Governor's Mission to Latin America, August 16-28, 1999

James B. Hunt Jr.
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International Law; Commercial Law; Law
I. Mission Overview

In August 1999, Secretary of Commerce Rick Carlisle and I led a delegation of fifty-four business, education, and government leaders on a mission to Latin America. The mission was designed to bolster trade and tourism opportunities, develop cross-cultural cooperation in education and technology, and create quality jobs for North Carolinians. While in Latin America, the delegation and I met with government officials and industry leaders in Monterrey, Mexico; Buenos Aires, Argentina; and São Paulo, Brasília, and Curitiba, Brazil. This was the fourth mission by a sitting governor of North Carolina to Mexico and the first to South America. My last mission to Mexico was in 1995, just after the devastating peso devaluation. We continued that mission despite the financial troubles and greatly impressed President Ernesto Zedillo and other government and business leaders with our sincere interest in working to develop trade opportunities.

I would like to take this opportunity to discuss the Latin American mission’s objectives and results and reflect on the importance of my various international activities as Governor of the State of North Carolina. In today’s global economy, trade missions are essential for establishing business and governmental partnerships that will promote international trade and reverse investment. Many emerging market countries are already among North Carolina’s top thirty trading partners. By early this century, some of these markets are expected to surpass our traditional markets in the developed world. Proactive steps, like trade missions, are needed now to ensure that North Carolina maintains its leadership in these growing markets and is recognized.
worldwide as an important business center. In addition, missions offer untold opportunities for personal contacts that often lead to greater educational and cultural exchange, as well as promotion of the state as an international tourist destination.

In 1998 North Carolina companies exported over $1.3 billion to Mexico, making it our state's third largest trading partner behind Canada and Japan. From 1993 to 1998, exports to Mexico grew an impressive 162%, largely due to the implementation of the North American Free Trade Agreement (NAFTA). In the same year, North Carolina companies exported $291 million to Brazil, the eighth largest economy in the world and the largest in South America. North Carolina also exported $188 million to Argentina. Exports to these three Latin American countries alone sustain over 23,900 jobs for North Carolinians.

Many important North Carolina companies also have a significant presence in Latin America. For example, Duke Energy International has invested more than $400 million in electric- and gas-generating facilities in South America, including Argentina. The company also recently bought the São Paulo state hydroelectric utility for $680 million. One of North Carolina's largest banks, Wachovia, recently completed an acquisition of an $80 million asset bank in São Paulo. Other North Carolina

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2 See id.


4 See NCWTA Index, supra note 1.


6 See NCWTA Index, supra note 1.

7 Using the calculation of the U.S. Department of Commerce that $1 billion in exports sustains 14,000 jobs.


companies with facilities in Latin America include Bank of America, BellSouth, Sea-Land Service, Inc., and Lucent Technologies.

Not only is Latin America a key trading and investment partner for North Carolina, it is also an important market for our state's blossoming tourism industry. In 1998, North Carolina's travel and tourism industry generated nearly $10.8 billion in revenue and supported 171,000 jobs. The prospects in Latin America are great. According to TravelSouth, a consortium of state travel and tourism departments throughout the southeastern United States, there is a potential market of over 3 million tourists in Brazil alone. From 1990 to 1997, arrivals from Brazil to the United States increased by 136%. Like many international tourists, Brazilians often choose New York or Orlando as their initial destinations, but as these travelers learn more about the United States, we believe that North Carolina will become their next stop.

II. Mission Objectives

The vision of the mission was to strategically position North Carolina as a business, educational, and cultural center in the Americas. Our mission objectives included strengthening Latin American contacts and introducing Latin Americans to the vast business opportunities, renowned educational institutions, and unique tourist and cultural destinations in North Carolina. Another important objective was to inform North Carolina business executives, educators, and citizens about the business opportunities, history, and culture of Latin America. Other goals included promoting cooperative business, educational, and cultural relationships between North Carolina and Latin America and identifying and tapping into key market sectors. Every meeting and event in the mission itinerary contributed to these objectives in some manner.

A. Monterrey, Mexico

Our first event in Monterrey was to join government leaders,
Mexican and North Carolinian business leaders, and members of the Latin America Mission delegation in dedicating the Lexington Furniture showroom of Muebleria Standard, a large Monterrey retail furniture chain. By dedicating the space to Lexington Furniture, Standard enables Monterrey’s consumers to realize the quality and value of North Carolina-made furniture. In addition, the partnership between Standard and Lexington Furniture will serve as an example to other North Carolinian and Mexican companies interested in doing business together.

