



Maine Exports Slow, But Poised to Rebound

03/16/2010

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The 2009 numbers for Maine exports are out, and it was not a good year. Overall, international sales of goods ranging from paper products to lobsters came out to \$2.2 billion -- off 24 percent from 2008. That's worse than the national average of 19 percent.

Janine Cary of the Maine International Trade Center says that's because of the industries that dominate Maine's export scene. "So much of our exports are driven by, right now, wood products and semiconductors, so if those two areas get hit very heavily that's going to have a huge impact on our total export numbers."

Cary says that Maine's two semi-conductor companies, National and Fairchild, along with smaller electronics businesses, experienced the biggest drop-off of all -- 53 percent, or \$449 million. "That's really driven by a downturn in consumer goods -- cell phones, notebooks, things of that nature that they're components in."

National Semiconductor spokeswoman LuAnn Jenkins says that the company had to make cost-cutting measures, in response to slowed business. "In March of 2009, National Semiconductor announced that we were laying off 850 employees worldwide, which included 40 in Maine. We were closing two manufacturing facilities, one in Texas and one in China, as a result of the worldwide economic recession."

But it wasn't all bad news across the board for Maine exports in 2009. Pharmaceutical and biotechnology products were up by about 25 percent.

"The market, unfortunately, is sick people, you know, that need medical care," says Gary Goodrich, president of the Biotechnology Association of Maine, which represents about 80 firms. He's also president of Bioprocessing, Inc. in Portland, which makes the biochemicals used in diagnostic cancer tests.

Domestic sales, says Goodrich, were down by 10 percent, but exports to Japan and Europe -- which make up a third of its business -- remained steady, allowing the 20-person company to still pull in a profit. "Their economies, they took some hits too, but they've got a lot of universal health care over there and they continue that process, they don't cut back on health care."

Similarly, exports of prepared food products containing blueberries and nuts saw an increase. Lobster exports declined by 9 percent, but even that was not as bad as expected, given that lobster meat is considered more of a luxury item.

In contrast, Maine's pulp and paper industry was seeing customers disappear in droves. "2009 was really a pretty bad year -- we just didn't sell as much paper as we have in the past and many of the mills took downtime," says John Williams, president of the Maine Pulp and Paper Association. Paper exports were down by 19 percent; the pulp used to make paper was off by nearly 40 percent.

"There were fewer catalogues being put out, but also some magazines went out of business, but to a larger degree, it was that the magazines just weren't as thick, they didn't have as many pages of advertising in them," Williams says.

But Williams says things are looking up; business began to pick up toward the end of the year and some companies brought back workers who had been temporarily laid off.

It's not just the paper industry seeing a turnaround. National Semiconductor and Fairchild Semiconductor say business started improving in the second half of 2009.

Despite the improved picture, Democratic Congressman Mike Michaud of Maine says the country needs do a better job of protecting exporters' interests. "I'm looking for a level playing field," he says.

Michaud is among the representatives who wrote the Obama administration this week urging officials to call China out for undervaluing its currency and putting American exporters at a disadvantage. "It is very difficult for a democracy like we have in the United States to compete against a communist-controlled country such as China, where they can actually manipulate their currency and subsidize a lot of their products in China. "

Sometimes, though, the export business is out of the hands of government. Mother Nature can also play a role. The recent earthquake in Chile has put many of its pulp mills out of commission, which has some in Maine's paper industry expecting to get new business. One of Chile's biggest customers: China.