



U.S. Small Business  
Administration

# Increase Your Revenues with Export Sales



Ensure your speakers are  
turned on



Please be sure to disable any pop-up  
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If you experience technical problems,  
click the "Help" button below

# INTRODUCING OUR SPEAKERS



**Mike Vanier**  
VP Client Engagement



**Alexa G. Byers, CGBP**  
Global Trade Specialist



**Allan Christian**  
Senior International  
Trade Specialist





## INTRODUCING OUR SPEAKERS *(cont.)*



**Gregory Moore**  
Western Regional  
Director



**Jim Newton**  
Export Finance  
Manager



## OPENING REMARKS



**Mike Vanier**  
VP Client Engagement

503-686-8993  
[mvanier@omep.org](mailto:mvanier@omep.org)







# Oregon Manufacturers' Source for Growth & Prosperity



# Mission

OMEOP works side by side with  
Oregon manufacturers to help build  
successful businesses



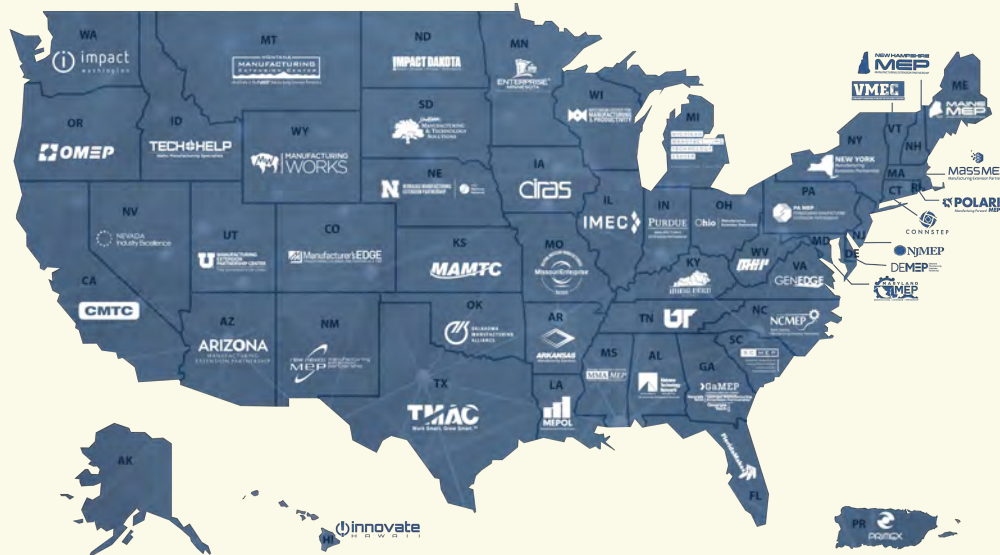
**SIDE BY SIDE**



**SUCCESSFUL  
BUSINESSES**

# Who is OMEP?

- Management Consulting firm established on 1996 as a not for profit
- Private-Public partnership funded by federal, state, and client company funds.
- 23 staff based around Oregon

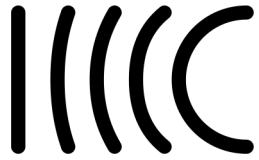


MEP National Network

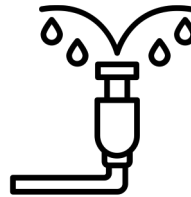


# The OMEP Way

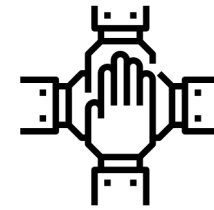
Transformational, Not Transactional



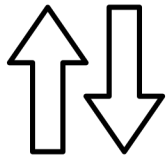
BEND SOLUTIONS  
AROUND CLIENT DEMAND



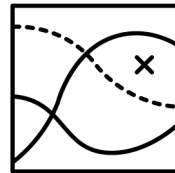
DRIP IRRIGATION  
CONSULTING



SHOULDER TO SHOULDER  
APPROACH



TOP DOWN / BOTTOM UP  
METHODOLOGY



ECONOMIC CENTRIC  
AND MISSION DRIVEN



OMEP's services are rooted in continuous improvement, executed with care, and designed to nurture prosperous manufacturing businesses. Your success is our legacy.

