

Texas Quarterly Update

Published by the Texas Industrial Commission

Mid-America Trade Center Helps U.S. Firms Compete

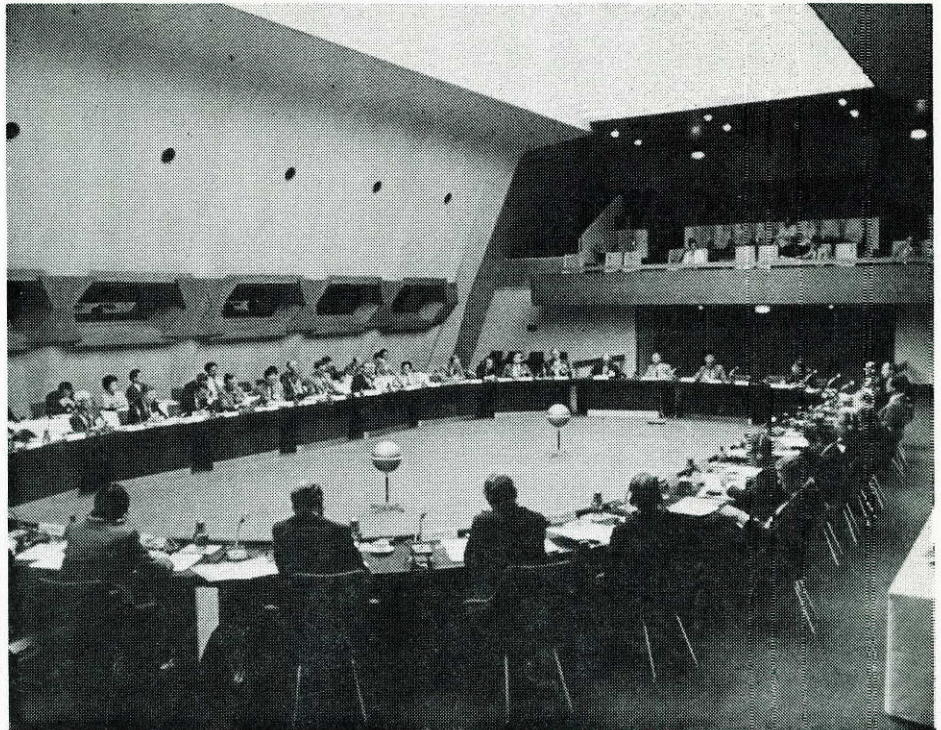
If your firm is having trouble competing against foreign manufacturers, an organization named Mid-America Trade Adjustment Assistance Center may be able to help.

Based in Little Rock, Arkansas, Mid-America TAAC is a project administered by the International Trade Administration of the U.S. Department of Commerce. Established under the Trade Act of 1974, it provides assistance to firms in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas that need help adjusting to changing conditions and aid in regaining their competitive trade positions in the U.S.

When companies fail due to foreign competition, there is a domino effect: companies lose revenue, workers lose jobs, suppliers of raw materials and components lose a market, there is a contraction of retail and wholesale businesses and services, and communities lose tax revenues. The assistance provided by TAAC makes it possible for these firms to maintain their business, thus strengthening the economy of the entire nation.

TAAC can provide technical assistance in the areas of management, marketing, production and finance to help develop and/or implement a business recovery plan. Financial assistance is available in the form of *loan guarantees* or *direct loans* for the acquisition, construction, installation, modernization, development, conversion,

(See *TRADE CENTER*, Page 12)



Texas and Japanese delegates confer at the opening session of the 10th Annual Japan-Texas Conference held in the Kyoto Civic Convention Center. (See related story Page 3)

Study Shows Economic Impact Of New Manufacturing Jobs

Even though Texas is currently experiencing layoffs and reduction in work forces in certain industries, the state as a whole is fairing better than the rest of the nation with a current 6.3 percent in unemployment compared to a national average of 9.0 percent.

As jobs become scarce and in more demand, the creation of new jobs takes on more importance. A recent report prepared by TIC's Research & Data Services Department reveals the spin-off effect of new manufacturing employment. According to the study,

"What 100 New Manufacturing Jobs Mean in Texas," the spin-off effect upon the Texas economy would result in the addition of 237 jobs and a total of more than \$6 million in wages and salaries earned in a community.

"When there are new jobs created in a community, there are additional production jobs created to support the original increase," says TIC Statistician Chuck Newell. "These jobs require additional services and expenditures for those services, and this creates an

(See *ECONOMIC*, Page 9)

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Personally Speaking

We are currently at the crossroads of the future economic development effort for Texas.

To grow or not to grow is not even a question. Latest Census Bureau estimates reveal that Texas is now the fastest growing state in the nation, surpassing California for the first time. In the 15 months following the 1980 census, Texas' population grew three times faster than the national average. If that growth rate holds, Texas will have 18.5 million residents by 1990.

