

In photos left to right: Ed Dieter, Timothy Childs, Ed McConaghay, and participants from all over the region.



MINNESOTA TRADE OFFICE MAKES GOOD ON A PROMISE FROM THE GOVERNOR

With only three percent of the world's population and 25 percent of its purchasing power, it would be easy to concentrate on doing business just in the United States. But for some businesses, foreign markets present not only an immediate sales opportunity, but a hedge against local economic downturns. That was a message and motivation behind a talk on "Export 101" held Dec. 14 at UROC.

That, and a promise by Minnesota Governor Mark Dayton to help bring resources to North Minneapolis. After introductions by Katie Clark, executive director of the Minnesota Trade Office, Micah Hines of the governor's office, and Bass Zanjani representing Congressman Keith Ellison, Ed Dieter, the trade office's deputy director gave his overview. The trade office offers several day-long courses on various topics touched on in the three-hour session, and there is a web portal page that Dieter recommends downloading to a computer desktop to avoid having to type in complicated urls.

The trade office also sponsors and facilitates trade missions to other countries, other countries' visits here, and other ways for potential exporters to meet valuable contacts.

A first step is figuring out if you have an exportable product or service (33 percent of the "exports" from Minnesota are classes as services, consisting of architecture and legal services, plus the education of exchange students, to name a few). Manufactured goods are 56 percent of Minnesota's exports, and agriculture 11 percent.

Ed McConaghay of PhotoBook Press, who served on the business panel at the end of the session, said his decision to go international was "pretty easy. I'm always thinking everyone wants what I do. It's interesting, and unique."

Dieter said, "You don't want to put out products that are experimental" since you won't be able to service them on site if something goes wrong. "But there might be older technology for which there's less market here," that can be sold in other countries, easy to produce and with the development costs already sunk.



A company will also want to assess whether exporting is consistent with other company goals, whether the resources to do it are reasonable, and in general, to weigh the costs and benefits. If it looks possibly feasible, a next step is finding the foreign market. "The world is huge—where do I begin?" A common starter is inquiries that may have come in from places "scattered across the globe," who found a business through internet, for example.

Dieter said his office holds a class three times a year where participants come prepared with research questions, and are allowed access to subscription-based resources. A list of Minnesota Trade Office events is at www.exportminnesota.com.

"Or you can talk to a trade rep, they can help you find information. And we can distinguish between a business and a student finishing a paper."

There are some cautions in dealing worldwide. "Don't ignore that labor laws are different overseas. It may be expensive to get rid of employees," Dieter said, what we may think of as a short-term

contract might be assumed a long-term relationship.

"You are not going to change the culture" of anyone. Yet don't assume that they are not being flexible, they are. Other countries' people have to work as hard as Americans do, to try to do business overseas. Dieter gave the example of how Germans buy, versus how the French buy. Germans are all about technical specifications, the French buy on style and splash. "Colors can have different meanings." Here, red means danger or stop, "red in China is fortune and money. "Have someone look at your ads, to make sure you're not making a faux pas.

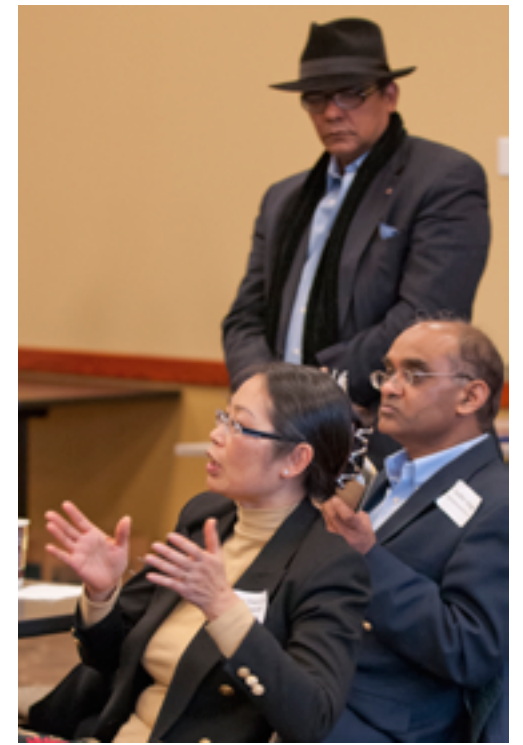
Cultural differences also figure into how foreign counterparts may feel about when to pay, how long to do business before making a profit. "If you have to go to the contract to solve a problem, it's too late," Dieter said. Personal relationships and integrity are important.

Dieter also talked about export regulations, and the slight, though dramatic possibility that shipping a product exported for innocuous consumer use but with a military



application could, if exported to a country unfriendly to the US, result in huge fines. Timothy Childs of Precision Wafer Technologies, in a panel discussion held after the talk, confirmed this with a \$35,000 example. On a shipment of samples to Brazil, "six years later it was revealed that I'd been given wrong information."

There are companies that help with various aspects of international trade, for example, lawyers who specialize in classifying products, export management companies and freight forwarders. The trade office itself has many resources. There are "Incoterms" (International Commerce terms) that are a way of defining who pays for what, for example, if there's



damage during shipping. There's even a merchandise passport, the ATA Carnet, for goods brought overseas for trade shows – they're tax free, duty free, but can't be sold directly.

Thirty-nine participants signed up for the workshop and several others came same-day. Approximately three-quarters of the listed attendees own or represent businesses, the balance were providers looking for information to share with clients and contacts.

To reach the Minnesota Trade Office, call 651-259-7499. The Trade Assistance Help Line is 651-259-7498, email mto@state.mn.us, website www.exportminnesota.com.

Photography by Pat Carney for Northway Community Trust. Reporting by Margo Ashmore.