## **MANUFACTURING OPERATIONS**

### **LEAN MANUFACTURING & CONTINUOUS IMPROVEMENT**

Process Flow Design  
Quality Systems  
Inventory Management Systems  
Supply Chain Management & Logistics  
Energy Management

### **MANUFACTURING ENGINEERING**

Plant & Facility Layout  
Equipment Selection & Design  
Preventive & Predictive Maintenance  
Tooling & Fixture Design

### **TECHNOLOGY SOLUTIONS**

ERP Selection & Implementation  
Robotics & Automation  
Smart Factory & IoT Device Integration  
Data Visualization & Intelligence Systems  
Augmented & Virtual Reality  
Cyber Security & IT Support

## **BUSINESS FINANCIALS AND STRATEGY**

### **FINANCIAL UNDERSTANDING**

Financials For Decision Making  
Product Costing & Margin Analysis  
Budgeting & Cash Flow Modeling  
Pricing Strategy  
Product Management

### **GROWTH SERVICES**

Sales Process Development & Training  
Marketing Strategy & Implementation  
Lead Generation  
Market Research  
New Product Development

### **STRATEGY**

Strategic Planning  
Strategy Deployment  
Business Planning  
Ownership Transition Planning

## **WORKFORCE SOLUTIONS**

### **ORGANIZATIONAL STRUCTURE & ALIGNMENT**

Organizational Design  
Employee Succession Planning  
Change Management

### **LEADERSHIP & EMPLOYEE DEVELOPMENT**

Team & Communication Dynamics  
Leadership Training  
Management Systems  
Conflict Resolution

### **RECRUITING, ON-BOARDING & TRAINING**

Structured On-the-Job Training Programs  
Competency Based Pay Systems  
Recruitment & On-Boarding Assistance

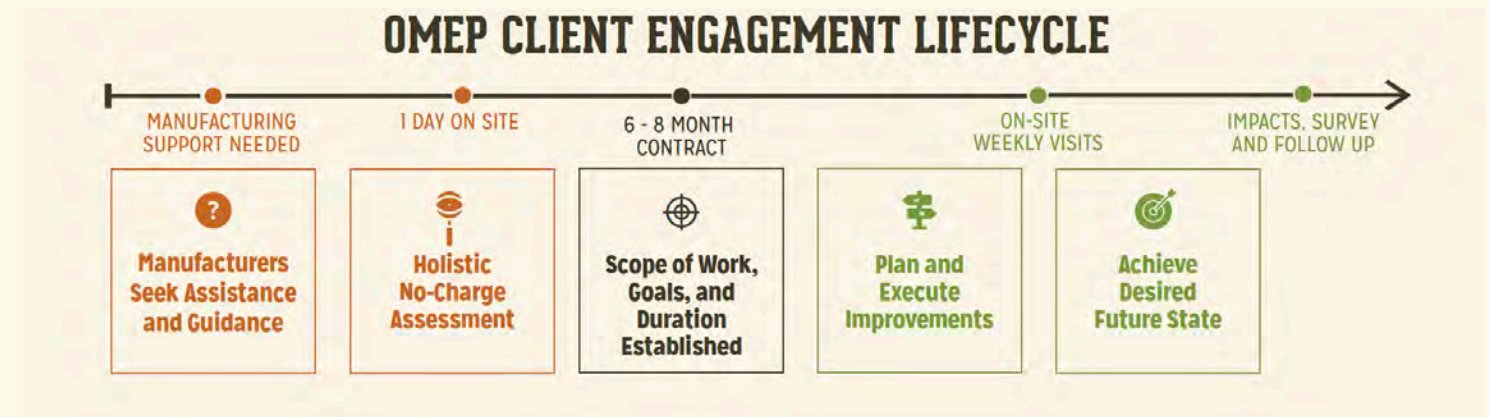
# ON-SITE NO-CHARGE ASSESSMENT

IDENTIFY AREAS TO GROW THE BUSINESS AND MAXIMIZE PRODUCTIVITY



- \$10,000 Value
- No Pressure
- Value add for clients

WHAT WE DO	WHAT THEY GET
Conduct an on-site visit to assess situation and gain an understanding of the business.	Unbiased feedback to understand improvement opportunities.
Provide a scope of work that defines a customized, actionable plan for growth and improvement.	Receive a roadmap for success.
Provide company performance data that can be used for benchmarking and goal setting.	Understand what is financially and operationally possible for the business.