One obvious source for this phenomenal growth is the influx of population from the Northeast and Midwest. State officials have recorded an estimated 4,000 out-of-state job seekers a month in the Houston area alone. At one point the situation required the state welfare department to issue a pamphlet entitled "Dead Broke in Texas," warning newcomers who can't find work not to expect help from the government.

This migration is already having an effect on the state's unemployment rate which has jumped to 6.3% for May compared to 5.2% for May of 1981. We still are faring far better than the rest of the nation, and we still have the lowest unemployment rate of any industrialized state. The question is, "Will our economy be able to absorb the three million additional people that are expected to enter the labor force by the year 2000?"

As the state's primary job creation agency, the Industrial Commission is faced with this serious challenge. The fact is, if we intend to just stay even, we must create around 170,000 new jobs each year. Of course, many would argue that the State of Texas with its many economic opportunities sells itself . . . that companies are standing in line to expand their operations into Texas. Unfortunately, this is not the case.

With today's uncertain economy, many companies have put their plans for expansion on hold. A recent Department of Commerce survey of top corporate leaders revealed the first decline in "real" or inflation-adjusted capital spending on expansion and modernization since 1975. Those companies that are financially strong enough to withstand these economic hard times are being wooed by virtually every state in the union. Texas is facing tough competition.

Our Commissioners have responded with a unanimous recommendation for an operating budget that will allow us the flexibility to target our resources and get the desired results. If their recommendations are implemented by the Legislature, Texas will be better able to compete with the other states for the kind of economic expansion that is needed to assure us of maintaining the "quality of life" that we have all come to expect.

Charles B. Wood
Executive Director



Tom Matthews (far left), President of RepublicBank of Houston, addresses delegates at the Japan-Texas Conference.

Kyoto Conference Explores Wider Japan-Texas Trade

Japan is beginning to open its doors to U.S. imports, and one of the reasons for the change in attitude is that "currently, the Reagan Administration has been hammering at Japan to give American companies as much freedom to sell in Japan as Japanese companies have in the U.S.," says a recent article in *The Wall Street Journal*. Last year, Japan imported \$21.8 billion of U.S. goods, making it America's second biggest export market after Canada.

While there are several U.S. companies making headway in the Japanese market, many point to a staggering \$18 billion trade deficit in 1981 with Japan. Congressmen are pushing for "reciprocity" legislation that would allow the U.S. to close its market to countries whose own markets are deemed to be closed. Japan knows this and is beginning to negotiate.

With this in mind TIC Executive Director Charles B. Wood and

Frank Alagna, Manager of International Trade, led the delegation from Texas to the 10th Japan-Texas Conference in Kyoto in May. Participants included representatives from the Texas Department of Agriculture, Fulbright & Jaworski, Texas Commerce Bank, Caltex Oil (Japan) Ltd., Natural Fibers & Food Protein Commission, Inter-First Bank Dallas, Dallas Chamber of Commerce, Dresser Industries, Mercantile National Bank, and Liddell, Sapp, Zivley, Brown and LaBoon.

Also RepublicBank (Dallas), RepublicBank (Houston), First City National Bank of Houston, Rockwell International, 3D International, Arthur Young & Co., Port of Houston, Diamond Shamrock Oil Corp., Bank of the Southwest, Houston Chamber of Commerce, Dallas Market Center Co., Hughes Aircraft Services Co., Texas Commerce Bank, and Far East, Inc.

(See KYOTO CONFERENCE, Page 9)

Texas Pays \$1.46 For Each Federal Dollar Returned

Texas paid \$1.46 into federal coffers for each dollar of federal aid returned to the state, according to a recent report issued by the Tax Foundation, Inc. For the second straight year, Texans joined taxpayers in 21 other states in sending more tax money to Washington than they got back.

The ranking of the first top ten goes like this:

1. Texas.....	\$1.46
2. Connecticut.....	1.41
3. Florida.....	1.33
4. Kansas.....	1.28
5. New Jersey.....	1.27
6. Colorado.....	1.26
7. Indiana.....	1.22
8. New Hampshire.....	1.21
9. Ohio.....	1.19
10. Iowa.....	1.18

The foundation reported that 36 states paid increases on their federal tax costs per dollar of aid during 1981, while 14 states experienced reduction.

Not included in the figures were the cost for state matching funds and overhead expenses that states must pay to qualify for most federal programs. State and local governments put up an average of 42 additional cents for each dollar offered by the federal government.

A list of the states that got back MORE than they paid, their ranking and their federal tax payments for each dollar in grants-in-aid include:

1. District of Columbia....	\$0.24
2. Vermont.....	0.56
3. Alaska.....	0.57
4. Mississippi.....	0.60
5. South Dakota.....	0.60
6. Maine.....	0.66
7. West Virginia.....	0.67
8. Montana.....	0.67
9. New Mexico.....	0.69
10. Arkansas.....	0.72

Texas Ranks First In New FORTUNE Mag. Survey

Texas ranked first and North Carolina second in a *Fortune* magazine survey indicating which states industrial corporations would select for new plant sites over the next five years.

