

How States Are Using Arts and Culture to Strengthen Their Global Trade Development

Executive Summary

As new international trade and investment treaty negotiations by the federal government progress, governors will be called upon to promote their states' businesses in a tight budget environment. Several states—looking for a greater edge in an increasingly competitive marketplace—are incorporating arts and cultural exchanges in their international trade and business development approaches.

This aspect of state-level diplomacy undergirds and complements more traditional trade promotion efforts that focus on generating immediate exports. One state official describes these activities as building a network of personal ties, or “a human infrastructure,” that is an indispensable tool for expanding trade. Relationships of understanding, respect and trust with other nations will not alone guarantee expanded trade development, but they can form an effective foundation upon which trade partnerships rest.

This *Issue Brief*¹ explores successful approaches some states have used to incorporating arts and culture into international trade development, including:

- initiating cultural exchanges with foreign countries;
- developing “sister state” relationships;
- including cultural leaders on trade missions;
- making grants to communities and educational institutions that are initiating contact abroad; and
- creating state-level commissions and signing bilateral agreements that promote cultural and business affairs.

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Background

States increasingly are using arts and cultural exchanges as tools to expand their international trade opportunities. Building the cultural dimension of states' international relations can deepen the connection between government leaders and business communities, catalyzing more robust bilateral business networks and broader mutual understanding.

The U.S. embassies abroad have long hosted and sponsored cultural events to introduce and showcase U.S. visual and performance art. These events provide opportunities for overseas communities to learn more about the United States. State efforts to showcase their own unique arts and cultural assets on an international stage can complement or enhance these longstanding efforts. States have unique brand identities—heavily influenced by state culture—in the global competition for export markets and investment.

One important challenge facing governors as their economies globalize is positioning their states' business communities in global business networks. A recent NGA report concluded that, “trade and investment statistics ... will [increasingly] reflect, not drive, the degree of connectedness a state's business community achieves in world markets.”² States attempting to position their companies—especially small- and medium-sized companies that lack instant, global brand recognition—must find innovative ways to introduce these firms to potential trading partners.

This aspect of state-level diplomacy complements trade promotion efforts focusing directly on product sales/exports. In many cultures, personal relations are preconditions to business deals. Former Florida Secretary of State Katherine Harris refers to this network of personal ties as “a human infrastructure, which is indispensable for the expansion of trade.”³ She says, “the ultimate success or failure in expanding ... international trade rests squarely on our ability to foster relationships of understanding, respect and trust with citizens of other nations.”

Even at the domestic level, such networks are difficult to form and highly dependent on the level of “social capital” in a region or industry. Social capital is the term coined by Dr. Robert Putnam⁴ of Harvard University that refers to the level of trust, shared norms of conduct, mutual understanding and shared goals that permit business relationships to flourish. Social capital is particularly difficult to develop among international business communities, since there are relatively few opportunities for face-to-face contact. States must increasingly turn to arts and cultural exchanges to help establish, accelerate and reinforce trade relationships.

Strategies that Promote International Trade through Arts and Culture

States have used several approaches to incorporate arts and culture into international trade development, including:

- initiating cultural exchanges with foreign countries;
- developing “sister state” relationships;
- including cultural leaders on trade missions;
- making grants to communities and educational institutions that are initiating contact abroad; and
- creating state-level commissions and signing bilateral agreements that promote cultural and business affairs.

States that introduce a cultural aspect to their international trade partnerships can deepen the relationships through more extensive ties to their partners.

The following matrix outlines the strategies employed by the states featured in this *Issue Brief*.

Arts And Cultural Components of International Economic Development					
	Cultural Exchanges	“Sister State” Relationships	Including Cultural Leaders on Missions	Grants to Communities, Schools	Commissions and Bilateral Agreements
Ohio	●	●	●		●
Florida	●	●	●	●	●
Pennsylvania	●		●		●
Alaska	●				●
Virginia	●				●
North Carolina	●				●
New Hampshire			●		●
Hawaii		●			
Idaho		●			

Initiating Cultural Exchanges with Foreign Countries

States that introduce a cultural aspect to their international trade partnerships can deepen the relationships through more extensive ties to their partners. **Ohio** has continuously used cultural exchanges to enhance trade relationships since the late 1980s. As a result, the state has made cultural inroads with established trading partners and built the state’s name recognition with potential new partners. In fact, Ohio’s success linking economic development with arts and cultural policy has made it a standard-bearer within the arts community.