Muebleria Standard devoted 2,500 square meters of showroom space to casegood collections, accent items, and upholstery manufactured by Lexington Furniture of Lexington, North Carolina. In the last year, Standard has seen more than a 25% growth in sales of North Carolina-made furniture. At the dedication, Secretary Rick Carlisle and I joined Governor Fernando Canales of the State of Nuevo Leon; Moises Sandler, President of Muebleria Standard; Phil Pheifer, Manager of Sales and Marketing for Lexington Furniture Industries; Carlos Zambrano, Secretary of Economic Development, State of Nuevo Leon; and Tere Garcia, Mayor of Monterrey.

Lexington Furniture began its relationship with Standard four years ago. The North Carolina-based company, established in 1901, has more than five thousand employees and distributes products through an extensive domestic base and to a growing international audience. In addition to those in Mexico, Lexington Furniture has dealers in Argentina and Brazil.

Muebleria Standard, a sixty year-old company, sells many lines of North Carolina furniture including Century, Hooker, and Lane, and is the largest Mexican importer of North Carolina furniture. Lexington is a popular line at Standard’s retail stores because of its value and price. Thus, the first official activity of the delegation emphasized the importance of North Carolina’s furniture exports to Mexico.

The Mission continued its first full day with two transnational teleconferences from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) via its “Virtual University.” These landmark teleconferences furthered the collaborative efforts between North Carolina and Mexico in the area of technology education, and highlighted the dynamic progress of the textile industry.
The teleconferences were critical to the successful development of both education and economic relations between our state and one of our strongest markets and intellectual partners. ITESM gave more than one hundred North Carolinians, the delegation, and me the unique opportunity to share progressive ideas between sites in North Carolina and Mexico via the most up-to-date telecommunications system available.

The first teleconference, *Technology and the Future of Education*, was held in conjunction with the University of North Carolina at Chapel Hill’s Kenan-Flagler Business School. Commerce Secretary Carlisle, UNC System President Molly Broad, and Martin Lancaster, president of the North Carolina Community College System, addressed the conference in addition to leading ITESM representatives. ITESM and Kenan-Flagler recently announced plans to create the Center for Innovation in Learning, an initiative that will build new curriculums and state-of-the-art instruction methods using the advanced technology. In addition to ITESM and UNC-Chapel Hill, business and education leaders and students joined the conference from Pitt Community College, UNC-Asheville, and UNC-Charlotte.

The second teleconference focused on *The Changing Face of the Textile Industry in North Carolina and Mexico*. Secretary Carlisle and executives from both North Carolina and Mexican textile companies gave key presentations. Attendees discussed changes in the global markets, productivity and technology of the textile industry, the competitive advantages of incorporating Latin American components into North Carolina textile companies, and the impact of NAFTA on North Carolina’s textile industry. Industry leaders at sites around the state, including UNC-Asheville, UNC-Chapel Hill, UNC-Greensboro, and Fayetteville State University also participated in the teleconference. As indicated above, exports, including textiles, from North Carolina to Mexico have grown greatly since the United States implemented NAFTA in 1994. Between 1993 and 1997, the state’s exports to Mexico grew 142.9%, giving a $1.3 billion boost to North Carolina’s economy.\footnote{See NCWTA Index, *supra* note 1.}

Both teleconferences were broadcast to twenty-nine ITESM sites across Mexico, where viewers could e-mail questions to
participating delegates. The teleconferences were also broadcast via satellite to six ITESM core campuses in South America, many of the other one thousand campuses within Mexico, and the 124 campuses outside of Mexico.

ITESM, also known as the Monterrey Institute of Technology, is one of Mexico’s leading universities and in 1998 was named the top business school in Latin America.\textsuperscript{14} The Institute serves almost seventy thousand students and maintains twenty-nine campuses throughout Mexico. Through its Virtual University, ITESM televises educational programming to eighty-four sites throughout the country, teaches students in two hundred in-company classrooms and eleven video-linked campuses, and benefits from televised lectures and seminars from various U.S. universities. The ITESM events fulfilled a key objective of the mission, the development of educational exchange.

