

COMMISSION ON
SECURITY AND COOPERATION IN EUROPE

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BUSINESS ROUNDTABLE:

THE HELSINKI PROCESS

NOVEMBER 14, 1991



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THURSDAY, NOVEMBER 14, 1991.

Commission on Security and Cooperation in Europe

Washington, DC

The Commission met at 4 p.m., in room BH340, Rayburn House Office Building, Honorable Steny H. Hoyer (Chairman of the Commission) presiding.

Commissioners: Steny H. Hoyer, Chairman; Dennis DeConcini, Co-Chairman; and William D. Fritts, Jr.

Staff present: Samuel Wise, Staff Director, and Jane Fisher, Deputy Staff Director.

Ms. Fisher. I think we're going to go ahead and get started now. The members will be showing up shortly, but I think it's important that we discuss the CSCE process and the Commission now so that we can get on with the rest of the program.

Sam Wise, our staff director, who has been involved in the CSCE process since its inception practically is going to acquaint you with this background.

Ambassador Wise. All right. I'm Sam Wise. I've been involved since 1977 in the CSCE process. The process itself started in 1975 when the heads of the state of 35 governments, 33 in Europe plus the United States and Canada, signed the Helsinki Final Act in 1975 which was a document that covered a whole range of East-West issues ranging from military security to human rights and including economic and business cooperation.

This document was not a treaty, but a document of principles and a procedure for acting in the difficult days when there was the East-West divide.

This meeting that we're having today is based essentially on

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that document and things that have been agreed since, which in the area of economic cooperation have advanced a great deal in terms of the willingness of all of the countries, East and West, to increase their cooperative activities. What we're trying to determine is whether there are things in this document and in this organization which could be useful to you in terms of American business primarily with Eastern Europe and the Soviet Union.

Basically from 1975 until 1989 the CSCE process was, well you could say to a large extent, frozen and it was somewhat of a confrontational process. Our own commission, which was established by law in 1976, and now consists of 18 members of Congress, Senators and Members of the House of Representatives, is chaired by Congressman Hoyer of Maryland and co-chaired by Senator DeConcini of Arizona and was established in 1976. Primarily the interest in the Congress at that time was on human rights, and it's remained a large focus down to the present day although the times have changed and it's looked at in terms of somewhat different problems. At the same time, another one of the major elements of this Helsinki Final Act, this agreement which was established to govern East-West relations, was economic cooperation. It's one of the three so-called baskets of the CSCE process. Human rights was one. Military security was another and economic cooperation was the third.

Of the three, I'd say the one that has been most dormant up until this time has been economic cooperation. Cold war confrontation and different economic systems, more or less, precluded any progress beyond lip service.

With the collapse of the Communist regimes in 1989 and thereafter, the whole atmosphere has changed. And in the recent meetings we have had of the Conference on Security and Cooperation in Europe, the subsequent meetings to 1989 that we've had have completely changed the picture in terms of what we have agreed to, all of us, all the 35 countries at that time, in terms of economic and political cooperation. We basically, at least on paper, see things the same way now.

In the economic field, business field, the cardinal meeting was the Bonn Conference on Economic Cooperation in Europe, held in Germany in the spring of 1990. It laid down a lot of the major principles that we all operated by in the West: free enterprise, private ownership, entrepreneurship, competition and the profit motive. These were reenforced at an even higher level in November last year, 1990, when the heads of state of the CSCE participating

States met in Paris and produced the so-called The Paris Charter, which reaffirms these same principles.

So, in the documents and in the working precepts of the CSCE, the free enterprise, politically diverse and basically Western economic approach is enshrined. And in these documents each of the participating States makes certain commitments to do this or to do that to further private ownership, etc.

So, we have a good commitment to it. And what we basically are trying to find out in holding this meeting is to what extent these commitments of these governments made at the highest level can be useful in developing profitable business relations between the United States and Eastern Europe and the Soviet Union.

I know that there are many other players in the field. There's the Department of Commerce, the major one in the U.S. Government. We have today two representatives here in the audience, Lisa Burchfield and Audrey Zuck of the Department of Commerce. And we are expecting later Bill Fritts who is the representative of the Department of Commerce and one of our Commissioners.

Our Commission is distinctive not only by having Senators and Members of the House of Representatives, but it also has three Executive Branch commissioners. One representative from each of the Departments of State, Defense, and Commerce. So we're a bit of a hybrid organization.

Our own mandate under law is to monitor and promote the provisions of the Helsinki Final Act and the CSCE documents. So we felt that this was a good opportunity to sit down with you to see if there are areas where, in the context of the CSCE, we could be useful to you.

Now, I'm going to turn it over to Jane Fisher who has more or less organized this meeting, has followed the economic cooperation elements of the CSCE as close as anyone has for the Commission, and she can give you a little more detailed information on the specific things that we feel can be focused on.

We will have, I think, a good number of our Commissioners here before the meeting is over, and there'll be an opportunity for questions and opinions, or whatever you have, during the course of events.

So, Jane Fisher, please.

Ms. Fisher. Thank you, Sam.

I would just point out to you that in your package you have a brochure on the Commission which will give you the names of

Members of Congress who are on our Commission.

And also, the operative parts of the Bonn document are in this little brown booklet in your packets.

As Sam said, the documents of Helsinki are not treaty valid. They are commitments or obligations placed on the signatory states which political, domestic and international political pressure drives them to honor. And the political will to apply that pressure is, in large part, often driven by the private sector.

The Helsinki process is unique in that it involves what we call NGO participation. In the human dimension part of the process, we interact very closely with nongovernmental organizations and with private citizens who come to us and tell us whether or not the governments of CSCE are complying with the commitments they've made. We then at the Commission in our meetings with government officials in various countries as well as in our own country raise concerns presented to us by the NGOs.

The business community, in effect, is our NGO community for the economic basket, as we call it, in CSCE. And it's from you today that we need to hear whether or not the countries of Eastern and Central Europe and the Republics of the Soviet Union and the Baltics are complying with commitments they have made to establish legal frameworks, for instance, in allowing joint ventures to develop according to western trading practices.

Are they moving forward in good faith in privatization? Are they, in effect, doing what the Bonn document reinforced which was to now operate from a common set of free market principles?

We're not in the business of berating these countries, these governments, but we are there to help draw them along.

In the spring of 1992 we are going to have a major review conference in Helsinki, the object of which will be to review the implementation of commitments made by the participating States. The principles of Bonn will be on the table at that time. And between now and then we'd like to begin a dialogue with all of you as to how we can help strengthen those commitments where we're falling short, where the countries of Eastern Europe are falling short, and how we can constructively put them back on target.

It's my personal view that the future of the CSCE process is in danger of becoming so institutionalized that private sector involvement could be seriously diminished. It's going to be up to all of you and to us here in Congress to work to see that that doesn't happen because the dynamic of the process is from the roots up, from the citizens themselves who try to tell us what it is they need

so that their talents, their creative talents, can reach their potential in their country's economic system.

Those of you that are out there in the trenches working every day to realize your business objectives in these markets can best tell Congress whether the plethora of programs that are being funded are on target, and whether administration efforts in CSCE are correct or not correct. And again, this is not a beat up Congress, the administration or the governments of Eastern Europe session. It's more you telling us where we should be placing the emphasis, so to speak. And this is just the beginning of what we hope will be future meetings with all of you.

As Sam said, the Bonn document concentrated on the elements of a free market. It does not go into trade mechanisms such as the GATT. It doesn't get into the complexities of tariffs. It is more a philosophical framework, a set of guiding principles. And it really falls to those of you at the expert level to put meat into the process.

So, for instance, in Helsinki, proposals may be on the table to hold follow on intercessional meetings at the expert level and to keep those meetings from becoming simply an exercise for diplomats. We want to know how we can utilize the expertise of all of you. We often include public members on our delegations to these meetings. And I think that that is an area where you all can meet with your counterparts from these countries and in focussed workshops, perhaps, zero in on those areas that are vulnerable now in terms of your trading needs. The whole purpose of CSCE is to develop a healthy trade environment.

We have drawn up a loose agenda today. We've listed those areas which we feel need particular attention. You may have other topics that you want to raise, so don't feel bound by this agenda.

Chairman Hoyer and Co-Chairman DeConcini are scheduled to arrive now and they'll be making a few brief comments and then they will be taking us through the agenda and asking you, after each topic, for your thoughts on how you see, for example, privatization moving along.

And here is our Co-Chairman now, Senator DeConcini. Your timing is perfect.

Co-Chairman **DeConcini**. Thank you. And I apologize for my tardiness. We have a few things going on in the Senate. The Banking Bill right now is on the floor.

We welcome you here today. This is a very important gathering for this Co-Chairman and members of our Commission.

As you may know, the Helsinki Commission, did you explain

all that? It's all been gone through?

Ambassador Wise. Some of it, yes.

Co-Chairman DeConcini. Some of it?

We are charged with the compliance of the Helsinki Commission of all three baskets, as they are referred to. One of them is economic. And we have devoted a great deal of our time to the human rights basket because of the tremendous pressure that's been put on Eastern Europe and Soviet Union and those who have not complied with Helsinki on human rights.

Also, the second basket, economics, is of great concern and particularly with the absolutely revolutionary changes that occurred in Eastern Europe.

First, I thank you very much for attending today and participating with us. We are interested in listening to you. Non-governmental organizations have been extremely effective in the human rights area of CSCE.

We look to the business and commercial world as the NGOs to help bring about some compliance and changes in the economic conditions of the 35 CSCE countries. And so what we would like to do today is have you give us some insight on what you think we can do as a Commission.