The Ohio Arts Council began its international programs through prompting by Governor Richard Celeste (served 1983-1991). As director of the Peace

Corps from 1979 to 1981, Celeste understood that intercultural relationships also were necessary to succeed in global trade. During an Indian cultural event, Celeste asked Wayne Lawson, executive director of the council, to develop cultural exchanges with that nation. Meetings with Indian officials and artists in 1989 became the basis for a cultural exchange agreement between the state and nation. They are significant trading partners today; from 1997 to 2001, Ohio exports to India averaged \$100 million annually.

Also in 1989, the Ohio Development Department provided limited funding for the arts council to conduct a 30-day tour of Japan, Germany and France, main trading partners with Ohio, and the then-Soviet Union, a restricted market at the time. The trip laid groundwork for cultural exchange agreements with Japan and the Soviet Union.

Celeste continued to work with the arts council on trips to Japan and Korea, as did his successor, Governor George Voinovich (served 1991-1999). During his tenure, Governor Voinovich wanted to expand Ohio's trade relations with Japan. In a 1992 visit initiated by the governor's trade office, Voinovich attended an Ohio-organized art exhibit in Japan and signed trade and cultural exchange agreements. From 1993 to 1997, the arts council took two arts missions to Japan. As of 2001, sales of Ohio products to Japan had grown to \$1.4 billion, making it the state's fourth largest export market: 5.1 percent of all Ohio exports go to Japan.

Pennsylvania leveraged its arts and cultural heritage to strengthen ties with trade partners and create relations with expanding European markets.

Ohio Governor Bob Taft, signed cultural exchange agreements between the arts council and its counterparts in Argentina, Chile, Mexico, the Czech Republic, Israel, and Cuba. These agreements vary by country, but typically specify that the state and country will exchange artists, educators, and exhibits.

At the direction of Governor Tom Ridge (served 1995-2001), **Pennsylvania** leveraged its arts and cultural heritage to strengthen ties with trade partners and create relations with expanding European markets. The Pennsylvania Council on the Arts opened relationships and cultural exchanges with trade partners Japan and Israel and initiated contact with European countries like Hungary, Slovakia, Czech Republic, and Poland, emerging economies the state believed were strong potential trading partners.

North Carolina used a cultural exchange to complement its existing trade relationship with Mexico. The state exported about \$8 billion in goods to Mexico from 1997 to 2001. Mexico is the state's second largest export partner behind Canada. The state is developing a solid cultural tie to Mexico, prompted by the burgeoning Mexican population in North Carolina. The North Carolina Arts Council was part of a seven-state consortium of state arts agencies that collaborated on the development of a 1997 tour and exhibition of contemporary Mexican visual artists. In conjunction with this

exhibit, the arts council developed the Mexico Initiative and awarded eight grants for projects that provided linkages to Mexican arts and culture.

Five U.S. states—**Alabama, Florida, Louisiana, Mississippi, and Texas**—participate in cultural exchanges with six Mexican states through the Accord of the States of the Gulf of Mexico. The encouragement of cultural exchanges, trade, investment, and tourism among the 11 participating jurisdictions is one of the main tenets of the 1995 accord.⁵

Developing “Sister State” Relationships

Sister state, county and city affiliations began shortly after World War II with the hope that fostering these relationships would reduce the chances of future international conflicts. It became a national movement in 1956 when President Dwight D. Eisenhower proposed the People-to-People program—an international cultural and educational exchange program that enhanced international understanding.⁶

The experiences of **Hawaii** and Duluth, **Minnesota**, show that culturally focused relationships take time to cultivate but can pay off economically in the long run. **Hawaii** has 71 sister city, state, and province relationships with governments in Asia, South America, and Europe, some of which date back nearly 40 years. Until 2002, events between Hawaii and its sisters focused on cultural exchanges. In July 2002, Governor Benjamin Cayetano (served 1994-2002) and four Hawaii mayors hosted Sister Summit 2002 to encourage commercial opportunities between foreign governments and Hawaii businesses. The summit covered economic development in technology, tourism and resort development, energy and the environment, and agriculture and aquaculture. A longstanding tradition of cultural exchange proved to be a fertile platform for new trade conversations and for the development of beneficial international commerce policies.