# OMEP by Region



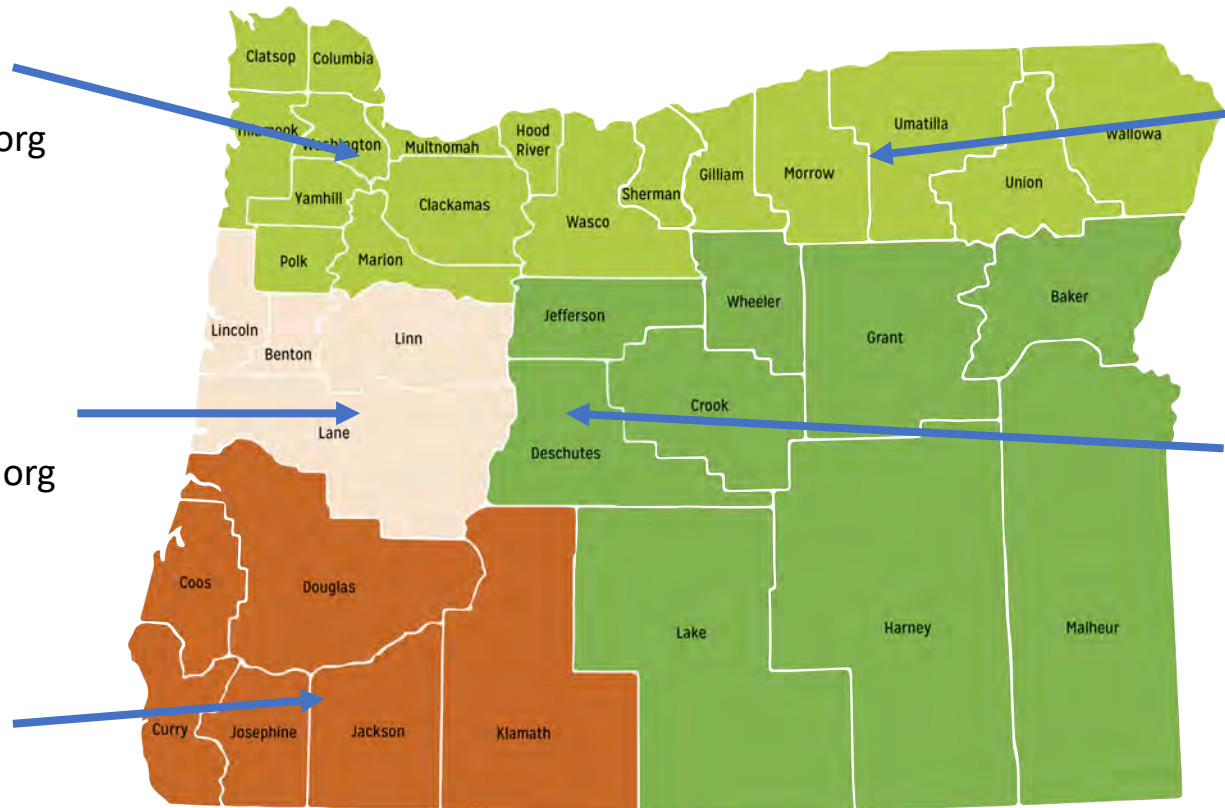
**Mike Vanier**  
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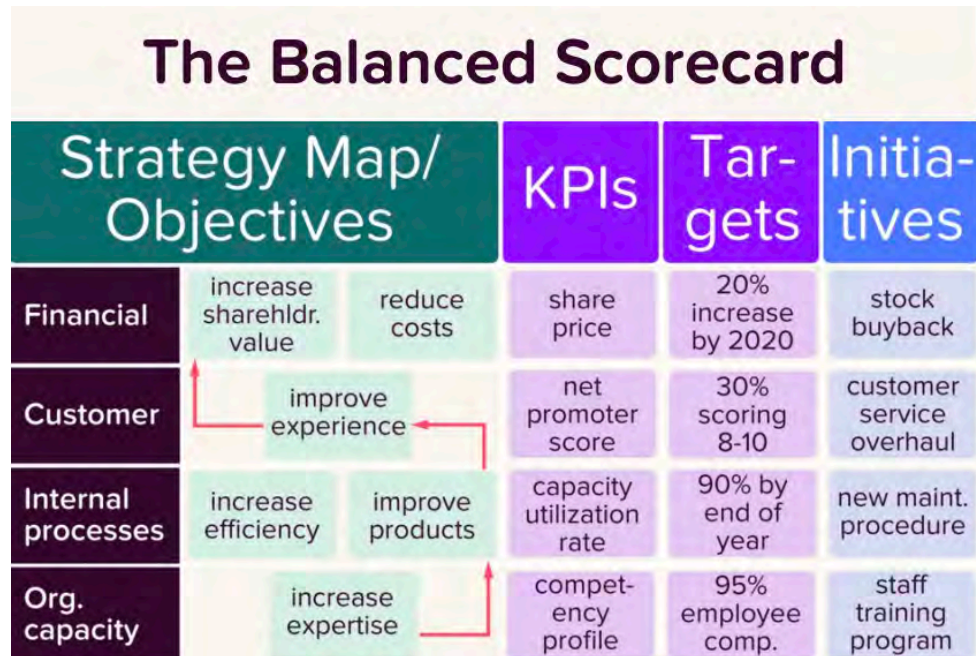


