

V.I. looking for businesses to use second STEP grant

By Amanda Norris (Daily News Staff)

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ST. THOMAS - The Virgin Islands Economic Development Authority has \$322,498 in federal funds available to help local businesses develop export capacity.

The Small Business Administration awarded the territory a second State Trade and Export Promotion (STEP) grant in September, and the V.I. Economic Development Authority is now taking applications for enrollment in its business development program. The STEP grant is part of a three-year pilot initiative created by the Obama administration to promote the overseas sale of goods made in the United States.

Last year, the Economic Development Authority used the STEP grant to help owners of 20 local businesses overcome some of the challenges in reaching foreign markets. The agency plans to apply again for fiscal year 2014.

For fiscal year 2012, the award was \$489,646, according to the Economic Development Authority's STEP grant program coordinator Nadine Marchena Kean.

Kean said this year's award was less because the Small Business Administration, like many government agencies, suffered funding cuts as the federal government attempts to steer itself away from a fiscal crisis.

"We still have some funds that will carry over from the last grant, so we feel we have a good amount to work with," Kean said. The grant is not intended to be awarded directly to businesses. Rather, it forms the budget for a local educational program. To qualify for the program, a business must have been operating for one year, must demonstrate profitability and must have specific goods to export, Kean said.

Through STEP training, a business owner can learn how to use the Internet to market goods, translate labels into foreign languages and navigate complicated shipping and distribution systems. Economic Development Authority staff and private sector consultants provide the training. The agency also acts as a liaison between businesses, the federal government and foreign governments to ease the export process, Kean said.

"Business owners may have a great V.I.-made product but no idea, for instance, how that product will serve people in South Korea or that a label going to Canada is required to have three languages by a new law," Kean said. "The main challenge facing business owners in new markets is connectivity, and the STEP program is designed to help with that."

The president of Gold Coast Yachts, Richard Difede, said the company's \$3.5 million deal with a South Korean resort group for two catamarans would not have been possible without the assistance of the STEP program.

South Korea, and more broadly Asia, is an emerging market for Difede's sailing vessels, which are built on St. Croix and typically sold in central and South America and across the Caribbean. The distance to market, a different language and import barriers made the deal a "significant challenge," Difede said, but the STEP program provided financial and technical support at all stages. When reaching a market so far away, "everything is different, from export clearance in the Virgin Islands to customs clearance when products get in," Difede said. "What they gave us was an understanding of how the U.S. export system works and support for everything from marketing to opening up chains of communication with the State Department's commercial attachés at foreign embassies to help find strategic local partners."

In addition, the Economic Development Authority will use STEP money to create a "virtual mall" website. Vendors on the site will sell VI-made products ranging from food, lotions and candles to yachts in 34 languages and to buyers worldwide, according to Kean. The deadline for enrollment in the STEP program is Feb. 6. Applicants must provide copies of the most recent business license and a letter of good standing from the Office of the Lt. Governor's Division of Corporations and Trademarks.

Applications can be hand-delivered to the Economic Development Authority's office on St. Thomas at No. 5055 Norre Gade or on St. Croix at No. 116 King St., Frederiksted. Applications also can be sent by fax to 777-8399, or via e-mail to nmarchena@usvieda.org.

For questions about STEP applications, contact Kean at 714-1700.

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