The event had immediate results. During the summit, a Hawaiian producer of water-purification systems signed memoranda of understanding with the Philippine provinces of Cebu and Pangasinan that will allow the company to sell its systems there.

Duluth has nurtured a strong cultural relationship with Ohara, Japan, one of four sister cities, during the last 12 years. The relationship has yielded the construction of a Japanese Bell Tower and Japanese gardens in Duluth’s Enger Park and an arrangement for Duluth teachers to teach in Ohara for one year. This cultural relationship is evolving. Petroleum entrepreneur Soichiro Oya, who led a 2000 delegation to Duluth, told *The New York Times*: “The last decade was for cultural exchanges. The next decade will be for business.”⁷

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Cultural exchanges also allow states to acquire new ideas and creative strategies that can be used to encourage economic development. Another of Duluth's sister cities is Växjö, Sweden. Duluth has a rich Swedish heritage, which makes this a natural partnership. The mayor of Duluth led a mission to Växjö in 1995⁸ to expand cultural exchanges between the cities. The delegation toured Soft Center Ronneby, a high-technology campus of companies, university researchers, and college students in the nearby town of Ronneby. The mayor immediately decided to replicate the concept in Duluth. The result was Soft Center Duluth, a four-story downtown complex funded by city, state, and private investments. Opened in 2000, the 200,000-square-foot incubator is the center of the downtown Duluth Technology Village.

Duluth's sister city relationships (it also has connections with Thunder Bay, Canada; and Petrozavodsk, Russia) generate about \$1 million annually in tourism revenue. Cultural exchanges have included visits to Duluth by the Royal Swedish Opera and Royal Swedish Army Band and art exhibits by Duluth artists in the four sister cities.

Ohio has used a sister state relationship to establish its name recognition with potential trade partners. Since the mid-1980s, a relationship between Ohio and the Saitama Prefecture in Japan had yielded arts and student exchanges, but in the late 1990s, the relationship took on a business focus. Saitama needed a supplier for the new Saitama Super Arena, and the government contacted the Ohio trade office in Tokyo, with which it was familiar. Saitama chose a Cincinnati company to supply the hardwood floor for the arena's basketball court. Governor Bob Taft reinforced the relationship between Ohio and Saitama by visiting the arena during his 2000 trade mission to Japan.

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When he took office in 1999, **Idaho** Gov. Dirk Kempthorne identified five countries as areas of significant importance to the state—Mexico, Canada, China, Taiwan and South Korea. The countries were among Idaho's top 12 export markets in 1998 and offer opportunities for a broad range of Idaho-based businesses and cultural organizations.

Part of the Governor's strategy to advance the state's economic fortunes was establishing or rekindling sister state relationships with these five strategic trading partners. The state maintains active sister state agreements with: Jalisco, Mexico; Alberta, Canada; Shanghai's Luwan District, China; Taiwan Province, Taiwan; and ChungCheongBuk-do, Korea. Each sister state agreement, except for Taiwan, contains language promoting cultural and educational exchanges. Exports to these five countries increased by \$237.9 million from 1998 to 2001.⁹

The Jalisco Sister State Task Force was created in 1996 to advise former

Governor Philip E. Batt (served 1995-1999) and assist with events involving the sister state relationship. Past work included helping to organize weeklong cultural festivals in Jalisco and Idaho, and welcoming receptions for visiting trade delegations from Jalisco to Idaho. Members of the task force include leaders in the business, government, arts and education fields, as well as Idaho's Hispanic community.

In October 1999, Idaho's relationship with Jalisco led to a \$50,000 gift from the Mexican state for the construction of a Hispanic cultural center in Nampa, Idaho. The gift was matched with \$50,000 each from the Idaho legislature and Hewlett Packard, which has two facilities in Jalisco. In recommending the state match in his FY 2001 budget proposal, Gov. Kempthorne said, "The Idaho-Jalisco Sister State relationship is an important part of our broad economic development efforts, from which Idaho companies have secured sales in Mexico that maintain and create jobs for Idahoans."¹⁰ About 35 percent of Idaho's Hispanic population comes from Jalisco.

The **Florida** Office of International Affairs runs the Sister Cities Special Project Grant Program, which supports cultural, educational, and economic exchanges. One grant has supported the relationship between Pinellas County and Isla Mujeres, Mexico. A common annual cultural festival and regatta has precipitated trade missions to and from Florida.

