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Maine businesses increasingly looking beyond U.S. borders

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SOUTH PORTLAND, Maine — Maine companies making diverse products including computer chips, veterinarian diagnostic technology and telecommunications equipment are pushing into emerging markets around the world, from South America and Africa to India and China.

Experts from those companies told other businessmen and -women about their experiences in these growing economies at the Maine International Trade Center's annual Trade Day on Friday.

Foreign trade is an ever-growing part of Maine's economy. Janine Bisailon-Cary, president of the trade center, noted that Maine exports have grown 76 percent over the last 10 years. The state saw a 41 percent growth in international trade in 2010, the second-highest rate in the nation. The state's export sales totaled \$3.15 billion.

About 300 people gathered at the Sable Oaks Marriott for the conference, which featured several discussions. Jean Chiotti of Westbrook-based IDEXX Laboratories, Carol Deeney of York's Stonewall Kitchen, Paul Delva of Fairchild Semiconductor in South Portland and Garrett VanAtta of SPX Communication Technology in Raymond talked about their companies' work in emerging markets.

SPX, whose Dielectric division in Raymond makes telecom transmission equipment, began breaking into the India market three years ago and currently is exploring potentials in Africa.

The rapidly growing middle class in many emerging markets creates opportunity, VanAtta said.

"These emerging markets probably have the most potential to grow your business, but there's a lot of risk and challenges," he said.

He said a company entering these markets needs to go in with certain business assumptions but added that those assumptions need to be verified on the ground. For example, he said, companies may expect certain agencies will regulate their industry, but those regulations may come from other departments.

Chiotti, of IDEXX, instead counseled businesses to leave all assumptions behind.

“It is really a different world out there,” he said. “You cannot assume that because it worked in Mexico, it will work in Brazil.”

He advised that companies do a lot of primary research before making business overtures into a country. A common prejudice that American companies often have is that if a process or control is good enough for U.S. regulators, it should be good enough for their foreign counterparts. That’s often not the case, he said, and that attitude can annoy foreign officials.

“You have to be ready to be a little bit humbled,” he said. “If you go in humble, you have a chance to reap a little more.”

Fairchild’s Delva said that in Asia, companies must look at relationships as the key to overcoming regulatory hurdles. In the United States, he said, a company’s normal process is to understand the rules they must operate under and adjust processes to meet them.

In China, Delva said, the company instead should meet the official who will be overseeing the regulations to understand how that person interprets the rules and to ask “What do you want me to do?” Delva said he wasn’t suggesting that the process was a corrupt one — just different from the U.S. model.

“It’s much more relevant to deal with the relationship rather than the regulation,” he said.

On the question of corruption, Delva, Chiotti and VanAtta said their companies trained employees annually on compliance with U.S. laws that apply in foreign lands. Fairchild uses Web-based training modules and trains employees in various departments about red flags to watch for, such as a customs booker whose payments to government agents may be disproportionately high. That could signal bribery, he said.

SPX has similar programs and also does intense due diligence on its potential distributors to ensure that they’re dealing with clean partners, VanAtta said.

Stonewall Kitchen’s Deeny said her company faces some unique challenges in that their products are aimed at consumers rather than industrial customers. The company works with 10 distributors in 18 countries, she said. They fully vet distributors before partnering up, looking at their existing relationships with customs officials and whether they work with other food exporters.

Distributors are responsible for adhering to labeling regulations in foreign countries, which may require changes such as ingredients translations, she said.

The best way to find distributors, Deeny said, was through trade shows. Stonewall Kitchen attends about a dozen in the U.S. and has begun going to international shows as well. Chiotti suggested working through the U.S. Department of Commerce, which has programs in various countries that help match up exporters with distributors.