Now, maybe you don't know enough about us, and if you need to know more, we welcome you to--Bill, come on up. This is Commissioner Bill Fritts who is the appointed Commissioner from the Executive Branch, the Commerce Department. He is involved with all the baskets but, of course, has a very keen interest in the commercial side, as do Chairman Hoyer and myself.

And so with that, until Congressman Hoyer comes along, I will yield to Commissioner Fritts and let him say anything he wants, and then I'd kind of like to open it up to some discussion if you have more details you want to know about the Commission. If you have not had a chance to read any of the propaganda we put out about who we are and what we do, we'd be glad to go over it. And then I'd like to talk about some specific issues that are of concern to us about what your observations or areas that Congress and the administration; first are we running on the same track, are there some problems here that we don't know? And number two, what could we do in Congress, in particular, but also the administration to facilitate better commercial relations in the free market system that seems to be evolving quite rapidly in Eastern Europe and the Soviet Union.

So, Bill, if you have anything you want to say before we listen

to our quests, please proceed.

Ambassador Wise. I mentioned that there are two other members of your department here helping us, too.

Commissioner Fritts. Great. I believe Audrey and Lisa are here somewhere. I don't know where they are, but they're in the room somewhere.

I just want to say, first of all, I'm sorry I'm late but it's been one of those days.

I can't stress enough to this group how important Secretary Mosbacher views the work of the Commission. A little over a year ago, just following the Bonn conference and the resulting Bonn document, the Secretary felt that it was important for the Department of Commerce to have a more visible presence in this area to complement the work that the Commission was doing. I don't want to detract from the good work that the Commission has done in the past, and continues to do on human rights. But let's face it, there has been a change in Eastern Europe and the Soviet Union. Secretary Mosbacher says that human rights and economic rights are two sides of the same coin; you can't have one without the other. And he felt that it was appropriate and timely for the Department of Commerce to make every attempt possible to marshal its resources to complement the on-going work of the Commission.

The Secretary testified before the Commission in June of 1990 and was very complimentary of the Commission's work. He pledged that he would do all he could to make sure that Commerce gave the work of the Commission its full support.

Let me just read a paragraph here to you from the Secretary's testimony. "The Commerce Department hopes to bring to the CSCE the benefits of a broad portfolio in environmental, economic and trade issues which we believe can have a positive role in shaping the Commission's policies and responses. With the accumulated expertise of Commerce,"--and I'll add parenthetically "as well as other agencies of the Federal Government"--"and the ingenuity to use those assets and that expertise as tools, we expect to join with the CSCE Commission to make a difference in the tumultuous months and years ahead."

The Secretary is firm in his belief that the Department of Commerce can play an active role, and will continue to play an active role, in what is going on in Eastern Europe and the Soviet Union. And as the President has said we're going to use trade, not aid; in exporting goods, we have an opportunity also to export the principles of democracy, which are exceedingly important. While

helping ourselves, we help these emerging democracies and free market economics to get off the ground.

So, that's really all I have to say, Mr. Chairman.

I thank you for holding the conference. I've been promoting something like this for a while, as I know a lot of the members have. And I guess the timing was not right until now. But I want to commend Co-Chairmen DeConcini and Hoyer for really moving ahead on it and putting together what I hope is the first--and certainly not the last--of these meetings. And I also hope you spread to your colleagues in the private sector the good work the Commission is doing, because it's valuable and it's helpful to you in what you're trying to do with your businesses on site over there.

So, thank you.

Co-Chairman **DeConcini**. Thank you, Commissioner Fritts.

What I'd like to do unless someone would like to know more about the Commission, and if so please raise your hand and we'll be glad to answer that, is to discuss some of the issues that we find when we travel to these countries and hold hearings, whether it's Yugoslavia, Hungary, Czechoslovakia or the Soviet Union.

And one of those is privatization and the free market. And my question to you, if you'd be so kind to help us, is do you find these regions of Eastern Europe and the Soviet Union moving in a meaningful way towards market economies by passing laws for privatization and the transfer of that property through some legal system that is enforceable as to title. That's the first area of concern for the Commission. We'd like to welcome your ideas or thoughts or problems. Though we are not a legislative committee, per se, we certainly can make recommendations to legislative committees whether it's the Finance Committee on Trade or taxes or for that matter assure financial assistance through the Appropriations Committee.

Does anybody care to open the discussion on privatization and the laws that have been enacted or haven't been enacted in any of the regional areas of our concern, mainly Eastern Europe and the Soviet Union?

Mr. **Wisniewski**. My name is Charles Wisniewski. I'm the owner of a consulting company, Market Development Group, located in New Jersey.

Co-Chairman **DeConcini**. Can you all hear that? Probably not.

Mr. **Wisniewski**. My name is Charles Wisniewski, Market Development Group incorporated in New Jersey. I incorporated in

rk in area of consulting with American business--
Co-Chairman **DeConcini**. You want to pull that a little closer, please? Yes. Very good.

Mr. **Wisniewski**. I just recently came back from a trip to Poland and spent 26 days trying to evaluate the actual situation on location in regard to the privatization program, existing law and regulation concerning joint venture and the actual situation in the sphere of economics and the social situation.

I've been over there six times since 1985 and each visit is quite an experience. There's a lot of changes over there from day-to-day. I'm not familiar about situation in the previous Soviet Union. There's no more Soviet Union, as you know. But my associate visited Moscow 16 times from first of November up to now and brought me all their opinions and we had meetings for several hours. And I'm fully aware of what's going on over there.

In terms of their privatization program, Poland is going all the way. I have the documents here in front of me. The program provides for privatization of half of 8,000 state enterprises within 3 years.

I mean, should I read this, all of this, or--

Co-Chairman **DeConcini**. Yes, please go ahead. Sure.

Mr. **Wisniewski**. Two thousand of these enterprises (mostly utilities), are now in the hands of local authorities. Of the remaining 6,000, 500 are large and quite difficult to restructure. I make the comment "caution recommended." I would rather stay away from them. 2,500 are small and medium-size industrial companies, and 3,000 are service enterprises including construction, trade and tourism.

The government--well, we don't know the government--don't know how the government Bielecki is going to go and someone possibly will take over. We don't know whether this is a tactical move by Walesa or a try to stimulate political momentum and get other candidates. It's open right now.

The government is extremely eager to speed up this process acknowledging the fact that able management given fiscal incentive will put companies in order. The Ministry of Ownership changes actively looking for foreign capital, very important, to participate in the process of transformation. The Ministry does not interfere at all with any contacts in constructive agreement between the individual companies and the western parties. Direct access to manufacturer and its management allows: first, fast assessment of the infrastructure of the company. Second, adequate analysis of

management strengths and weaknesses, quick evaluation of potentials.

The dynamically growing private sector accounts for 13.4 percent of industrial production in 1990 (7.4 percent in 1989). So we see the growth, almost doubled. State sector production declined 23 percent in 1990. It is important to stress that private sector strength shows a base for constructive business partnership as well.

The privatization law of July 1990 requires foreign companies to obtain a permit if it wishes to acquire more than 10 percent of Polish company's share. The Ministry is usually willing to grant this permit. The Beloit Corporation, a United States company, became the first foreign company to obtain a majority share in a Polish company acquiring 80 percent of FAMPA, the paper products company--factory.

The flexibility of the Ministry of Ownership Changes in adapting the laws and unrestrained ability of individual enterprises to contact and form any business agreement creates a positive climate for pragmatic entry.

I made some comments on my own to the text of the program.

It seems to me that they're moving ahead with this program because it's the only way to get country out of economic crisis and I don't anticipate any change in policy. I think it's established that they want to privatize as soon as possible. Obviously, we have a lot of problems, basically because the bureaucratic machine is still intact and bureaucrats from the 1960's and 1970's are still sitting tight on their chairs and it's hard to remove them, whatever the reason, it's very tough. So, as you're probably aware with the results of the election in Poland, the Communists came in second. The reason is there were too many parties and too many different programs. There was no common platform of how to get country out of the crises.

Well, it's a normal process, but I think the air will clear up and there will be a new government, I have no idea who is going to be this government. I know Walesa is going to stay. I believe that they will go in the same direction and I don't anticipate any kind of sudden changes, a sudden slowdown, a sudden move that might impede the action of the foreign investment companies or factories decided to enter a joint venture.

What we see is quite a unique situation in Poland. It's not only in Poland. According to my information everybody is going over there except Americans. According to my information, the U.S. minimal investment in Poland is difficult to explain. The major

player is Germany. Great Britain and Sweden are quite ahead of investment products. The Polish Foreign Investment Agency already reduced their over 3,200 investment projects. I have no information how many Americans, but there are not many.

The question is why? The United States, as a leader of the free world, is viewed in the most positive manner. Any U.S. input on involvement in this region will be perceived in the most positive way.

If you let me put it in--if you put a German and Japanese investor, an American, the German would put \$2 million, the Japanese would put \$2, the American \$100,000. They would take the American investment because it's American. I mean, they helped us to win the war. So it's still difficult for me to explain why the involvement on the part of American private sector is so minimal. There is really not much going on as far as I know. I don't know everything. Obviously, there's some companies doing their business nobody will review this information, because everybody's doing some business. But as far as I see, there's no match--on the part of the penetration--efforts to really explore opportunities.

