

US Environmental Firms See Opportunities in Foreign Market

With the global environmental technologies market expected to reach \$900 billion by 2010, US environmental firms continue to seek diversification by exploring new sales opportunities abroad, sup-

porting American jobs. What many businesses don't realize, however, is that when it comes to exporting, they don't have to "go-it-alone." There's a wide range of US government export assistance available at their doorstep. Outsourced Logistics recently discussed some of the opportunities and challenges of selling to world markets with Bill Cline of the US Commerce Department's Commercial Service. Cline heads the International Trade Administration's (ITA) Environmental Team of global trade specialists.



Q: Given the current world financial situation, how are US environmental companies faring when it comes to exporting? Are they cutting back, or still pursuing international markets?

A: Judging from interest expressed for our programs and services, interest remains high. We are currently seeing demand for participation in our trade mission to Italy, Croatia and Greece, for example. Participation in key industry trade shows—both domestic and international—remains strong. Also, with the high-level focus on “green,” there appears to be a sense of optimism in the sector.

Overall, US companies understand the importance of market diversification to the bottom line, and are working to adjust to the economic situation by being flexible with buyers, putting customers in touch with financing and other resources to help complete sales, and ramping up service and personal relationships with customers.

Q: Are there certain areas of the world that would offer more potential than others for environmental firms seeking to export? What are some of the key growth areas for solid waste, water, remediation, and air pollution technologies?

A: Interesting that you ask. One of our team members, Erica Ramirez in Ontario, CA, just compiled a markets overview matrix. China and India are two major markets offering opportunities for US firms in these industries, but demand exists worldwide. Leading opportunities for solid waste technologies include markets such as Croatia and Greece; and Europe and Latin America lead for water pollution equipment. While Canada, Japan, Mexico and Brazil have traditionally been among the key markets for US air pollution technologies, our matrix identified other promising markets, including Bulgaria, Hong Kong and Colombia. The matrix is quite extensive and covers pollution control equipment, water resources equipment, water treatment technologies and renewable energies. It's just one example of the resources our Team makes available to our environmental technologies exporters. For more information, visit www.buyusa.gov/environmental.

Q: Any specific projects of note, foreign government initiatives, etc., that are creating opportunities for US companies?

A: Recently, the Kuwait National Oil Company has been issuing numerous tenders, from remediation technologies to pipeline inspection services. China also continues to grapple with drinking water supplies and wastewater treatment, as does India. Australia remains keen on desalination and Indonesia seeks to develop its geothermal resources.

To receive regular updates on new projects and opportunities, I'd suggest subscribing to our e-Market Express service-free monthly notices on trade events, opportunities and news at www.buyusa.gov/eme/enviro.html.

Q: What are the challenges for US environmental firms in selling environmental technologies internationally?

A: Lax environmental enforcement is an issue in many countries. To the extent the environmental market is driven by public policy, and the public sector is the procurer of services and products, lead time is surely another challenge. It can be months, even years for a project or procurement to finally come to fruition.

Another issue is partnering. Many of our clients are small and medium-sized firms. They need to find appropriate partners, whether that's joining forces as a sub-contractor with the big multi-national general on a project, or finding a local distributor or strategic partner to team with. Partnering is often fluid, ever changing. The partner for one bid opportunity is not the logical one for the next. These are challenges faced by businesses in our sector. The US Commercial Service and Environmental Team members offer the means to help meet these challenges, whether it's through our background check service—our International Company Profile—or through our partner-find services like the Gold Key Matching Service or International Partner Search.

Q: Global climate change is becoming a bigger priority. Do you see any trends in this area with regards to environmental exports?

A: We see a marked increase in the number of companies attracted to our trade missions. Last September, we led a delegation of 19 US businesses to China and India on a “clean tech” mission. On our upcoming trade mission to Croatia, Italy and Greece, we've expanded our



sectors covered to be sure to include clean tech due to the overwhelming interest in those markets. That mission is fast approaching—March 30 thru Apr 4. There's also the COP15, the UN Climate Change Conference scheduled for December 2009 in Denmark. The program for Scandinavia also covers the renewables and clean tech area and we're seeing strong demand for participation in that event. Additionally, climate change concerns are creating expanded opportunities for traditional environmental industries. The Office of Energy & Environmental Industries has recently released a competitiveness report highlighting potential benefits for the air pollution control sector, for example. That report is available at www.export.gov/envirotech.

Q: Are there any misconceptions about exporting that your Environmental Team sees among business clients that come to you for assistance? How about among new-to-export companies?

A: Perhaps now, the biggest myth recently has been that environmental regulations will be sacrificed in the face of this economic climate. We have seen nothing to suggest that at all. Indeed, the approach to securing our economic future by development of the green economy seems rather the reality, a global theme. As for new-to-export companies, it's getting them to make the move. Only about 40% of the global environmental technologies market is in the United States. Of that,

US firms supply 80% of the market. Our message is, if you can sell it here, you can likely sell it abroad. Let's take a look and see if we can help.

Q: What would be some of the common mistakes that companies make with regards to exporting?

A: Yes, the attractiveness of the international pursuit may detract focus from other needs that are also important to the firm. A balanced approach is needed. Another issue is financing. Too often, it is the after-thought, "...ok, now how do I pay for this..." rather than knowing your financing needs and incorporating that into your quote/bid spec up front. Another is trying to do it from behind your desk, as I say. You have to travel to the market, develop familiarity, take on partners and learn the places you seek to do business in.

