

Indiana Exports

Good, but not Great – Yet

Small, but mighty is one way to describe Indiana when it comes to exporting. “We punch above our weight,” claims Mark Cooper, director of the U.S. Export Assistance Center of Indianapolis (a division of the U.S. Department of Commerce, which helps small- and medium-sized companies start and continue exporting).

“We’re ranked about 13th in the nation in exports, around \$32.2 billion in 2011. That’s a big jump, considering in ’09 we were at \$23.6 billion.”

In fact, over the last 10 years, Indiana has outperformed the U.S. in its average annual growth rate of exports – 8.1% to 7.1% – according to the Indiana Business Research Center (IBRC) at the Indiana University Kelley School of Business.

“We see growth in opportunities. Part of that is making sure companies know, ‘Hey, these are opportunities for you. You can get into these markets; now is a good time.’ Make sure they’re not the last company to the party,” Cooper affirms. “We tell folks, ‘Indiana is the crossroads of the nation. But we are also the crossroads of the world.’”

While those statistics are impressive, there is room for improvement. The Indiana Chamber-led *Indiana Vision 2025* plan includes a goal of increasing Indiana’s exports to achieve a “Top 5” ranking per capita among all states.

Where are you going?

Forty-five percent of all Hoosier exports head to our

closest neighbors: Canada and Mexico. Germany, Japan, France, China, the United Kingdom, Spain, Brazil and Afghanistan (respectively) make up the rest of the top 10 export destinations.

“That’s a thing we always make sure people understand ... that there are two partners right next door you should consider,” Cooper offers. “If you look at trends, you’re going to see that outside those two primary markets, Europe has been a strong market for us.”

Oleg Gostomelsky, vice president of business development for Hoosier Gasket Corporation (headquartered in Indianapolis), has seen firsthand the benefits of exporting to Eastern Europe and China. The company has exported its products for many years, but has opened offices over the last four years in China; St. Petersburg, Russia; and the Netherlands.

“It’s simply because one of our U.S. customers – Chrysler – sold the license to manufacture one of its vehicles at the time to GAZ (Russian automobile line). We were one of the many suppliers on that list,” Gostomelsky explains. “We used the opportunity to start building the relationship with them, then, from that, expand to other OEMs (original equipment manufacturers) in Russia and Ukraine.”

Hoosier Gasket turned to the U.S. Department of Commerce and the Indiana District Export Council – two resources that Gostomelsky says are invaluable.

“We are a mid-size company; we don’t have a large

Indiana Sen. Dan Coats recently presented Indianapolis-based Hoosier Gasket Corporation with the Export Achievement Award from the U.S. Department of Commerce. Coats toured the manufacturing facility and presented the award to the family-owned company, which has been exporting for many years around the world.



staff. (The Export Assistance Center) basically were our outsource staff,” he notes. “Where Indiana leads the pack is that the services that organizations like the Department of Commerce offer are well known here.”

A truly global economy

Indiana (and nearly all others) took a hit in the Great Recession. International factors are playing a major role in the latest numbers.

While Indiana and the United States are recovering, other nations are facing economic crises and market uncertainty. For example, in the IBRC report, *Global Positioning: Indiana's 2011 Export Data and Trends*, data show that Indiana's increase in exports wasn't as strong as the Midwest or the United States. In 2010, Indiana's annual growth was 25.5%; in 2011, that number was down to 12%.

IBRC Economic Research Analyst Tanya Hall points to shifting markets and growth patterns as influencing factors.

“Really, what we saw in 2011 has more to do with the uncertainty in the market, for countries like Spain and Germany and other countries involved in the euro crisis, where some of the pullback is. Even in China, they didn't have that strong of a growth last year,” she indicates.

“It's a combination of the euro crisis and economy in general. Brazil had some fat years where it was doing really, really well. They're getting off that high. In China, things are slowing down there due to multiple factors. It's kind of like everyone has crested the big wave and are on the downward descent unfortunately.”

Expanding our reach

Cooper points to one of the ways Indiana can grow its exporting success: expand into new markets.

“We know that of all the U.S. companies to export, 58% only export to one market. Some are exporting in one to four markets. We have to show Indiana companies there's a bigger pie. ... Hoosier products are as good as any made in this country. We have to take advantage of all those things,” he observes.

A September report from the IBRC adds to that point.

Mind the Gap: Identifying Opportunities for Export Expansion in Indiana identifies 10 industries that may be “under-exporting,” such as power transmission equipment, glass products, pesticides and agricultural chemicals, motor vehicles and more.

“There are some things we can do. One thing is a more global mindset; we have to think in terms of global business. We believe international trade is a contact sport. You've got to go out and meet the people, build these relationships,” Cooper contends. “If we're not willing to go to these markets, foreign companies aren't afraid to come here to Indiana. They're going to take business away from you. It's a global perspective.”

Taking a deeper look at smaller, burgeoning countries and tapping into new industries is also necessary for export growth, Hall says.

For Gostomelsky, focusing on awareness and education are key to success.

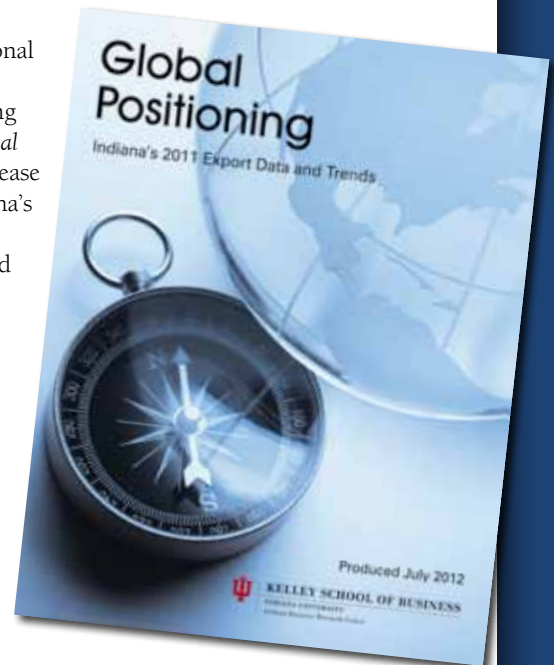
“You can never communicate what resources are available enough. There may be people who would probably love to export who simply don't know where to start,” he states. “International business education, foreign language (emphasis) – these are necessary long term to keep Indiana viable as an exporter.”

INFORMATION LINK

Resources: Mark Cooper, U.S. Export Assistance Center of Indianapolis, at www.export.gov/Indiana

Tanya Hall, Indiana Business Research Center, at www.ibrc.indiana.edu

Oleg Gostomelsky, Hoosier Gasket Corporation, at www.hoosiergasket.com



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