I mean, we have a lot of problems. Telecommunication problems, we have a banking problem, we have wrong information coming from different sources, misconception, misinformation, wrong consultants, con artists, and so on and so on but still at some love of money we marry now. That's specifically in terms of the trade. We could bring in containers of merchandise from China, whatever around the world, making money. That's the one way to make money. There's going to be a long term involvement of this kind and sooner or later we know that everybody is going to make money in trade. I mean, you cannot kill the local industry because local industry is doing something and will not benefit unless it will be technologically the part of the U.S. and a foreign entity injection of technology, help in management and some guidance.

Co-Chairman **DeConcini**. Can you repatriate the profits that you do make?

Mr. **Wisniewski**. Yes, right now we have a law which provides for that. There was amendment to the foreign investment--for foreign investment joint venture law effective June 14.

Co-Chairman **DeConcini**. I understand there's a law that--

Mr. **Wisniewski**. The repatriation of foreign investor profit will be set at 100 percent first eliminating the different rates for export domestic--use. Also the 100 percent rate of profit repatriation would replace the incremental phase--agreed upon by United States

and Poland. However, if Poland will experience a negative balance the same and the Polish government would be able to reduce this transfer up to 50 percent. So, it's still something.

As far as I'm concerned, I wouldn't worry about that too much, really.

And another positive step is tax exclusion. Tax exclusion will remain in force but in modified form. A joint venture will be exempt from paying an income tax if foreign investment is greater than \$3 million and the companies in one of the sectors is designated as a priority that Polish government resolution 17--wait a minute. No. Investment in telecommunication or defense industry.

And special government permits will not be required for foreign investment with 100 percent foreign capital or joint venture with only private sector. Special permits still will be required if the joint venture operates in a strategic area of the Polish economy like transport, telecommunications, defense, includes some equity belonging to the state, or if a foreign investor intends to purchase more than 50 percent of the voting shares in a privatized or existing state enterprise. The entire process has been substantially simplified.

So, we see the opening, I mean substantial opening to get inside.

Co-Chairman **DeConcini**. Thank you very much.

Anybody else want to contribute as to Poland or anyplace else? If we can't get a microphone there, you could come up here.

Ms. **Fisher**. Maybe you can stand.

Co-Chairman **DeConcini**. Maybe you could stand.

Mr. **Messinger**. Well, I can speak up.

Co-Chairman **DeConcini**. OK. Thank you. I'm sorry about that.

Mr. **Messinger**. That's all right.

My name is Steve Messinger. I'm with another part of the consulting food chain, as we call it, a company called PSR International.

To put a framework around the issue of privatization, think of the Central and East European countries occupying three different tiers in terms of the progress that's been made towards privatization.

Poland, Hungary and Czechoslovakia are the big three. They are in the first tier which means they've all taken substantial legal actions towards creating a framework for privatization. Privatization is already underway to a more or less significant extent in each of the countries. They each have different plans for selling off state industries whether it's through giving away coupons to

citizens, auctions, or other mechanisms.

Then you have a middle tier of those countries that have gotten a later start. Bulgaria, conceivably Romania, and possibly some of the Baltic nations have some laws on the books and are now trying to put those into place. They are still probably at the point where the other three were maybe a year or a year and a half ago in trying to put the framework into place.

And then below that you really have the Soviet Union, Albania, and Romania possibly between the two tiers, where there's really still chaos. In Yeltsen's reform program he's clearly chosen to release prices first, the Poland shock therapy model, before attacking the issues of privatization. He wants to free up some of the market resources and then the other steps would come later. There are economists who will argue that point back and forth.

But I think it's important now after several years into the development process to realize that these countries are not at the same point. You now have different systems emerging that basically differs in terms of who was there advising them as they were developing their laws, whether it was Germans or Americans or French.

And the issue that the gentleman raised about investment is true. I think you can criticize American industry for leaning back on their heels, but in this economy they're also being very prudent. And in Hungary, for example, the U.S. is the largest investor. In Poland there are still some problems that discourage investors.

So, anyway, that's just an overview.

Co-Chairman **DeConcini**. Let me ask you a question. Is the level of privatization, is it in your opinion a deterrent to U.S. investment?

Mr. **Messinger**. No. I don't think so. I think privatization as an issue is not as important as some of the other issues such as the one you mentioned, repatriation of profit. In the first three countries the currencies are already internally convertible. And that takes care of some of the problems, for example, that you would face in the Soviet Union where the major question for foreign businesses is how can you operate in hard currency. Unless you really want to go in for the long term, make a major investment, and not expect to get anything back for 5 years, then the Soviet Union is not for you.

Co-Chairman **DeConcini**. Sure.

Mr. **Messinger**. The private sector is rightfully cautious.

Co-Chairman **DeConcini**. Thank you.

Yes, ma'am?

Ms. **Zuck**. My name is Audrey Zuck and I work at the Department of Commerce, in the Office of Eastern Europe and Soviet Affairs.

I want to address the question of U.S. investment in Eastern Europe, particularly in Poland. From what I've seen there is a large number of U.S. companies who are interested in Poland. Recent lists that I've put together of U.S. interest in Poland leads me to believe that if these projects are completed, there will be have over half a billion dollars--

Co-Chairman **DeConcini**. How much?

Ms. **Zuck**. Over half a billion dollars of U.S. investment in projects in Poland.

The other thing that I wanted to mention is that the U.S. Department of Commerce has been trying to bring to the Poles' attention U.S. business concerns about doing business in Poland. The Secretary of Commerce was in Poland in October 1991 and raised some of the issues that we had discussed with U.S. businesses. In addition, I would encourage you to take advantage of the programs that the Department of Commerce offers.

The American Business Initiative, which is one of a number of interagency initiatives, is doing a number of programs primarily in the northern tier countries. For example, we're opening the American Business Center in Warsaw, which will provide a number of services for U.S. businesses that are trying to get a foothold in that market.

In addition, the Secretary just announced the winners of the Consortia for American Businesses in Eastern Europe, which will be opening up offices in different countries in Eastern Europe to represent a number of small and medium sized businesses in Eastern Europe.

And thirdly, Commerce is also involved in a new program through its Eastern Europe Business Information Center, whose bulletin is in front of you. That program is "Eastern Europe Looks for Partners," something of a matchmaker program bringing together Eastern European companies and American companies that are interested in joint ventures and doing business together.

Co-Chairman **DeConcini**. Thank you. Thank you very much.

I was aware of a couple of these programs you mentioned from Commissioner Fritts, having travelled with him.

Does the business community that's here, are they aware of what is available by the Commerce Department? I wonder if that's something that we need to discuss?

Yes, sir?

Mr. **Czolowski**. I don't think so.

My name is Tad Czolowski. I'm with a company called Tamco, I'm Chairman of the company.

Co-Chairman **DeConcini**. Can you all hear?

Mr. **Czolowski**. I have sort of a family background when it comes to Poland. My grandfather had a large industrial concern that was nationalized by the Polish Government. I spent time--over a period of years, at least a year at one time, trying to prosecute this before the Foreign Claims Settlement Commission. Maybe that qualifies me somewhat to talk about Poland.

Three years ago I was a U.S. delegate to the Economic Council in Warsaw, appointed by Washington.

I think that there exists a very basic problem, and the problem is that one side doesn't understand the other. We have a certain idea, we Americans have a certain idea and the Poles are flavored by 50 years of a collectized system. There are several generations of people who have no concept of a free market. They have been living in a welfare society, a welfare business, a welfare economy.

There's an old Polish saying, "Whether you stand up or lay down, you're going to get paid anyhow," or as somebody mentioned to me the other day, "Why is this man bothering me? I'm just doing my job. And I am not here to solve your problems." This is a reaction of somebody in an office.

We have a difficulty in understanding this. We approach these people like we approach people here in the United States and expect them to function.

I've been part of a trade mission. I've visited with a number of people. I have been close to their trade mission frequently there was a trade mission in New York that came in.

People are very nice to each other, they talk about the second World War, exchange business cards and talk about ladies that they've known and would like to know and they leave. And one side expects the other side to communicate.

I've thought about this for a period of time and I have heartedly supported and urged and beaten on the doors of the Small Business Administration. There is a tool that the U.S. Government has that is in a position, it has the framework to go to these countries and open up offices and let these people know how to do business, how to do business with us. The SBA is already in business doing this.

I have particularly a good relationship with the Director in New York who is terribly frustrated because he doesn't even have time--

there is a man who is set up to cover Puerto Rico, New Jersey and New York at the same time. And he doesn't even have time to meet some of the missions that are coming through. But yet his office has the capability to provide contacts, to introduce them to different business entities--

Co-Chairman **DeConcini**. What would you suggest the SBA do?

Mr. **Czolowski**. I would suggest that the SBA opens offices in--

Co-Chairman **DeConcini**. Open offices.

Mr. **Czolowski** [continuing.] In all the Eastern European countries. Now I would like to add something to that. There's another beautiful organization called SCORE, Senior Corps of Retired Executives. These are guys who are chomping at the bit. They're not dead. They want to prove to the world that they are functioning. Fantastic people with a tremendous amount of experience.

Now, here are people who in many situations speak the languages of these different countries. They would love to go there at a minimal requirement, financial requirement.

Those are the two situations. This is sort of like a senior Peace Corps. We need business very badly. We need to go over there and tell people how--we don't need anything else. We just need to present ourselves there and tell people how we do business. Show them how to put together a proposal.

Small business, in essence, is going to be the foundation of the future of all these countries. Everything belongs to the government. Now what is happening, we Americans go over there and we deal with large entities. We deal with the recently bought chocolate company, by Pepsi Co. We deal with the people who produce the T 72 tanks and other equipment, International Harvester and people like that. Those are large companies.