Including Cultural Leaders on Trade Missions

States' cultural assets frequently are harnessed to promote trade through the inclusion of cultural institutions in gubernatorial trade missions. Representatives of a state arts council and other prominent players in the state cultural landscape accompany a governor or make international visits before or after a gubernatorial mission. Cultural leaders can develop ties with their counterparts and enhance the business dealings of the trip by serving as cultural ambassadors from a state. During their trips, governors and state cultural leaders also serve as the primary marketers of their states as cultural tourism destinations.

Florida has supplemented business relationships with cultural exchanges. The state also has reached out to potential new trade partners by coordinating gubernatorial trade missions and cultural missions to closely follow each other. "Less apparent upon initial observation but equally as critical to Florida's economic health is the vital role that cultural programs play in enabling our state to compete in the global economy," observed former Secretary of State Katherine Harris. Harris distinguishes between "direct" economic development, which attracts businesses to the state and markets Florida products abroad; and "indirect" economic development,

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which establishes and nurtures personal ties and relationships that precede business deals.¹¹

Under Governor Jeb Bush, Florida has used cultural missions to enhance its business trade missions. Trade missions led by Governor Bush to Mexico, Brazil, and Argentina were preceded or followed by cultural missions, which were organized by the department of state. Each mission culminated in bilateral cultural agreements.

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Cultural exchanges have helped **Pennsylvania** lay the groundwork for business relationships by establishing a dialogue with potential partners. The state arts agency has been involved in gubernatorial trade missions and facilitated cultural exchanges with established trading partners and countries that have significant immigrant populations in the state.

Governor Ridge effectively used the state's cultural assets to brand Pennsylvania for foreign investors on a May 1999 trade mission to Japan, Pennsylvania's fourth largest trading partner. Governor Ridge hosted a dinner for officials from Sony, which has a large presence near Pittsburgh. The visit was timed with a tour by the Philadelphia Orchestra. Governor Ridge brought as his guest Wolfgang Sawallisch, renowned music director of the Philadelphia Orchestra. Knowing that Sony's CEO was an avid amateur conductor, the Pennsylvania Arts Council arranged for an artist to handcraft a baton for the governor to give as a gift, and for the CEO to perform as a guest conductor.¹² The unique occasion to bring together Sony's chairman and the orchestra leader was a major success, effectively differentiating the state from others seeking future investment from Sony.

New Hampshire used an October 2001 trade mission to Canada to promote cultural tourism and broaden economic ties between New Hampshire and eastern Canadian provinces. Governor Jeanne Shaheen (served 1997-2003) included the New Hampshire State Council on the Arts on her trade mission to Montreal, Toronto, and Ottawa. The delegation promoted cultural tourism during the visits. Canada is New Hampshire's largest export market, with 1999 exports of nearly \$652.7 million in goods, a 14 percent increase over the prior year.

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The inclusion of culture in trade missions gave New Hampshire more credibility as a tourist destination and as a trading partner. In addition to the businesses participating in the mission, the governor brought representatives from Franco-American Center, Canterbury Shaker Village, New Hampshire State Library, New Hampshire Council on the Arts and the tourism industry.

In Montreal, the focus was on cultural exchanges between New Hampshire and the province of Quebec. Governor Shaheen's commissioner of cultural resources signed an updated New Hampshire-Quebec Cooperative Cultural Agreement, first negotiated in 1987. The pact covers how arts, heritage, and library resources may be shared between the two governments. It was updated to reflect how the

Internet has changed information sharing and to expand the scope of mutual arts promotion to include visual and performing arts.

Economic Impact of Cultural Tourism

International tourism is big business—one of the country's largest service exports. In 2001, international travelers spent \$73.1 billion in the U.S., yielding a net trade surplus. One-third of international travelers visit two or more states during their visits. The Travel Industry Association of America reports that more than 1 million U.S. workers are employed by the international travel industry.[†]

Cultural tourism is an important component of tourism with a significant impact on the national and state economies. In 1997, more than 7.8 million visitors to the U.S. from outside North America engaged in shopping and cultural and/or ethnic heritage tourism activities (including visits to art galleries, museums, national parks, historical places, and cultural and ethnic heritage sites). These visitors represent nearly one out of every three visitors from beyond Canada and Mexico.

