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Your New Frontier: A Conversation With Eduard Casajuana

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For forward-thinking middle-market companies in the U.S., the allure of going global is an enticing one—and for good reason. Expanding overseas can offer a host of benefits, from boosting profits to offsetting seasonal and economic fluctuations to increasing your brand's visibility. However, as with any trip abroad, preparing for the undertaking requires a few things: a curious mind, a realistic game plan and access to resources that can help you make the most of the journey. Eduard Casajuana, head of the International Trade and Commercial Finance team at Santander Bank, shares his insight on how to navigate your business through new terrain—including its opportunities, risks and unknowns.

American products and services are in greater demand worldwide, making global expansion attractive for some U.S. middle-market companies. When selecting a country for expansion, what are the top issues companies should be investigating about that market and why?

There are a number of specific issues that companies should be examining, but one of the most important skills a business can acquire is a clear-eyed framework with which to approach their international expansion.

For instance, selection of a particular country in and of itself is an exercise that requires country and market-specific information; in-depth analysis of recent events as well as trends in market demand can help you understand when and where relevant opportunities arise.

After uncovering that country of interest, a company will need to understand who the local players are. Ways to do that include participating in local trade shows, professional associations and distribution channels.

One thing to keep in mind is that import and export information on foreign companies is usually available—and it can prove a terrific source of direct leads if you have the resources or tools to analyze the information.

Perhaps less glamorous, but equally important, is making sure you understand the country, market and product-specific customs regulations, foreign currency, sovereign risk implications and even cultural differences for a particular market.

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In general, I'd recommend working with reliable local partners and using services already available for American companies, like the U.S. Commercial Service. Expanding internationally may seem a daunting experience for small and medium-sized companies,

but the U.S. is a very competitive market. Chances are that if you're competitive in the U.S., you can be competitive abroad.

Let's talk more about where companies can find the information needed to explore expansion. You mentioned organizations like the U.S. Commercial Service, for example.

There are a number of government organizations here and abroad that help companies navigate regulations—and opportunities—in particular countries. The U.S. Department of Commerce's International Trade Administration (ITA), with whom Santander has a strategic partnership, is a terrific resource for companies of all sizes looking to do business in foreign markets.

We've seen companies take advantage of the U.S. Commercial Service's expertise by participating in trade missions set up by the agency. It enables companies to travel to particular areas of interest to meet potential business partners and market players personally. We've also had the opportunity to set up virtual trade missions for clients with the agency's help. The ITA has proved to be a great partner for Santander and our clients in North America.

Other resources exist, but none provide the entire framework and level of detail needed in one place. In response, in 2014, Santander set out to provide a tool that would support our clients in the market research related to their international expansion, called the Santander Trade Portal. In the years since, we've expanded it to involve two social networking solutions: the Trade Network and Trade Club. The Trade Club allows users to connect with each other based on listed business interests, while the Trade Network gives companies a platform to search for and connect with local market entry experts in a particular country of interest.

Are there any uncertainties or obstacles you see companies overlooking while preparing to expand globally?

I think one area U.S. companies in particular can learn more about is the effect foreign currency risk can have on their bottom line.

Many foreign companies are comfortable being paid in USD because, historically, the dollar is a stable trade currency that won't depreciate much by the time a payment is received.

What U.S. corporates many times overlook is that this same characteristic can make the dollar a riskier and more expensive currency for a foreign client to pay them in.

Being able to price goods or services in local currency can provide a leg up for an American company competing with local players that don't present this exchange risk and associated conversion cost.

On a personal level, what emerging international markets interest you the most right now, and why?

Personally, I think Brazil is a very interesting market for investors at this moment. Many people will agree that investing there today has become riskier given the current economic and political crisis. This is obviously something that companies must keep in mind before investing in Brazil or in any other country. However, we should not forget the advantages of the market.

Brazil is the largest country in South America, with about 200 million inhabitants. It is ranked the 9th country by GDP in the world, ahead of Canada, Russia and Australia. It also has an abundance of natural resources and a strong agribusiness sector, making it one of the largest producers of commodities. Brazil, in my opinion, is a country that presents many opportunities for foreign investors.

An expansion overseas exposes the business you've carefully built not only to new opportunities, but also to new risk. The uncertainty can be reduced, however, when you've thoroughly assessed what comes with the territory. Find the confidence to move your company forward with the right research, local market insight and strategic partnerships both at home and abroad.



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