



BUSINESS BRIEFS

Economic Development News from Central Pennsylvania

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PA Reaches New Export Record as Companies Use State's Help to Find More Overseas Business; Foreign Companies Investing More



The Department of Community and Economic Development announced recently that Pennsylvania helped more companies find new markets and shattered its record for export sales and foreign-direct investment during the 2009-10 fiscal year. Pennsylvania reported \$644 million in new export sales and foreign-direct investment during the period, which was 12 percent higher than the previous record performance in 2008-09.

China is now Pennsylvania's second largest export market thanks to its 66 percent increase in sales during 2009-10. Canada remains the largest destination for Pennsylvania-produced goods and services, while Mexico is now third. Pennsylvania companies are also exporting more to places like Brazil, Ireland, Malaysia and the Netherlands.

And, as the Obama administration undertakes efforts to double U.S. exports in the next five years, the growth of Pennsylvania exports during the first half of this year outpaced national exports by more than five percent. If this rate of growth continues, export sales for all Pennsylvania companies could break the state's all-time record, which was \$34.6 billion in 2008.

A recent landmark private-sector services study commissioned by DCED and Team PA Foundation, and performed by Pareto Growth Inc., found that companies that export only goods pay higher wages, hire more employees, and are more likely to survive economic downturns than non-exporting companies. Companies that export both goods and services do even better, the report said.

Looking at 2006, Pareto found that Pennsylvania's 2,200 service sector exporters reported average yearly sales of \$7.4 million and employed 35

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employees, while service businesses that did not sell their services abroad averaged just \$100,000 in sales and employed nine employees.

While Pennsylvania exporting companies represent just 1 percent of all companies in the commonwealth, they employed 7 percent of the state's private-sector workforce.

The value of exports as reported by the state's Center for Trade Development has doubled since Governor Edward G. Rendell launched his World Trade PA initiative in 2006. Additionally, the volume of export sales skyrocketed 779 percent since 2003.

"Pennsylvania's trade show support and in-country contacts provide a reliable path for lead generation in our Latin American markets," said Perry Loh, owner of Loh Enterprises, a Clarks Summit-based supplier of medical equipment. "I would be hard-pressed to name a more cost-effective method to increase export sales."

Besides recruiting firms to attend trade shows in foreign countries and offering the business expertise of Pennsylvania's trade representatives throughout the world, one vital way the commonwealth helps companies visit new markets is by providing market access grants, which help defray foreign travel costs.

"Market access grants recently helped us attend an industry trade association meeting in Brisbane, Australia, where we met with more than 30 buyers and generated several orders," said Mallesh Hiriyur, chairman of IMPX Traders Inc., a King of Prussia-based seller of food grain.

During the record-breaking fiscal year that just ended, Pennsylvania's trade representatives in Shanghai and Beijing reported the largest sales by Pennsylvania-based companies - a combined \$80 million - while Taiwan reported \$67 million in sales, which included a \$54 million transaction by West Chester-based Weston Solutions for the construction of the new American Institute in Taiwan.

Schramm Inc. is one of the companies that has done more business in China, and it credits Pennsylvania's trade initiatives for its success.

"Our business is up more than 70 percent from last year and China has provided nice growth," said Ed Breiner, president and CEO of Schramm Inc., a 100-year-old Chester County company that supplies the hydraulic drill industry. "Pennsylvania's assistance has helped us with transportation, market penetration, and importation issues in this important, growing and ever-changing market."

For more information on exporting your company's good and services, contact the SEDA-COG Export Program at 570-524-4491 or email export@seda-cog.org.



Rail Authority, Lycoming County Awarded \$10 Million Grant



The SEDA-COG Joint Rail Authority (JRA) and Lycoming County have been awarded a \$10 million TIGER II grant through the U.S. Department of Transportation (U.S. DOT). The funding will be used to provide necessary infrastructure improvements along existing rail and transportation corridors to meet demands of the Marcellus Shale industry.

This is a critical step in improving Central Pennsylvania's transportation infrastructure and boosting economic development in the region. The Marcellus Shale has presented the region with a tremendous economic opportunity, but one that requires

Williamsport

Responding to Government RFP's - November 12th, Harrisburg

Check out our Website for more information on these events!

Interested in Energy Financial Assistance?

Need technical assistance with a particular energy-related loan or grant?

SEDA-COG now offers assistance to businesses interested in pursuing grant and loan opportunities for renewable energy and energy efficiency and conservation projects.

For more information about the types of financial assistance services SEDA-COG can provide, contact Betsy Lockwood at elockwood@seda-cog.org or Ray Haden at rhaden@seda-cog.org or by phone at

substantial rail and highway investments to cope with industry demand.