These “culturalist shoppers” spent more during their visits on average than those who identified shopping as their reason for visiting the U.S. Culture shoppers spent \$1,784 per visitor per trip, or more than \$14 billion total. As a result, numerous states have begun to target this segment of travelers.* To reap these benefits, and also to promote the distinctive character and assets of each state, tourism and transportation offices increasingly are promoting their unique cultural and heritage attractions as traveler destinations.

[†] *Tourism Works for America—11th Edition* (Washington, D.C.: Travel Industry Association of America, 2002), 1, 2, 8 and 28.

* 1997 Shopping & Tourism Report (Washington, D.C., U.S. Department of Commerce, Office of Travel and Tourism Industries, December 1998).

The Florida International Cultural Exchange program takes a culture-first, business-second approach.

In Toronto and Ottawa, the delegation focused on cultural tourism. Roughly 68,000 cultural tourists visited New Hampshire from Canada in 2000 and they collectively spent nearly \$8.4 million within the state.¹³ During this trip, the New Hampshire Division of Travel and Tourism led a presentation on the state's cultural and hospitality resources to Canadian travel writers and tour group organizers. The executive director of the New Hampshire State Council on the Arts also met with staff at the Ontario Arts Council and the Canada Council for the Arts (the equivalent of the National Endowment for the Arts).

In a 2002 mission to Japan and South Korea, **Washington** Governor Gary Locke was accompanied by a 65-member delegation representing agriculture, high-technology, biotechnology, tourism, and education sectors. Governor Locke and Martha Choe, director of the Washington Department of Community, Trade and Economic Development, made presentations in Tokyo and Seoul that promoted the cultural and recreational amenities of the state.

Making Grants to Communities and Educational Institutions that are Initiating Contact Abroad

Two **Florida** programs award grants to communities and organizations for individual arts and cultural projects that have economic development spinoff potential. The Florida Office of International Affairs runs the International Educational Linkage Institutes program, which supports development of cultural, economic, educational, and social ties with strategic foreign countries. The department awards grants to institutes—established by statute—at colleges and universities. For fiscal 2003, there are 11 such organizations, serving established and developing trade partners Brazil, Costa Rica, the Caribbean, Canada, China, Japan, France, Israel, West Africa, Eastern Europe and Mexico. Each institute has a partnership with at least two supporting schools. For example, the Florida-Mexico Institute is overseen by Florida International University and Polk Community College. Each partnership can apply for up to \$20,000, which it must match dollar-for-dollar. Grants must be used for purposes such as cultural exchanges and research on increasing bilateral commerce.

The Florida International Cultural Exchange program takes a culture-first, business-second approach. Run through the division of cultural affairs in the department of state, the program funds cultural exchanges with countries with which Florida has strong ties and with nations into which Florida hopes to expand its economic relations. Municipal governments and nonprofit arts agencies may apply for grants. Successful grantees have promoted individual exchanges in Latin America, where Florida has strong trade ties, and with China, Ireland, Italy, France and Greece, principal target markets

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for state trade. The program offers grants to support exhibits, touring groups, and artist residencies. During the 2001–2002 funding cycle, the program awarded 32 grants totaling \$250,000. From 1997 to 2002, the program awarded more than 100 grants totaling more than \$1.2 million.

Creating State-Level Commissions and Signing Bilateral Agreements that Promote Cultural and Business Affairs

By creating state-level commissions and signing agreements, governors can use their executive power to formalize cultural and economic relations with other nations. These gubernatorial decisions have successfully expanded established trade relationships and built on the strength of states' immigrant communities.

Governors in at least 27 states have formal cultural and economic relationships with Israel, based both on the country's innovative high-technology economy and the cultural affinity with large Jewish populations in many states. **Virginia** is acknowledged as one of the first states to initiate an economic and cultural dialogue with Israel. Beginning in the mid-1980s with a series of gubernatorial executive orders, the Virginia-Israel relationship has grown to include exchanges of art and artists, as well as increased trade activity.

The cultural and economic connection between Virginia and Israel was catalyzed by Governor Charles S. Robb during his term (served 1982–1986). Governor Gerald L. Baliles (served 1986-1990) formalized the connection by signing an executive order in 1986 establishing the Virginia-Israel Commission. This commission was charged with investigating cultural, educational, and economic development opportunities between the two governments. Its formation was spurred by the state's commemoration of the 40th anniversary of the founding of Israel and by the governor's hope to create relationships based on a better understanding of the mutual concerns and interests of the governments. In 1988, Baliles signed an agreement to expand the relationship to include cooperative research, scientific, and medical activities.

