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Anecdotes/Success Stories [Fast Track]

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<b>S</b>	<b>100</b>	<b>1</b>	<b>5</b>	<b>3</b>

THE WHITE HOUSE  
WASHINGTON



OFFICE OF MACK MCLARTY

Counselor to the President

Special Envoy for the Americas

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FROM: Dan Lesnez

SUBJECT: FAST TRACK AVEL ~~NOTES~~

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Dan

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## Fast Track "Anecdotes"

**Agriculture:**

Contact: Eugene (Gene) Lang  
Eugene Lang Farm Corporation  
2334 6th Avenue  
Grinnell, Iowa 50112  
(515) 236-8466

- ▶ Mr. Lang and his sons operate a 1,300 acre farm (medium-size) that helps support them and their families. They grow corn and soybean using hybrid seeds that increase yields, hence increase the amount of product available for export. Based on national averages, Mr. Lang estimates that 20 percent of his corn sales and 30 to 35 percent of his soybean sales are derived from exports. As with most farmers, Mr. Lang sells his product to the operators of the grain elevators, who process the commodities and sell them domestically and internationally. Mr. Lang is a skilled public speaker who has been recommended by Pioneer Hi-Bred international, a leading biotechnology company that supplies him with bio-tech seeds. Mr. Lang also benefits from Pioneer's research and expertise, which is consolidated from its operations in about a hundred countries. (Note: USDA likes the idea of having farmer sitting next to the President, and will provide additional background to that individual so that the presentation more fully gauges the impact of exports and bio-technology on agriculture.  
(Source: Pioneer Hi-Bred International)

Contact: Steve Daugherty  
Pioneer Hi-Bred International  
Des Moines, Iowa  
(515) 334-6833

- ▶ Pioneer Hi-Bred is a leading biotechnology company supplying hybrid seeds to U.S. farmers and farmers throughout the world which increase yields for feed grains, such as corn, soybean and sorghum. It is not an export driven company, as it has established operations throughout the world. Total revenues this year were \$1.9 billion, of which only \$150 million were derived from export sales. However, the main benefit of this company is its ability to maximize its research and consolidate results of the research. It also has the capability to move product between countries and regions to supply farmers with seeds, such as by supplying U.S. farmers with seeds from South America as Winter is ending in the U.S. The real success of this company is manifested in the farmers who have used its seeds, increased their yields and, in turn, increased their commodity exports. Pioneer Hi-Bred employs 5,000 people, of which 2,800 are in the U.S. It has a established operations in 100 countries. It needs Fast Track to strengthen phytosanitary and intellectual property standards overseas to protect its product.  
(Source: USDA)

Contact: Scott Schearer, Director of National Relations  
Farmland Industries, Inc.  
Kansas City, Missouri  
(202) 783-5330

- ▶ Farmland Industries, Inc., headquartered in Kansas City, Missouri, is the largest farmer-owned cooperative in North America serving 500,000 farmer-rancher families through over 1,500 local cooperative members in 22 Midwestern States, Mexico and Canada. Also, more than 13,000 livestock producers are direct members of Farmland, marketing their hogs and cattle. U.S. producers now depend on exports for over 25 percent of gross receipts, which are anticipated to increase to 35 percent by 2003. In the past six years, these cooperatives have seen their international sales grow from less than \$200 million to over \$4.1 billion. In Mexico alone, since the passage of NAFTA, their sales have increased from less than \$50 million in 1992 to \$450 million in 1996.  
(Source: USDA)

#### Hi-Tech Companies:

Contact: Susan Corrales-Diaz, President and CEO  
Systems Integrated  
Orange, California  
(714) 634-0600

- ▶ Systems Integrated, a \$50 million company, provides intelligent data acquisition systems and products to improve the efficiency and control of hydroelectric power generation, distribution automation, substation automation, and automated meter monitoring in its predominant East-Asian market. It also provides water management and distribution systems, and waste water facility-systems. Ten years ago, Systems Integrated entered the international marketplace as it began phasing down its U.S. military contract business, a move that proved critical to avert layoffs. Its export market has allowed it to maintain its highly technical staff of almost 100 people in place while steadily growing its international business sales to its current level of 30 percent of total revenues. In view of the two-year average lead time for implementing its large-size contracts overseas, Systems Integrated anticipates sales from exports rising to 50 percent within the next two years.  
(Source: White House)

Contact: Tom Ory, President  
Daedulus Enterprises, Inc.  
Ann Arbor, Michigan  
(313) 769-5649

- ▶ Daedulus Enterprises, Inc. is a manufacturer of highly specialized remote sensing systems worldwide. In business for 30 years, it has tapped a global demand for its product in uses as varied as waterborne pollution sensing to drug interdiction efforts. Its exports sales range at about 70 percent of total sales annually and directly support five-to-ten employees (out of a total of 17 employees). Daedulus earned over \$1.2 million in revenue from exports in 1996 and \$1.4 million this year. It depends on 2 or 3 large contracts per year, often involving foreign governments, and is facing increased pressure from foreign competitors who are already benefiting from government subsidies to lower financing costs. Daedulus would lose business opportunities in Asia and other parts of the world, if the U.S. is unable to negotiate trade agreements while its European competitors benefit from their countries negotiated trade agreements with other nations. (Source: Department of Commerce)

Contact: Bernard Glas and Stan Popeil, Co-owners  
B.G. Imaging Specialties  
Bronx, New York  
(718) 378-3100.

