

Agreements Business

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Ties with other countries are paying off

Sister-city agreements make good business

By Bill Kole

Associated Press

First it was about making friends. Now it's more about making money.

Sister-state and sister-city agreements — America's hands across the seas, reaching out for decades in the name of peace and mutual understanding — are getting down to business:

■ Ben & Jerry's, the Vermont-based ice cream maker, serves 3,000 Russians a day and employs about 100 in a factory and stores in the northern republic of Karelia, Vermont's sister state.

■ Officials in Fort Wayne, Ind., say their sister-city relationship with Takaoka, Japan, helped bring two Japanese manufacturers and about 150 jobs to the city.

■ General Motors Corp.'s AC Rochester division in Flint, Mich., last spring signed a \$700 million parts contract with the VAZ auto plant in Togliatti, Russia. GM credits Flint's sister-city pact with Togliatti, about 600 miles southeast of Moscow, for aiding the deal.

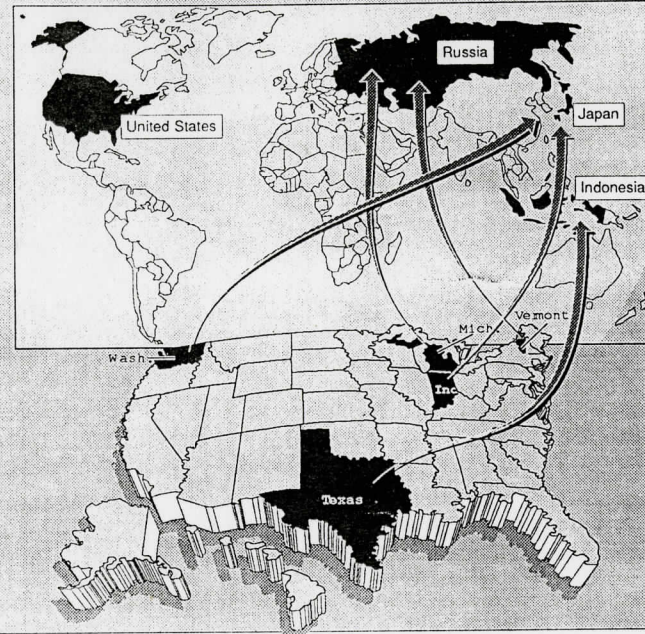
"A sister relationship puts the right people in the right room at the right time," said Rob Clark, international business director for the state of Vermont, which became Karelia's sister in 1990.

More than 900 cities and states have sister agreements with 1,800 foreign governments, says Sister Cities International, an Alexandria, Va.-based organization that plays global matchmaker. Some cities are matched with regions, states, provinces or even whole countries.

President Eisenhower conceived the sisterhood idea in the

Profiting from sisterhood

Sister-state and sister-city agreements, initiated as part of America's efforts to thaw Cold War tensions, increasingly are focused not just on friendship but on money. Some examples of relationships that have paid off:



Vermont-Karelia, Russia: Ice cream maker Ben & Jerry's employs about 100 people in a factory and stores in the northern Russian republic.

Fort Wayne, Ind.-Takaoka, Japan: The Indiana city attracted two Japanese companies — auto parts maker ND-Tech and packaging company Central Fine Pack Inc. — yielding about 150 jobs.

Flint, Mich.-Togliatti, Russia: General Motors Corp.'s AC Rochester division signed a \$700 million parts contract with the VAZ auto plant in Togliatti.

Fort Worth, Texas-Indonesia: Pier One Imports, the retailer of exotic clothing, furniture and trinkets, is doing a lively business with Southeast Asia's largest nation.

Washington state-Hyogo Prefecture, Japan: Washington Village, an American-style housing development outside Kobe, Japan, will bring the Pacific Northwest state about \$70 million this year in sales of wood products.

AP/Brian Sipple, Jeff Hoffman

1950s as a way to thaw Cold War tensions through cultural and educational exchanges. Friendship remains the main goal, but the new focus on business "has been happening very naturally," said Carol Lynn Greene, the group's executive director.

Of the 84 sister agreements with Russia, 29 involve some form of business investment or economic development, Greene said.

Ben & Jerry's co-founder Ben Cohen is a believer. Before Vermont and Karelia became sisters,

his dream of selling ice cream in Russia was wilting like a double-dip cone in summer. Local regulatory obstacles frustrated him.

But in July 1992, two years after the sister agreement was signed, Ben & Jerry's opened its factory in the Karelian capital, Petrozavodsk. The company known for its social consciousness treats its new Russian employees to American-style profit sharing.

"We definitely would never have ended up doing this without the sister-state agreement," Co-

hen said. "There was personal contact. It really helped cut through the bureaucracy."

Fort Worth, Texas-based Pier One Imports, which has turned on millions of Americans to the chic of exotic clothing, furniture and trinkets, is doing a lively business with Indonesia, Fort Worth's sister.

A sister-state agreement linking Washington state and Japan's Hyogo Prefecture has led to the creation of Washington Village, an American-style housing development outside Kobe, Japan, about

270 miles west of Tokyo.

Since that joint venture began in 1987, Japanese professionals eager to escape their cramped urban apartments have snapped up 67 homes for \$1 million apiece. In a ripple effect, Washington state will sell about \$70 million worth of wood products to Japan this year.

"This has really showcased our products. It's given us a new market in a tough time," said Mark Calhoun, associate director of international marketing for the state trade agency.

Not all U.S. cities and states are enamored of their sisters. Many small and medium-sized companies remain skittish about investing in developing nations with shaky economies.

Some Kansans still wince over last year's collapse of a \$50 million deal to sell 500,000 tons of grain to their sister, Russia's St. Petersburg region. It fell through when the Russians were unable to secure financing for the deal.

Critics contend the only business that sisterhood produces is monkey business for junket-minded politicians.

Sister ties linking Michigan with China's Sichuan province and Japan's Shiga Prefecture have generated plenty of talk but no deals, said John Field Reichardt, Michigan's export development chief.

"A lot of politicians have traveled back and forth. But frankly, any trade has been negligible at best," he said.

Not so in Indiana, where Fort Wayne's sister-city agreement with Takaoka has lured two Japanese companies to town — ND-Tech, an auto parts maker, and Central Fine Pack Inc., a maker of disposable packaging.