The magazine's market research division polled executives in the 1,000 largest industrial corporations in the country.

The survey was prepared for advertisers in the industrial development business and will not appear in the magazine.

Approximately 15 percent of the executives said they would choose Texas for plant sites; North Carolina, nine percent; California, eight percent; Florida, seven percent; Ohio, four percent; and Mississippi, three percent. The rest of the states received less than three percent response.

Fortune reported that the factors most important to executives were proximity to customers, productivity of workers, and a growing regional market.

VIDY Nominations Being Accepted For 1981-1982 Awards

Nominations are now being accepted for the 1981-1982 Volunteer Industrial Developer of the Year (VIDY) Awards sponsored by the Texas Industrial Development Council (TIDC).

The awards (in two population categories) will be presented at the annual TIDC conference in September to Texas civic leaders judged to have made the most significant contribution to the economic development of his or her respective community. Full-time professional industrial developers, commercial realtors or chamber staff are not eligible for consideration.

The judges will consider the relative time and effort expended by the nominees, his or her involvement in community betterment programs, industrial development activities, the attraction of new industry and the expansion of existing industry, etc. Some consideration will also be given to the long-range participation of each

nominee in community betterment programs.

The deadline for receiving nominations is July 2, 1982.

Please send the following information to: VIDY Awards Committee, Grant A. Billingsley, Chairman, Texas Industrial Development Council, c/o Public Works Training Division, Texas Engineering Extension Service, F.E. Drawer K, The Texas A&M University System, College Station, 77843.

1. Name, business title, volunteer title, and telephone number of nominee.
2. State the name of the city/community the nominee represents and the population category of the entry — either Category I, under 49,999 population size, or Category II, 50,000 and over population size.
3. Describe the event or accomplishments for which this person is being nominated. Keep in mind a majority of this accomplishment must have been made during the period of July 1, 1981 through June 30, 1982.
4. Describe any obstacles encountered and how they were solved during the course of accomplishing this specific goal.
5. Give a brief background of the nominee's involvement in civic activities, positions held, etc.
6. Attach any news articles, correspondence, and certificates which might document the specific accomplishments of the nominee.
7. Name, address, telephone number, and signature of TIDC member making the nomination.

SBA Proposals Would Reduce Size Of "Small" Business

EDITOR'S NOTE: The proposal numbered 13 CFR Part 121 appeared in the Federal Register (Vol. 47, No. 85, May 3, 1982). It is the second advance notice. SBA is soliciting written comments on this new proposal. They should be in by August 2, 1982. Address all comments to: Andrew A. Canellas, Director, Office of Industry Analysis, Small Business Administration, 1441 L Street, N.W., Room 500, Washington, DC 20416.

Since agency funding for the Small Business Administration (SBA) is facing reduced resources and budgeting restraints, the Reagan Administration is proposing a cut in the maximum size of manufacturing firms that can qualify for federal aid.

The new maximum would be 500 employees rather than 1,500. The SBA proposes to concentrate its assistance heavily on smaller firms thus focusing its limited resources on those firms with the greatest need of government assistance.

Two years ago the Carter Administration proposed to expand the definition of "small" to 2,500 employees for certain manufacturers with the hope of fostering more competition in those industries, but the proposal never took effect.

The Reagan team also proposes to set ceilings as low as 25 employees for certain retail and service industries, compared to the more stringent ceiling of the 15 employees in the Carter proposal. This proposed change will increase size standards in 97 service and retail industries.

The term "size standards" refers to a measure of eligibility for
(See SBA, Page 9)

Highlights of *IECTC* 1982



Lt. Governor Bill Hobby delivered the welcoming address at this year's annual Conference.

The fourth annual Industrial Energy Conservation Technology Conference and Exhibition held at the Shamrock Hilton Hotel in Houston April 4-7 has come to another successful conclusion.

Attendance at the conference topped the previous year with 1,470 participants from across the nation and from five foreign countries including Canada, England, Finland, France and West Germany.

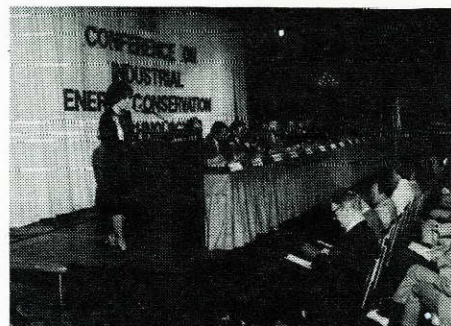
Industrial energy managers and engineers, as well as exhibitors, were enthusiastic about the quality

of the technical papers and the booth attendance.