In 1994, Governor George Allen (served 1994-1998) created the Virginia-Israel Partnership via executive order. Two years later, the Virginia-Israel Advisory Board was created by the Virginia General Assembly to advise the governor on ways to improve economic and cultural links between the state and Israel.

All of these mechanisms had the same mission: expand cultural, economic development, and educational opportunities between Virginia and Israel. As

“Good trade makes good friends.”

a result, the Virginia Commission on the Arts sponsored a series of residencies by Israeli artists at the Virginia Center for the Creative Arts and a traveling exhibition of paintings by artists from Haifa. Economically, the Virginia-Israel trading relationship has deepened. Since 1991, Virginia exports to Israel totaled more than \$1.1 billion.¹⁴

Pennsylvania's first economic-cultural partnership agreement with another country was signed with Israel in June 1997. At the time, Governor Tom Ridge noted, “Good trade makes good friends.” The objective of the five-year pact was to “seek to enhance technological research and economic development as well as to increase cultural awareness in order to promote a deeper understanding of shared values through the economy, arts, technology and education.” Pennsylvania exports to Israel rose from \$133 million in 1997 to more than \$160 million in 2001.¹⁵ Cultural exchanges included a joint concert in Philadelphia by the Israel Philharmonic Orchestra and Philadelphia Orchestra in January 1998 that honored Israel's 50th anniversary.

North Carolina began linking culture and economic development with Israel in 1994 when Governor James B. Hunt Jr. (served 1977-1985 and 1993-2001) initiated the North Carolina-Israel International Commission to stimulate business, cultural, educational, and social services exchanges. One outcome was the Israel-North Carolina Cultural Exchange, a series of exhibits, shows and residences throughout North Carolina in 1996 and 1997. Israel was chosen because of the country's potential as a regional center for trade in the Middle East.¹⁶ The connection serves the state well. In 2001, North Carolina exported nearly \$71.8 million in goods to Israel, up 16 percent from 2000.¹⁷

At least 24 other states have cooperative trade, cultural and/or educational agreements with Israel. They are: **Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Oklahoma, South Carolina, Tennessee, Texas and Vermont.**¹⁸

In 2002, **Alaska** Governor Tony Knowles (served 1994-2002) signed agreements with governments in Canada and Russia to expand economic and cultural relations. With Canada, the goal was to build a deeper understanding with an established trade partner. With Russia, the goal was to develop stronger ties with a nation that has a significant immigrant base in Alaska. The state has long been a destination for Russian immigrants, who have come in large numbers since the end of the Cold War and now have high population concentrations in several communities.

Alaska signed a memorandum of understanding that created the Alaska-Alberta Council to nurture a burgeoning business relationship over a proposed natural gas pipeline that would link Prudhoe Bay on the state's North Slope with Alberta.

Alaska signed a memorandum of understanding on June 4, 2002, that created the Alaska-Alberta Council to nurture a burgeoning business relationship over a proposed natural gas pipeline that would link Prudhoe Bay on the state's North Slope with Alberta, Canada. The state and province share similarities such as climate, abundant natural resources, thriving oil and gas industries, and a history of trade relations. Canada is Alaska's third largest trading partner, due in part to the strength of the Alberta-Alaska relationship. An Alberta-based company that operates in Alaska was named by Governor Knowles as 2001 Exporter of the Year.

The two governments agreed to cultural exchanges around their large Native-American populations' cultures. They also agreed to cooperate in trade and investment, including business information exchanges, joint business partnership opportunities, and tourism marketing. To strengthen tourism development, Governor Knowles appointed representatives of the state tourism industry to the Alaska-Alberta council. Both governments see an opportunity to promote cross-border tourism through this council. They hope that increased tourism will lead an airline to establish direct flights between Anchorage and Calgary.