"This truly is a significant investment to help our region cope with the rail and highway needs of the Marcellus Shale," said Jeff Stover, Executive Director of the JRA, "This will help us leverage contributions from the rail authority, private sector and the Commonwealth. This is an important day for the entire region. In addition to our Congressional delegation and U.S. Senators, I want to thank the Lycoming County Board of Commissioners for partnering with the Rail Authority on the application."

The proposed project has 18 components in six central Pennsylvania counties, including Lycoming, Northumberland, Montour and Union Counties. The plan calls for up to 9.9 miles of new tracks for the Rail Authority's short-line railroads, as well as a new two-lane road that will provide direct access from I-180 to the Williamsport Regional Airport.

These transportation improvements will take place along existing rail and transportation corridors and allow the area to provide the necessary infrastructure to meet the demands of the Marcellus Shale industry and continue to support existing companies in the region.

The \$10 million grant is being administered under U.S. DOT's Transportation Investment Generating Economic Recovery (TIGER) II Discretionary Grants Program. TIGER II grants were awarded on a competitive basis to projects that have a significant impact on the nation, a region or metropolitan area.

The projects sought are those that contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, increase energy efficiency and reducing greenhouse gas emissions, improve the safety of U.S. transportation facilities and/or enhance the quality of living and working environments of communities through increased transportation choices and connections.



Many More Small Businesses Now Eligible for Long-Term Financing with SBA 504 Loans

[Article below reprinted with permission from the National Association of Development Companies.]

A number of very substantial benefits for America's small businesses were incorporated into the Small Business Jobs and Credit Act of 2010, recently passed in Congress. Included in the legislation were major enhancements to the SBA 504 loan program, an important U.S. Small Business Administration financing program. SBA 504 loans are long-term, government-guaranteed loans designed for small businesses to finance the purchase, construction or renovation of commercial real estate and the purchase of long-term capital assets.

As a result of the legislation, many more small business owners across the country now qualify to receive SBA 504 loans. The net worth for companies to be eligible for an SBA 504 loan was increased, maximum loan size was raised and refinancing of existing debt was also approved.

Among the most important benefits included in the Small Business Jobs and Credit Act of 2010 is an extension of the fee relief for SBA 504 loans. This fee waiver was first enacted in February 2009 as part of the American Recovery and Reinvestment Recovery Act. An additional \$505 million has been allocated to fund SBA loan fees through December 31, 2010 saving borrowers many thousands of dollars.

570-524-4491.

Maximum loan amounts were also permanently increased to a range of \$5 to \$5.5 million from a previous maximum range of \$1.5 to \$4 million. Larger projects are now eligible for 504 loans and borrowers who already have loans with the SBA can now return for additional funding.

There was also an increase in the business size standard to be eligible for an SBA 504 loan. Businesses with a tangible net worth of \$15 million and 2-year average net income after Federal income tax of \$5 million, are now be eligible to apply for SBA 504 financing opening the door to many more small business owners across the country.

Perhaps one of the most beneficial enhancements to the SBA 504 loan program is a temporary two-year program for refinancing existing small business commercial debt. Small business owners holding commercial real-estate loans with undesirable rates will have the opportunity to refinance these loans using the SBA 504 loan program. This will be a boon for small businesses that are having difficulty keeping current on existing high-interest loans since SBA 504 loans are currently available at extremely attractive interest rates. Businesses will be able to remain in their facilities while lenders are not left holding vacant real estate.

SBA 504 loans are typically used by small businesses needing more operating space or by businesses that have lost their leases and decide to invest in their own facilities. Still others want to construct or retrofit facilities to incorporate energy efficient technologies to decrease operating expenses. Businesses needing to invest in capital-intensive equipment and machinery also look to the SBA 504 loan for funding. Small business owners definitely see the advantage of the low down payment which is typically only 10%. The hidden value to our economy is that all SBA 504 loan recipients are also adding jobs in their communities.

Certified Development Companies, or CDCs, are the SBA's conduit for providing 504 loans on Main Street. They are ready and waiting for the anticipated increase in demand this new legislation will generate. CDCs know that many small business borrowers will want to take advantage of these long-term, fixed, low interest rate loans now. Chris Crawford, President of NADCO, the trade association for the nation's CDCs pointed out, "The bottom line is that more small businesses now have an opportunity to invest in their own facilities or expand existing facilities using SBA 504 financing. At a time when the commercial real estate market is depressed and property is more affordable, this is great news for many small business owners."

