

United Filtration Group

Selling Products successfully to Russia



Todd Lefko, CEO
United Filtration Group



Also in this issue: *Spotlight on Minnesota Exporters / Indonesia Travel Tips
International News / Indonesia Business Tips*



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Tel 816.616.7779 Fax: 816.472.0959
fbaehner@intermark3.com

6655 Troost Ave.,
Kansas City, MO 64131, USA

..... *In God we trust!*

PUBLISHER/EDITOR:
Frederick Baehner

DESIGN & PRODUCTION: Tom Gilland
www.GillandGraphx.com

SENIOR EDITOR: Doris Ganser

CONTRIBUTING WRITER: Paul Mastilak

TRAVEL WRITER: Lisa Osborne Blalock

MARKETING DIRECTOR: Liz Holt



Minnesota boasts some 526,000 small to medium-sized businesses. SME exporters represent a much smaller number, but they total some 75,000, the 20th largest exporting state. In Q1 of 2021 alone, exports reached \$5.4B.

According to the US Trade Representative (USTR), in 2018 Minnesota companies exported a record \$22.7 billion of Made-in-America goods to the world.

In this edition of *IBNewsmag*, we feature the *Spotlight on Minnesota Exporters* and cover a man and wife exporter who have had great success in Russia - so much so that they have never had a need for a website. Todd and Irina Lefko export kilns and water control valves with success solely based on years of personal relationships in that country.

The point is that it takes time to establish personal relationships such as theirs. In fact, in their 33-year work in Russia, they developed relationships with many different levels of business and government officials, which has paid off.

Of course, Irina is Russian and they both lived there for several years. Talk about immersion.

Perhaps it is a lesson we can all learn to some extent.

Frederick Baehner

United Filtration Group penetrates Russian market with great success

Over 33 years of living and working in Russia, Todd and Irina Lefko of Elk River, Minnesota has exported over \$40 million worth of Skutt Kilns, water control valves, aeration equipment, and animal fats to Russia and Ukraine.

Their story begins with them living in Moscow and developing long-term friendly relationships with key distributors in many different levels and industries.

After several product initiatives in Russia, Todd and Irina were presented the opportunity to work with water valves and pottery kilns. Working with Yaroslavski Majolica, one of the leading Russian gift producers, they learned that many of the artists and schools were unable to afford good kilns.

That's when Todd Lefko discovered the Skutt Kiln manufacturer in Portland Oregon. Skutt had been in business for many years and produced a well-made line of kilns at an affordable price. Working with their partners at Yaroslavski Majolica, they began to reach the kiln market.

Skutt became a valued partner, and the Lefko's and Majolica began a sales and training program resulting in the export sale of these kilns throughout the country.

"Skutt has become a valued partner for over 15 years," Todd Lefko said. "They offer good pricing, excellent support, and an outstanding product to make our export sales truly effective."

Because of personal relationships in Moscow, the large market for effective water valves and equipment, became the center of their business.

This led them to identify a number of large American valve companies, which manufactured a high-quality line of water control valves and equipment



Skutt KMT-822.Kiln

with small to high flow rates depending on the customer need from single-family dwellings to large municipal and industrial operators.

Their partners in the field of water treatment served the vast Russian market. Through training, honest pricing, and a focus upon relationships, the Lefko's with their Russian partners shifted many to the well-made valves that the American producers had perfected for over 30 years.

Up until the pandemic hit, the Lefko's attended several key trade shows in Russia, all at their own expense, not requiring STEP grant assistance. The trade shows, along with daily contact with partners, became a key for their business.

According to Todd Lefko, “There are four key things to realize about the Russian market:

- 1.** The choice of a Russian partner is key. There are many honest and hard-working Russian businesspersons, and they provide access to relationships that allow growth and success. You need to build personal relations where you have trust and understand the pressures of the other. This requires time and effort and does not happen in a day.
- 2.** Russia is highly regulated, and you must learn to follow their rules from product specifications through to invoicing.
- 3.** Understand the nature of the competition. The world is our competition, and transportation, pricing, and supply chains become growing factors in the ability of American exporters to compete.
- 4.** Russians have a keen sense of humor and appreciate humor from their international partners. Enjoy the process.