**John Valachovic**  
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jvalachovic@omep.org



**Kleve Kee**  
541-350-7429  
kkee@omep.org

# Tap Into New Markets by Exporting



- Understand your current state – what will be required to start exporting?
- Create your desired future state – utilize Value Stream Mapping
- Build tactical initiatives to get from here to where you want to go

- Build out your growth strategy
- Set a limited number of KPIs and track them





# Increase Your Revenues with Export Sales

Alexa Byers

Global Trade Specialist  
Business Oregon

October 23, 2020

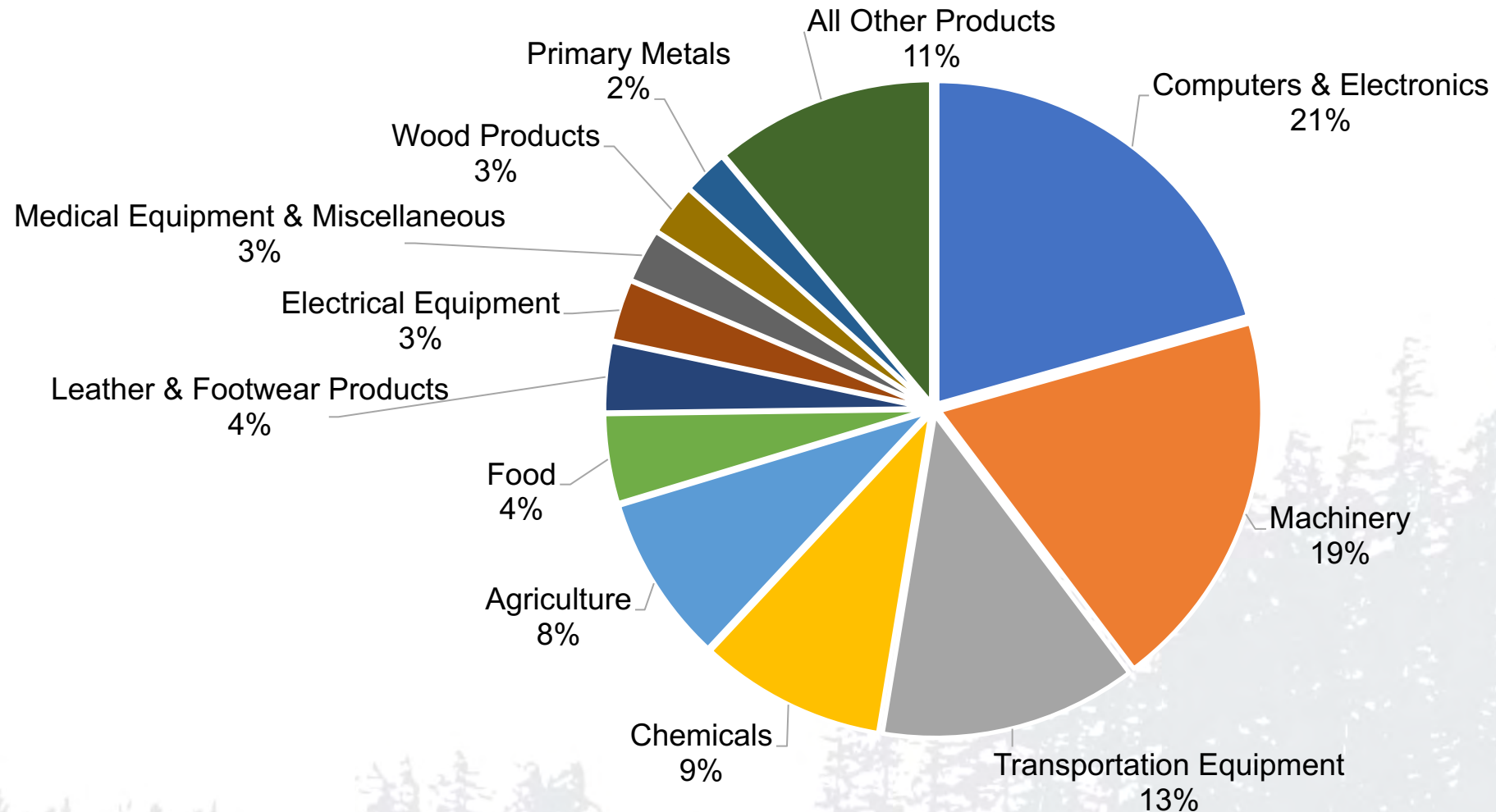




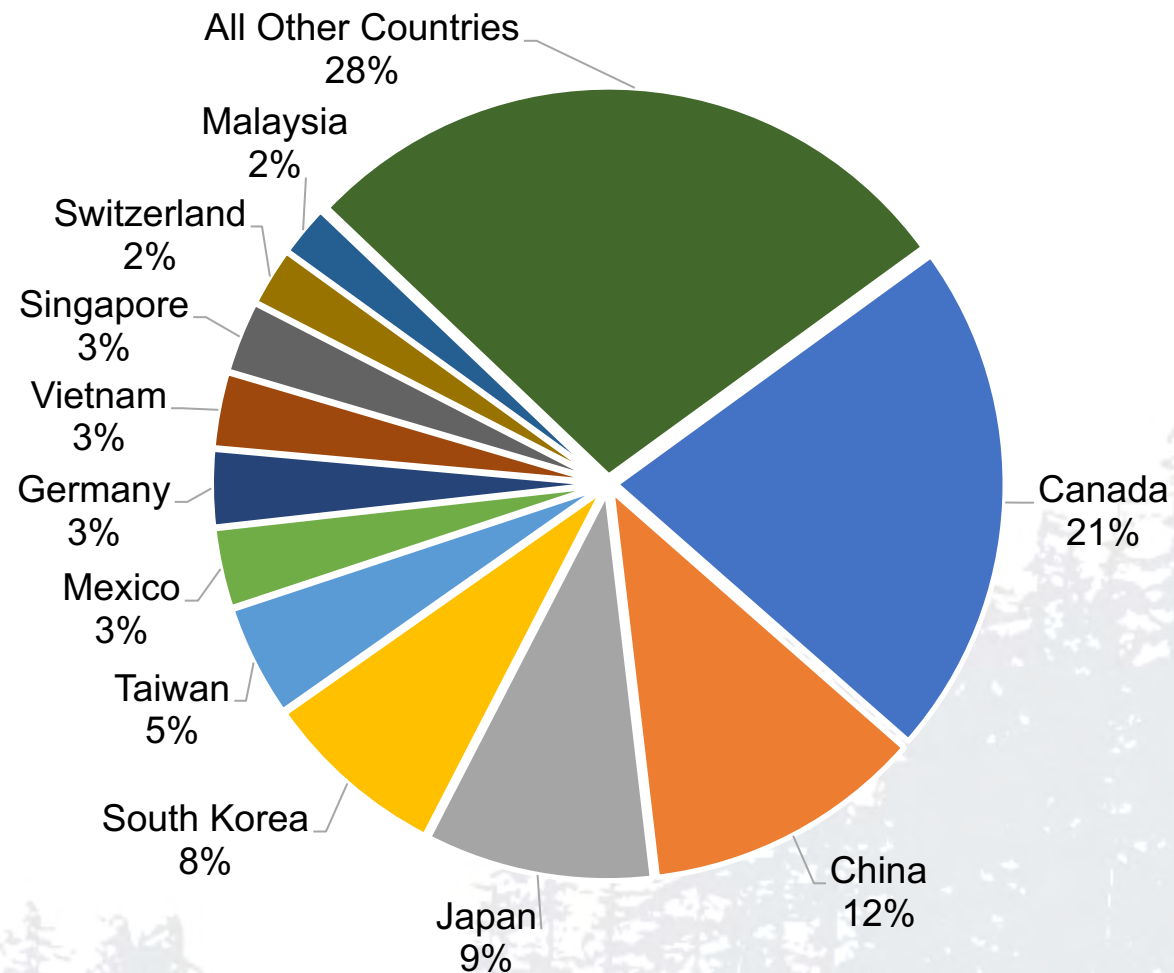
# Why in the World Export?