- ▶ B.G. is an exporter of used diagnostic imaging equipment (cutting edge technology a year or two ago) to under-developed countries throughout the world that do not have the technology to produce such equipment and whose medical institutions do not have the capital to purchase new models of such equipment. In business since 1986 and currently operating with 25 employees, B.G. has doubled its revenue from exports and the number of employees in the last 4 years. In 1993, it undertook a major effort to expand its marketing activities, primarily in China up to that point, to other emerging economies, including: Russia, other newly independent states (former Soviet Union), India, Ireland and Latin America. Its revenue from exports has grown to about 90 percent of total sales and amounted to over \$3 million in export sales in 1996. (Source: SBA)

Contact: Wayne Barlow  
President & CEO  
Wescor, Inc.  
Logan, UT  
(801) 752-6011

- ▶ Wescor, Inc., is a privately held small business in the design and manufacture of cutting edge medical and scientific electronic measuring instruments. When it was established in 1970, exports accounted for 15 percent of total revenues. In the 1980's and 1990's, exports have grown steadily for Wescor, comprising 40 - 45 percent of its annual total revenues. Last year, it earned \$7 million in revenues. Its exports markets are found in Europe, Canada, Asia and Latin America.

Royce Instruments Corporation  
New Orleans, Louisiana

- ▶ Royce Instruments Corporation, a small manufacturer of computerized water quality monitoring systems for the past 10 years, currently operating with 33 employees, earned \$2.5 million in exports sales (about 45%) of the companies revenues in 1996.  
(Source: SBA)

Del-Exx Industries  
Berea, Ohio

- ▶ Del-Exx, a company with 3 employees established in 1994 in Berea, Ohio, is a wholesaler of aftermarket emission control equipment expecting to reach export sales of \$300,000 in its predominantly Latin American and Caribbean market this year.  
(Source: SBA)

#### **Manufacturing:**

Contact: Donald Bohach, Director of Marketing and Business Affairs  
Stupp Corporation  
Baton Rouge, Louisiana  
504) 778-2203 or 2-(800) 535-9999)

- ▶ The Stupp Corporation, a leading producer in the Western Hemisphere of API line pipe, is confronted with a price hurdle when doing business in South America that its competitors from countries in the southern cone common market (MERCOSUR: Brazil, Argentina, Uruguay and Paraguay) do not face having signed trade agreements between themselves and with Chile. These trade agreements significantly reduce duties and taxes on products exported between them. For example, in bidding to supply \$100 million of pipe to an Argentina-Chile gas pipeline project, Stupp faces duties and taxes of 27 percent on the Argentine portion of the pipeline. These are costs that a major competitor from Chile does not have to pay. For corporations like Stupp and its workers, including the steelworkers, dock workers, railroad employees, stevedores and truck drivers, the stakes are quite high in winning these major infrastructure projects. Stupp estimates a successful bid would:
  - require the equivalent to two days of U.S. Steel's total shipments or twice that at a company the size of LTV;
  - employ over 1,600 rail cars to ship the steel to their plant; or alternatively, 67 barges and 1,904 trucks;
  - provide more than two months of work for a U.S. facility to coat the bare pipe.(Source: Department of Commerce).

Contact: Larry A. Liebenow, President & CEO  
Quaker Fabric Corporation  
Fall River, MA  
(508) 678-1951

- ▶ Quaker Fabric Corporation in Fall River, Massachusetts, a \$200 million publicly traded textile company is a major manufacturer of upholstery fabric employing about 1,750 people marketing its products in the U.S. and 42 other countries. Last year, about 20% of the company's sales were made outside the U.S. and some 350 of the company's employees owe their jobs to Quaker's growing export operations. In the past three years, it has added 150 jobs due to increased exports. Last year, Quaker exported over \$35 million worth of fabric, of which 40 percent was derived from our NAFTA partners. The rest of the hemisphere, where Quaker believes its greatest opportunities for growth lay, should provide it with additional sales opportunities of some \$25 million (the equivalent of 200 more jobs in Massachusetts). However, Chile is a case in point of the risk of inaction and business opportunity loss for companies like Quaker. Recently, Quaker was informed by its sales representative in Chile that it had lost a bid for a \$1.8 million a year account to a competitor from Mexico, solely as a result of the 11 percent tariff that Quaker must pay and not its competitor. This happened because Chile already has trade agreements in place with Mexico, Canada, the MERCOSUR countries and the European Union. Last year, Quaker sold approximately \$300,000 of product into Chile. However, to do that it had to convince its Chilean customers that its product was of such higher quality that it was worth an additional 11 percent of cost due to the duties levied by Chile on U.S. exports.