Fortunately, we were able to accommodate them on all four levels,” he wisely confessed.

When their company, United Filtration, exports water valves and other products, they ship in both 20 and 40-foot containers at according to Todd Lefko. “We’ve been able to work with tariffs or other obstacles,” he noted, “the export process has been efficient and expedient.”

The Lefko’s have never had a need for a website in their 33 years, because as Todd Lefko explained, “All of our business in Russia and Ukraine has come through word of mouth and our ability to deliver as promised, and it’s been because of our trusted relationships with them over the years that we’ve been successful.”

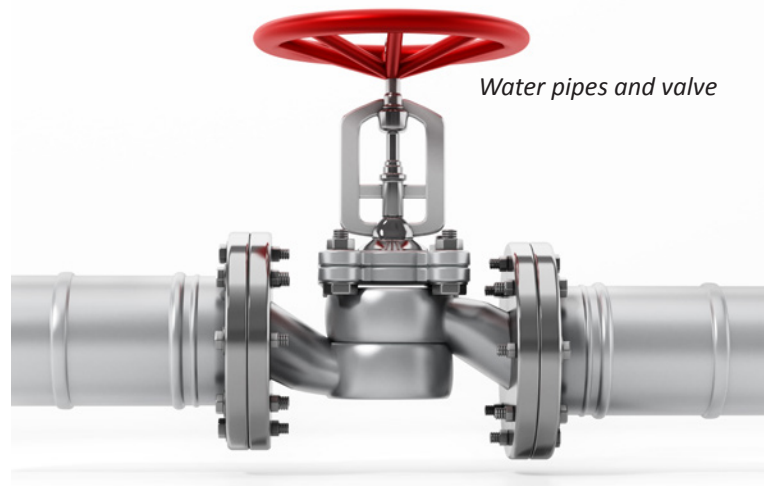
For more information about United Filtration Group, contact Todd Lefko at tlefko@msn.com



SKKM1027 Kiln



Water valve in pump station



Water pipes and valve

Spotlight on Minnesota Exporters

Cimline

Location: Plymouth, MN

Contact: Matt McCormick;
MMcCormick@cimline.com

International Business: Cimline designs and manufactures equipment to preserve roadways and airport runways worldwide. With a drive for performance and innovation, Cimline continues to offer cutting edge technology through its global network of distributors. With headquarters in Minneapolis and manufacturing plants in Minnesota and Mississippi, our innovative engineering teams are continually developing and delivering pavement preservation products that transform the pavement industry. We work closely with our customers to gain invaluable insight leading to products that meet and exceed their pavement needs.

International Activities: The Cimline Group exports around the world, with equipment delivered to over 40 countries.

Website: <https://cimline.com/>

Birchwood Labs

Location: Eden Prairie, MN

Contact: Patrick Joas; pjoas@birchlabs.com

International Business: Birchwood Laboratories LLC is a leading medical manufacturer committed to providing healthcare professionals and their patients quality products for wound care and prevention, incontinence and associated skin conditions, personal care and the exam room. They are FDA-registered for the manufacture of both drugs and medical devices. The Birchwood lines include AER Witch Hazel, B-Sure Incontinence Care, Scopettes Large-Tip Applicators and LiquiCell wound care products. Originally founded in 1948 as Fuller Pharmaceutical Company, Birchwood has a long-standing tradition of providing quality products and service to the Acute Care, Long-Term Care and Retail markets. Today Birchwood Laboratories LLC manages both the production and distribution of this broad product offering from the ten-acre company headquarters in Eden Prairie, MN.

