
Exporting Requires Trade Savvy

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Wine bottles that leaked from popped corks after being abandoned on a hot shipping dock in Taiwan. Product labeling that was completely redesigned for European countries. Medical equipment that must be built and certified to meet each country's standards. These are some of the challenges local companies have overcome-or still deal with-when selling their products to other countries.

Despite the risks and extra work, exporting is big business in Washington state. Foreign exports are the fastest growing sector of the state's economy. Washington exported more than \$45.2 billion of products and services in 1999, representing 20 percent of all goods and services sold by firms in the state, according to John Anderson, director of the International Trade Division of the Washington State Office of Trade and Economic Development (OTED) agency.

Top Washington products sold overseas include aircraft and other transportation equipment, industrial machinery, computer equipment and processed foods, Anderson said. One of four jobs in Washington is tied to foreign exports.

Eastern Washington accounted for a healthy 15.6 percent of the state's exports in 1995, the most current OTED statistics available. The 1998 Manufacturers' Register listed 28 businesses in Benton and Franklin counties that export products. Local exports range from agricultural products to measurement instruments to recreational equipment.

One of these companies is Hedges Cellars, which sells wine from grapes grown in its 90-acre vineyards on Red Mountain. The company began exporting in 1986 to 12 countries. About 8 to 10 percent of the firm's sales are from exports, according to owner Tom Hedges.

What makes wine a good product for international sales? First, there's a bigger market. "Europeans drink ten times the wine that Americans do," Hedges said. Then there's the status factor. "There's a population in every country constantly seeking the wines that are highly rated by industry magazines," he said.

Hedges markets his product through international trade shows and other events that winery representatives attend. He also uses an export brokerage company with offices in Europe and Asia.

To reduce risk, Hedges advises getting insurance from the U.S. Export/Import Bank. In addition to covering the loss of wines from the too-warm shipping dock, insurance protected him when another shipment was flooded by a typhoon.

Another local company, Cadwell Laboratories, Inc., has been selling its neurological diagnostic equipment worldwide for years. "To market and sell our products, we use distributors and the Internet," said Peggy Cantley, one of three employees working in international sales for the Kennewick company.

Cadwell must build, test and certify its equipment to meet strict standards set by each country, an expensive undertaking. Nevertheless, the company generates up to 10 percent of its revenue from foreign sales. "The same assets that make us successful in the United States work for us overseas -- superior technology, portability and competitive pricing," Cantley said.

Chuck Brooks agrees that a competitive product and strong U.S. presence are prerequisites to successful exporting. His company, Marcraft International, sells computers and instructional materials for technical education.

"If you can't sell it here, don't expect the rest of the world to save you," he advised. Brooks expanded into exporting in 1991. Now, his Kennewick firm sells products in seven Middle Eastern and Asian countries, in addition to his U.S. market.

Mid-Columbia business owners who want to break into exporting or increase their international sales can tap into a wealth of resources. Many are free of charge through state and federal government programs.

The [International Trade Administration](#) of the U.S. Department of Commerce offers a step-by-step guide to exporting, as well as information about country-specific industries and U.S. trade missions.

[Washington's OTED agency](#) provides market research on specific countries, an exporting guide and exporting statistics. "Our six overseas offices help Washington firms find international associates such as distributors and partners for joint ventures," said Karen Bronson, OTED's local export manager. "We also recruit companies to participate in state-organized trade missions and international trade shows to help market their products overseas," she said.

Eastern Washington businesses can get customized exporting assistance from two Spokane organizations. The non-profit International Trade Alliance helps small and mid-size businesses expand into international trade.

"We go to the place of business and do a lot of expert hand-holding to get people through the process of identifying markets, completing the required forms and certifications plus everything else they need," said Autumn House, trade and program assistant with the Alliance. The organization also gives seminars and offers access to databases and other information about countries and markets.

The U.S. Department of Commerce's Spokane Export Assistance Center helps businesses get trade leads, such as through trade missions and embassy contacts. Business counseling is available at no cost to local firms from the Small Business Development Center in Kennewick. Program director Blake Escudier formerly managed operations for an international freight forwarder in New Orleans. Locally, he has advised several companies on export issues and processes, including identifying export financing and partners.

Many smaller businesses benefit from intermediaries called export trading companies, which find U.S. suppliers to meet product needs in specific countries.

Export trading companies make the business deals, then purchase the product from the domestic seller and resell it to the overseas company.

Gary A. White's Kennewick company, P'Chelle International, serves as an export trading company as well as an export consultant. "We locate products that we think will do well in particular countries, send a sample or product information to our business contacts there, and then, if all goes well, negotiate an agreement to be the exclusive distributor of the product there," he said.

"Some products do even better in other countries than they do here," White said. U.S. goods that have been successful in Mexico, for example, include agricultural products, paint additives and even an earthquake shutoff valve for natural gas lines. Hedges of Hedges Cellars advises all firms, even small ones, to take a global view: "Look at the world as one big potential marketplace."