- 92,000 jobs in Oregon supported
- Int'l businesses pay better
- 6000+ Oregon companies export
- 88% small
- 95% of consumers aren't here
- By 2030, 66% of middle class in Asia
- Oregon exported over \$22 billion

# 2019 Oregon Exports by Industry, Excluding Microchips & Potash



# 2019 Oregon Exports by Country, Excluding Microchips & Potash





# Global Trade Contacts



**Alexa Byers**

Global Trade Specialist

[alexa.byers@Oregon.gov](mailto:alexa.byers@Oregon.gov)

Food/bev, ag equipment,  
advanced manufacturing,  
transportation/defense, tech

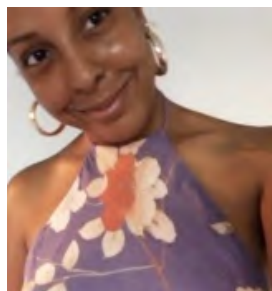


**Sunun Setboonsarng**

Global Trade Specialist

[sunun.setboonsarng@Oregon.gov](mailto:sunun.setboonsarng@Oregon.gov)

Medical equipment/supplies, air/waste  
management, water conservation, energy



**Jessica Sedacy**

Grant Coordinator

[Jessica.sedacy@Oregon.gov](mailto:Jessica.sedacy@Oregon.gov)

Special projects, data analysis



**Amanda Welker**

Manager, Trade & Recruitment

[amanda.welker@Oregon.gov](mailto:amanda.welker@Oregon.gov)

Wood products, outdoor gear/apparel,  
logistics

# Export Services

- Consulting
- Technical assistance
- Export finance
- Training
- Market Development

Partnerships are key! Regional ec-dev, trade assn's, Federal partners, cities and counties – even universities and foreign consulates!

# Export-Import Bank Partnership

- Export-Import Bank of the US govt.
- Local Exim partners: Business Oregon & City of Beaverton
- Many co's using it
- Jan–March 2020 –\$41 mil in exports

*Beer, food, machinery, lumber, hay, spas, and much more.*



# Export Promotion Program – Lottery & STEP Grants (Biennium 2017-2019)

- Awarded 276 grants to Oregon SMEs
- Avg. \$4,500 per project
- \$1.6 million total
- \$24.5 million in export sales, a 1,981% return!
- Top destinations: US, Germany, Japan, China, and Canada
- Used it all!



# Are You Eligible?

- Self-certify as “small”
- Not owe the govt. taxes
- Have a facility here
- Employ Oregonians
- Promote its own product or service
- Be export-ready

*Remember to check with your trade specialist!*

# Grant Parameters & Eligible Expenses

## Parameters:

- Up to 75% of eligible expenses (\$10,000 max per project)
- May receive up to 3 grants / year. (Oct 1 – Sept 30)

*West Salem Machinery, Bangkok*

*Sightline @ Singapore Air Show*

## Eligible Activities

- Trade shows
- Trade missions led by a govt. entity or contractor
- Market assessments, paid partner searches, due diligence, or other services provided by the U.S. Commercial Service
- Market research subscriptions (Up to \$2000)