Conference participants attended their choice of the 168 technical sessions and viewed 100 exhibits of the latest in innovative energy equipment and services. The topics of the technical papers included such subjects as energy management, heat recovery, electrical systems, alternate energy sources and cogeneration.

According to *Energy User News*, a leading weekly trade journal which focuses on the energy field, "most attendees found the technical sessions and equipment exhibits useful."

"It's professionally run," said Vic Long, energy coordinator for the polymer products department



at the LaPorte, Texas plant of E.I. duPont de Nemours Company. "The papers are excellent and the vendors are, for the most part, downplaying their sales pitch," Long said.

The technical sessions were held every hour on the hour and were back-to-back so that all of the attendees could hear each subject of interest to them without missing the other sessions. "In many cases I wanted to be in two places at the same time," said Ray E. Doerr, director of energy conservation in the manufacturing coordination department of Monsanto Company of St. Louis.

(Continued on Page 7)

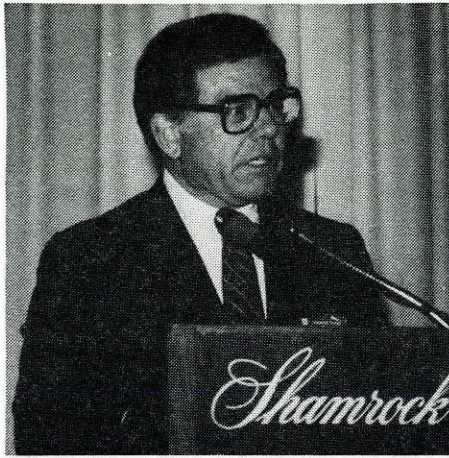
Stating that his entire message was "you're on your own," Guy W. Fiske, Under Secretary of the U.S. Department of Energy, told those assembled at the opening session of the Conference that the Reagan Administration will soon present a draft for a program to dismantle DOE.

"This Administration's approach to energy recognizes the central role of the private sector in energy production and consumption decisions, and imposes limitations on the government's role. The Administration's energy policy, outlined in the National Energy Policy Plan of July, 1981, is part of an overall economic policy that calls for less federal intervention across the board," Fiske said. "(It) includes less spending, less regulation and less taxation."

Key elements of the plan are:

- Reliance on the marketplace to obtain the most efficient and effective combination of energy production and consumption. An intensive program of regulatory reform to allow markets to respond freely and effectively.
- Emergency preparedness, with emphasis on market allocations, even during a supply disruption, while reducing our economic vulnerability through a strategic petroleum reserve.
- Federal research and development to focus on the traditional areas of long-term, high-risk, but potentially high-payoff programs, leaving commercialization to the marketplace which is better equipped to handle it.

Fiske said that the program was working already. Since President Reagan decontrolled oil on January 28, 1981, there has been a 10% drop in oil consumption, a rise in crude oil production for only



Guy Fiske

"You're On Your Own," Declares DOE's Guy Fiske

the second time in 11 years, a substantial decline in net oil imports (the lowest imports since 1971), motor gasoline prices are at the lowest level since mid-1979, and there are lower heating oil prices.

Noting that there are other reasons for optimism, Fiske reported that not only are we finding more oil and gas all over the world, but consumption is down, due to using our resources more efficiently. But he warned that we cannot "relax our guard."

"The energy crisis is not over . . .," Fiske said. "We are in the midst of a very long, sometimes painful, transition from fossil fuels to an era of fission, fusion, and renewable resources. This is not the time to rethink everything that we have learned since the oil embargo of 1973. Nothing basic is changed. Long-term, oil and other hydrocarbon fuels are going to get increasingly expensive because it is going to cost more to find them. It takes just about twice as much capital to produce the same volume of oil today as it did a decade ago. The era of cheap energy is over."

"This leads us to the topic which has brought you to this conference today . . . industrial energy conservation technology.

Clearly, this is *industry's* challenge." But he asked the audience, "Is it also a responsibility of government? I believe yes, but within limits."

Noting that in 1974 six of the most energy-intensive U.S. industries (aluminum, cement, steel, paper, petroleum refining and chemicals) voluntarily committed themselves to achieving significant energy efficiency improvement by 1980, had in fact reduced their energy consumption by 17.6%, proved that energy conservation does not need government intervention to be successful. "It provides concrete evidence for our belief that if private industry is left free of government interference it will produce results, not only in its own best interest, but also results that are in the best interest of the nation."

Fiske reported that while the Department of Energy will be dismantled, the research and development divisions will not be eliminated. Fiske said that the dismantling of DOE would be the culmination of administration efforts to limit federal involvement in energy markets and to streamline and reduce the management structure of the Executive Branch. One of the best results of this action, according to Fiske, will be to focus on the really important things that the Department of Energy does now -- research and development; the production of atomic weapons; supervision of the highest technology including development of alternative power sources such as fusion, fission, and solar emergency preparedness; and cooperation with industry in energy conservation programs.