Another highlight of the Mission was my meeting, along with various members of the North Carolina delegation, with Governor Fernando Canales and several top officials of the State of Nuevo Leon, Mexico, at the Government Palace in Monterrey. During the meeting, several members of the North Carolina delegation were paired with their counterparts from Nuevo Leon to discuss issues such as economic and educational partnerships, trade, and NAFTA. Joining the meeting were Commerce Secretary Carlisle; Dr. Nolo Martinez, Director of Hispanic Affairs; Mark Bernstein, chair of the North Carolina Economic Development Board; and Leza Aycock, Assistant Secretary of Administration for the North Carolina Department of Commerce.

The meeting with Governor Canales was a productive first step in developing the one-on-one relationship necessary for future partnerships related to education and economic exchange. Given that Monterrey is the site of more than half of Mexico’s industries,\textsuperscript{15} North Carolina can benefit from the economic vitality that can arise from the sharing of technology and information with Mexico.

Nuevo Leon is home to 3.9 million people and produces 10%
of the nation’s Gross Domestic Product (GDP). As Mexico’s industrial leader, Nuevo Leon accounts for almost 9.5% of Mexico’s manufacturing output and is headquarters to more than half of Mexico’s largest corporations, as well as six hundred foreign firms.

Our final day in Monterrey began with a tour of the State University of Nuevo Leon. The university serves over 100,000 students and engages in extensive research partnerships with private firms and municipal governments. We also visited with Cydsa, one of Mexico’s ten largest conglomerates. Cydsa, headquartered in Nuevo Leon, owns firms in a wide variety of industries, including telecommunications, banking, textiles, apparel, and environmental services, and had sales of almost $800 million during 1998. Hickory Throwing Company, a subsidiary of Cydsa, is based in Hickory, North Carolina.

Lastly, I had the unique opportunity to speak before Nuevo Leon and North Carolina officials at the American Chamber of Commerce in Monterrey during a joint luncheon sponsored by Bank of America and Caterpillar. Along with Jim McCabe, president of the American Chamber of Commerce in Mexico and Bank of America, Mexico, I discussed North Carolina’s potential trade and investment opportunities with Mexico.

B. Buenos Aires, Argentina

Our visit to Buenos Aires began with an impressive gathering of nearly one hundred business and financial leaders, where I had the opportunity to speak on education as a vital part of economic development. The luncheon was organized by the U.S. Commercial Service and sponsored by Bank of America.

I told attendees that in North Carolina we know that education and economic development go hand in hand. As I have often stated, a good education means safer communities, stronger families, a better quality of life, and brighter futures for our children and grandchildren. It also means a well-trained, educated workforce for our corporate community and allows employees to send their own children to high-quality schools, thereby helping all our families.

16 See id.
17 See id.
During the luncheon, I described several North Carolina education programs, including Smart Start, my early-childhood development initiative, as well as the state’s First in America schools initiative. Education is a key issue in the futures of our host countries and their representatives were keenly interested in what we have accomplished in North Carolina. In addition, the delegation members and I talked individually with participants about potential business collaborations involving energy, trade, furniture, tourism, and financial services.

Later that day, the delegation toured the Buenos Aires port facilities of Sea-Land. Buenos Aires is the main Argentine port for general cargo and containers and moves about 450,000 containers per year. Sea-Land, a Charlotte-based corporation, is one of the world’s largest shipping firms and is the largest U.S.-based ocean carrier. In Latin America, Sea-Land serves forty-four ports in twenty-three countries and has regional headquarters in Brazil and an office in Argentina.

During our last full day in Argentina, a few members of the delegation and I met with Cesar MacKarthy, Argentina’s Secretary of Energy. At this meeting, Secretary Carlisle and I, along with representatives from Charlotte-based Duke Energy, were able to secure important licenses essential to Duke Energy’s growth in Argentina. Delegation members from the telecommunications industry met with Alejandro Cima, Minister of Communications, to discuss market access in Argentina. It was an insightful and productive meeting that will help our companies’ efforts in Argentina. These delegates continued with a presentation on telecommunications sponsored by Movicom, the first company to provide cellular services in Buenos Aires. Movicom, which is owned by BellSouth and its partners, operates a cellular network in metropolitan Buenos Aires covering 1,800 square miles and a population of over thirteen million. BellSouth International has operations in nine countries throughout Latin America, including Argentina and Brazil. The leading wireless operator in Latin America, BellSouth and its partners have more than 5.9 million

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18 Statistics on Sea-Land provided by Sea-Land representatives during the Mission’s visit to Buenos Aires.

