

# **THE QUESTION OF AN OFFICE OF INTERNATIONAL AFFAIRS**

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## **FOREWORD**

This study was prepared in response to Senate Concurrent Resolution No. 49, S.D. 1 (2003). The concurrent resolution directed the Legislative Reference Bureau to conduct a "study and recommend the most appropriate duties and responsibilities, as well as location within the framework of state government, for an Office of International Affairs, taking into consideration that the office should be independent enough to serve both the legislative and executive branches."

The Bureau extends its appreciation to the study participants referred by the Speaker of the House of Representatives and the President of the Senate and special thanks to the Department of Business, Economic Development and Tourism and Ms. Brenda Foster, former Director of the Office of International Relations -- all of whom generously provided information and assistance in the preparation of this study.

Ken H. Takayama  
Acting Director

January 2004

# FACT SHEET

## I. Highlights

- A. Most people agree that the issue of international affairs is important to the State, but the question as to how the State should administer its international affairs program is unclear.
- B. Establishing an Office of International Affairs may resolve many administrative problems, but will definitely entail personnel and other costs, and is not supported by the present Administration.
- C. An alternative to establishing an Office of International Affairs is to follow the model created by the state of Maryland. The Maryland Governor's Subcabinet for International Affairs utilizes its current structure of state government without creating a new office. A modified version of the subcabinet model would probably cost less than a separate office.

## II. Anticipated Questions

- Q1. Is creating an Office of International Affairs inherently a bad idea?
  - A1. No, it is probably a good idea, but considering the resistance to creating an Office of International Affairs by the current Administration, and the added costs related to establishing an Office, it is unrealistic to establish an Office at this time.
- Q2. Will following the Maryland Governor's Subcabinet for International Affairs model resolve our problems?
  - A2. Establishing a subcabinet for international affairs is worth pursuing, considering the success of Maryland's subcabinet in containing administrative costs and utilizing its present administrative structure to resolve international affairs problems.

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# Chapter 1

## INTRODUCTION

Pursuant to Senate Concurrent Resolution No. 49, S.D. 1 (2003),<sup>1</sup> the Legislative Reference Bureau was requested to conduct a study and recommend the most appropriate duties and responsibilities, as well as location within the framework of state government, for an Office of International Affairs, taking into consideration that the office should be independent enough to serve both the legislative and executive branches.

For the purposes of proceeding with this study, a general definition of "Office of International Affairs" (Office) is needed to better understand the direction of the study, as well as the specific objectives of the concurrent resolution. Generally, an Office may be described as a state agency:

[P]romoting international trade and cultural exchange; encouraging capital investment; exporting the Aloha Spirit as a means of nonviolent conflict resolution; and developing and providing educational and health initiatives and opportunities, particularly in the Pacific region and Asia."<sup>2</sup>

A determination as to whether an Office should have these or any other traits or characteristics is one objective of this study.

### Legislative Intent

The Legislature's intent behind the concurrent resolution was to determine the appropriate duties for an Office and decide where the Office should be located in state government. Interestingly, the concurrent resolution does not request a determination as to whether an Office should, or should not, be established in Hawaii. Although most of the participants interviewed in this study would support an Office in Hawaii, this study will none-the-less devote a short discussion to this question.

### Study Objective

Therefore, this study will focus on three questions:

1. Should the State establish an Office of International Affairs?
2. If yes, what duties should the Office of International Affairs perform? and
3. Where should the Office of International Affairs be located in state government, taking into consideration that the Office should be independent enough to serve both the legislative and executive branches of government?

## **Endnotes**

1. Appendix A.
2. S.C.R. No. 49, S.D. 1, p. 2.

## Chapter 2

### A BRIEF HISTORY OF INTERNATIONAL AFFAIRS IN HAWAII

In the past, the State addressed international issues on an inconsistent, case-by-case basis through the Governor's Office, the Department of Business, Economic Development and Tourism, the Office of State Planning, or another state agency.

It was not until the establishment of the Office of International Relations (OIR) in 1992 that a concerted effort was made to organize the State's international affairs. That effort began in 1988 with the passage of Act 168.

#### Act 168, Session Laws of Hawaii 1988

Act 168 directed the Office of State Planning to "conduct a study of methods to strengthen Hawaii's participation in international activities and develop a strategic plan."<sup>1</sup> The legislative intent behind the Act was the realization that:

[A] major problem facing local small-and medium-sized companies seeking to compete in world markets is the lack of professional, diplomatic, and cultural counseling to potential and existing exporters and other persons wishing to do business in those markets. Similarly, foreign companies and persons who wish to do business in Hawaii cannot now go to a centralized agency to obtain up-to-date information on business, government, politics, resource management, and other concerns of international business persons in Hawaii. ...