Since 1986 Certified Development Companies have provided nearly \$60 billion worth of financing to over 123,700 American small businesses resulting in the creation or retention of over 2.2 million jobs. Contact a Certified Development Company to discuss the program or visit the NADCO website at www.nadco.org for additional information.

The SEDA-COG Local Development Corporation is registered as a Certified Development Corporation with the SBA. We can provide SBA 504 loans to businesses across the State of Pennsylvania for fixed asset financing.



Two Projects Awarded Funding in the SEDA-COG Region



The Economic Development Administration (EDA) recently announced the award of two infrastructure projects in the SEDA-COG Region. SEDA-COG, a designated Economic Development District (EDD) by EDA, assisted in the application development for both of the projects which will result in job creation and retention in the region.

Assistance was provided to the Berwick Area Joint Sewer Authority (BAJSA) and the Berwick Industrial Development Association (BIDA) to formulate a project proposal and full application to separate the combined storm and sanitary sewer infrastructure that serves the 155-acre industrial complex in Berwick, Columbia County. In March 2010, EDA approved the application for \$2 million investment assistance under EDA's Public Works Program. EDA's investment will contribute to the retention of nearly 20 businesses and approximately 1,250 jobs and create an additional 117 jobs.

In April 2010, SEDA-COG provided technical assistance to Mifflin County and the Mifflin County Industrial Development Authority (MCIDA) to submit an EDA Community Trade Adjustment Assistance (CTAA) Program Grant application in the amount of \$457,500 to complete selected building upgrades including a new entrance with a green roof area, selected floor reconstruction, general construction, and energy efficiency improvements within 264,000 sq ft of multi-tenant manufacturing buildings in the MCIDC Plaza. The CTAA Program is a separate funding program at EDA to create and retain jobs by providing grants to communities that have experienced job losses resulting from international trade impacts. Kardex, USA has located its North American headquarters in Lewistown at the MCIDC Plaza. Among the impacts resulting from this project, Kardex AG will retain 50 jobs from a previous manufacturer and create 50 new jobs.



Central PA International Trade Conference a Success!



The Central Pennsylvania International Trade Conference was held September 21, 2010, at Celebration Hall in State College. Twenty-one of our PA Authorized Trade Representatives were available to meet one-on-one with interested companies. The event was a huge success with the attendance of 35 companies holding over 165 meetings with our international trade representatives and sponsors. This signature event is hosted by the SEDA-COG Export Development Program.

The PA Authorized Trade Representatives offered expertise in the following countries: Arab Gulf (Kuwait, Oman, UAE, Yemen, Bahrain, Qatar), Australia (includes New Zealand), Brazil, Canada, Chile, China - Beijing, China - Shanghai, Czech Republic (includes Hungary, Poland, Slovakia), France, Germany (includes Italy, Switzerland, Austria), India, Japan, Mexico, Netherlands, Saudi Arabia, Singapore (includes Malaysia, Indonesia, Thailand, Philippines), South Africa, South Korea, Taiwan, United Kingdom (includes Denmark, Finland, Ireland, Norway, Sweden), and Vietnam.

Company representatives discussed everything from market entry strategies and distribution agreements to trade shows and regulatory requirements. Positive remarks were heard throughout the day from participants and trade representatives. Donna Clemente, Sales Manager at Brodart noted, "The conference was well organized and because of the direction Brodart currently visualizes international it was one of the most beneficial for me. I look forward to follow up with various reps on things discussed." For many participants, this was a chance to discuss ongoing projects while for others it was their first time meeting with the Trade Representatives.

Our network of Trade Representatives is an amazing offering for PA companies that is available free of charge. Pennsylvania has contracted with private consultants around the world who work on behalf of companies interested in starting and expanding their international reach. Trade Rep services include in-depth market research, agent/rep/distributor searches, foreign company background checks, market entry strategy development, pricing analysis, translations, trade event support and assistance, in-country appointment scheduling, and much more. These individuals are seasoned professionals who speak the languages, understand how business is conducted, and have the contacts to help you develop your international presence.

The Pennsylvania WoodMobile was also on site for participants to visit. The WoodMobile is a traveling exhibit that provides information on the state's forest resource and the state's forest products industry. Patrons to the exhibit saw how the forests of Pennsylvania have shaped the history of the state and nation, learned how today's forest differs from 100 years ago, touched the various hardwood species produced in Pennsylvania and

saw the deer impact of the forests.

Sponsors of this year's conference included McNeese Wallace & Nurick LLC, M&T Bank, UPS, IMC, and the Pennsylvania Office of International Business Development.