"I am confident that as time goes by, you will increasingly share my pride in the transformation of the DOE into a series of federal services that help our free market system to operate rather than strangle it with regulations."



William B. Renner

Conservation Works, Says ALCOA's William Renner

Stating that in these times of sluggish economy, energy conservation will be an important element for gaining high productivity and national industrial strength, William B. Renner, Director and Vice Chairman of the Aluminum Company of America (Alcoa), directed his keynote address at the fourth annual Industrial Energy Conservation Technology Conference and Exhibition.

"Conservation is working in this country — more than most in government and industry ever thought possible before prices for fuels began to soar eight years ago," Renner said. "In fact, the success of conservation has been a major contributing cause of the current world surplus of oil. Of course, the worldwide economic slowdown is having an impact. But I believe that the marketplace has shown there is a

clearing price for most anything that results in changes in habits."

"The surplus itself will prove unsettling. It is creating uncertainty about production levels and already slowing the development of alternative energy sources. If it also causes complacency about our energy situation, we could lose our hard-won gains in conservation."

"Conservation is working," Renner noted. Stating that the Middle Eastern countries have noticed what is happening here and in other industrialized countries of the world, "they've got to consider what conservation is doing to their leverage in the world's economic and political arena. I hope we will have the determination and foresight to continue to pursue energy self-sufficiency as an option for America."

According to Renner, conservation is not without its problems. Currently, cash flow problems in many industries are hurting the potential for further energy reductions, and conservation is hurting utility companies. "Utilities must adjust to lower growth rates caused by industrial conservation," Renner said. "In addition, they are pressured by unrealistic regulations and questionable environmental demands — factors that must change if utilities are to regain their financial health," he said.

Renner noted that one thing must be done and that was to accurately inform the public about the complexity of energy matters and the utility industry's particular problems.

"I believe that's what industry and utilities and decision-makers in government must do for all Americans. Conservation is critically important, but conservation alone will not provide energy we need for future growth," Renner said. "We must develop all our options," he concluded.

Highlights Of The Fourth IECTC

(Continued from Page 5)

Various aspects of the conference appealed to the different attendees for different reasons. Josh Sorotzkin, staff engineer with Shell Oil Company in Deer Park, told *Energy User News* that he was pleased with the technical sessions and that he had listened with particular interest to papers on motivating employees to save energy, and to methods others have used to coordinate engineering disciplines and management on conservation projects.

Others, such as Richard J. Bennett, director of energy and raw material planning for the fiberglass division of PPG Industries, Inc. of Pittsburgh, said, "I also wanted to see if there's any kind of new conservation technology that our engineers are missing."

This year, the conference planners limited the number of exhibitors to 100. "We screened the exhibitors more closely this year," said Ted Waldrop, manager of the TIC Energy Utilization Department, which sponsored the conference. "We wanted to include only products related specifically to industrial energy conservation."

The exhibitors were pleased with the reception. "We're seeing managers, people who can see the actual application of the equipment," said John Manchon, industrial applications engineering manager for Fisher Controls of Marshalltown, Iowa. "This is smaller than other shows, but there's a higher density of people interested in energy conservation technology."

Six Firms Honored For Industrial Energy Savings

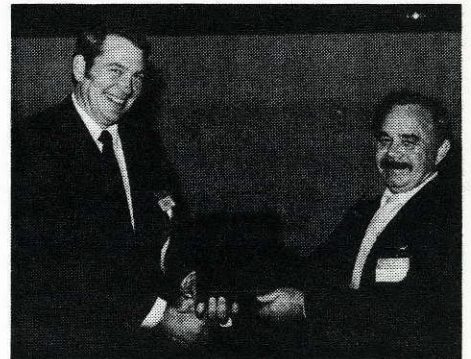
Five Texas firms and one from Missouri were honored for outstanding leadership in industrial energy conservation at TIC's annual energy conference held in Houston in April.

TIC Executive Director Charles B. Wood presented the awards to AristoKraft, Burnet; Bell Helicopter Textron Corporation, Fort Worth; Fibergrate Corporation, Stephenville (corporate headquarters in Addison); Mohawk Laboratories (Division of NCH Corporation), Irving; TXT Texsteam, Houston; and Trans World Airlines, Inc., Kansas City.

The winners were chosen on a percentage basis of energy saved, enabling small firms to compete equally with larger companies. Each of the winning companies had representatives attend one or more of the TIC-sponsored energy conservation workshops, although this was not a requirement for award consideration.

Energy conservation workshops, funded by the U.S. Department of Energy through the Texas Energy and Natural Resources Advisory Council, are held throughout the state on a regular basis covering subjects such as Waste Heat Recovery, Energy Management, Alternate Energy Sources, Electric Demand Control and other areas affecting small- to medium-sized Texas plants.