The complaint in the country is the Americans, they're not interested in anything else but the large companies and everything is concentrated in Warsaw. When you go to the peripheries you find out that they have lots of other things that can be done, again under the heading of small business.

For the last several years I have gone on a mission trying to bring a full service American bank to Poland. The Poles don't have checks. They don't have a checking system. Everything is paid by cash. Of course, American bankers, they have taken a terrible bath in the last several years when it comes to the Third World, so they

were not that interested. But I contend, Mr. Chairman, that we have made a business plan for Poland. We have done a business plan for Poland, Hungary and the USSR, delivered to Mr. Gennadi Gerasimov at the time, he was functioning well. Poland has money. Poland is not a poor country. We feel that there is somewhere, based upon our estimates, between \$14 and \$16 billion in hard currency referred to as "mattress money" because they don't trust the banks.

There's only one bank in Poland, the Polish National Bank. They have different departments at this bank. I've been told by economists, friends of mine who I've known for a long time, they've said, "Mr. Czolowski, you come to Poland, you open a full service American bank, within 60 to 90 days you have in excess of a billion dollars on deposit." Just think what you can do with this. Think how you can guide those sort of funds into the private sector.

They don't have a concept of a community banks. They have no idea what the hell a community bank is, you know.

Commissioner **Fritts**. I have a comment on that.

Co-Chairman **DeConcini**. Go ahead.

Commissioner **Fritts**. Unfortunately I have to leave, but I just wanted to make one or two comments. I don't know what was said when I was out of the room about the programs that the Department is operating, but I can tell you that they're numerous.

A little over a year ago, the President created what's called the "Commercial Opportunities Initiative," the cornerstone of which is the Trade Promotion Coordinating Committee. It is chaired by Secretary Mosbacher. He's one of you, he's a businessman. He knows what you guys need on the ground, whether it's in South America or Eastern Europe or the Soviet Union. He understands the language that you speak. As part of that, he's been traveling around the country promoting exports.

What the Trade Promotion Coordinating Committee does is act as a "one-stop shop" for U.S. exporters. It basically is doing what this gentleman just talked about. It's bringing together all of the agencies, about 18 agencies within the Federal Government that have some role to play in the democratization process in Eastern Europe and the Soviet Union. That's just one example of what we're doing at Commerce. The Eastern European Business Information Center is another.

I hope you take advantage of the knowledge from the Commerce Department that's in this room. We have here today a couple of technical experts who work in this area on a daily basis, and I know there's going to be some informal time for discussion

later. I hope you get a chance to meet these individuals and talk with them, because they work hard on this every day. It's frustrating when they hear that businessmen and women don't know what opportunities are out there and don't know what services are available to them.

So if you have a suggestion about how to spread the word better, we're all for it. We want to hear it, because this is Secretary Mosbacher's priority. No one in recent history has been more concerned about getting U.S. businesses on the ground around the world, whether it's in Eastern Europe or other countries, simply because exports have been the bright light in our economy over the past several years.

So everything we're doing at Commerce is geared to making your job easier. If we're putting up obstacles instead of tearing them down, we'd like to know that. We don't think we are. But if there is a better way to get that message out there, let us know because there's a lot of work that's going on.

The Office of the Under Secretary for International Trade under Mike Farren has been doing a tremendous amount of work. The Office of Trade Development has been dealing in sector-specific areas whether it's environmental trade or capital goods. The Office of Assistant Secretary Duesterberg has been dealing intensely on questions of privatization, of investment, of economic agreements. There's a lot going on out there.

Our General Counsel has been engaged in numerous legal seminars in Eastern Europe and the Soviet Union. He's been acting as an education arm of the Commerce Department to get our message across and tell them what they need so that our businesses will flow in there and help stimulate and stabilize their economies.

When we were in Yugoslavia back in the spring, we heard that they were having tremendous economic dislocation and tremendous political upheaval. Prime Minister Markovic was saying the one thing they need is our businessmen to come in there. He said they needed to stabilize, they needed to show that they were moving forward on the economic front. They felt that that, in and of itself, might have been enough to prevent some of the political dislocation and unrest they're having there today.

So it's vitally important that U.S. businesses be active participants in this process. We're trying to open the doors for you over there. We think we're doing a good job and I really do hope you take advantage of the Commerce Department expertise that's here, because we've got a wealth of knowledge.

And I'm sorry for taking up so much time.

Co-Chairman DeConcini. No, that's okay. That's okay.

Thank you, Bill.

Mr. Czolowski, we'll come back. We'll come back in just a minute.

Congressman Hoyer, who is the Chairman of the Helsinki Commission, has joined us and I just want to let him make a few opening remarks and then we will get back to opening it up to the floor to anybody, and I will call on you for follow up and then there's somebody in the back.

Chairman Hoyer. Thank you very much, Dennis.

I want to welcome all of you and I apologize for being late. We have a U.S. economic issue on the floor of the House about banking that you have all heard about, I'm sure. There are contending views within our country. There doesn't seem to be a consensus on what we ought to do on this bill, so I've been over there and I need to go right back.

However, as you have been told, this roundtable grew out of many discussions that Bill Fritts, who is a member of the Commission, has had with Senator DeConcini and me and other members of the Commission. We have visited the emerging democracies in Central Europe and the Soviet Union and Republics and saw that the United States, understandably 3,000, 4,000, 5,000 miles away, was not in fact on the scene as much as many, many others were. The Commission is concerned that we had that in terms of the second basket, which you've heard about--the sections of the Helsinki Final Act process, the second dealing with economic relations--it has really received very little attention. You probably all know that. It was understandable. During the East-West confrontation the focus was on the first basket, which is security, and because of all the human rights violations we concentrated on the third basket. And therefore, the second basket really was on hold, if you will.

Well, we're now in a new era, an era of opportunity for them and for us, in our opinion, and this meeting is an opportunity for us to interface with you to see how we can escalate opportunities for your companies and for American business and at the same time, which is in the best of all possible worlds, how both sides are advantaged by the relationship.

I'm sure you've heard from some of our folks, probably Senator DeConcini himself, that one of the things we were struck by as we visited the Baltic States was we had expected to hear about the

need for X number of dollars. Now, I won't tell you that they didn't clearly believe that they needed X number of dollars, but none of the presidents, none of the prime ministers, none of the foreign ministers asked us for X number of dollars.

Now, we had a 13 member delegation, which included members from Ways and Means, Appropriations, from both the Senate and House. So we had a pretty broad spectrum of people. Our hosts referenced the need for technical advice, entrepreneurial skills, marketing, distribution and all sorts of other skills that they believed they didn't have. And that's one of the reasons for this conference.

I thank all of you for coming. We hope to have many more like this and to have the Commission be a resource to you.

I don't know how much you've talked about the Commission itself in terms of the staff. We have a small staff, but we have one of the most knowledgeable staffs with reference to Central Europe, the Soviet Union and its Republics as there is on the Hill. And we can be of assistance to you, we think, in the various countries that you deal with and that you're interested in identifying existing opportunities and perhaps contacting some of the people that we meet with to assist you and your people on the ground there, or getting you information about what those opportunities are.

We hope to be a resource for you. We think you're the greatest resource that America has to go overseas. Not necessarily our money, that would be nice from their standpoint. We don't have any money. We're all broke, as you know, and we're agonized about our own fiscal posture. But we are not broke when it comes to the very substantial business technical expertise that they need and they want. If we can somehow facilitate your efforts and that others including those by the Executive Branch, then we all win. We understand that we're not inventing the wheel, we just want to participate in making that wheel run better for them and as importantly for us.

Let me stop with that because really we want to hear from you.

Co-Chairman **DeConcini**. Thank you.

Go ahead. You wanted to follow up?

Mr. **Czolowski**. One can really talk for hours and hours about this.

I had a sort of a different concept of what I thought that we Americans would do in that particular area. Somehow people have forgotten the historical background and what has happened in the last 50 years. And using Poland as an example, that particular

country has always been an ally of the United States of America and if it would not have been for Potsdam and Yalta--different projects would have happened.

We have managed in some way to help our former adversaries in making them the richest countries in the world and yet here's a country like Poland who has never even received Marshall Plan funds.

I don't necessarily want to capitalize on Poland, but Poland is a very ideal example. Poland has been, to all the Eastern European countries, referred to as little America, because they've always managed to function a little bit better. I guess they probably had a little bit better black market than the rest of the countries.

If you went to Poland, if you want to get something, you could get anything in Poland. As long as you have dollars, you could get anything. Virtually anything.

Most recently the biggest opportunity that they have now is a tremendous amount of military hardware that they want to get rid of. So if you gentlemen want to buy a T 72 tank, it's yours. There are 1,100 of them in the parking lot where they used to make International Harvester tractors.

I personally feel that all this is wonderful, what we're trying to do should we have to. Sure we have to coordinate, but some of the problems you're talking about, I haven't heard of. But I basically feel that we need Small Business Administration to go out there and open offices and teach these folks how to do business with America. And here, conversely in America, teach people how to do business with them. And we need people from SCORE, that's our Peace Corps, to send them over there. And all they have to do is present themselves. They have enough experience.

I think that's the basis of really getting this involved.

Chairman **Hoyer**. Dennis, you indicated--

Co-Chairman **DeConcini**. There was a lady. Yes, in the rear and one on the left and we'll take the one on the left.

Ms. **Volker**. Thank you. My name is Karen Volker, I'm with the State Department. I hope you can all hear me.

I've worked for the past 16 months on assistance to Eastern Europe, and right now I'm working on the Soviet Union. And I just wanted to follow up your point about small business development and the use of the private executives in providing assistance in Central and Eastern Europe.