customers throughout the region.\footnote{Calculation from BellSouth International, \textit{Who We Are} (visited Apr. 2, 2000) \url{http://www.bsi.bellsouth.com/la/int_whoweare_e.htm}.}

In addition, I addressed a group of more than fifty major tour operators in Buenos Aires at an event sponsored by Visit USA, in an effort to boost tourism between Argentina and North Carolina. Recent changes in air travel pricing have opened North Carolina to Argentines as a viable, cost effective tourist destination. Visit USA committees, comprised of executives looking to improve the image of the United States as a travel destination, operate in thirty-four countries around the world, including Argentina. Each committee uses input from both the national and state governments, as well as key industry representatives. In addition, the delegation’s visit to Argentina occurred during TravelSouth’s preparation for a large South American marketing campaign. TravelSouth is a consortium of twelve southeastern state tourism offices, including the North Carolina Department of Commerce’s Division of Tourism, Film, and Sports Development.

The delegation and I also had the opportunity to meet with representatives from the Allende y Brea Law Firm, a member of the State Capital Law Firm Group, a global organization that allows its members to share information and expertise about the practice of law. The organization’s CEO is North Carolinian Phil Carlton.

One of the highlights of the mission was my opportunity to meet with Argentine President Carlos Menem to discuss economic and educational exchanges that could benefit both North Carolina and Argentina. I took the opportunity to commend President Menem for his continued support of the United States, for his leadership in bringing Argentina into a true market economy, and for his strong stand on education. Secretary Carlisle and Molly Broad, President of the University of North Carolina System, also participated in the meeting, which was held in Casa Rosada, the office of the Argentine President.

President Menem noted that since he took office in 1989, the amount of money spent on the country’s university system has increased from $400 million to $1.8 billion, and that he is committed to maintaining an open economy for both trade and investment. He is justifiably proud of the accomplishments of his
administration, and he affirmed his commitment to moving Argentina from a place of isolation to a place of engagement in the world. He wanted us to know that the door to Argentina will always be open to North Carolina.

President Menem has chartered a pro-United States and free trade economic course since becoming president in 1989. He renewed full diplomatic relations with the United Kingdom, sent the Argentine Navy to participate in the Gulf War, and has made his country an active participant in United Nations peacekeeping efforts.

C. São Paulo, Brazil

My only full day in São Paulo began with a meeting with São Paulo’s government officials, including Vice Governor Geraldo Alkman, Secretary of Energy Mauro Acre, and representatives of the Secretary of Education and the Secretary of Science, Technology, and Development, to discuss ways in which the two states can improve already existing business and educational links.

Many North Carolina companies conduct business in São Paulo, including Wachovia and Bank of America. In addition, Duke Energy recently purchased an electric utility in São Paulo, its first venture into Brazil. As the world’s second largest city, São Paulo is an important market for North Carolina’s products and services.

That afternoon, I spoke to the São Paulo chapter of the American Chamber of Commerce on education and economic development in the global economy. I emphasized the importance of a strong educational network in a world where knowledge determines success and growth. The Brazilian chapter of the American Chamber of Commerce has a membership of 2,700 companies and 7,500 executives. It is a privately funded, nonprofit organization that promotes trade, investment, and corporate citizenship in Brazil and the United States. The Chamber also has an active role in working with the Brazilian government to make the country more attractive to international investors.

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After the luncheon, I joined teachers, business leaders, and government officials from Charlotte and Rio de Janeiro for a video conference to discuss how the Internet can promote student learning and parent/teacher interaction in education, specifically through IBM's *Wired for Learning* program. *Wired for Learning*, designed by IBM, is a user-friendly technology tool that is helping parents, teachers, and students in the Charlotte-Mecklenburg School District bridge the gap between school, home, and the community. The network allows parents to examine their children's assignments and conference with teachers at their convenience. In addition, students can use the network to complete assignments and work in teams outside the classroom.

The Charlotte-Mecklenburg School District implemented *Wired for Learning* in 1994 with money from IBM's Reinventing Education Grant, which focuses on making systematic changes to public education throughout the United States. Since then, IBM has partnered with Brazil on a similar project for science teachers in Rio de Janeiro, and another program has recently been initiated in Durham, North Carolina.

With *Wired for Learning*, teachers in North Carolina and Latin America will be able to work together to develop exemplary standards-based lesson plans and share strategies and practices that will help them address specific educational challenges and improve their instruction overall.