# Eligible Grant Expenses – Continued

- Export seminars provided by govt. entity (\$500 cap)
- Web site translation and/or localization (up to \$6000 )
- Shipping of samples to an event (up to \$4000)
- Export Compliance Testing (up to \$6000)
- Design of marketing materials (\$6000 max)
- CE Mark compliance fees (European regs) – up to \$6000

# Upcoming Export Events

<b>Oct. 25-30, 2020</b>	<a href="#"><u>Security Mission for Economic Prosperity in El Salvador, Guatemala, and Honduras</u></a> - USCS
<b>Nov. 15-20, 2020</b>	<a href="#"><u>Trade Mission to the Caribbean</u></a> - USCS
<b>Mar 1-5 &amp; 8, 2021</b>	<a href="#"><u>Cyber Security Business Development Mission to South America</u></a> (Chile, Uruguay, Peru & Argentina) - USCS
<b>Mar 2021</b>	Heli Expo (Mar) with Pacific NW Aerospace Alliance – Bix OR
<b>May 3-6, 2021</b>	Xponential drone show – Georgia – OR Dept. of Aviation
<b>June 20-27, 2021</b>	Paris Air Show – Les Bourget, France – Biz OR
<b>Sept 2021</b>	Defense/Security Expo – London, UK – PNDC



# How to Apply

## Where to Apply

[www.oregon4biz.com](http://www.oregon4biz.com) (*grant*)

## When?

Year-round

## Include 2 Forms

1. Download, print, and sign the [Self Representation as an Eligible Small Business Concern and Debarment Certification](#) forms
2. [Create an account or login to your existing account](#) using our portal
3. Complete app and upload forms

## How Much Does it Cost?

No fee!



# How to Get Reimbursed

1. After project, complete Exhibits A & B
2. Include sales projections
3. Attach related documentation – copies of invoices, proof of payment, etc.
4. Submit to Portland office w/in 30 days of project close
5. Claim reviewed by trade team
6. Claim processed by finance team & check sent



# What's it all about, Alfie?

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# Success Stories

kidRunner



1. International Success Runs Away with KidRunner of Bend
2. Will Warne of KidRunner said that participation in a trade show called ISPO in Germany w/Business Oregon has led to the “best three months of sales in KidRunner's history.”
3. Said Warne, “We were honored to participate and it would not have been possible without your support. Our time at ISPO generated insight, contacts and a new team member based in Belgium who is central to our NexGen KidRunner release.”
4. There is a silver lining to the Corona Virus for KidRunner, as many parents around the world find that the only effective way to keep running with a kid at home is with a KidRunner. Their inventory has been depleted, and they are now actively looking for capital to continue their growth trajectory.



**SIMPLEX**  
a company of

**DART**  
AEROSPACE

**Simplex Manufacturing**  
**Portland, OR**

**Grant:** \$5,551

**Immediate Sales:** \$11,400,000

**Estimated Add'l Sales:** \$11,400,000





- Seely Mint Farm began producing spearmint and peppermint in 1940. Family run.
- Located in Clatskanie, Oregon and produces organic mint oil, peppermint patties, mint chocolate drops, and mint tea,.
- Received U.S. \$6800 from Business Oregon last year for two shows yielding U.S. \$130K in actual sales.
- They currently export to Canada





**Thank You!**  
*Questions or Comments?*

**Alexa Byers**

Business Oregon

t. 503-475-1832

Email: [alexa.byers@Oregon.gov](mailto:alexa.byers@Oregon.gov)





# A World of International Business Opportunities

Let the U.S. Commercial Service help you develop and expand your exports of U.S. products.

Presentation by:

**Allan Christian**

Senior International Trade Specialist  
U.S. Commercial Service – Portland, OR  
Email: [Allan.Christian@trade.gov](mailto:Allan.Christian@trade.gov)



# Let Us Help You Export



- The U.S. Commercial Service is the export business development unit of the U.S. Department of Commerce, with trade professionals located in over 100 U.S. cities and more than 75 countries help U.S. companies get started in exporting or increase sales to new global markets. To see a listing of our offices around the world, visit <https://www.trade.gov/contact-us>



# We Open Doors No One Else Can



- Global network of trade professionals
- Business relationships with foreign governments, buyers, and business leaders worldwide