The administration does think that small business development is important in the region. We provided assistance to SEED, which

is the small business foundation in Hungary. We provided hardware to them and we sent over a woman from SBA to help them establish that office.

Co-Chairman **DeConcini**. Katherine Marshall.

Ms. **Volker**. So we're sort of in sync with what you're thinking already.

With respect to retired executives, we use already the International Executive Service Corps and send their officials over to all the countries of the region. And volunteers for Overseas Cooperative Assistance have also been working throughout. It's not just been the capitals of the countries, but in the countryside they've been instrumental in helping smaller companies begin to privatize and get themselves ready to privatize.

So, I think we're thinking along the same lines. We're interested in SCORE and I'd be interested in talking to you later about that idea.

If anyone later on in the program would like to come up and speak to me about other specific things that we're doing in Eastern Europe or get some numbers to call, I'd be happy to talk to you about that.

Co-Chairman **DeConcini**. Next and then we're over there.

Ms. **Burchfield**. Yes. My name is Lisa Burchfield and I work at the Commerce Department. I wanted to address the Soviet Union. I work on the SABIT program. You all have a brochure in front of you.

We place mid- and senior-level business managers from the former Soviet Republics in American companies. We serve as kind of match makers. The company pays for room and board, living expenses here in the States and the intern's employing organization provides the air fare to the east coast of the United States on Aeroflot.

SABIT was created for basically two purposes. One, obviously, to provide the Soviets with some management skills and, two, also to create market opportunities for American businesses. And we're finding that this is exactly what is happening.

We now have nine interns here in the United States. There are 25 companies that are participating.

The first intern that arrived is a woman. She's a director of a foreign currency operation for a major bank in St. Petersburg. She's interning with Fortune magazine up in New York. And she's just doing a great job and they are very pleased with her. She's giving them ideas on how to expand Fortune's business opportunities in the

Soviet Union.

We also have the dean of an oil and gas college that's interning at Atlantic Richfield in Texas, and they're extremely pleased with him. He is providing, as our woman in New York, numerous business opportunities for ARCO.

And I can discuss more on who is here, but we have--I've handed out the brochures and if anybody wants to come and talk to me about the program, I'd be happy to talk with you.

Co-Chairman **DeConcini**. Thank you.

Yes, sir?

Mr. **Kiser**. Thank you, sir. My name is John Kiser. I'm the President of Kiser Research, we're in Washington, DC, and we're a company that specializes in technology brokering.

I'd like to address a question posed by the gentleman from the Department of Commerce, which was the varying barriers that we've mentioned. There's a niche business development market in the Soviet Union and Eastern Europe that is potentially very significant for Soviet Union, Eastern Europe and for U.S. industry, and that's the acquisition of their advanced technology particularly in strategic areas of technology related to the defense industries.

Our company has been involved in some recent transactions bringing over technology from the Soviet Union in aerospace, advance materials, chemical technologies and we're working with various government agencies and the Defense Department to facilitate their acquisition of technology from Eastern Europe and the Soviet Union. The problem is this: the mind set of the export control community in this country is, of course, to protect the outflow of technology from the United States to enemies. The whole psychological orientation is to keep things from going out

And if you're going to try to acquire technology from any country, one of the things you usually have to do is have some exchange of samples. You have to move some hardware around so that the Russians, for example, can evaluate a material that company X has and the Russians say that their material is better. But current control systems if company X in Minnesota wants to send a composite material that has say, high temperature properties, to the Soviet Union so that the Russians can do some tests and determine whether their's in fact is a better material, they can't send it out if it's on the control list. So that's one problem.

And then another part of the same issue is if the Soviets had some advanced hardware which they want to put on a piece of equipment that's on the munitions list, like a satellite; any American

satellite whether it's for military or civilian use is on the munitions list. So if you want to bring something in and hang it on an American satellite to evaluate it and see if it works as claimed, you have to go through a whole set of barriers to try to get the thing into the country to evaluate for the benefit of ultimately American industry.

The business is very simple. I mean, the Soviet Union and Eastern Europe have--one of their most readily available commerciable assets aside from their raw materials is their intellectual property, their brain ware, their scientists and basically their intellectual output. A lot of it is of an R&D nature, some of it is in products. But the good stuff tends to fall into the domain of strategic technology where our mind set is to prevent anything from happening that might compromise our technology. But you can't get married in this business, and this is what it's all about, unless, you know, both parties get under the sheets at some point. And we don't seem to make that very possible. And that's a real barrier in getting some business going with these countries who have, in many cases, significant technologies to offer.

Furthermore, there are people in the United States government aren't allowed to go there because of internal governmental restrictions.

Co-Chairman **DeConcini**. Anybody from Commerce want to comment on that?

Ms. **Burchfield**. I just want to say that unfortunately we do not have the expertise to respond to this. Commerce's Bureau of Export Administration handles this issue. If you'd like, I'd be happy to talk with you afterwards.

Chairman **Hoyer**. OK.

Now let me--so we just don't drop it there, I want all of you to understand that we have a list of everybody here, I'm sure. We also have a lot of people taking notes here. But we will pursue this through the Commerce Department with Mr. Fritts and see what we can do to facilitate an answer to your problem, which is not obviously unique to you. It's debated on the Floor, as you know, every time we talk about the Export Control Act.

Mr. **Pastore**. Up until two months ago I worked with the Commerce Department in export administration. And basically what Mr. Kiser says is very, very real. And since I've left the Commerce Department, I went to the Soviet Union and came back and reported my findings to various companies to try to get them involved in joint ventures where there would be an exchange of technology. And they

are--U.S. companies are very reluctant and they're gun shy about getting involved and even shipping parts and accessories for equipment to the Soviet Union.

So, something has to be done to alleviate this mind set on the part of the U.S. companies and make them feel more comfortable about dealing with it.

Excuse me. These East European countries.

Chairman **Hoyer**. Yes. As a matter of fact, Helen Bentley from my state and Jan Meyers from Kansas and a number of others have made that point as we visited the Soviet Union and the Eastern and central European countries: it's fine for you to say you want us over here, but you have got to guarantee a number of things before American businesses are going to invest. And that's not part of the problem here, but clearly it is part of the overall problem.

Now, I understand you've been seeking recognition for 20 minutes.

Ms. **Bolger**. Yes, sir. My name is Nancy Bolger, and I'm a partner in an international consulting and management firm here in Washington. And I run the office of Czechoslovakia.

Our clients, some of our clients, are working on the privatization of some of the major industry in Czechoslovakia, including the petrochemical and chemical, very large industry. And we've noticed the barriers. The current difficulties that we're having, as a matter of fact, which could be major opportunities for the U.S. in a very big way are the mixed message that's being received among ourselves in the U.S. and Czechoslovakia, and that relates to medium size American companies and their ability to do business well versus large corporations.

We've seen Secretary Mosbacher bringing over trade mission after trade mission and we know on a personal basis that a lot of times after these people leave, not a lot of attention is paid to them. And one of the reasons is that the mixed message is that only the largest companies really can do the job.

And while we recognize the value of multinationals because they can get in there as they want to and do a good job and a big job, it's not always the right kind of company to do the business. And we find that we fight against the multinationals for business and that when money is limited at the federal level to provide companies with incentives to do business, that often it's reserved for a few. And what we would like to see is a strong congressional involvement and coordination with both AID which manages a lot of this funding on the large scale and with the Department of Commerce so that it is

clear to these countries who are used to dealing with big business and they naturally recognize only, you know, big kinds of corporations as offering the service because they're dealing with monopolies themselves, we would like to let them know sincerely that opportunities for other than multinationals are considerations that you could give.

At the current time our clients who have been involved in the privatization I mentioned have done a superb job and they put senior executives to work where perhaps in a much larger corporation that kind of situation would not be able to occur. Whereas, following the business that they've done and they have huge transactions where they've actually been able to encourage some major investments from the U.S., they are locked out of further business because AID has now let privatization contracts to only three corporations to handle the privatization in Eastern Europe.

If companies, the major industries, in this case in Czechoslovakia, if they want assistance from the U.S. that's free and supposed to be good, they must choose among these companies and that's all.

And we find that, once again, in terms of yes to the U.S. companies which are clearly identified as American do us a great service and we would like very much to have your help because when I have talked to the senior executive with State Department who I complained to about this, he said, "Well, we don't have the administrative capabilities to deal with more than a few firms." So let these contracts out for many millions of dollars to one firm or two firms to handle all the business. This results not in further American investment, necessarily, not necessarily in further American partners and not necessarily in the complete satisfaction where the enterprise is a very large and valuable enterprise that they end up working with, a complete satisfaction in working with these firms, but necessarily with the U.S.

So in terms of our loyalty to ourselves and to our encouragement of business on a very big scale or small scale, I think we must pay attention much more to the concept of the contribution that medium size companies can give and to support Secretary Mosbacher in his fine efforts in bringing over many, many companies to try to do business by letting them know what it takes and by encouraging follow up within the country by giving some of that money that's available, even if it is a small amount or a lessening amount because of our economy, to those kinds of firms which are not necessarily the same ones on the list all the time. And

then, you know, hopefully we will be able--our clients, to continue to do the fine job that they've been doing instead of saying all of a sudden, we have no more opportunity and the other clients to say we want so badly to work with you, but we don't have the money. Isn't there a way you can help us to get that money, and there's no opportunity for them.

Chairman **Hoyer**. Good point. I'm sorry Bill Fritts had already left when you made that point.

Maybe the gentleman in the back. Yes?