After following the recommendations and procedures learned at the workshops, the companies compiled a detailed explanation of conservation efforts with breakdowns in percentages of energy saved for electricity, gas and other energy consumed.



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TIC Executive Director Charles B. Wood presents Energy Conservation Awards to:

- 1) John Hufstedler, Project Manager for Mohawk Laboratories (Division of NCH Corporation), Irving
- 2) Sam Vaskov, Director of Properties and Facilities, Trans World Airlines, Inc., Kansas City, Missouri
- 3) Chuck Lowery, Plant Superintendent for AristOKraft, Burnet
- 4) Virgil Aukes, Executive Vice President of Fibergrate Corporation, Stephenville
- 5) Robert Young, Environmental Manager, Bell Helicopter Textron Corporation, Fort Worth
- 6) Ed Lipinski, Manager, Plant Engineering, TXT Texsteam, Houston

Kyoto Conference Explores Trade

(Continued from Page 3)

Japan hosted the Conference," says Frank Alagna. "The meeting is an exchange of views and ideas for international development that will enhance both Japan and Texas. This meeting was couched to insure thorough knowledge and understanding as to why it is so important that the Japanese open up their markets."

"Our presentations emphasized how serious this situation is and how the ire of Congress has been raised because of the large numbers of obstacles for U.S. manufacturers to try to enter the Japanese marketplace," said Alagna. "This group of Japanese businessmen we met are the highest leaders in Japan. They have a direct input into the government, and it is in their interest to try to solve these problems."

While there are many areas of trade covered, the delegation of Texas bankers was particularly interested in discussing the reciprocal agreement with Japan regarding the banking industry in Texas.

"We raised the issue that the Texas banks had not been granted

the opportunity to branch bank in Japan," says Tom Matthews, President, RepublicBank (Houston), "while the Japanese banks are able to conduct a variety of banking activities in Texas. The Texas bankers felt the reciprocity issue was inadequate to continue to prohibit Texas banks from branching in Japan." According to Matthews, this was one of the significant points of the Texas mission.

"The meeting was timely and appropriate, and both the Japanese and the Texas members went away with a better understanding of the unique problems that each is troubled with," Matthews said. "The Texas delegation placed the issue before the conference; it will be up to the Japanese to go back and communicate the questions raised."

Many U.S. companies have made significant headway in the Japanese marketplace. Avon has 160,000 Japanese "Avon ladies" knocking at doors with nail polish and lip gloss; Raid bug killer is a big seller. IBM and Texas Instruments, Inc. have staked out positions in Japan, and Coca Cola and General Foods have been there since the end of World War II.

Economic Impact Of New Mfg. Jobs

(Continued from Page 1)

economy-wide effect in the amount of overall revenue generated for that area."

Newell noted for example that 100 manufacturing jobs would create the following:

Sector Name	Jobs	Wages & Salaries
Agriculture, Forestry & Fisheries	19	\$257,655
Mining	9	421,001
Construction	4	71,092
Manufacturing (additional)	32	552,725
Transportation	13	252,108
Communication	3	44,387
Utilities	5	86,076
Trade	66	898,860
Finance, Insurance & Real Estate	14	496,205
Education	23	352,156
Services	49	617,918
	237	

The domino effect would thus result in the following additional retail sales:

\$ 673,841	Grocery Stores	19.7%
287,323	Eating & Drinking Places	8.4%
171,026	Apparel Stores & Specialty Shops	5.0%
157,343	Furniture & Household Appliance Stores	4.6%
769,980	Automobile Dealers	23.3%
307,846	Gasoline Service Stations	9.0%
157,343	Lumber Yards, Building Materials, Hardware	4.6%
102,615	Drug Stores	3.0%
475,452	Department, Dry Goods & Variety Stores	13.9%
277,062	Miscellaneous Retail Services	8.1%
\$3,420,513	Total Addl. Retail Sales	100.0%

"The calculations are based on a hypothetical increase of 100 jobs created in response to increased consumer demand for manufacturing sector products in the Texas economy," says Danny Choate, manager of TIC's Research & Data Services Department.

Choate says the report allows economic planners to analyze the interdependence between the economic sectors of the Texas economy. It was prepared using the Texas Input-Output Model based on economic information from the Five-Year Economic Census.

SBA Would Reduce Firm Sizes

(Continued from Page 3)

SBA programs based on the size of the business. The distribution of firms by size within each industry is a key element of industrial structure and helps determine where size limits are set.

According to *The Wall Street Journal*, currently 99% of all U.S.

businesses can qualify for SBA aid. The Reagan proposal would cut that figure to about 98% while the Carter plan would have cut it to about 96%.