[The] State and counties, if given appropriate assistance could do a better job of housing visiting foreign dignitaries, coordinating and supporting the various international programs in the State, and providing necessary services to foster international trade and relations.<sup>2</sup>

#### The Office of State Planning's Report: "Hawaii's International Role: Recommendations for the Future"

The Office of State Planning submitted its report to the Legislature pursuant to Act 168 in January of 1989. The Office of State Planning made several recommendations to the State that are summarized as follows:

- Actively promote a higher level of international literacy, including a statewide program for students and teachers, and encourage businesses to offer bonuses for bilingual employees;
- Create a comprehensive clearinghouse to survey current programs and initiatives related to international affairs;

- Establish criteria and objectives for a sister-state program;
- Establish protocol functions and procedures;
- Utilize private organizations, including non-profits, to provide internationally related programs and services; and
- Provide support to international business activities by:
  - Developing a general assessment of marketing opportunities;
  - Developing basic, programmatic infrastructure to support international business;
  - Assessing intermediate and long-term organizational structure to provide programmatic support;
  - Implementing a long-term organizational structure and program; and
  - Establishing an Office of International Relations in the Governor's Office to service international relations policy development, executive branch protocol and interim clearinghouse functions and act as lead agency for international-related issues.

The Office of International Relations was eventually established under Act 101, Session Laws of Hawaii 1992.

### **Act 101, Session Laws of Hawaii 1992**

The purpose section of Act 101, Session Laws of Hawaii 1992, stated the reasons for the establishment of the OIR as being globalization, internationalism, cooperative relationships, and promoting an international center. The Act also mentions the need for "one centralized office to coordinate the international activities of the various state agencies to maximize the use of resources and avoid duplication of efforts."<sup>3</sup>

The OIR sought to "accomplish its mission and meet its statutory responsibilities through several well-focused strategic objectives that direct it to:

- Develop comprehensive international policies and priorities for the State, such as policies on Sister-State agreements and protocol matters, and coordinate State policy on international environment, trade and health issues affecting Hawaii;
- Analyze appropriate international issues and opportunities by supplying clear, pertinent analysis on trade negotiations, international political developments and business opportunities that can have a significant impact on Hawaii's economic

future in the development of science and technology industries in Hawaii by assisting State and private efforts in the international aspects of developing new technologies, including capital attraction, facilitating State access to international networks, and advancing translation services; and

- Help advance the internationalization of Hawaii through education, in order to increase the international attraction of Hawaii as a Geneva of the Pacific, as regional headquarters for international firms, and a site for conferences. This is accomplished by supporting existing University of Hawaii programs, encouraging more international student exchanges, carrying out international awareness briefings and helping to establish global standards for academic performance in our schools."<sup>4</sup>

### **Office of International Relations Annual Report 1993-94**

In 1993 and 1994, the OIR developed and implemented several international policies for the State relating to other countries and territories.<sup>5</sup> The OIR also focused and encouraged the development of state relationships with other regions of the globe to promote economic, political and cultural opportunities for Hawaii. The OIR helped to encourage and develop several relationships and projects, including the North American Free Trade Agreement (NAFTA) Conference, the Politics of Partnership Symposium, the Asia Pacific Economic Cooperation Conference, and served as the state contact for the Pacific Basin Development Council.<sup>6</sup>

The OIR also fostered close working relationships with foreign governments and non-governmental organizations, federal agencies, and national organizations to raise Hawaii's profile internationally to attract cooperative programs and stimulate Hawaii's economy. Many of these projects fell under the rubric of the OIR's Sister-State programs.<sup>7</sup> The OIR also increased its presence in international political, cultural, economic, scientific and environmental issues by working with other internationally related organizations and institutions, such as the East-West Center, the Japan-America Society of Hawaii, the Pacific and Asian Affairs Council, the Pacific Basin Economic Council, the Pacific Forum/CSIS, the United Nations Association and the University of Hawaii, as well as with key national organizations to encourage internationalism among Hawaii's people.<sup>8</sup>

### **Dissolution of the Office of International Relations**

Despite its apparent success, the OIR fell victim to budget cuts in 1994. Although the former Director of the OIR was retained in the Governor's Office to handle international affairs, for all intents and purposes, the staff and budget dedicated to the OIR were precipitously terminated.

The new one-person international affairs program was responsible for not only the international affairs of the State, but was also the new federal-state coordinator in charge of the

State's federal agenda, the National Governors' Association, the Western Governor's Association, and other national and international organizations.