Mr. **Holmes**. My name is Mike Holmes, I'm from Magnavox CATV systems. And I wanted to elaborate a little bit more on what this gentleman said.

I think some of the problems that we're facing, and especially Poland is a good example for us, but the non-type countries is the old school American thinking that we've got to protect our technology. Well, with the fallout a lot of the barriers, the Communist and the Berlin Wall, all of a sudden a free market economy is opening up over there. But we still think of a lot of our technology as uniquely American and we've got to protect it. In our particular case it happens to be lasers.

And I went to Commerce, and it's unbelievable that I can't get telecommunications equipment into Poland. I mean it really is a battle to get it in. But it's the same thing that we're picking up and using on our telephone. I mean, that's the technology.

Now, Semets and Machusta are there at their door with them. And it takes me 45 days, a beg and a favor to get a laser transmitter in there. I mean, it's just--we're not competing on the same playing field with our foreign competitors. So in turn we're going to back off of some of these markets. I mean, we've either got to open up and say, like you say, we got to trade this technology or we got to quit. I mean, we really do. Our competitors are there.

Chairman **Hoyer**. I don't know how many of you watched the debate on the Export Control Act, but that debate was conducted in a pretty heated manner on the floor of the House. Some of you probably watched it or read about it.

The Commerce Department may want to respond just briefly to this?

Ms. **Zuck**. Yes. One of the focuses that we've been turning our attention to has been encouraging the participation of small and medium sized businesses in the market system in Eastern Europe. That's one of the purposes of the American Business Initiative, to encourage participation by these firms.

Also, your concern, I think, is something we can bring up in the Trade Promotion Coordinating Committee, which is the inter-agency committee set up to deal with these trade issues. And if you'd like to talk to me afterwards, I could give you some names and contacts.

Chairman Hoyer. Right here.

Mr. Stead. My name is John Stead. I'm with Donavant Enterprises in Memphis, Tennessee. We are a cotton trading company and we also have ginning industries and we trade international in the cotton business.

I would like to come back onto the point that Mr. Czolowski said about companies not understanding necessarily how the trading and how the local rules work.

We in the cotton industry here in the States have a group called the Cotton Council International, which is a--sponsored by the producers. This council does a lot of work in promoting U.S. exports of cotton through funding teams, trade teams, both from the consuming countries and from the states visiting the consuming countries. And this self-help, I think, is very important. I think that maybe some other industries could perhaps learn a little bit from that, that this is funded by the producing--the farmers. And it has been extremely successful in introducing American cotton worldwide. That's my one hat on being a U.S. exporter.

On the other side, we are buyers of produce from the Soviet Union in the form of cotton also, and we see the other side. They are moving towards a market economy very slowly. We are seeing a complete decentralization of the economy. I think that a lot of people haven't fully grasped the extent to which the Republics are getting autonomy over their economies. It is now a tremendous battle for the central government to get any of the state plans fulfilled within each of the Republics. And we're seeing this very clearly in our business and we've seen it in the last two or three years.

We're seeing a breakdown in the financial system where the ruble basically has got no value at all. We're seeing a proliferation of barter trading. We're really getting back to basics. We are trading wheat for cotton or other products, any product that they have they're now attempting to use as currency.

Chairman Hoyer. If the paper doesn't mean anything, the product you trade for does?

Mr. Stead. Exactly.

Chairman Hoyer. Yes.

Mr. Stead. So I think that I would go along with this gentleman that it takes time and it takes effort by people going and learning the rules, the local rules not to implant our systems necessarily on the countries. The adaption. I mean, we are, in fact, sponsoring delegations. Our own companies has sponsored many delegations from the Soviet Union to the United States over the past two years. And we've got--we are sponsoring training programs for young Soviet specialists to come to the States.

So, I mean, you know we're looking--we are tending to go to the new generation rather than the middle generation. I'm afraid that there's a lost generation or a lost two or three generations in the Soviet Union between the ages of 40 to 60. I think you're almost down looking at the 20s and 30s as the group to aim for.

Chairman Hoyer. Yes.

Yes, sir?

Mr. Swindells. My name is David Swindells from Corning Incorporated.

Just to support the point made here, I think the confusion in the Soviet Union is causing problems. We have two cases. We were building a plant on a turn key operation for Lithuania which, when the situation changed, the equipment is now being hijacked to somewhere in Russia. So the plant will now be built somewhere else because it was originally being financed by the central government for Lithuania and, of course, they're not going to spend their money on them anymore.

We have another project which was destined for the Ukraine where the client was a ministry in Moscow which has now been dissolved, so our client is gone.

So, I think that until the situation in the Soviet Union clarifies, we are going to have a lot of problems.

Chairman Hoyer. May I ask a question? You, obviously, are associated with a large corporation that can afford, in many respects, to take a long-term prospective.

We talked to the foreign minister of Estonia. He said you can't walk down the street without bumping into a German. The Germans are in there. Now, obviously, there's a physical proximity. We all understand that. And very frankly what the Estonians believe is that they are in for a second blitzkrieg, this time an economic blitzkrieg.

Now the Japanese are in there as well, but not as much as the Germans, at least at this point in time.

Mr. Czolowski. You might as well make it an axis operation for the Germans.

Chairman Hoyer. Yes. I don't know about the Italians.

Let me ask you a question. I know there is a lot of activity but from your corporation's standpoint, obviously there's risk now of putting capital on the ground there. However, there is a lot benefit to be gained, it seems to me, in the long term and I'm wondering if Corning or other large corporations that have the personnel to do this are placing people on the ground to make those contacts with a longer prospective?

Obviously, my own view is that it's going to be very difficult in the short-term to turn any profits there. It is going to be a long term effort, five years and out. Is Corning doing that? Does Corning see any value in that? Anybody else have any comments on that?

Mr. Swindells. Sure. I'd like to answer just for Corning. We have several activities, one is that we have a subsidiary which builds turn key plants, so there's no equity of ours involved, but we build plants. And we have built plants in many countries in Eastern Europe over the last 20 years and that activity, of course, is dependent upon having a customer who can pay.

As regards investment of our own equity, we have an office in Moscow and we have teams of people who have worked in Eastern Europe for a long time.

A common story that the Germans are here, the Japanese are here, I think tends to be a bit exaggerated. To some extent it's fostered by the potential customer. They'll always tell you we love to see Americans and, you know, to some extent it's exaggerated. But my observation on Eastern Europe, and I don't pretend to be an expert at all on Eastern Europe, but my observation is that the main opportunities that I see are for small business, as people have said, or the big resource operations, either oil or timber. For manufacturing operations of a sophisticated kind which require an industrial structure as a customer, I think you'll have to have a sense of balance that although these are big countries, basically their industrial base as a customer for advanced products, if you put them altogether, they're probably equal to Italy. To some extent you have to look at it in a prospective.

We hope to make a small investment in Poland this year, and we're looking at other projects. But basically they'll be small because of the nature of the countries which are not big enough to support a state of the art plant in many cases, and I think you have to look at that, you have to understand that. Because a lot of European investment, it seems to me, is going there rather like American investment may go into Mexico as a cheap labor source for the

European markets. And that's a different motivation. But to put sophisticated industrial plants in Eastern Europe now with the market of Eastern Europe, frankly it's difficult to find opportunities of any size. It's easier to find small opportunities. But of any size, it's difficult.

So, I think the main opportunity will be as a source for other markets. And, of course, western Europe is the major market.

Chairman Hoyer. I know there are others of you who want to be recognized and Ambassador Wise will do that as long as we want to go here, I suppose. I have to go, unfortunately. I apologize for that. As I told you, we have the banking bill on the Floor and I've got to get back there.

I would ask all of you, and I'm sure Ambassador Wise will do this, if after this discussion you go home or to your office and something lights up please contact us here at the Commission. You know, those folks at the Helsinki Commission--though not experts in business nor necessarily in commerce--do have regular ongoing pretty sophisticated relations with a lot of the players in these countries and they could be helpful in several ways. And it would be very useful to us if you would just sort of provide us with your thoughts as to what is needed in just a one page letter. You know, you guys may think about doing this, that or the other.

And, as I said, we have a very good staff. We have been concentrating on security and human rights. As those are getting better, we have some staff resources that we think we can apply in a two way beneficial way to our American businesses and to their need for commerce.

I thank you for coming. And though I must leave, I urge you to pursue this.

I turn it back to you, Sam, and Jane Fisher.

Thank you very much for being here.

Ambassador Wise. Let's go ahead and continue with the comments and questions for a few minutes.

Here in front first.

Mr. Freeman. I'd like to pick up just for a moment on what the gentleman from Corning said, in two ways.

First of all, I'm Bennett Freeman. I'm with General Electric, and certainly a large--

Ambassador Wise. General Electric?

Mr. Freeman. Yes. A large company, and I guess we can be accused of having patient capital. We have the largest single western investment to date still in Hungary, Tungram, the major lighting

company and we found that Tungstram not only has relatively cheap labor, but frankly surprisingly and even more significantly we found that Tungstram had some quite sophisticated advanced technology. And we are, in fact, applying further resources to Tungstram to try to bring up their technology across the board. They've done a remarkably good job under very, very difficult circumstances over the past several decades in developing and maintaining a pretty sophisticated technology base.

But again, I would go along with the gentleman from Corning, from the GE point of view, in agreeing that these opportunities are difficult to identify. They have to be chosen carefully and there are not a plethora of terrific opportunities out there. Indeed, the unfortunate fact is that it probably is the larger companies who have the more patient capital.

