development organisations throughout the country.

"There's no doubt we are competing head-to-head with nearly Midwest States such as Missouri for new business but I am pushing particularly pharmaceuticals, value-added foods and computer technology," he said.

Exhibitors at Orange

Kansas, international showcase of the Australian National Field Day in Orange, NSW, this month, will mount stands exhibiting at least 13 of their key companies.

The stands will include local offshoots/representatives of two Kansas "giants" - David Chapman's **Pizza Huts Australia** and Mike Keenan's **Jet Charter Services**, representing Cessna.

One key release in Australia is Nutri-Shield, a product which is sprayed on hay bales, silage, haylage, wet corn, grain or other grain and forage products exposed to the elements, to reduce moisture uptake and spoilage.

It is shipped as a powder especially formulated to mix with water and applied with a hand sprayer or other mechanical spraying device.

The Kansas exhibitors include:

* **Hoelscher** - which sells bale accumulators and forks for fast efficient handling of small and large square bales.

* **RHS** fertilising/spray systems - with a complete line of sprayers for all rural operators.

* **Hutchins & Cooper** - an accounting firm which

distributes agricultural software for on farm use, including beef management, hog management, payrolls, etc. It will also represent a firm which makes replicas of antique popcorn wagons!

* **Reliv** - which makes a new range of vests for military, hunting, fishing and photography.

* **Mann Enterprises** - with a Bullmaster feeder for cattle, sheep, goats, deer, etc. and a Ductacator controller for fly, home fly, tick and lice protection.

* **Great Plains Industries** - with pumps and meters (see accompanying story).

* **Nutri-Shield** - introducing an edible spray for coating hay and silage to retain nutrients and shed water.

* **Great Plains Manufacturing** - with agricultural drills and paddock renovators.

* **Mid Continent Industries** - with commercial grain cleaners and testers, plus pruner/trimmer attachments for chainsaws.

* **Action Machine** - offering re-built engines which are precision-machined.

* **Wiseda** - which sells huge dump trucks to mining operations.

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