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## ECONOMIC DEVELOPMENT:

# Golden State Opportunity

California's Efforts to Increase Exports [By Warren Strugatch ]



**A Star(port) Is Born!** With help from Trade Connect, Cheryl Tsang opened new markets for her Asian-influenced sauces and seasonings, Starport Foods.

Cheryl Tsang registered for her first Trade Connect workshop several years ago, looking to build international sales for Fullerton, California-based Starport Foods. The Asian-flavored sauce-and-spice outfit, founded by Tsang and her chef-husband David, imports quite a lot, exports not so much. Hoping to change that, Tsang accepted an invitation to Trade Connect, a half-day workshop organized by the Port of Los Angeles that introduces trade fundamentals to aspiring exporters. Three hours later, laden with new techniques plus a bundle of business cards from the many government officials in attendance, Tsang felt she had assembled a free brain trust.

“As an Asian food products company, we did plenty of importing and naturally started thinking of markets overseas,” she recalls. Actual exporting, however, was mainly servicing a Dubai-based restaurant chain. “We saw we had an opportunity to sell more overseas,” she reflects. “Only we didn’t know what to do to make it happen. We had a lot of questions and no one to ask.”

Jim MacLellan, trade development director for the Port of Los Angeles, picks up the story. “We put them in contact with other opportunities for export, and encouraged them to participate in food expos as well.”

Export questions arose, and Tsang was ready. When Dubai unexpectedly requested separate invoices for each end-user—its restaurants are scattered across the Middle East and India—she ran the query by new export guru Maryavis Bokal, a trade specialist with U.S. Commercial Service in Irvine, California. Based on Bokal’s advice, which boiled down to send one invoice per port, Tsang demurred.

“Having all this potential advice on tap is fantastic,” Tsang says. ”And no charge!”



**Port of Los Angeles**

Jim MacLellan, Port of LA’s trade development director, helped Startport Foods connect with export opportunities and encouraged the company to participate in food expos.

Meanwhile, in Costa Mesa, California, commercial real estate specialist Lisa Brimm faced growing demand from existing clients for additional business services. “I knew I needed to learn about exporting,” she recalls. “So I called Jim (MacLellan) and Norman (Arikawa),” MacLellan’s co-manager, both of whom she had met while marketing commercial property locally. The port officials swiftly plugged her into the government alphabet soup of export promotion agencies: ITA, SBA, USEAC, DEC and others.

Like Tsang, Brimm found the government resources accessible, responsive and knowledgeable. “I can go anywhere in the world and be able to resolve” export problems that might arise, she says. “This is wonderful.”

Across the state, California’s small and mid-sized exporters tap scores of export-promotion programs like Trade Connect as they rev up international sales. Virtually all levels of government participate, from the Beltway on down, offering regional initiatives, academic

courses and student internships, municipal programs, chamber of commerce services, think-tank operations and coursework offered live or online by professional associations. While so many state and municipal services have shrunk since the start of the Great Recession, export promotion services are reversing that trend. In February, Gov. Jerry Brown announced plans to open a state trade promotion office in Shanghai. He signed legislation in September re-establishing California's international trade offices after a decade's absence. The governor also seeded the state's economic development office with new blood, appointing well-regarded Bay Area export champion Paul Oliva to head the state's International Affairs and Trade Development.

International business is indeed a bright spot in the Golden State. California's export shipments in 2011 totaled \$159.4 billion—an increase of 25 percent since 2009. Computer and electronic products lead the export parade, followed by transportation equipment, machinery, manufactured commodities and chemicals. The state's largest export market is Mexico, followed by Canada, China, Japan and South Korea. The Port of Los Angeles, the busiest in the country, experienced record-breaking exports last year as outbound container volume surged for the second consecutive year—growth export officials attribute to training and promotion programs like Trade Connect. The port accounts for more than a million jobs statewide and produces \$6 billion in state and local tax revenue. Overall, economists estimate that port trade activity generates \$63 billion a year for California. Combined, the ports of Los Angeles and Long Beach comprise the nation's busiest container load center, handling an average of 40 percent of the nation's import trade annually, according to the American Association of Port Authorities.

To support export efforts, new programs and fresh initiatives continue to roll out. The Los Angeles Regional Export Plan, effectively a coalition of municipal, business and academic resources assembled under Brookings Institute auspices, celebrated its first anniversary in the fall. Outcomes from the program, designed to identify growth-oriented exports and push those industries forward, should soon make themselves felt.