Q: Could you give us some different scenarios as to how the Environmental Team assists businesses? For example, a new-to-export company vs. a more experienced exporter?

A: It's definitely NOT a one-size-fits-all. We seek to customize our services to the exact needs of each client. We may offer our Gold Key Service to all, but even then the focus is on the goal of each client. As for new-to export companies, we offer extensive counseling and perhaps greater focus on domestic programs, services, activities and events first. For example, getting the client to domestic trade shows where they can be introduced to foreign buyers or our own US Commercial Service representatives from our Embassy and Consulate offices abroad. For more mature exporters, we are involved at a higher level, assisting them with background checks on potential new foreign partners or buyers, mobilizing them for participa-

Contact the Environmental Team

US firms looking to increase their bottom line by making new sales abroad can benefit from the export services and programs of the International Trade Administration's Environmental Team. As part of ITA, the US Commercial Service



provides a network of 1700 trade specialists in more than 100 US cities and American embassies and consulates in 80 countries, offering a number of export programs and services. In addition, ITA's Manufacturing and Services industry specialists help US environmental companies address issues related to market access for foreign markets, competitiveness, proposed domestic regulations, industry statistics, and interagency assistance. Together, these resources

enable environmental exporters to benefit from a range of services, many at no cost. These include:

- Export counseling
- World-class market research
- Trade events that promote products or services to qualified buyers
- Introductions to international partners, including pre-screened business appointments abroad
- Market access, counseling and advocacy
- Policy issues
- Capacity-building in developing nations
- Environmental trade trends and analysis

For more information, contact the Environmental Team at www.buyusa.gov/environmental. Visit the nearest US Commercial Service office at www.export.gov or call 1.800.U.S.A.TRADE.

tion in foreign trade shows and missions, and organizing our "single company promotions" for them, or undertaking tender advocacy (bid) or trouble-shooting services.

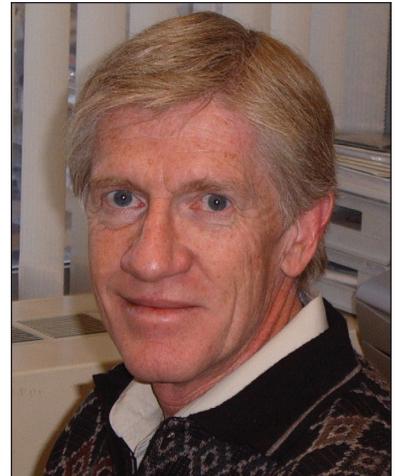
Q: Could you discuss the physical movement of environmental products to foreign countries, what are some different scenarios and challenges?

A: A lot of our environmental clients end up doing work in very remote areas of target markets. For example, a wind power client's products are intended for emergency and disaster relief areas, or to serve mining camps, remote, off-the-grid. It's not just the typical challenges of getting the item to port, but once there, getting it to where it's needed. Not all countries, shall we say, operate yet in an

open and transparent way and frankly, graft and corruption at foreign ports can be an issue. Not often but when it happens to you.....well.

For example, a client called asking why its product had been delayed for three months at a foreign port. The buyer/importer was too embarrassed to admit he was being shaken-down. Once they let us know an unexpected "inspection" fee was all of a sudden required, a phone call from our embassy to that customs service resulted in virtually immediate release.

We can't promise that sort of response all the time, but we can try. Attention upfront to terms and conditions of sale, logistics and documentation, and doing homework on your destination market are imperative. These too are areas the US Commercial Service can advise its clients on.



Bill Cline of the US Commerce Department's Commercial Service.

New Mexico Company Finds Success in World Markets

For a company improving the quality of water around the world, it's essential that its products and equipment are in the right place at the right time—a logistical feat that often depends on the expertise of the distribution partner and the freight forwarder.

"I think one of the largest challenges we've experienced has been finding the right kind of freight companies and broker agencies," said Ioana Engstrom, vice president of international market development for MIOX Corp. "Establishing a relationship with a new distribution partner can present difficulties as well. The challenges have come in understanding costs and who takes ownership of what."

MIOX is an Albuquerque, NM, manufacturer and distributor of water disinfection systems for potable water, wastewater, commercial swimming pools and other commercial and industrial applications.

According to Engstrom, US Commercial Service Environmental Team members have been instrumental in helping to identify the best distributors. For example, MIOX was recently put in touch with a French distributor that was experienced in Europe's water industry. The connection has since led to talks on creating the

company's first joint venture, MIOX Europe, which would help them more quickly penetrate the European market.

"Altogether, we're now selling to more than 30 countries," she said. "Through targeted US Commercial Service export counseling, trade events, market research, and pre-arranged Gold Key business appointments in more than a dozen countries, we've been able to attain a higher level of export sales that might otherwise have taken us much longer to achieve."

Engstrom says that exports now account for more than 20% of MIOX's total sales and, over the years, have supported the addition of new staff at its headquarters. She says that internationally MIOX has not yet felt the impact of the current economic climate, beyond one customer delaying an order for a few months.

"Market diversification has been a core strategy for our company and will continue to be in the future, as it helps us weather changes in the global economy," she said. "In fact, we are looking at the international market as an excellent place to be right now. What we're offering is not a luxury; it's a necessity, without clean water you die."

Engstrom advises other companies interested in exporting to "Go get your US Commercial Service officer in your region and use every program available. Take advantage of these services, they're your marketing arm."