(Source: Department of Commerce)

Contact: Byron D. Speicc, President  
Diamond Chain Company  
Indianapolis, Indiana  
(317) 638-6431

- ▶ Diamond Chain Company manufactures, develops and markets high quality precision roller chain which is used to transmit power and convey product throughout industry. It supplied the roller chains used by the Wright Brothers to help power their airplanes, and today it supplies roller chains for use in Blackhawk helicopters. Based in Indianapolis, Indiana, Diamond has experienced a steady growth in export sales since 1990, growing from 3 percent to 13 percent estimated for this year. The increase in sales has led Diamond Chain to hire 90 more people, raising its employment rolls to 700 people, and created a new and more diverse range of opportunities for its employees.

(Source: Department of Commerce)

Contact: Mark Struhs, President  
Dynamo, Ltd.  
Richland Hills, TX  
(817) 284-0114

- ▶ Dynamo, Ltd., is a manufacturer of coin operated amusement games - those typically found in an arcade. Since the creation of the company in 1973, exports have been a part of the foundation of the firm averaging about 20 - 25 percent of the total sales. Without exports, Dynamo's productivity and profitability would have thin margins. Dynamo employees 100 people and in 1996 earned \$25 million in sales. Its exports are scattered throughout the world, with a presence in Canada, Europe, the Middle-East, India, South-East Asia and Japan.

Contact: Joseph Watters, President  
Hoffman International  
Picataway, NJ  
732-752-3600 #308

- ▶ Hoffman International is a distributor of new and used construction and road building equipment in markets throughout the New Independent States, Asia and Latin America. In existence for 77 years, and exporting for the past 23 years, Hoffman's exports make up annually 40 - 60 percent of its total revenues.

#### **Miscellaneous:**

Contact: Robert Duncan, President  
Terramarr, Inc.  
Overland, KS  
913-851-0500

- ▶ Terramarr, Inc., is a holding company and parent to Leawood Export Finance, Inc., which facilitates export operations of small and medium size U.S. exporters. This export finance trading company was created two years ago to minimize the financial burden on the U.S. exporter by buying their export products and providing financial services to the importers overseas during the shipping period. Terramar recorded \$4.1 million in 1996 and estimates \$11-\$13 million in 1997 from its export operations to primarily Asian countries.

Contact: Cheryl Walden  
Director of International Marketing  
L&C Gourmet Products, Inc.  
Tucson, AZ  
(520) 791-2062

- ▶ L&C Gourmet Products, Inc., has been in business since 1965 and exporting since the mid-1970's. It has experienced steady growth in exports over time, averaging about 20 - 25 percent of total annual sales. L&C currently employs 200 people at its food processing plant and 200 people at its industrial farm. In 1996, it earned over \$2 million dollars in total sales. Correction on export figures for L&C, who just called with the right figures for 1996. Exports sales were over \$36 million in 1996, which constituted 25 percent of total revenues.

Contact: David Scheuermann, Jr., Owner,  
Deep South Bowling Pro Shop, Inc.  
Kenner, LA  
(504) 467-0248).

- ▶ A husband and wife owned and operated business in Kenner, Louisiana, formed in 1992, entered the export market in 1995. Deep South Bowling Pro Shop, Inc., has experienced a dramatic increase in its international sales of bowling balls, going from \$75,000 in 1995 to about \$850,000 in 1996, in its primarily Asian and South American markets. Seven months into 1997, it is on the brink of surpassing its 1996 export sales figures, which make up 30 percent of their total revenue, while entering five new international markets. It is export sales which allows Deep South to order bowling balls at the most competitive price from manufacturers. At the start of the business, the couples dining room was their warehouse for the bowling balls. Today they have a 12,000 square feet warehouse, and are about to expand to a bigger warehouse.  
(Source: Department of Commerce)

Contact: Leah Zveglich, Owner  
Aster International  
Cambridge, MA  
(617) 354-7773

- ▶ Aster International Company in Cambridge, Massachusetts, is a minority-owned, women-owned small business marketing American-made crafts and giftware. Using a direct mail strategy, Aster commenced operations in November of 1995 earning \$70,000 in export sales in the last two months of that year. In 1996, its sales to Korea, Singapore, Taiwan and Japan amounted to over \$500,000. However, export sales could have been much higher had Aster been more established, as demand for its product included orders worth \$1.2 million. This year, it expects to surpass \$2.0 million in exports sales. Aster employs five full-time workers, as many as seven part-time workers during peak demand, and at times out-sources to meet demand. It also uses strict guidelines for U.S. content and assembly of the product it sells, as consumers overseas associate high quality with American-made products and expect them to be genuinely American-made.  
(Source: Department of Commerce)