The demise of the OIR apparently changed the Legislature's perception of how the State handled international affairs issues. Except for requests for assistance from the Senate President and Speaker of the House of Representatives, few legislative requests were made to the former OIR Director in the Governor's Office. Either because of the realization that the State had no funds for international relations, or because there was no specific state agency to go to for help, or both, the Legislature appeared to be left out of international issues.<sup>9</sup>

### Endnotes

1. Act 168, Session Laws of Hawaii 1988, Section 2.
2. Id. at Section 1.
3. Act 101, Session Laws of Hawaii 1992.
4. Strategic Plan, Office of International Relations, State of Hawaii, December 31, 1992.
5. Office of International Relations Annual Report 1993-94, p. 1.
6. Id. at 2 and 3.
7. Id. at 4.
8. Id. at 9.
9. Interview with Ms. Brenda Foster, former Director of OIR, October 15, 2003.

## Chapter 3

### OTHER STATES AND INTERNATIONAL AFFAIRS

The George Washington University's Elliott School of International Affairs recently completed a study of state governments' international activities, entitled "Global Activities by U.S. States: Findings of a Survey of State Government International Activities."<sup>1</sup> The study received responses from forty-one states, including Hawaii. These states represent 87.5 percent of the gross national product and 83.4 percent of national exports.<sup>2</sup>

The study found that, despite austere budgets, many states have initiated innovative international programs and partnerships to support trade and economic development. In the past five years, many states have developed partnerships with countries all over the world, including Mexico and Canada, related to natural resources, immigration, and trade-related issues. Some states are building on federal programs with the Departments of State, Commerce, and Agriculture, and the United States Agency for International Development. A few states have formed partnerships with private sector organizations, universities, and other non-government organizations to promote trade and tourism.<sup>3</sup>

State spending related to international affairs has increased dramatically over the past twenty years, but remains relatively low. In 1982, state spending on international activities was estimated below \$20 million, but survey responses estimate spending for 2001 was about \$190 million. The effects of state fiscal crises on collective state government spending for international activities are not yet known.<sup>4</sup>

#### State Management of International Affairs

In many states, international matters are managed at the lower levels in state government. Less than half of the states surveyed identified a secretary or cabinet-level official as one of the key four officials (other than the governor or lieutenant governor), responsible for state level international affairs. In one out of five states, a member of the senior staff of the governor's office was identified as a key official responsible for state level international affairs. The director of a state department of commerce or economic development was usually responsible for spearheading international activities, although in many states, other departments also play significant roles.<sup>5</sup> Occasionally, the governor or lieutenant governor would take active responsibility for international affairs.<sup>6</sup>

For specific policy discussions, however, a relevant agency – the department of agriculture for agricultural trade issues, the department of labor for immigration, or department of natural resources for resource management issues – often led negotiations or discussions. Additionally, in state-to-foreign government interactions, some states utilized regional organizations to serve as vehicles for policy discussions with foreign countries on behalf of states.<sup>7</sup>

## State Coordination of International Affairs

State-level international activities are often poorly coordinated between various sectors and government agencies. In many cases, state leaders did not know what were the resources or who were the key contacts for international affairs in their states. Only about half of responding states were even able to identify the offices or agencies responsible for carrying out key international activities. Also, many respondents were unable to provide any information on international activities by any agencies other than their own within the state. Without this basic knowledge, state governments are unable to provide efficient coordination between public agencies and potential partners outside state government.

A few states, however, have begun inventories of international activities in their state to address this lack of information. Some states have also developed a high-level council or board to coordinate state international activities and to advise the governor on trade.<sup>8</sup>

A surprising and important finding of the survey was the hazy knowledge of many survey respondents about key segment of their states' international affairs infrastructure. Only about half of the states were able to identify the offices or agencies responsible for carrying out key international activities for the state. This is particularly noteworthy since surveys were submitted by respondents who are among the four most informed individuals in their state governments about international activities of the state in nearly all cases. State leaders in too many cases do not know who are the resources for international affairs in their states, much less coordinate or generate full value from efforts across public agencies.<sup>9</sup>

## Innovative State Government International Programs

- Many state governments have initiated partnerships with private sector organizations, universities, and other organizations in their states to promote trade and tourism.
- Some states are building on federal programs run by the U.S. Department of State, Commerce, and Agriculture and U.S. Agency for International Development.
- A few states have created high level councils or boards to coordinate state international activities, advise the governor on trade, or both.
- Several states have developed unique and innovative programs to support their native industries in strategic international markets.
- Other states hold programs aimed at educating their own government officials and businesses about international trade.
- A few states engage in efforts to educate foreign officials that have the corollary effect of building linkages from their state to that country.

