CECA Supply & Services Inc., has been able to improve their cash flow and better navigate the public tender system in Algeria.

WORKING CAPITAL LOAN GUARANTEE
Learn how an EXIM working capital loan guarantee can equip your business to post performance and bid bonds, improving your global competitiveness.

THE CHALLENGE
CECA Supply & Services Inc. is a Texas based supplier of oilfield equipment, whose primary customers are Algerian state-owned enterprises, which presents an export opportunity and a challenge.

The company must secure most of its business through the Algerian public tender system, which requires businesses to secure a bid bond from their lender with every bid and, if they win a contract, a performance bond. Bid and performance bonds require exporters to put cash up front as security, hurting their business’ cash flow.

CECA Supply & Services recently secured a $5 million dollar contract to supply ENAFOR — the Algerian National Drilling Company — with materials from Derrick Corporation a Buffalo, NY based supplier. In order to ship Derrick's equipment, CECA Supply & Services had to provide ENAFOR with a performance bond at 10 percent of the total contract - in this case $500,000.

THE SOLUTION
In order to avoid tying up its cash flow, CECA Supply & Services used a working capital loan guarantee from the Export-Import Bank of the United States (EXIM) to access working capital financing from its commercial lender – Amegy Bank of Texas.

An EXIM working capital loan guarantee ensures commercial lenders that if CECA Supply & Services defaults on its loan, EXIM will cover 90 percent of the commercial bank’s exposure—encouraging the bank to make loans to businesses like CECA Supply & Services that do business abroad.

With an EXIM guarantee in hand, CECA Supply & Services was able to secure financing through its bank using its export-related inventory and accounts receivables, as opposed to being required to put down cash that can be used for its operations and business development. EXIM’s guarantee allowed CECA Supply & Services to improve its cash flow and use its foreign receivables as collateral to secure the financing it needed for the performance bond. This allowed CECA Supply & Services to keep its $500,000 to use to secure more sales.

THE RESULTS
Using an EXIM working capital loan guarantee CECA Supply & Services Inc. has been able to improve its cash flow and better navigate the public tender system in Algeria. The working capital loan guarantee has permitted CECA Supply & Services to bid for more business and bigger deals, without the fear of not being able to support bid and performance bonds, allowing its business to grow.

1 http://www.exim.gov/workingcapital

To learn more about how EXIM can help your business achieve its exporting goals, visit our website or contact an EXIM Expert at 1 (800) 565-EXIM (3946)