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South Florida exports going gangbusters

by Bill Frogameni

With the economy tanking and the national debt hovering at a record \$9 trillion, here's the good news: South Florida's foreign exports are way up, due largely to the U.S. dollar's prolonged slide.

Trade data compiled by the U.S. Census Bureau shows exports increased from \$3.2 billion in May 2006 to \$4.6 billion in May 2008, a gain of 44 percent.

Exports from the first five months of this year totaled \$21.24 billion, up 21 percent from \$17.62 billion during the same period last year. The combined data was taken from the tri-county area's six major airports and seaports: Miami International Airport, the Port of Miami, Fort Lauderdale-Hollywood International Airport, Port Everglades, Palm Beach International Airport and the Port of Palm Beach.

This upswing has meant lots of business for Melvyn Cohen, the longtime exporter and owner of Manaco International Freight Forwarding, a small shipping logistics company at Port Everglades.

[The dollar] started dropping two years ago and then, a year ago, our business really started picking up, he said. From 2006 to 2008, you're looking at about a 70 percent increase [in exports].

Cohen said Manaco's imports have declined as exports have grown, but imports comprise just 5 percent to 7 percent of his business. Overall revenue for Manaco increased about 30 percent during the same period, he said, positioning him to do about \$2 million in business this year.

Manaco ships worldwide, but Cohen said most of his exports head to Europe.

Goods we're shipping right now [from South Florida] are boats, autos, marine engines and household goods for people moving back to their home countries, he noted.

Add in some computer equipment, and that accounts for about 60 percent of the freight Manaco ships from local ports, Cohen said.

In Miami, Alvaro Fabre, owner of the medium-size Magnum Freight Corp., said he's seen a 30 percent to 40 percent spike in exports.

We see it due mainly to the strong currencies in Latin America, he said.

The dollar has weakened. Thus, for the importers, to import to Latin America from the U.S. is a good deal for them right now.

It's a good deal for Magnum, too: The bulk of our business, about 90 to 95 percent, is exports from the U.S. to Latin America, Fabre said.

I don't think people in the logistics and forwarding industry in South Florida are lacking in work, said Mark Mairowitz, executive VP at the Weston office of World Cargo Alliance Family of Logistic Networks, a partnership group of international logistics providers. Many of our members in North America, even those who haven't been previously involved in exports, have seen an uptick.

South Florida outpaces the nation

South Florida's 21 percent year-to-date export gain is slightly outpacing the U.S. as a whole: From January through May 2008, U.S. aggregate exports rose 18 percent compared to the same time last year.

Jerry Haar, a professor of management at Florida International University and a board member of the Greater Miami Chamber of Commerce, said the explanation for South Florida's robust exports goes back to the region's traditional strength: strong international ties.

For the most part, if you take a look at our top 10 trade partners, eight of the top 10 are from Latin America, he said. The economic slowdown hasn't really impacted Latin America like it has here. As the economies of Latin America continue to grow and expand \$ that is excellent for trade between the U.S. and Latin America.

Devalued dollar hurts some exports

While exports increase in Broward and Miami-Dade, Palm Beach County's experience illustrates one negative effect a devalued dollar can have on international trade. Over two years, the value of exports leaving the Port of Palm Beach has remained flat. The reason, according to Carl Baker, the port's director of operations, is that most of its exports go to the Caribbean, where they are bought in U.S. dollars.

We're shipping dollars to dollars, he said.

That means Caribbean importers are feeling the same inflationary pressures as U.S. consumers, he added.

Mary Udry, a spokeswoman for Tropical Shipping, the port's largest shipper, echoed that theme. Tropical's business is almost entirely in exports to the Bahamas and the Caribbean, but business is flat due to the weakened dollar, she said.

Overall, South Florida has seen both the good and bad effects of a weakened dollar, FIU's Haar said.

There's a slowdown in the U.S. economy and a slowdown in imports, he noted, but the exports will continue.

bfrogameni@bizjournals.com | (954) 949-7511