- Several states leverage university assets. In addition to enlisting universities as a resource for state exporters and state officials, states use universities as a vehicle for outreach.<sup>10</sup>

### **Survey Findings**

- Nearly all states are active internationally to some degree;
- Many states have developed useful international partnerships and innovative international programs;
- State government international engagement was still, at best, unevenly developed;
- Few states have a comprehensive international strategy;
- Few top officials for international affairs are knowledgeable about their state's international infrastructure;
- Trade and economic development directors and staff assigned to international activities are extremely busy reacting to assorted requests and opportunities;
- In many states, high level leadership regarding international affairs was not evident;
- International relations in most states is not a priority;
- Cases of state government agencies building strong relationships with foreign government partners are not as common as expected. Moreover, they are not necessarily linked or coordinated with other international programs or activities; and
- Better leveraging of existing state resources and programs to get the greatest result in the international arena is essential.<sup>11</sup>

### **Survey Recommendations**

- Assign a very highly placed official (cabinet level or key official in the Governor's office) with influence across agencies to champion international activity in the state and ensure proper coordination across agencies;
- Chart the state's international infrastructure and take inventory of the state's international activities, so that the state government might better leverage existing programs and activities in the public, private and nonprofit sectors;

- Identify strong international programs in the state to support and look at effective initiatives or programs in other states that involve collaboration with other state players, or the federal government, or international governments; and
- As state budget conditions stabilize, develop long-term goals and financing strategies for adequate investment in international affairs and activities.<sup>12</sup>

### **Maryland Governor's Subcabinet for International Affairs**

Long recognized as a leader in international affairs, the Maryland Governor's Subcabinet for International Affairs was created in November 2001 in order to encourage open communication and collaboration among Maryland state government agencies.<sup>13</sup> The members of the subcabinet include the secretaries of the Maryland Departments of Business and Economic Development; Transportation; Higher Education; Agriculture and the Office of the Secretary of State. The subcabinet is chaired by the Secretary of State, administered by a subcabinet coordinator and staffed by a chief of protocol and foreign policy adviser.<sup>14</sup> The subcabinet meets every quarter, but the subcabinet's staff meets once a month.<sup>15</sup>

The subcabinet is responsible for advising the Governor on matters of international affairs, coordinating state international activity and overseeing the protocol functions of the State. The subcabinet ensures that all appropriate state agencies work in a cooperative, coordinated manner in planning, implementing, overseeing and evaluating the foreign affairs of the State.<sup>16</sup>

The subcabinet also examines Maryland's state government structure to ensure:

- A coordinated state international strategy;
- An annual interagency plan for international affairs services and functions;
- A procedure for identifying and assessing foreign developments with potential impact on the State;
- Active participation and cooperation in federally related international activities;
- A link or liaison with the Governor, foreign governments and international organizations;
- The establishment of a Global Affairs Information Center;
- The establishment of a Special Governor's Commission on Foreign Affairs; and
- The provision of recommendations for internationally related programs and policies.

The subcabinet also addresses protocol requirements, coordinates and responds to foreign correspondence and requests, coordinates the State's international cultural, educational and economic development events, trips, and activities, and performs other duties assigned by the Governor.

### **Maryland's International Affairs Accomplishments**

The Maryland Governor's Subcabinet for International Affairs assisted in the following international affairs projects:

- The Maryland/Israel Development Center celebrated its 10th anniversary. The Center promotes trade, joint ventures and investment between businesses and research institutions;
- The Maryland Higher Education Commission reported that, despite soft economic conditions during the past academic year, Maryland colleges and universities had the highest enrollment in the state's history. According to the Institute of International Education, Maryland has moved up from the 12th largest host of foreign students in the United States to 10th;
- State Agriculture Secretary Hagner R. Mister recently attended a trade visit to Havana Cuba to maintain the State's strong agricultural presence in the Caribbean;
- Ireland's national air carrier plans to re-establish direct international service between Dublin/Shannon and Baltimore/Washington International Airport;
- Maryland's Department of Business and Economic Development, the Maryland China Center and Patton Electronics announced the commissioning of a satellite office in Shanghai, China for Patton Electronics of Gathersburg, Maryland. The Office will join thirteen other Maryland firms and institutions in the Maryland China Center in the Shanghai Center;
- Maryland signed an agreement with Germany to begin programs in sustainable growth, renewable energy, nutrient and watershed management;
- Maryland's Department of Agriculture hosted a global trade conference with Russia and Ukraine on agribusiness opportunities; and
- Maryland hosted the Russian Presidential Commission to study intergovernmental relations and finance.<sup>17</sup>

