

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Thursday, February 13, 2014

TIME: 1:30 P.M.

PLACE: Room EW05

MEMBERS: Chairman Hartgen, Vice Chairman Anderson(31), Representative(s) Loertscher, Anderst, Hancey, Harris, Holtzclaw, Mendive, Romrell, VanOrden, King, Woodings

**ABSENT/
EXCUSED:** Representatives Loertscher, Woodings

GUESTS: None

Chairman Hartgen called the meeting to order at 1:35 p.m.

MOTION: **Rep. Mendive** made a motion to approve the minutes of February 5, 2014. **Motion carried by voice vote.**

Jeff Sayer, Department of Commerce, said he would like to welcome Idaho's international trade partners to present their annual reports.

Armando Orellana, Idaho's Mexico Trade Office, gave his annual legislative report. He said major reforms have been approved in a variety of areas including energy, telecommunications, finance and politics. Mexico is experiencing sound macroeconomic stability, with international reserves at a record high. They are surpassed only by Chile. The stability of the peso has helped Idaho exports. Inflation is still an issue at 3.6%. Project 60, collaboration with the United States Department of Agriculture, the United States Department of Commerce, the Idaho Department of Commerce and Idaho Department of Agriculture have supported market research, finding clients and distribution channels, and have addressed import restrictions, competition, and getting paid. Successes related to Project 60 include High Desert Milk, with estimated sales of \$1.5 million last year, Clear Springs Foods, with estimated sales of \$300,000 last year, HMI International, with estimated sales of \$250,000 last year, and Bean Seed, with estimated sales of \$200,000 last year. Support for Idaho's top sectors has involved a mining convention, a high tech convention, Bean Seed Field Days, and a Latin American dairy show. Wheat, bean seed and major retail buyers visited Idaho, and other areas of interest include agricultural machinery, processed food, and lumber. Mexican buyers and Mexican high tech companies have visited Idaho. Boise State University hosts a "Mexico Week", and both the University of Idaho and Lewis and Clark College have provided assistance for student recruiting. An intern program is in place, and promotion is being done through social networks as well as contact with tour operators. Upcoming events include visits to Idaho by Mexican high tech companies and Mexican buyers, and the launching of Idaho bean seed test plots in Western Mexico. In closing, Mr. Orellana shared Idaho's Mexico Trade Office's commitment statement: "Bringing business opportunities to generate quality jobs in Idaho."

In response to questions, **Mr. Orellana** said Idaho exports to Mexico include high tech products including software from Hewlett Packard and other producers, as well as agricultural machinery for bean growers, and mining equipment. Exports account for approximately \$10 million to \$15 million per year in certain sectors.

Eddie Yen, Idaho's Taiwan Trade Office, provided his annual legislative report. He said Taiwan has a population of 23.2 million people, with less than 1% population growth. The Gross Domestic Product (GDP) was \$468 billion U. S. Dollars (USD) in 2013. GDP growth was 2.19% in 2013, and 3.6% to 5.4% so far in 2014. Foreign reserves are \$417 billion USD, fourth in the world. Idaho's exports to Taiwan in 2012 were \$755 million, which is six times the United States national average per capita. Taiwan represents Idaho's third largest export market: 14% of Idaho's total exports for 2012. Governor Otter went on a trade mission trip to Taiwan in April of 2013. Seventeen Idaho companies joined the mission, which included a total of nine visits and events for the Governor and his delegation in one day. There were seventy meetings for companies during the trip, and the first Green Energy Memorandum of Understanding (MOU) was signed with the Ministry of Economic Affairs in Taiwan. A building materials show took place in December of 2013, during which five companies joined the Idaho booth and attracted more than 1,000 visitors. Tourism has been supported and has led to several opportunities for Idaho. Jazz musician Steve Eaton was invited to play at the October ITF Show and annual International Jazz Festival in Taichung. Idaho participated in the Taipei International Travel Fair in October of 2013, and invited newspaper and television journalists to visit Idaho, which results in seven big reports. Industry specific marketing efforts have included topics such as higher education, Idaho specialty products, and more bilingual brochures for both Chinese speaking and non-Chinese speaking markets in Asia. New successes include Glanbia's cheese products, Naturopathix's derma products, Dynamite Marketing's pet products, Zion's Bank (which has secured new clients), a wheat buying mission to Idaho in September of 2013, signing for CAES, Power Engineers, and U.S. Geothermal, as well as the green energy cooperation MOU. Promotional programs for 2014 will include investment seminars in spring and fall, six education and travel fairs, a food show in late June, biotech and SenCare shows in June and July, green industries shows, a building materials show in December, and buying missions to Idaho in May.

Mr. Sayer said these trade partners have been working with the Department of Commerce for more than twenty years and bring a great deal to the State of Idaho. During their most recent trade mission to Taiwan, Idaho's team met with the President of Taiwan, the Secretary of State, the Speaker of the House, and the Governor of Taipei, due to Eddie Yen's connectedness in Taiwan. Both Mr. Yen and Mr. Orellana continue to work hard inside their respective countries to ensure successful partnerships with Idaho.

Mr. Sayer then provided an update from the Department of Commerce. He said the Idaho Global Entrepreneurial Mission (IGEM) program is strong, however Idaho's research universities need to improve their numbers of research partners in order to advance and increase industry research. Areas of focus include building industry relationships, capacity building, technology development and technology roll out. He discussed the Idaho Opportunity Fund and five projects it currently has: TriState, deGama, Aspire, Sportscar and Squeeze. Annual return on these projects are as follows: Tristate: 154%; deGama: 122%; Aspire: 288%; Sportscar: 68%; and Squeeze: 624%. Mr. Sayer explained these projects are currently operating under code names. He said during 2013, the Department discovered it needed to make changes including the elimination of two staff positions, grouping teams together under common leadership in two new divisions, and finding ways to create new revenue for Idaho through tourism and sales. The Department has brought in new employees from the private sector to lead sales and marketing, community development, and project management. Their goals are to create new business for Idaho and to care for existing companies. He discussed linking higher education and community colleges with industry to create the workforce that industry requires. He mentioned workforce development and performance-based incentives as being important for Idaho's future.

In response to questions, **Mr. Sayer** said tech sectors are a combination of creating necessary work forces and attracting venture capital, as well as nurturing and supporting businesses to build momentum. Clusters are built when one company moves in and is followed by others who supply their needs, for example, a yogurt plant might be followed by certain plastics manufacturers for their containers. Micron and Hewlett Packard (HP) both have ties outside of Idaho, however recently the Governor met with Meg Whitman, the CEO of HP, and discussed expansion of the Boise plant. Manufacturing, aerospace, and rec tech (recreation technology) are industries Idaho is watching. The Department is facilitating discussions between various industries to help them form connections and partnerships. They are looking at tools to expand broadband service. Communities in Southeastern Idaho could come together to form a regional alliance. Idaho's community colleges are acting with a sense of urgency as they recognize work force demands.

Dr. Gloria Totoricagüena, Euskadi-Idaho Trade Agreement Committee, was unable to appear for her legislative update. Her presentation will be rescheduled.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:25 p.m.

Representative Hartgen
Chair

Mary Tipps
Secretary