International Activities: Birchwood exports approximately 8%-11% of the products they produce to Vietnam, Jordan, Saudi Arabia, South America, Central America and the Caribbean.

Website: <https://www.birchlabs.com/>

Malco Products

Location: Annandale, MN

Contact: Kristi Stanwick; kls@malcotools.com

International Business: Malco Products started in 1950 and today is the nation's leading manufacturer of "tools of the trade" for HVAC (Heating, Ventilating and Air Conditioning) professionals. In 1975 Malco also created a vital specialty tool selection for EXTERIOR REMODELING professionals (Installers of Roofing, Siding and Guttering) and holds the leadership position in that niche as well. This market definition has since grown to include tools for installers of FENCE, DECK and RAIL. Another very recent market venture for Malco is AUTOBODY REPAIR and REFINISHING. This market presents opportunities for tools that cut or work body panels as well as tools for paint prep. Early on, Malco's introduction of a power-assisted Quarter Panel Hemming Tool was recognized with a 2014 SEMA Award for Best New Product in the Collision Repair and Refinishing Category.

International Activities: Malco Products exports approximately 3% of the products it produces to 52 countries worldwide.

Website: <https://www.malcoproducts.com/about-us/>

Tolomatic

Location: Hamel, MN

Contact: Paul Carlson; Paul_Carlson@tolomatic.com

International Business: Since 1954, Tolomatic has been manufacturing innovative automation components. From gearboxes and brakes to pneumatic actuators and complete electrical linear motion systems, their motion solutions are moving businesses forward.

Spotlight, continued on page 9

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Spotlight Continued

Tolomatic's reputation for innovative linear motion products is earned daily through the efforts of our engineering, operation, and sales associates. Over 35% of our business comes from non-cataloged product solutions. In applications ranging from bottle capping, packaging, material handling to robotic resistance spot welding, Tolomatic's products are hard at work. For over sixty-five years, Tolomatic has partnered with customers to solve automation application challenges.

International Activities: Tolomatic's primary export destinations include Europe, South America, Mexico and China. Tolomatic has service centers in China and Mexico with specialized manufacturing capabilities in China.

Website: <https://www.tolomatic.com/>

Express News from Around the World

Asahi Shimbun

- Toyota will halt production at 2 of its plants in Japan due to a microchip shortage.
- Toshiba has been hit by a cyberattack at their European operations. NHK Broadcasting (Japan) identified the perpetrators as DarkSide, the group the FBI blamed for the Colonial Pipeline attack in the US.
- Toyota is testing their hydrogen engine at 24-hour endurance races at various tracks in Japan.

Korea Times

- Hyundai Steel will drastically increase their production of hydrogen, a by-product of their steel making operations. The hydrogen will be used in the production of their hydrogen fuel cells.
- Samsung, Hyundai, SK and LG plan to invest \$39.45 billion in microchip and battery operations in the US.

Deutsche Welle (DW.com)

- Due to severe cutbacks in air travel caused by Covid 19, many pilots and flight attendants are applying for jobs in the rail industry in Europe.
- Tourism in Greece is increasing. (IBNewsmag profiled Greek tourism in May)
- Japan shippers are looking to reduce their reliance on the Suez Canal.

- Taiwan's major drought and severe Covid outbreak could threaten the supply of microchips. Microchip production is heavily water reliant.

Buenos Aires Times

- Argentina beef exports were US\$ 3.4B in 2020, much of it going to Russia and China. They were the 4th largest exporter.
- On 5/22/21, Argentina blocked beef exports for 30 days due to rising domestic prices.
- On 5/21/21, Argentine government announced a 9-day lockdown due to a severe uptick in Covid-19.

Gulf News

- Philippine Airlines may file for Chapter 11 bankruptcy in the US. It is also looking to reduce their fleet and restructure.
- Dubai recorded sharp gains in new business launches.

Bangkok Post

- Government believes that tourism industry will not recover until 2026.