## Endnotes

1. Edisis, Adrienne T., George Washington University, Elliot School of International Affairs, "Global Activities by U.S. States: Findings of a Survey of State Government International Activities", July 2003.
2. Id. at 4.
3. Id. at 2.
4. Id. at 2.
5. Id. at 2, 7, and 8.
6. Id. at 7 and 8.
7. Id. at 7.
8. Id. at 3.
9. Id. at 9.
10. Id. at 14 and 15.
11. Id. at 16.
12. Id. at 17.
13. <http://www/sos.state.md.us/sos/internatl.html.about.html> .
14. Id.
15. Executive Order 01.01.2001.20 Governor's Subcabinet for International Affairs.
16. <http://www/sos.state.md.us/sos/internatl.html.about.html> .
17. Id.

## Chapter 4

### PRESENT ADMINISTRATION OF INTERNATIONAL AFFAIRS

#### Issues in Hawaii

The Department of Business, Economic Development and Tourism (DBEDT) was requested to provide information to the Bureau regarding the State's international affairs policy. That information was never provided. The Director of DBEDT did, however, consent to an interview earlier in the year.<sup>1</sup> Based on that interview and testimony relating to international affairs submitted by the Director of Business, Economic Development and Tourism to the House of Representatives' Committee on International Affairs during the 2003 legislative session and other information, a composite of the State's policy regarding international affairs was pieced together.

#### International Affairs Issues

Although the State does not have an international affairs policy per se, the Director of DBEDT testified in support of the following resolutions relating to international affairs:

- Supporting the Pacific Basin Economic Council and encouraging it to maintain its headquarters in Hawaii;<sup>2</sup>
- Supporting relaxed homeland security restrictions on the granting of non-immigrant visas to nationals of the People's Republic of China for the purpose of business, tourism, and study in the United States;<sup>3</sup>
- Establishing a sister-state-prefecture relationship with the Ehime prefecture in Japan.<sup>4</sup> The state also has a sister-state program;<sup>5</sup>
- Establishing a sister-state relationship with the Province of Thua Then-Hue, Vietnam.<sup>6</sup>

The support of the above resolutions is consistent with the following international affairs objectives expressed by the Director:

- The need for critical mass -- supporting/recruiting businesses in the international marketplace;
- The need for funds to support programs and program coordination;
- Supporting and expanding the sister-state program<sup>7</sup> by:

- (1) Establishing a rigorous selection process, including the re-formation of the Hawaii Sister-State Committee and the re-utilization of the Sister-State Application Form, to ensure the productivity and viability of a sister-state relationship;
  - (2) Increasing opportunities for small businesses; and
  - (3) Following up with the most promising opportunities of Sister Summit 2002 and considering the possibility of holding a second Sister Summit to establish and re-establish Sister ties, to develop programs, organize trade missions, and showcase products and services.<sup>8</sup>
- Supporting international culture and exchange programs;
  - Establishing programs to regularly engage foreign entities; and
  - Coordinating and supporting municipal international affairs programs.

### **Relating to an Office of International Affairs**

The Director of DBEDT testified against legislation establishing, or studying the feasibility of establishing, a state Office of International Affairs.<sup>9</sup> The Director cited two reasons for his objections to the legislation.

First, the Director cited coordination problems. "The duties of a new office -- however necessary or desirable -- require a high level of coordination with other agencies and organizations, and this presents major problems." The Director believed that the former Office of International Relations suffered from "difficulties coordinating activities with other state agencies such as DBEDT."<sup>10</sup>

The Director also believed that an Office of International Relations would be a "duplication of existing programs and policies."<sup>11</sup> Specifically, an Office would duplicate the efforts of DBEDT. The Director believed that the functions of an Office of International Affairs could be better provided by DBEDT without incurring additional expenditures.

### **Endnotes**

1. Interview with Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, August 4, 2003.
2. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, on H.C.R. No. 35 and H.R. No. 38, "Relating to Supporting the Pacific Basin Economic Council and Encouraging it to Maintain its Headquarters in Hawaii", March 3, 2003.

3. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, on H.C.R. No. 22 and H.R. No. 26, "Relating to Urging the United States Department of Homeland Security to Relax Restrictions on the Granting of Non Immigrant VISAS to Nationals of the People's Republic of China for the Purpose of Business, Tourism, and Study in the United States", March 3, 2003.
4. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, on H.C.R. No. 52 and H.R. No. 55, "Establishing a Sister State-Prefecture Relationship Between the State of Hawaii of the United States of America and the Ehime Prefecture of Japan", March 10, 2003.
5. See Department of Business, Economic Development and Tourism, State of Hawaii, "State of Hawaii, Sister State/Province Program Report", 2003.
6. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, on H.C.R. No. 79 and H.R. No. 77, "Approving and Authorizing the Establishment of State-Province Relations of Friendship Between the State of Hawaii of the United States of America and the Province of Thua Thien-Hue of the Socialist Republic of Vietnam", March 24, 2003.
7. The sister-state program currently includes Fukuoka Prefecture, Japan; Azores Islands, Portugal; Okinawa Prefecture, Japan; Guangdong Province, China; Ilocos Sur Province, the Philippines; Cheju Province, Korea; Hainan Province, China; Taiwan; Cebu Province, the Philippines; Hiroshima Prefecture, Japan; Pangasinan, the Philippines; and Tianjin City, Hebei Province, China.
8. See Department of Business, Economic Development and Tourism, State of Hawaii, "State of Hawaii, Sister State/Province Program Report", 2003.
9. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, H.B. No. 1473, Relating to International Relations, February 10, 2003; H.B. No. 1645, Relating to the Establishment of an Office of International Affairs, February 10, 2003; H.C.R. No. 91, "Requesting a Study On the Feasibility of Establishing a State Office of International Relations, March 17, 2003.
10. Theodore E. Liu interview, August 4, 2003.
11. Testimony of Mr. Theodore E. Liu, Director, Department of Business, Economic Development and Tourism, before the House Committee on International Affairs, on H.C.R. No. 35 and H.R. No. 38, "Relating to Supporting the Pacific Basin Economic Council and Encouraging it to Maintain its Headquarters in Hawaii", March 3, 2003.

## Chapter 5

### FINDINGS AND RECOMMENDATIONS

The objective of this study was to answer the following questions:

1. Should the State establish an Office of International Affairs?
2. If yes, what duties should the Office of International Affairs perform?
3. Where should the Office of International Affairs be located in state government, taking into consideration that the Office should be independent enough to serve both the legislative and executive branches of government?

#### **Should the State Establish an Office of International Affairs?**

As to whether the State should establish an Office of International Affairs (Office), the answer to that question appears to be a matter of opinion.

Proponents of an Office argue that an Office would provide coordination between state, county and private agencies to eliminate duplication of effort, provide a central location for international affairs and maximize the use of limited state funds and resources.

The problem of lack of coordination was the most common complaint made by interviewees in this study with regard to international affairs in the State.<sup>1</sup> Lack of coordination was also the impetus of the legislature in 1992<sup>2</sup> and apparent in the George Washington University study<sup>3</sup> that found "[s]tate leaders in too many cases do not know what are the resources or who are the key contacts for international affairs, ..." <sup>4</sup> The study also found that "[o]nly half of the states [in the study] were able to identify the offices or agencies responsible for carrying out key international activities for the[ir] state."<sup>5</sup>

This confusion was confirmed by the former Director of the Office of International Relations (OIR) who commented that she still gets calls from former OIR patrons who are unable to find the proper assistance in the present Administration.<sup>6</sup>

But the establishment of an Office, however, may not be the solution to the problem of lack of coordination. According to the recent legislative testimony of the Director of DBEDT, it was OIR that had "difficulties coordinating activities with other state agencies..." which led to "confusion and duplication of effort."<sup>7</sup>

The former Director of OIR saw it differently. She claimed that once DBEDT (under the former Administration) learned "the full ramifications and substance required to handle international issues ..." there was no lack of coordination or duplication of effort, "DBEDT was to concentrate on business and economic development issues and coordinate when appropriate with OIR on international issues."<sup>8</sup>

Office proponents also argue that an Office would provide a specific, centrally located place where people could call or go to regarding international affairs. Much like a Department of Motor Vehicles, or "DMV", an Office would provide the same universal familiarity and accessibility for international affairs in the State, as a DMV does in most any other state for motor vehicle registration. Presumably, the confusion experienced by former patrons of OIR seeking international affairs assistance, as well as the administrative confusion reported in the George Washington University study, would have been avoided had an Office been in operation.

Finally, proponents argue that an Office would maximize the use of limited state funds and resources. This argument is based on the assumption that an Office could provide needed coordination between state agencies to eliminate confusion and duplication of effort to provide a systematic approach to addressing international affairs. Presumably, any wasted effort assisting confused patrons or state agencies providing redundant international affairs services would be eliminated.

On a broader economic level, an Office that coordinates international affairs more efficiently is better able to compete in the global market against other states to stimulate local economic growth.