Governor Knowles and members of the state legislature have shared insights into environmental protection, oil and gas royalties, regulatory practices, and other issues with the young governments in the Russian Far East. In September 2002, the state inked bilateral agreements with the Russian governors of Sakhalin, Khabarovsk, Koryak, Buryatia and Kamchatka. All five agreements pledge cooperation in business, culture and education. As a result, Alaska's Division of International Trade and Market Development is contracting with the University of Alaska-Anchorage's American Russian Center to represent the state in eight business development centers across the Russian Far East. "This innovative partnership will mean better service for Alaskans and better trade opportunities for entrepreneurs in both our regions," Knowles said. "At a time when other states have pulled back . . . this represents a significant enhancement of our presence and shows that Alaska is strongly committed to working with our neighbors in the Russian Far East."¹⁹

The practice of employing arts and cultural policy to complement conventional international trade strategies is relatively new, but promises to add an important human dimension to states' international outreach efforts at a time when personal relationships and cultural familiarity are becoming increasingly important to trade.

State Strategies and Policy Opportunities

In an increasingly globalized economy, states must use every advantage to remain competitive. The practice of employing arts and cultural policy to complement conventional international trade strategies is relatively new, but promises to add an important human dimension to states' international outreach efforts at a time when personal relationships and cultural familiarity are becoming increasingly important to trade. Governors and their policy advisors should consider the following strategies as they use arts and culture to strengthen their global trade development:

- Determine what exchanges may already exist between your state's cultural community and your chief trading partners. Identify potential linkages and key relationships that could be tapped to enhance your state's business ties.
- Facilitate interaction among your trade advisers, corporate leaders, travel officials, and representatives of your state's cultural community. Encourage collaboration and planning practices that use the arts to amplify existing trade, tourism, and economic development strategies.
- Consider including cultural exchange agreements as components of new or existing trade accords.
- Identify the cultural assets of your state as attractions for international business and pleasure travelers. Encourage the inclusion of arts and heritage sites in the development of your state's "branding" strategies and travel promotions.
- Tap your state's cultural leaders as information providers, advisors, or participants as you plan trade missions. Consider how cultural events could complement your trade mission dialogues. If exchanging gifts with foreign dignitaries, look for opportunities to make a lasting and meaningful impression of your state's culture by presenting the work of a local artist or craftsman.

Endnotes

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² Philip Psilos, *A Governor’s Guide to Trade and Global Competitiveness* (Washington, DC: National Governors Association, 2002), 11.

³ Katherine Harris et al, “Cultural Exchange: The Foundation of Florida’s Strategy to Compete and Win in the Global Economy,” *Florida History & the Arts* (Tallahassee, FL: Florida Department of State, Division of Historical Resources, Summer 2002), 20.

⁴ Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York, NY: Simon & Schuster, 2000).

⁵ For more information go to the Gulf of Mexico States Accord Web site: www.gomsa.org.

⁶ For more information go to the Sister Cities International Web site: www.sister-cities.org.

⁷ William H. Honan, “Sister Cities of World Unite,” *New York Times* (New York, NY: New York Times Co., July 8, 2000), Section C, Page 1.

⁸ *Ibid.*

⁹ “Idaho’s Top 50 Export Markets,” Idaho’s Export Trade Statistics 1998-2001, Idaho Department of Commerce Web site, <http://www.idoc.state.id.us/data/intl/index.html>.

¹⁰ FY 2001 Governor’s Initiatives, <http://www2.state.id.us/dfm/eb/2001/2001Initiatives.pdf>.

¹¹ Harris et al.

¹² Morrie Warshawski, *Going International Case Statement* (Washington, DC: National Assembly of State Arts Agencies, 2000).

¹³ Mark Okrant, *2000 Outbound Canada Tracking Study* (Plymouth, NH: Institute for New Hampshire Studies, Plymouth State College, 2001).

¹⁴ “Cooperation Between Israel and the State of Virginia,” American-Israeli Cooperative Enterprise Web site, www.us-israel.org/jsource/states/VA.html.

¹⁵ “Cooperation Between Israel and the State of Pennsylvania,” American-Israeli Cooperative Enterprise Web site, www.us-israel.org/jsource/states/PA.html.

¹⁶ *Israel-North Carolina Cultural Exchange: A Visitor’s Guide*, 1996, 3.

¹⁷ “Cooperation Between Israel and the State of North Carolina,” American-Israeli Cooperative Enterprise Web site, www.us-israel.org/jsource/states/NC.html.

¹⁸ For more information, go to the American-Israeli Cooperative Enterprise Web site: www.us-israel.org/.

¹⁹ “Knowles, Russian Governors Pledge New Cooperation,” Press Release, State of Alaska, Office of the Governor, September 18, 2002.