Reuters

- Peloton will establish a new factory in Troy Township, Wood County, Ohio.

Finding your way around Indonesia

With Indonesia being the largest archipelago in the world, made up of more than 17,500 large and small islands, most visitors are forced to limit their travel distances within the country out of practicality.

Unless time is not a factor, island hopping can quickly lead to exhaustion and wear on the nerves of even the most flexible travelers. For first time visitors, the most popular places to visit within Indonesia are the islands of Java and Bali. Both offer spectacular scenery.

Jakarta, the capital city of Indonesia, delights with live music venues, terrific shopping, interesting architecture, towering skyscrapers, exciting night life and a wide variety of tasty foods. Try to see at least these things when visiting Jakarta:

- Check out the Dutch colonial buildings in the old town area, known as **Kota Tua**.
- Visit the old port of **Sunda Kelapa** to see traditional wooden schooners.
- Opened in 1975, The **National Monument** symbolizes the fight for Indonesian independence and is located inside **Merdeka Square**, within Central Jakarta. This square is more than five times the size of Tiananmen Square, and deserves a look.
- Stroll through Jakarta's Chinatown, known as **Glodok**.
- Visit the **National Museum of Indonesia**, one of the finest museums in Southeast Asia.
- While in Merdeka Square, check out the **Merdeka Palace**. This residence, once used by the Dutch East Indies Company during the colonial era, is one of six presidential palaces in Indonesia and is currently used as the official residence of the President of the Republic of Indonesia.
- Learn about life in all 26 of Indonesia's provinces at the **Taman Mini "Indonesia Indah"**. This fun living museum and park provides a good feel for the entire country without leaving Jakarta!

Outside of Jakarta make sure to visit the following on the island of Java:

- Visit the active volcano **Tangkuban Parahu** to smell sulfur and even see a puff of smoke arise from the crater. On the way to the volcano, stop and visit a **tea plantation**, watch farmers working **rice fields** and soak in some nearby **hot springs**.
- **Borobudur Temple** sits dramatically atop a Yogyakarta hilltop and towers over the surrounding land. Built in the 9th century as the world's largest Buddhist monument, count more than **500 Buddha statues** along the way to the highest level.
- Located in Central Java, marvel at the largest temple compound dedicated to Shiva at Prambanan. **Candi Prambanan** is a 9th century Hindu temple that was buried deep in the Jungle of Yogyakarta until discovered in 1733.



Candi Prambanan

This large island paradise of Bali is home to soft sand, pristine beaches and stunning scenery. While most of the tourist scene is concentrated in South Bali, the entire island suffers from congestion so pack a little patience during the summer high season and don't miss the following:

- Admire the **UNESCO-listed rice terraces**.
- Soar on a jungle swing in the **National Reserve**.
- Visit the **Ubud Monkey Forest**.
- Check out the **Tegenungan waterfall** and top off the visit with a cool swim.
- Visit three of Bali's most beautiful and popular

temples: **Tanah Lot, Ulun Danu Bratan and Luhur Batukaru.**

- Take a snorkeling day trip to the island of **Nusa Penida**, just off the southwest coast of Bali. Travel by speedboat to maximize time relaxing



Tanah Lot



Taman Mini Indonesia

on the beaches, exploring caves or snorkeling with the colorful fish and abundant sea life.

- SCUBA dive the **USS Liberty shipwreck at Tulamben**. This WWII shipwreck is one of the area's underwater highlights.
- Open only during the dry season, roughly May to November, the **Aling Gorge canyon** is a perfect location for adrenaline junkies to rappel, climb and explore.
- **Pura Lempuyang Luhur**, located atop Mount Lempuyang, is one of Bali's oldest places of worship, and is known by locals as "The Gates of Heaven."