The new proposal by SBA has five principal objectives for revision. They are:

1. Size standards continue to be set on four-digit Standard Industrial Codes rather than a combination of SIC categories and numerous product or activity descriptions.
2. A single size standard for each industry is still proposed which is applicable to all SBA programs.
3. The majority of size standards in the proposal is in terms of number of employees. This is a marked departure from the traditional system in which numerous key size standards are stated in terms of gross revenues.
4. Size standards specifically reflect the structure of each individual industry, in contrast with the traditional situation of generalized measures often applied to entire groups of industries.
5. Size standards continue to be based on a detailed analysis of the industrial structure for each industry.

NEWSBRIEFS... □ □ □

AROUND THE STATE . . .

Motorola, Inc. has begun clearing land for construction of its semiconductor plant in Oak Hill, outside of Austin. The plant will employ 4,000 within the next ten years \$8.5 million construction project is underway for an addition to the Fisher Controls plant in Sherman, which will double production capacity Network Steel Corporation of Dallas broke ground for construction of a 17,000 square foot steel-home manufacturing facility in McKinney Mazda Motors of America, Inc. has begun construction of a \$3 million inland port facility in Midlothian Weyerhaeuser, a forest products company, has purchased a building in Waco and will begin manufacturing disposable diapers in 1983 Maass Flange Corporation will be opening a new \$2.5 million forging and manufacturing facility which will produce stainless steel and other alloy forgings and flanges in Sealy Woolley Tool and Manufacturing of Odessa is to begin building a \$5 million plant in Gatesville. It will be 34,800 square feet and will employ 100 workers. Plans to expand another 100,000 square feet include eventually employing 600 people making heavy oil field equipment Ground breaking for West Texas Utilities Company's first coal-fired power plant took place in Vernon in May. Total capacity of the plant's first generating unit will be 640 megawatts. Construction is scheduled to take more than four years The Business Forms Group of SCM Corporation's Allied Paper Division formally opened its 70,000 square foot facility in Bellville. Equipped with six high-speed presses, it will produce custom forms at speeds of 1,500 feet per minute InteCom, Inc. of Allen, a subsidiary of Exxon, will break ground early this summer for an additional 130,000 square foot building. The company presently employs 300 people, expects to employ 600 by the end of the year and 900 by 1983. InteCom makes products to help improve office productivity The E. R. Carpenter Company, which manufactures polyethylene foam, has started work on an 83,000 square foot addition to its plant in Temple. This is the sixth addition to the 15-year-old, 500,000 square foot plant which employs 235 people Surgikos, Inc.,

a manufacturer of surgical products, has started construction on its \$6 million manufacturing plant in El Paso Modular Technology, Inc., which manufactures modular homes, will open its new plant in the Texas Central Industrial District in June in Waco

COMPOSITE IDBs MIGHT GET REPRIEVE

An amendment that would grant temporary relief from the freeze on the use of composite-issue industrial development bonds has been approved by House and Senate negotiators and added to the urgent supplemental spending bill. The amendment would "grandfather" about \$1 billion in composite IDBs that have been on hold since late August when the Internal Revenue Service issued its curbs on umbrella bonds effectively killing all new composite issues. The amendment will only affect those issues already in the pipeline and will not repeal the IRS ban on new composite issues. The amendment faces an uncertain future since President Reagan has indicated that he may veto a middle-income housing subsidy which was also tacked on to the spending bill. Congress is still expected to take up a comprehensive revision of IDB laws later this summer, probably after the July recess.

ECONOMY SLOWS EXPANSION PLANS

Because of high interest rates, collapsing markets and fast declining profits, corporate leaders say they plan to spend only \$328.6 billion on new plants and equipment this year. According to a Department of Commerce survey taken in April and May, business leaders estimate a 2.4 percent decline in projected spending this year from their 1981 outlays, after allowing for inflation. Many private forecasters predict that the actual cutbacks in investment on new plants and equipment will turn out to be even larger than indicated in the latest survey. Similar surveys taken by the Department of Commerce earlier in the recession showed the first decline in "real" or inflation-adjusted capital spending since 1975. □ □ □

...NEWSBRIEFS

FREE ADVERTISING FOR TEXAS FIRMS

International Licensing, a monthly publication with worldwide circulation, is interested in getting Texas companies acquainted with their services. As an introductory offer, the publication is allowing every new Texas subscriber one free advertisement of up to 80 words of text. The publication is aimed at achieving an interchange of technology and products and services among nations. Texas companies interested in expanding their overseas interests through technology exchange, licensing, joint ventures or export/import of goods should write International Licensing, Ltd., 92 Cannon Lane, Pinner, Middlesex, England HA5 1HT. To qualify for the free advertisement, response must be received by July 31 with a reference code "FA/7/82."

