

Sister-city ties producing money as well as friends

NEW YORK (AP) — First it was about making friends. Now it's more about making money. Sister-state and sister-city agreements 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 Fort Wayne.

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 960 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 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, she said.

"A trust element builds up. All those cultural and educational swaps build a foundation."

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 melting like a double-dip cone in summer, beset by local regulatory

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," Mr. Cohen said. "There was personal contact. It really helped cut through the bureaucracy."

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, sister of Pier One's headquarters city, Fort Worth, Tex.

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, about 270 miles west of Tokyo. Since that venture began in 1987, Japanese professionals eager to escape their cramped urban apartments have snapped up 67 homes for \$1 million each. In ripple effect, Washington state will sell about \$70 million worth of wood products to Japan this year. Not all U.S. cities and states are enamored with their partners. Many small and medium-sized companies re-

main 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. The sale fell through when the Russians were unable to secure financing.

Critics contend that 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.

"Japanese companies want to go where Japan-bashing is not an issue," said Dan Yamanaka, executive vice president of ND-Tech. "We picked Fort Wayne because of our sister-city relationship. These people are very, very open-minded."