



# Enterprise Minnesota

*Helping Manufacturers Grow Profitably September 2011*

## Growing Global

*Under Secretary of the Treasury for International Affairs Lael Brainard tours Delkor Systems to get a firsthand look at how the small Minnesota manufacturer is thriving in international markets.*

When under Secretary of the Treasury for International Affairs Lael Brainard traveled to Minnesota to visit Delkor Systems, a packaging machinery manufacturer in Circle pines, she was impressed with its expanding international presence.

Each month Brainard takes tours of different American businesses, which she says serve a “good pulse check to see how we’re doing at supporting American businesses, and what kind of additional things the Administration can be doing to be helpful.” Brainard’s Minnesota itinerary included visits with a number of

firms. Delkor was selected based on a recommendation by Senator Amy Klobuchar, who has been a strong supporter of Enterprise Minnesota and Delkor.

Walking the plant floor with Brainard and Enterprise Minnesota President Bob Kill,

Delkor President Dale Andersen discussed his company’s cutting-edge products and recent surge in opportunities abroad. Around 20 percent of Delkor’s business is international, with customers in Canada, Mexico, Australia and New Zealand. Over the past year, Andersen says that number has

doubled thanks in part to a variety of current Federal programs. Delkor participates in the Ex-Im [Export-Import] Bank program, a U.S. Government financial program that allows businesses to access a lower interest rates on working capital and other loans in order to accept more international orders and increase exports. The company has also earned more than \$800,000 in R&D tax credits since 2002, and benefits from the new Section 179 depreciation deduction



*Lael Brainard, Under Secretary of the Treasury for International Affairs, with Delkor Systems President Dale Andersen (center) and Enterprise Minnesota President and CEO Bob Kill (right), holding food packaging created by Delkor machine.*

of the U.S. Tax Code, which allows businesses to deduct the full price of equipment, software, and vehicles purchased this year, up to \$500,000.

In addition, Brainard notes that trade agreements exist in all of Delkor's current export markets. "In the case of Canada and Mexico, obviously, we've already got very robust trade agreements," she says. "In the case of New Zealand and Australia, President Obama has announced that he wants to move forward with the TransPacific Partnership

negotiations to create a new, 21st century trade agreement that I think will really make a big difference for companies like Dale's as they do business in those locations."

Over the past 12 months, Delkor's strong export sales have enabled the company to add 20 employees, nearly a 20 percent increase that brings its current number of staff to 115. Andersen expects to hire even more in coming months, as the company continues to expand in new international markets.

For other manufacturers looking to begin exporting, Andersen recommends Canada as the foreign market of choice. "The Canadian dollar has appreciated about 30 percent in the last three years...which means that there has been a very big discount in U.S. made products. For most industries that is the very best market for export he says.