By Lisa Osborne Blalock
 Footloose Travel & Tours
lisa@footloosetravelandtours.com

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PROFILE: Indonesia

A Few Practical Tips for Doing Business in Indonesia

- Doing business is about relationships so whom you know is most times more important than what you know.
- Indonesia is a multicultural and multireligious country. Despite being the most populous Muslim country on earth, the presence of Buddhism, Hinduism, Christianity is very obvious.
- Remember "yes" does not mean "yes". Indonesians are indirect communicators. They tend not to say what they think and withhold truths, in order to maintain harmony and good relationships.
- Respect local hierarchies. Indonesia has a very collective and hierarchical culture.
- Patience is very important. Doing business in Indonesia is very challenging for many foreigners due to the length of time it takes to accomplish anything.
- Indonesia is very bureaucratic.

INTRODUCTION

Brief History

- 13th-16th Century - Gradual adoption of Islam
- 17th Century - Became colony of The Netherlands
- 1942-1945 - Attacked and occupied by Japan
- 1949 - Became independent from The Netherlands
- Experienced almost 4 decades of dictatorships

Location

- In Southeast Asia, between the Indian and Pacific Oceans

General Information

- Third most populous democracy
- World's largest island country
- Major issues include poverty, education, terrorism, economic/financial reforms, corruption
- Government type: Presidential republic
- Capital: Jakarta
- Literacy Rate: 93.9%
- Size: Slightly less than 3 times the size of Texas
- Population: 275.1M (July 2021)
- Population Growth Rate: 0.81% (2021 estimate)
- Population Distribution: Major concentration on the island of Java, which is one of the most densely populated places on earth. Other major population centers include the island of Sumatra and the cities of Makasar and Kalimantan.

ECONOMY

Introduction

Indonesia is the largest economy in Southeast Asia. It is a member of the Association of Southeast Asian Nations (ASEAN), whose HQ is in Indonesia. Indonesia has experienced a growth slowdown since 2012. Priorities include infrastructure development as well as development of their maritime resources. Many core industries are dominated by government-owned companies - oil & gas, electricity, chemicals, defense, railways, steel etc.

Profile, continued on page 12

Profile, continued from page 11

- Unemployment Rate: 6.26% (first quarter of 2021) . Like all countries, it was affected by Covid- 19
- Currency Exchange Rate: 1 US Dollar = 14,270 Indonesian Rupiah (5/18/21)
- GDP: \$1.1 Trillion (2019 est.)
- GDP Growth Rate: 5.03% (2019 est.)
- Labor Force: 129.3M (2019 est.)
- Labor Force Breakdown: Agriculture - 32%, Industry - 21%, Services - 47% (2016 est.)

Major Industries: oil/gas, textiles, automotive, electrical appliances, apparel, footwear, mining, cement, medical instruments, handicrafts, chemicals, plywood, rubber, processed foods, jewelry, tourism

INTERNATIONAL TRADE

Total Product Exports: \$163.3B (2020)

Major Exports (2020)

- Mineral fuels, including oil - \$25.6B
- Animal/vegetable fats, oils, waxes - \$20.7B
- Iron, steel - \$10.8B
- Electrical machinery/equipment - \$9.2B
- Gems, precious metals - \$8.2B
- Vehicles - \$6.6 B
- Rubber, rubber articles - \$5.6B
- Machinery, including computers - \$5.2B
- Footwear - \$4.8B
- Paper, paper items - \$4.2B

Major Product Export Partners (2020)

- China - 19.5%, US - 11.4%, Japan - 8.4%, Singapore - 6.6% India - 6.4%,
- Malaysia - 5%, South Korea - 4%, Philippines - 3.6%, Thailand - 3.1%, Vietnam - 3%

Total Service Exports (2019) - \$3.1B

Total Product Imports (2020 est.) - \$141.6B

Major Imports (2020)

