

State businesses using Export Maryland grants to market internationally

Premium content from Baltimore Business Journal by Robert Celaschi , Contributor

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Brad Stewart found Maryland's biotech business climate inviting. That was even before the state gave his firm \$5,000 to broaden its international base.

The CEO of Columbia's Cylex Inc. used a matching \$5,000 Export Maryland grant to attend a tradeshow in Europe this year. He hopes to parlay that international exposure into greater overseas sales of his firm's immunization testing products.

"We hope to add distribution in a new country in Europe in the very near future, as a result," said Stewart, who declined to provide specifics.



Export Maryland is a central component in the state's strategy to boost international commerce by Maryland companies. More than sixty state businesses have participated in the program since 2009 and a recent federal award will not only likely increase the number of recipients in 2012 but boost awards to \$10,000.

The demand for entering international markets is a good sign for a sector of the state's economy that recently received poor marks in a national study. Ball State University gave Maryland a 'D+' for the state's international trade prowess in its Manufacturing and Logistics report released in June. Neighboring Delaware scored a 'B+' while West Virginia received a 'B' and Pennsylvania earned a 'B-'.

The Indiana school's Center for Business and Economic Research ranked the states on a variety of subjects related to manufacturing, exporting and investments. Maryland's global reach score is based on export totals, how widely exports are distributed, foreign direct investment in state companies and how robust foreign trade has been over the past 20 years.

Maryland's grade was torpedoed by low marks in manufacturing. But state economic leaders say an increase in exports, a summer trade mission to Asia that produced \$85 million in foreign investments and the Export Maryland program are signals Maryland is making strides in improving its global reach.

They also are bolstered by Maryland's sixth-place ranking in the report for export growth. The value of Maryland exports rose to \$10.2 billion in 2010, from \$9.2 billion in 2009, according to Census data.

"In the past couple of years there has been a bigger re-emphasis by the state government on promoting international trade," said **Kathleen Snyder**, president of Maryland Chamber of Commerce.

Manufacturing malaise

Maryland's poor grade is due primarily to two manufacturing metrics, said Michael Hicks, director of Ball State's Center for Business and Economic Research. The state ranks 41st for manufactured exports per capita, and 43rd in income derived from foreign-owned manufacturing.

All of Maryland's neighboring states scored better, with Delaware coming in third and ninth in the respective categories. Maryland also was dragged down by an export mix that hasn't changed much in the past 20 years, Hicks said.

The metrics used reveal how good individual firms were at adapting their export practices to match the demand of the rest of the world, Hicks said. Maryland's export mix simply hasn't changed much since the early 1990s.

That's where Maryland's emphasis on the life sciences is expected to make a difference, state leaders said. They point to Gov. **Martin O'Malley's** 10-day trade mission to Asia in June that generated more than \$85 million in direct foreign investments in Maryland. The big win involved Chinese pharmaceutical company Tasly Group, which plans to invest \$40 million in a new factory and training center in Montgomery County.

A partnership between CellPath Therapeutics and a Chinese drug development company, announced during the Asian trip, resulted in the formation of China Cellpath, which is housed in the Maryland Technology Enterprise Institute. CellPath CEO Mark Ricigliano said his firm will help its Chinese partner identify the most promising drug compounds from its lab in College Park. Ricigliano said the joint venture is just getting off the ground, but there is great potential for further foreign investment for Maryland biotech companies that are persistent.

Ricigliano said China is sinking huge amounts of money into drug development and seeking relationships with U.S. firms.

"You have to keep going back," said Ricigliano, who has visited China twice in the past eight months. "You have to be patient."

Steady progress

Budget cuts have thwarted Maryland's efforts to boost international trade among its growing companies.

Funds for the Export Maryland grant program weren't available last year. The state restored \$100,000 toward the program in 2011 and attracted more applicants than grants available. Twenty-four companies, including Cylex, received \$5,000 for their international efforts. In 2009, 40 companies received grants.

A \$585,000 award from the U.S. Small Business Administration will likely increase the number of participants in Export Maryland in fiscal year 2012. The state was given the money on Sept. 28 to increase the number of grants that help firms market their products overseas.

Export Maryland grant recipients don't just get the money. They gain access to the state's foreign trade offices, which include 10 new offices since 2008. The countries include China, Korea, Japan, Canada, South Africa and Brazil.

Signe Pringle, program director at the state's Office of International Investment and Trade, said grant recipients can spend 40 hours in the offices doing research marketing, finding distributors and opening doors with potential customers. Even without the grants, any Maryland company with an exportable product or service is entitled to 20 hours.

Pringle's office also takes companies along to trade shows. She is heading to the World Forum for Medicine in Dusseldorf, Germany, in November.

"It's another way to help them get to the market and meet face-to-face with potential customers," she said.