One other comment that was made I'd like to pick up on is the idea of investments in Eastern Europe as a way to then move west, shipping goods or services to western Europe. And certainly that was among the strategic motivations for GE in acquiring Tungstram. And Tungstram already had some degree of market share in western Europe. But we find that the countries of central and Eastern Europe, especially Hungary, Poland and Czechoslovakia, are in great need to see trade barriers that remain in place in the EC and in the U.S. and in the group of 24 industrial nations across the board, see those trade barriers relaxed at a much quicker pace than is currently envisioned.

And Mr. Fritts before he left mentioned the phrase trade over aid. And I think that, in fact, is a very, very important, timely concept. The administration has been saying and doing the right things, particularly since this past summer's G7 summit. A communique was issued pledging action on textiles, steel and agriculture. And it seems that efforts to further relax trade barriers for Eastern European goods to move west was given additional impetus by the attempted Soviet coup. Attention was refocused on the region, and a sense of urgency, a sense of political volatility was brought back into focus. And it seems that there's an opportunity now in this political and economic environment to do more from the U.S. end and more, especially also, from the EC end.

The governments of Hungary and Poland and Czechoslovakia may all be signing, literally tomorrow, association agreements with the EC. Negotiations have been going on several months and coming to a climax this week. And those agreements envision a phase-in by the late 1990s to implement the G7 summit

communique in July on steel and textile and agriculture. And I think that a very constructive focus for CSCE is to try to look at not only aid, but also trade and try to give impetus to further and faster efforts to relax trade barriers, particularly in this evolving political climate.

Ambassador Wise. Thank you.

Mr. Durfee. I'm Gib Durfee from Westinghouse.

I'd like to comment that the way of improving the trade environment, which is the objective, requires looking at some of the underpinnings of these countries and I'll mention the economy basically and the environment, which hasn't been mentioned yet today, and energy, safe and reliable energy.

It seems to me clear that these countries will not be nearly as attractive trading partners as we all want them to be until some of those basic needs are addressed. And I think the United States has an important role to play, big business and medium size business and small business in these regards.

I think it's unrealistic, though, to think that bootstrapping or just entrepreneurial approaches will be enough to do the job that needs to be done in the time that it needs to be done in some of these basic considerations. And I think that the Commission should look at the possibility of the United States providing not massive aid, but strategic aid that will address early matters of environment and energy and the underpinnings of the economy.

I look, just for example, at the situation in Bulgaria which has massive environmental problems in their energy sector, both nuclear and non-nuclear. They need help today. And if we just rely on the invisible hand, American businesses just can't do it without some kind of financial incentive to do that.

Now I think if we look at that as a strategic way of getting the pump primed to allow the market and entrepreneurialism and so forth to work, it would be a way to accelerate the process tremendously.

Ambassador Wise. The gentleman behind you there. Third row. Yes.

Mr. Small. Yes, thank you very much.

My name is Errol Small from the Maryland Department of Agriculture International Marketing.

I just want to underscore some of the sentiments expressed by some of the gentlemen that as I look at the international marketing arena, the greatest threat to the U.S. trade and investment and development is not the EEC as it now comprises, the 360 million that are there, but the expanded EEC which would include these

Eastern European countries that we are talking about.

With the access to funds from Japan, we are told everywhere you walk there are Germans there, the English people are there and the Swedish are there. It tells me that these countries are getting access to modern technology and before long they are going to put these modern technology into use and would be very big competitors when you couple that with the 360 million people in the EEC.

For one who has grown up in a different country to this one, I recall that those of us who were educated in England, we get back to a foreign country and the products we will try to bring in will be the English product. Whether the TV can fit the 110 watts or not, this is what we know. We are accustomed to the English product, we bring it in, it didn't work and we have to do a lot of reorganizing.

What I'm saying with that analogy is to say that if we didn't get in on the ground floor and the Germans are there, the Japanese are there and the Sweds are there, the people from Eastern Europe are going to buy their products. It will take a very long time for us to then reverse that situation.

So I thought that this is a time that we have to do it.

I was at a conference earlier today and somebody quoted a saying from Will Rogers that remained with me. And the guy said Will Rogers said that even if you are the right track if you didn't out of the way, they're going to push you aside. So that's something I learned at the conference today which remained with me, and I think it's very applicable to the discussion we're having here.

My final comment, sir, is that there is need for correct information meeting the American private sector. Every day we open a newspaper or we look at the television we are seeing negative comments, Soviet Union there is no money. We saw the gentlemen from Corning Company says what's happening to his product, and sometimes these comments stick with people and eventually prevent them from actually investing.

I was talking with someone today from another state and he told me, "Look, the Soviet Union's a bang. We're selling them because we've just sold them a container load of something and the importer from the Soviet Union paid for it with his credit card." So I said to him, "The guy has good credit to get a credit card that could extend him that type of money." And I thought I would throw these points out because I thought this is the time that if we have to get into Eastern Europe, we have to do it now or otherwise we'll find ourself working overtime to reverse the trend.

Thank you very much.

Ambassador Wise. Thank you.

Yes?

Mr. Wisniewski. I think the best comment made today, was your statement on our slow process of adaptation to changes.

The gentleman said we have 380 million customers over there and they are at ground zero. They do not go down. The income of the particular opportunities will not go down, it will go up.

We are in the midst of recession in America, as far as I know. I mean we're not very deep, we're not very bad, but we have trouble here in the economic frontier. And if somebody--I would like to ask the question to somebody in the Senate or in Congress, do we have any agenda of how to get out of this recession. Nobody knows.

I don't see any light on the horizon. But we have a market of 380 million people in Central and Eastern Europe.

I agree with some statement, the stock market, that people, some of them, they don't know what they're doing. But excuse me, when the current revolution in Russia started in 1917, it's 73 years, yes. So even you put Russia and Rockefeller together and you start to rub them the way that the Bolsheviks rubbed the people, I mean even they'll go bankrupt. It's a natural process.

So I'm not defending any system, but the recovery process already started. The process is in motion. These countries look, as an entire region, for constructive help from the west, preferably from the United States. They would pick up the stakes from the Germans and Japanese. Why are we not getting inside? Why is the Congress, Senate, the government, going over there with a delegation--I hear 15 programs are here today that we need an organization in Warsaw. I have an organization in Warsaw, which knows how to do business. And the organization I represent in Europe Consortium in Warsaw and the members of the organization is Krupp in Germany. Familiar with the Krupp. The French, Germans, Italians and Israelis--and also they have incorporated the vice minister of agriculture of Baltic Republic to Estonia, Russia, Byelorussia, Georgia, Bulgaria and Latvia. They have business offices already in place in Warsaw. They operate as a western style company. They are very good. They have a bank of information in Warsaw when there is already an office there. They come here and they ask for participation and involvement.

I mean, I heard the comments about the banking problem. We have already--your bank stated yesterday--a branch in Warsaw. It's the second bank which received a permit from the government, there

are seven foreign banks in Warsaw already working.

Telecommunications is not a problem. It will be solved soon. So we hear--see some movement, real movement, but I don't see really any constructive effort on the part of American firms of getting some consultants who know what they're doing who can put this bridge together. This is one bank--another bank, and between is the Congress and I think it's just lack of orchestrated effort on all parties involved. Because I don't foresee any problems over that. The Communists will never return to power there. I mean, they have to go forward, obviously.

So why not go over there, why not grab this market using American sentiments over there? Why don't we do like the Germans and Japanese do it? A simple example happened with the Ford and GM. Well, unfortunately we're losing the market here because the Japanese came in 1979 and used different long term planning when GM, unfortunately, and Ford are not doing all right. I don't see them getting better. I don't know why. I mean, let someone answer this question. But they are giants. They are giants like IBM.

We're losing momentum. Why lose momentum? There is a lack of flexibility, a fear of high risk operations. That's not a high risk operation over there.

Generally I agree, I wouldn't put a--over there because you have a lack of stability. You have chaos, you got a lot of problems. We don't know whether ethnic rivalry will start to erupt and it will be big problems over there. I wouldn't consider them as a good investment ground, but they have the consumers over there.

You establish the base somewhere else, let's say Poland, Czechoslovakian, a natural base, local base. And get them the products and barter with them. You have 10 products over here, you can get them out and sell in the west. Ten products, or even 15. So why touch this ground. I wouldn't touch this ground right now.

Ambassador Wise. OK. Thank you.

I'll get to you, but I think the Department of Commerce representative have a short comment.

Ms. **Burchfield**. A short comment on name recognition. One of our interns arrived last week to begin an internship at a medium-sized oil exploration company in Louisiana. The company had sent a business delegation to Moscow 3 weeks prior to this. The company's representatives visited the Ministry of Geology to explore business opportunities and make contacts. They were meeting with a gentleman who was being most uncooperative. The company produced the letter of invitation for their intern, which was

translated into Russian explaining the program and inviting the intern who had been employed with the Ministry of Geology. Doors opened immediately for the company. The man was more than cooperative, was very helpful and it turned out to be a very successful business mission.

So I think name recognition is very, very important.

Ambassador Wise. Yes?

Mr. **Messinger**. I wanted to go back to the point that I think Mr. Durfee from Westinghouse made and extend that in regards to looking at the relationship between industry in the United States and the U.S. government in terms of promoting investment in the region.

The U.S. Government still takes a very different position than a lot of the European countries. It is routine for Chancellor Kohl or President Mitterrand to go to one of the countries and have a group of business leaders with them in the delegation. They conduct the official business and then say, "OK, now I want you to talk with the Siemens' representative who's here with me. He's a very good man. They're a very big company and we are supporting their operations here. So you should sign a deal with Siemens." Obviously, the U.S. Government does not work that way.