As I have often said, education is one of the greatest tools we have to improve lives, and technology is having a great impact on that aspect of our society. With programs like *Wired for Learning*, distances disappear with the click of a mouse. I learned that education and technology form a productive partnership and with the exchange of ideas, we have a great opportunity to forge many more.

*D. Brasília, Brazil*

We spent our day in the capital of Brazil with federal officials. Most importantly, we met with Brazilian Vice President Marco Maciel to discuss education, trade issues, and opportunities for partnerships. I commended him on the policies Fernando Henrique Cardoso's administration is implementing to build a strong economy and for its investment in education and the development of good jobs. It was clear to me after visiting this great country that Brazil has an opportunity to be a leader in the
Western Hemisphere.

Vice President Maciel is known throughout Brazil as a coalition builder and a leader in government negotiations. He served several terms in the Brazilian Senate, and has been Vice President since 1995. During our meeting, he was especially interested in discussing the educational challenges now facing his country of 160 million. He said that in the past the countries with the most riches were the strongest, but today knowledge is power. He realizes that in the future leading nations will be those with knowledge, and therefore education is Brazil’s top priority.

The delegation and I also met with several top officials in the areas of economic development, communications, and education. Pedro Paulo Popovick, Secretary of Education for Long Distance Education, briefed us on the country’s public education system. Secretary Popovick said one of the biggest educational challenges facing Brazil is poverty. More than thirty million people are either at or below the poverty level in Brazil.

Joao Pimenta da Veiga Filho, Minister of Communications, talked to us about distance-education opportunities using information technology. He praised BellSouth for its successful cooperative arrangement with BCP Telecommunications, one of Brazil’s strongest telecommunications businesses. The minister noted that in the past five years, the number of cell phones in Brazil has grown from one million to eleven million.

We also met with Clovis Carvalho, Minister of Industry, Commerce, and Development, to discuss Mercosur, a South American trade agreement involving Argentina, Brazil, Paraguay, and Uruguay. In addition, we talked about the government’s efforts to monitor development in the country’s environmentally sensitive rainforests and the potential for agricultural trade partnerships between North Carolina and Brazil.

E. Curitiba, Brazil

On the final day of the mission, the delegation and I met Jamie Lerner, Governor of the State of Paraná, in the city of Curitiba, an industrial city of 2.3 million and one of the fastest-growing in Brazil.22 We also met with the Mayor and Secretaries of Curitiba.

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We wrapped up the twelve-day mission with two business-related visits. The first was with COPEL, Compania Paranese de Energia, a majority state-owned firm that designs, constructs, and operates hydroelectric plants. The second was with Federacao das Industrias do Estado de Paraná (FIEP), an influential business association in the State of Paraná.

III. Reflections

At the conclusion of my final term in office, I have a deep understanding of the importance of missions such as this one. Every member of the delegation learned more about Latin America as a result of this mission. There is simply no better way to gain a greater understanding of a place than to visit and see what it is like first-hand, and to meet the people that make every place on this earth unique and special.

For this mission, we made every attempt to bring these lessons home to the citizens of North Carolina. North Carolinians were able to follow our daily activities on the Mission website at <www.governor.state.nc.us/la>. I encouraged every member of the delegation to spread the word about what they learned to their companies, co-workers, and communities, and many of them have made presentations about the mission. In addition, I convened the delegation for a reunion meeting on March 15, 2000, where I followed up on the contacts made in Latin America and learned about the business and educational relationships that had been developed as a result of this historic event.

The Honorable James B. Hunt Jr.

In addition to the Governor’s Mission to Latin America, Governor Hunt has led many trade missions throughout his tenure, including missions to China (1998), Europe and Japan (1997), Israel (1995), Mexico (1995), and South Africa (1994). The Governor has often traveled to Japan to participate in the Southeast U.S.-Japan Annual Conference that rotates between seven southeastern states and Japan. Governor Hunt and the state of North Carolina hosted the conference in 1980 and 1995. Many of the relationships forged on these missions have led to business opportunities for North Carolina’s citizens and employees. In fact since 1992, over 385 foreign-owned companies have invested almost $6.5 billion and created over 46,000 jobs in North Carolina.

Governor James B. Hunt Jr. was recently awarded the "Citizen of the World" Award by the International Visitors Council, headquartered in Research Triangle Park, NC. The award recognized the Governor's long-term commitment to international development and relationship-building throughout his time as chief executive of the State of North Carolina.