- Machinery, including computers - \$21.8B
- Electrical machinery/equipment - \$19.1B
- Mineral fuels, including oil - \$15.8B
- Plastics, plastic articles - \$7.2B
- Iron, steel - \$6.9B
- Organic chemicals - \$5B
- Other chemical goods - \$3B
- Vehicles - \$4.4B
- Cereals - \$3B
- Food industry waste, animal fodder - \$2.9B

Major Import Partners (2020)

- China - 25%, Singapore - 7.6%, Japan - 11%, Thailand - 6.8%, US - 6.4%

Total Service Imports - \$39.4B (2019)

ENGLISH LANGUAGE NEWS SITES

- Antaranews.com - general news - www.en.antaranews.com
- The Jakarta Post - general news - www.jakartapost.com
- Indonesia News.net - general news - www.indonesianews.net

SAMPLING OF COMPANIES

- Pertamina - oil and natural gas, lubricants, petrochemicals - www.pertamina.com - Jakarta (Note: government owned)
- Alumindo - aluminum products - www.alumindo.com - Surabaya
- Wings - consumer products - www.wingscorp.com - Surabaya
- Astra International - conglomerate - automotive, financial services, agribusiness, IT, infrastructure - www.astra.co.id - Jakarta
- Waskita Karya - commercial & residential construction - www.waskita.co.id - Jakarta
- Badak LNG - LNG production - www.portal.badaklng.co.id - Bontang
- United Tractors - large construction equipment distributor, coal & gold mining, mining contracting - www.unitedtractors.com - Jakarta
- Bumi Resources – mining - www.bumiresources.com - Jakarta
- Suparma - pulp & paper - www.ptsuparmatbk.com - Surabaya
- PT Greenfields – dairy (largest in Southeast Asia) - www.greenfieldsdairy.com - Malang
- Semen Indonesia Group – cement - www.sig.id - Jakarta
- Indonesian Aerospace - commercial airliners, military aircraft etc. - www.indonesian-aerospace.com - Bandung (Note: government owned)
- Sat Nusapersada - electronic manufacturing services - www.satnusa.com - Batam
- Industri Kereta Api (INKA) - railroad & transit equipment - www.inka.co.id - Madiun & Banyuwangi (Note: government-owned)
- Salim Group – conglomerate - consumer goods, financials, industrial products - www.salim-group.com - Jakarta

- Kalbe Farma – pharmaceuticals - www.kalbe.co.id - Jakarta
- Kedawung Setia Industrial - home appliances - www.kedawungsetia.com - Surabaya
- Pupuk Kalimantan Timur - chemicals & fertilizers - www.pupukkaltim.com - Surabaya (Note: government owned)
- Krakatau Steel - steel manufacturing - www.krakatausteel.com - Cilegon
- Pabrik Kertas Indonesia- pulp & paper - www.pakerin.co.id - Surabaya
- Maspion - electronics, steel, plastics, PVC, pipe etc. - www.maspion.com - Surabaya
- Polygon Bikes - bicycles - www.polygonbikes.com - Sidoarjo
- MedcoEnergi - oil & gas, coal mining, gas pipe lines, drilling services - www.medcoenergi.com - Jakarta
- PT PAL Indonesia - shipbuilding, defense - www.pal.co.id - Surabaya
- Pelni - maritime transport - www.pelni.co.id - Jakarta

National Holidays

- January 1 - New Year's
- February 12 - Chinese New Year's
- March 11 - Isra Mi`raj
- March 14 - Bali Hindu New Year's
- April 2 - Good Friday
- May 1 - Labor Day
- May 13 to 14 - Hari Raya Idul Fitri
- May 26 - Waisak Day
- June 1 - Pancasila Day
- July 20 - Idul Adha
- August 10 - Islamic New Year's
- August 17 - Independence Day
- October 19 - Prophet Muhammad's Birthday
- December 24 - Christmas Holiday
- December 25 - Christmas Day

**By Paul Mastilak
InterMark3, Inc.**

Jakarta, Indonesia