### **If Yes, What Duties Should the Office Perform?**

Regardless of whether an Office is established, the State should be concentrating on certain areas and issues in the field of international affairs. Based on interviews conducted for this study, as well as a prior study by the Office of State Planning, the following duties should be addressed by the State:

- Implement a long-term organizational structure and international affairs program;
- Develop a training program for government officials and staff;
- Analyze appropriate international issues and opportunities by supplying clear, pertinent analysis on trade negotiations, international political developments and business opportunities that can have a significant impact on Hawaii's economy;
- Advance the internationalization of Hawaii through education to increase the international attraction of Hawaii as a Geneva of the Pacific, as regional headquarters for international firms, and a site for conferences;
- Actively promote a higher level of international literacy including a statewide program for students and teachers, encouraging international student exchanges, establishing global standards for academic performance in schools, and encouraging businesses to offer bonuses for bilingual employees;

- Create a comprehensive clearinghouse to survey current programs and initiatives related to international affairs;
- Establish criteria and objectives for developing and expanding a sister-state/-county program;
- Establish protocol functions and procedures;
- Utilize private organizations, including non-profits, to provide internationally related programs and services;
- Provide support to international business activities;
- Develop a general assessment of marketing opportunities;
- Develop basic, programmatic infrastructure to support international business;
- Build on federal programs out of the United States Department of State, Commerce, and Agriculture and United States Agency for International Development; and
- Develop programs to support local industries in strategic international markets;

**Where Should the Office of International Affairs be Located in State Government, Taking into Consideration that the Office Should be Independent Enough to Serve Both the Legislative and Executive Branches of Government?**

The proper placement of a newly established agency in state government is always of concern to policy makers because an agency administratively attached to a department or office may be unduly influenced by its adoptive administrative parent. Whether an agency is attached to a state department or the Governor's Office, the agency's independence may be compromised by an overbearing department director or chief executive.

This was not, however, the case with the Office of International Relations (OIR). As the former Director of OIR explained, the biggest problem faced by OIR was not an overbearing chief executive, but a lack of funds. "The coordination of international issues for the state, administration and legislature declined precipitously when OIR was terminated. This was due for the most part to no funding..."<sup>9</sup>

Another concern implied in the concurrent resolution and alluded to in some interviews, was that an Office established in the executive branch would not respond to requests from the legislature. This concern, however, is outweighed by the fact that any agency that provides an administrative function should more properly be placed in the executive branch of government. Also, the alternative of placing an Office in the legislative branch would be inconsistent with the roles provided by the Legislative Reference Bureau, the Office of the Auditor, and the

Ombudsman's Office in assisting the Legislature. Furthermore, these legislative agencies provide information and services (e.g., department audits, program reviews, complaints against the executive branch, etc.) that are sometimes critical of the executive branch.

## **Recommendation**

### **An Alternative Approach**

Inasmuch as this study is inclined to recommend that the State pursue the establishment of an Office of International Affairs with certain responsibilities and duties, the position of the present Administration against establishing an Office, and the administrative, equipment, and personnel costs entailed in creating and staffing an Office require a more realistic and cost-effective approach to this matter. An alternative approach to an Office may be to follow the model practiced in the state of Maryland. The Maryland Governor's Subcabinet for International Affairs (see Chapter 3) appears to be ideally suited for Hawaii at this time for the following reasons:

- The subcabinet utilizes the existing structure of state government to reduce the costs associated with a separate Office. The single most persuasive argument against establishing an Office is its potential cost. Although the state of Maryland dedicates two to three staff members to assist the subcabinet, the model can be modified to utilize existing personnel and resources. Thus, the cost of a subcabinet would be substantially less than the cost of creating and funding a separate Office;
- The subcabinet requires participation by those involved in international relations -- namely the Departments of Business and Economic Development, Higher Education, Agriculture and the Office of the Secretary of State (Lieutenant Governor's Office in Hawaii). This requirement addresses the concern regarding ill-informed state agencies since the subcabinet provides necessary information to those most involved with international affairs;
- The concentration of subject matter departments in the subcabinet provides collective planning and reasoning to form comprehensive and realistic international strategy;
- The subcabinet is composed of higher level administrators who have the authority and clout to expedite and enhance international relations policy to make it a state priority;
- The subcabinet provides government with a central location to reduce bureaucratic confusion and to improve the coordination of state and county agencies with the private, public, and foreign sectors. It is essential, however, that the State publicize the creation of the subcabinet to maximize the subcabinet's effectiveness. Also, the creation of a computer website may assist in coordinating

information and events for the benefit of persons in the governmental as well as private sectors;

- The regular subcabinet meetings will keep members abreast of international relations issues and provide a means of informing members of cutting-edge world economic/political/cultural events; and
- Situated in the Governor's Office, the subcabinet will have direct access to the Governor to provide advice and opinions on international relations.