TEXAS/NEW YORK TIE FOR SECOND

Texas and New York are tied for second place in a recent *Inc.* magazine ranking of the 100 fastest growing companies in America. Both states placed 15 firms on the list, closely following California which had 17. The leading firms were ranked according to their percentage increase in sales from 1977 to 1982. To qualify for the ranking, each firm's 1977 sales must have been at least \$100,000 but less than \$25 million. Texas companies that made the list and their ranking are as follows: no. 3 Flare (Midland), no. 5 Seisdata Services (Houston), no. 7 Seal Fleet (Galveston), no. 16 Sage Energy (San Antonio), no. 50 Oxoco (Houston), no. 53 Pengo Industries (Fort Worth), no. 60 Texas Energies (Amarillo), no. 61 Amarco Resources (Dallas), no. 62 Saxon Oil (Dallas), no. 67 Jefferson-Williams Energy (Dallas), no. 70 Petroleum Equipment Tools (Houston), no. 71 Blocker Energy (Houston), no. 92 EnerServ Products (El Paso), no. 96 Team (Houston), and no. 98 Service Fracturing (Pampa).

HERE AND THERE...

The Texas Employment Commission says the unemployment trust fund has been strained by increasing unemployment — including 5,500 Braniff International workers in one week — and may result in higher taxes for employers in '83 According to the Tax Foundation, 45 state legislatures probably will consider tax increases during 1982. Tax bills are already pending in 26 states, and if passed, those alone would raise taxes by \$6.8 billion — making 1982 the second year in a row that state tax increases have set a 10-year high For the ninth consecutive year, crude oil production in Texas declined in 1981 by 3.6 percent despite a flurry of drilling. Experts say the decline could be even greater in 1982 City-dwelling Americans had bigger personal income gains in 1980 than people in rural areas, according to the Commerce Department. Personal income rose 12.1 percent to a per capita average of \$10,153 in the nation's 305 urban areas, compared with 8.7 percent of \$7,556 per capita in non-urban counties. Midland was the leader in personal income with a 23.3 percent gain Hearings began the last week in April on a bill to refocus drastically the Public Works and Economic Development Act of 1965, which created the Economic Development Administration (EDA) marked for extinction by the Reagan Administration New Defense Department figures reveal that 15,000 Texas defense industries contribute more than \$10 billion annually to the Texas economy, which includes the salaries of the 200,000 soldiers, sailors, airmen and civilian auxiliaries According to the U.S. Agriculture Department, foreign investors owned 12.7 million acres in 1981, up from 7.8 million in 1980. This is less than one percent of all U.S. agricultural land *Plants Sites & Parks* magazine will feature Texas in a special issue in September spotlighting growth in the state ■ ■ ■

TEXAS INDUSTRIAL COMMISSION

P.O. Box 12728, Capitol Station

Austin, Texas 78711

12

Trade Center Helps U. S. Firms

(Continued from Page 1)

or expansion of land, plant, buildings, equipment, facilities or machinery.

Mid-America Trade Adjustment Assistance Center is a division of the University of Arkansas Industrial Research & Extension Center. Its staff is comprised of eight financial specialists, three production specialists and two marketing specialists. The staff members hold two Ph.D. degrees, seven Master's degrees; four are CPA's and two are professional engineers.

How does it work?

To be certified eligible to apply for Trade Adjustment Assistance, a firm must demonstrate that increased imports are a significant cause of decreases in production/sales and of actual or threatened unemployment to a firm's workers.

To establish company eligibility, a firm should contact the Mid-America TAAC which will assist the company in preparing and filing a petition with the International Trade Administration.

Upon certification, the firm must develop an economic plan which shows that the proposed solution would contribute to the economic adjustment of the firm.

It also must give consideration to the firm's employees, demonstrate that the company will use its own resources for economic development and indicate that the firm lacks reasonable access to the private capital market.

Since its inception in 1978, Mid-America TAAC has provided assistance to more than 50 firms, including manufacturers of footwear, apparel, electronic components, sporting goods, luggage and leather goods, floral products and industrial machinery and equipment.

They have provided consulting services tailored to meet the specific needs of each firm. This was accomplished through on-site visits with the firm's management and the preparation of a diagnostic review of the company's operation. TAAC has assisted many companies in their efforts to obtain favorable interest rate loans needed to enable them to successfully implement their business plans.

For more information, contact Mid-America Trade Adjustment Assistance Center, University of Arkansas, P.O. Box 3017, Little Rock, 72203, (501)371-1737.



On his recent visit to Texas, Chief A. Y. Eke (right), Nigerian Ambassador to the U.S., met with state officials and businessmen that can help provide Nigeria with the trade, technology and expertise that it currently needs. Pictured above Secretary of State David Dean presents Ambassador Eke with an Honorary Texan certificate while TIC Executive Director Chuck Wood looks on.

Final Issue of TQU

Due to increased production costs and demand on manpower hours, this will be the last issue of *Texas Quarterly Update*. Subscribers will continue to be informed of economic activity in the state through our monthly publication *Texas Industrial Update*.