Some long-running programs on federal and state levels have in recent years been reinvigorated with new market-savvier staff, updated connections overseas, new funding—or all three. This past September, the U.S. Small Business Administration announced a \$1.62 million State Trade and Export Promotion (STEP) grant benefiting the state's network of Centers for International Trade Development. Through the STEP program, housed at seven community colleges, California organizes more than two dozen overseas trade missions a year for high-tech, biomedical manufacturing, food and agricultural products, health and beauty products and California wines.

One mission went to Italy last year, bringing a dozen Southern California skin-care companies to participate in a California pavilion within Cosmo Fest Bologna, the self-proclaimed largest such expo in the world. While most of the Golden State contingent were starting out as exporters, there was at least one ringer: Carson business owner Jim Ajmal. Ajmal's two personal-care brands sell in 60 countries around the world, but not in the U.S. Ajmal makes it a practice to travel to expos such as Bologna's, valuing the visibility and international buying power. He trekked along with the California expedition largely on the basis of price; participation cost roughly half what he'd pay on his own steam.

“I’m doing this again,” he proclaims.

A perennial favorite of many exporters is the Commercial Service’s long-running Gold Key program, which crafts high-level introductions to overseas decision-makers on behalf of American enterprises. Scott Ermeti, vice president for marketing at Pelican Products, credits the program with helping position the Torrance-based company for success in Canada and Australia by targeting genuine decision-makers and making meaningful introductions.

According to Ermeti, who markets Pelican’s line of high-end flashlights, LED screens and military illumination systems internationally, Commercial Services helped generate more than 100 strong leads by arranging several highly selective gatherings, including a luncheon at the U.S. Embassy in Ottawa, Canada, and a soiree at the Canberra home of the U.S. ambassador to Australia.

At both events, “We spoke only to people who would be interested in our offering,” notes Ermeti, calling the gathering “a great success (which) would have been nearly impossible to bring together ourselves.”



**Nikolas Weinstein Sculpture:** View from InterContinental Hotel Shanghai Puxi lobby looking down the length of the sculpture. The full length of the sculpture is more than 255 feet long.

Another delighted Gold Key client is Emily Vassos, who markets sculptures created by husband Nikolas Weinstein to hotels and restaurants around the world. While the domestic market has softened in recent years for the San Francisco studio, sales in Asia have picked up, Vassos says. For this, she largely credits Stefan Crawford, the Commercial Services officer she met when he gave a pro-export talk at the local chapter of the American Association of Architects.

“That was one meeting I’m glad I attended,” she says.

From his Commercial Services office in San Francisco, Crawford describes the art entrepreneurs as exemplifying “the small firm with outstanding export potential.” Weinstein’s huge-but-airy sculptures are “a differentiated product few other firms produce or could imitate well,” he says. As for international demand, he describes their market as steady but “rarified” and “tricky to

pinpoint.” Crawford credits the owners’ strategic focus on picking solid prospects and following up through trans-Pacific personal visits for their success.

Adds Crawford: “Showing up and remaining visible are half the battle.”

Over in the San Joaquin Valley, GoldRiver Orchard owner Don Barton credits the Centers for International Trade Development—in particular STEP program trade missions and training offered by its Agricultural Export Training Program—for boosting his company’s international sales. Although agriculture is in Barton’s DNA—the family fruit and nut business dates back a full century—export skills are not. Participating in trade missions helped hone those skills while establishing connections in such foreign markets as China, Korea and Turkey. Barton also gained marketing savvy, learning, for example, to localize his product mix, selling whole nuts in markets like the U.S. and shelled nuts in places like the Middle East. Today, exports account for about 90 percent of the walnut grower’s sales, reversing the domestic emphasis that prevailed 10 years ago when he acquired the company.

While what you know matters, often it’s who you know that matters even more. Irvine-based consultant Himanshu Thakkar, who assembles deals connecting the U.S. and India, credits “continuous networking” at events such as those organized by the Irvine Chamber of Commerce, as well as his personal network, for generating business opportunities. Currently, he’s pulling together an independent film called Tiger, Tiger which will blend Hollywood talent with Bollywood locations and technicians. (Michael Douglas, call your agent.) The goal: a multi-national audience.

“We start production next spring, in India,” Thakkar says. “Except for some location shooting where we will photograph an actual tiger. You can’t do that in India, legally. So we’ll leave India and shoot those scenes in South Africa.”