### **Caveat**

A few words of caution regarding the application of the Maryland subcabinet model. As pointed out in the George Washington University study discussed in Chapter 3 of this report, there is a tendency to overload trade and economic development directors and staff with a myriad of international relations duties.<sup>10</sup> As Chapters 2 and 3 of this report attest to, it is not difficult to find duties and responsibilities for a state international relations program. If a modified subcabinet model used present staffing to respond to international affairs matters, it would be important for the State to prioritize its international relations needs and not overburden participating departments.

### **Endnotes**

1. Various interviews.
2. Act 101, Session Laws of Hawaii 1992.
3. See chapter 3.
4. Edisis, Adrienne T., George Washington University, Elliot School of International Affairs, "Global Activities by U.S. States: Findings of a Survey of State Government International Activities", July 2003.
5. Id.
6. Interview with Ms. Brenda Foster, former Director, Office of International Relations, October, 15, 2003.
7. Director of the Department of Business, Economic Development and Tourism testimony, p. 1, March 17, 2003.
8. Brenda Foster interview, December 1, 2003.
9. Brenda Foster interview, December 10, 2003.
10. Edisis, Adrienne T., George Washington University, Elliot School of International Affairs, "Global Activities by U.S. States: Findings of a Survey of State Government International Activities", July 2003.

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT A STUDY  
CONCERNING THE ESTABLISHMENT OF AN OFFICE OF INTERNATIONAL  
AFFAIRS IN STATE GOVERNMENT.

1           WHEREAS, Hawaii's geographic location makes it a bridge  
2 between the East and the West; and

3  
4           WHEREAS, our Hawaiian host culture has given us a unique  
5 heritage, the Aloha Spirit; and

6  
7           WHEREAS, Hawaii is also blessed with our multi-cultural  
8 society; and

9  
10          WHEREAS, Hawaii is overly dependent on recreational  
11 tourism, which is vulnerable to international economic and  
12 geopolitical stresses of the world, as is exemplified by the  
13 present crises filled times; and

14  
15          WHEREAS, the new knowledge-based, high technology and  
16 telecommunication economy is a longer ranged prospect for  
17 Hawaii's prosperity; and

18  
19          WHEREAS, former leaders of Hawaii, from Kamehameha I  
20 through King Kalakaua, the first reigning monarch to travel  
21 around the world; former Governor Jack Burns, who was  
22 instrumental in the establishment of the East-West Center in  
23 Hawaii; and former Governor Ben Cayetano, who hosted the Asian  
24 Development Bank Conference in Honolulu, all recognized Hawaii's  
25 potential leadership in international affairs; and

26  
27          WHEREAS, Hawaii is today in a position to take a more  
28 active role to enhance and expand our economy by: promoting  
29 international trade and cultural exchange; encouraging capital



1 investment; exporting the Aloha Spirit as a means of nonviolent  
 2 conflict resolution; and developing and providing educational  
 3 and health initiatives and opportunities, particularly in the  
 4 Pacific region and Asia; and

5  
 6 WHEREAS, to coordinate and oversee the tremendous potential  
 7 Hawaii has as an international center, the Legislature finds it  
 8 desirable to establish an Office of International Affairs; now,  
 9 therefore,

10  
 11 BE IT RESOLVED by the Senate of the Twenty-second  
 12 Legislature of the State of Hawaii, Regular Session of 2003, the  
 13 House of Representatives concurring, that the Legislative  
 14 Reference Bureau is requested to study and recommend the most  
 15 appropriate duties and responsibilities, as well as location  
 16 within the framework of state government, for an Office of  
 17 International Affairs, taking into consideration that the office  
 18 should be independent enough to serve both the legislative and  
 19 executive branches; and

20  
 21 BE IT FURTHER RESOLVED that the Governor, the Speaker of  
 22 the House of Representatives, and the President of the Senate,  
 23 are each requested to designate at least one individual who is  
 24 knowledgeable about issues relating to the establishment of an  
 25 Office of International Affairs and who shall be available for  
 26 consultation with the Legislative Reference Bureau; and

27  
 28 BE IT FURTHER RESOLVED that the Legislative Reference  
 29 Bureau is requested to report its findings and recommendations  
 30 to the Legislature twenty days before the convening of the  
 31 Regular Session of 2004; and

32  
 33 BE IT FURTHER RESOLVED that certified copies of this  
 34 Concurrent Resolution be transmitted to the Governor, the  
 35 Speaker of the House of Representatives, the President of the  
 36 Senate, and the Director of the Legislative Reference Bureau.