It provides certain advantages to European industry in the region. More investment funds are made available either through individual countries or the European Investment Bank. The U.S. Government has these institutions set up, OPIC and EXIM Bank, but it's really limited. I applaud the efforts of the people in the Commerce Department and so on who are working with extremely limited funds to be able to promote U.S. industry as compared to what the Europeans have available.

It also has to do with different consumer attitudes among the population. In the Netherlands, for example, every household pays a surcharge on their electric bill, half of which goes to protecting rain forests in Brazil, but the other half goes to cleaning up air pollution in Poland because the pollutants that are emitted from the stacks there end up on falling on them. They have identified a very direct need and a way for them to have an impact.

The United States just doesn't work that way and that, in some ways, also hinders the process. Nevertheless, anyone who has been there finds that the people in these countries would much rather work with Americans than with other Europeans or Japanese. But there are still some barriers.

Ambassador Wise. I see a Commerce hand. But first, Mr. Czolowski.

Mr. Czolowski. I just wanted to add something to this in reference to the gentleman from Westinghouse. 2900 megawatts is necessary to energize Poland so that people like Holiday Inn and other hotels can fulfill a contract and go in there and build hotels. They need hotels, just an example.

To the gentleman from General Electric, my alumni. I spent an excess of 10 years with General Electric Company. I could do all sorts of things when I was with General Electric Company. As an individual businessman I cannot do this. And we still somehow in this conversation are talking about large business. God bless them. They're here and we want them to be here, but those countries over there, their survival is based upon development of small business, of medium-sized business. They have no business at all.

As an example, it was legal for a long time to have 15 employees, private business, no more. Less, obviously. But just 15 employees. So they have a little bit of an infrastructure, they know what's going on. As a government you gentlemen and ladies have a tremendous opportunity to guide, to motivate, to inform, to coordinate.

We have a number of funds. There is the Polish Enterprise Fund, a subject one could discuss for several years. There is, I understand, Congressman LaFalce who has recently instituted a fund for \$1 million to Katherine Marshall, her name was mentioned before from the Small Business Administration, who apparently embarked upon a program of establishing business development centers in Eastern European countries. Partly because they're successful here, but the only reason they're successful here is because they're done with universities, they're the school of business. There wasn't a school of business over there. They know nothing about this and it also requires matching funds.

Why don't we lump some of these things together? Why don't we find out a little bit more about some of the other funds that are existing?

Again, I would like this tracked. The one thing that we have the opportunity to do is due diligence. A small businessman can go over there and reportedly spend \$25,000 and if he doesn't make it, he's going to pull out and never go back again. General Electric, Westinghouse, in all due respect, Coca Cola and Pepsi Cola--but at the same time they can take the trips and they can take care of their business. They can sustain themselves for a long period of time.

If we want to do something and really put a dent in the situation and show our American initiative, because that's what we

should do, we have to have on the ground Americans who think like Americans, who analyze the situation like Americans because these are the American businesses. In all due respect to Polish consultants or Russian consultant, they're Russian, they're Polish. They know their own business. We can attempt to communicate with them, but we need our own people to do this.

SCORE is another one that I mentioned before. At the end we can talk. It's almost 6, but I think you for listening to me.

Ambassador Wise. OK. Maybe that's a good reminder. It is almost 6 o'clock.

The lady from Commerce and then perhaps we can go into our refreshment mode and then continue with those who can stay on and have some more ideas they'd like to give us here, fine, or as Mr. Hoyer said, send in some of your thoughts.

And we're going to be--from our point of view, we'll be communicating with you as well. I mean, we're going to take what we've heard here into account and see what sort of things might be able to be done and try to give you some feedback as well.

I would say that as far as I'm concerned, I found a lot of very interesting ideas. I haven't commented as we've gone along just to save time. But maybe there's been some ideas even between you all that have been helpful as well.

Now let me turn to the lady from Commerce.

Ms. Zuck. I'll be very brief.

I just wanted to address a couple of comments that we recently heard. Secretary Mosbacher just went to Poland bringing over a business delegation with him, 10 members. He also had the delegation with him when he met with President Walesa and Prime Minister Bielecki, the Minister of Privatization, the Minister of Industry. These are a lot of high-level contacts that these businesses made. He's brought three missions to Poland and he's also visited other East European countries.

Not only that, small medium businesses have the same opportunities that big businesses do through Commerce services. Any business can contact the American Embassy in any of the East European countries and have meetings set up for them, have a joint venture partner that they're interested in investigated and a report done for them.

There are a number of different Commerce outreach programs to involve and promote small and medium-size businesses in Eastern Europe. And I'd be happy to explain any of these programs to you if you'd like to talk to me afterwards.

Ambassador Wise. OK. Just before we break, Jane, do you have any last words for us?

Ms. Fisher. Yes. I'd just like to mention that earlier this year we co-sponsored with the Hungarian Parliament and the Library of Congress in a private group in town a forum on the role of government hearings in shaping economic policy. It's been suggested to us that now we should look at cosponsoring workshops which focus on some of the things that you're talking about as well as the nuts and bolts of doing business. How to manage a budget in a joint venture? Those kinds of things. And if any of you have suggestions on small workshops that we might help organize here in this country or over in the countries in question that you could lend your expertise to and be involved in, we'd be interested in hearing about that.

And also one more point. I think an omission, a serious omission that I've made is not in having all of our staff here. We really do have a superb staff and country experts in Rumania and Yugoslavia and all of the Eastern European countries. We have Patricia Carley here who focuses on the Central Asian Republics, Ron McNamara in the back really organized this conference. He does trade for Eastern Europe.

We have three Soviet experts alone. One man who does nothing but the Baltics. They're over there frequently, they speak the language. If you have any information that you want in terms of the political and economic risk factors involved, please call on us.

Yes, sir?

Mr. Czolowski. I just wanted to add something very quickly. Small Business Administration was kind enough to pick up my tab from time-to-time because ever since 1989 when I was a delegate in the Poland for the economic council I have been out lecturing. I became reinfected when it comes to that as far as Poland is concerned. I've spent years and years in Poland in the past and when my father, God bless him, called me up when they opened the doors in Poland to outside business, I told him I love you but too much time, money and emotion, I'm not going to do this. And somehow he finagled this and he even picked up the tab the first time for me to go there.

The point I'm trying to make is that there is already a structure. I did a number of workshops with the Export '90 Expo in Seattle they had 2 years ago. I did all the Polish workshops. The gentleman from the Polish Embassy never showed up.

We have this in existence. All you have to do is talk to the

people. Some of the sessions have been even recorded with Small Business Administration. It's in business. It's the most ideal entity of the U.S. Government to offer as guidance and come up with due diligence on the ground in Poland, SCORE, I cannot say any more. I have already mentioned it several times. And very enthusiastic because I see these guys, one of these days I'm going to be in there, probably not too long, and not knowing what to do with myself.

People who speak a variety of different languages and, of course, very experienced and good Americans because all you have to do is just be yourself and get over there and tell them what you are. That's enough. You don't have to do--that's enough of a propaganda. But they need us and they want us and they'll do business with us sooner than they'll do business with the Germans or with the Japanese.

Ms. Fisher. Thank you.

We've got some wine and cheese in the back if you all would like to help yourselves.

[Whereupon, the meeting was adjourned at 6:02 p.m.]

Participants: Helen Ball, Halliburton Co.; Lucille A. Barale, Coudert Brothers; Nancy Bolger, Siegel, Houston & Bolger International; John W. Boynton, Diomedes, Inc.; Dennis L. Brining, Lockheed Corp.; Lisa Burchfield, U.S. Department of Commerce; Brian Conboy, Time Warner; T.A. Czolowski, Tamco, Inc.; Boris P. Djundik, University of Maryland; Gib Durfee, Westinghouse Electric Company; Gallagher Evelins, Baltimore-Odesa Trade Council; Robert R. Fahs, Cargill, Inc.; Yuri G. Frankel, International Science & Technology Agency; Bennett Freeman, General Electric Company; Ronald Greenwald, Global Technology Group; John Hayden, Boeing Co.; Rebecca Hill, International Marketing Consortium; David Holmes, Magnavox CATV Systems; Oakley Johnson, American International Group; John Kiser, Kiser Research, Inc.; Kenneth Klein, Xerox Corporation; Mike Kostiw, Texaco; Thomas Lewis, Baltimore-Odesa Trade Council; Henry Lord, Piper & Marbury; Diane Mand, Dresser Industries; Stephen A. Messinger, PSR International; Robert McDonald, Maryland Institute for Agriculture and Natural Resources; Ray Miller, Maryland Institute for Agriculture and Natural Resources; Richard Moose, American Express Company; Joseph Naftzinger, University of Maryland; Philip J. Padgett, McDonnell Douglas Corp.; John Pastore, STC Trade Corporation; Dick Patterson, Dow Chemical U.S.A.; Frank Quirk, Macro Systems, Inc.; Jack Reed, Archer, Daniels, Midland

Co.; Richard Schreck, University of Maryland; Felix A. Schwartz, International Science & Engineering Agency; Robert A. Seidel, Johns Hopkins University; Errol Small, Maryland Department of Agriculture; John Stead, Donavant Enterprises, Inc.; David W. Swindells, Corning Incorporated; Mikhail Tsipenyuk, Environmental Elements Corp.; Michael Vilello, Magnavox CATV Systems; Karen E. Volker, U.S. Department of State; Charles R. Wisniewski, Market Development Group, Inc.; Marsha Wiss, Donau Trading Corp.; and Audrey Zuck, U.S. Department of Commerce.