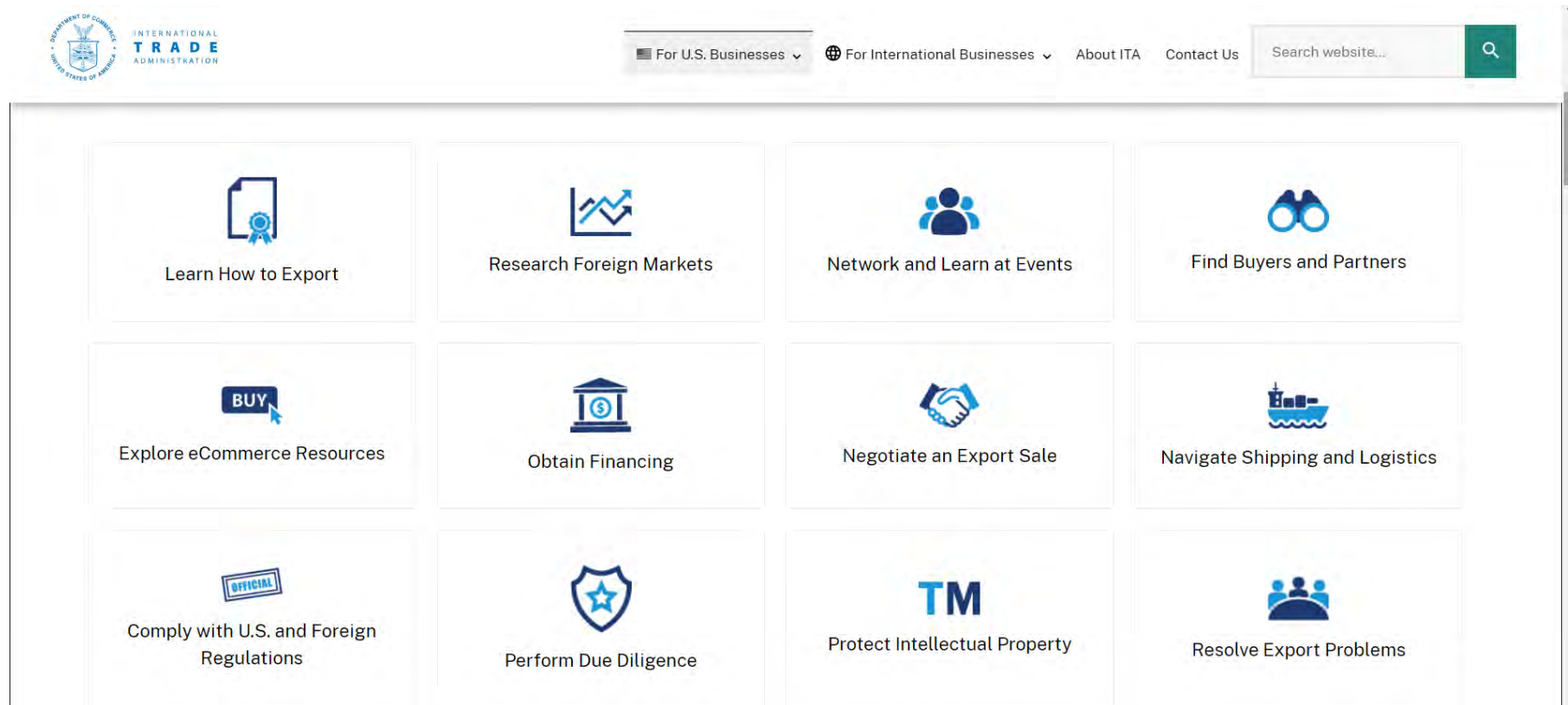


# Doing Business Internationally Just Got Easier



- Export Basics Information and Training
- International Market Intelligence
- Customized Trade Counseling
- Business Matchmaking
- Commercial Diplomacy and Trade Dispute Assistance

# Doing Business Internationally Just Got Easier



- Visit <https://www.trade.gov/export-solutions> to see the range of Export Solutions we have developed to assist U.S. exporters, including our expanded Virtual Services and our eCommerce Resources.



# Learning the Basics of Exporting



- Assess Your Export Readiness  
<https://www.trade.gov/exporter-assessments>
- Export Process Overview Video Series:  
<https://www.trade.gov/export-process-overview>
- A Basic Guide to Exporting, 11th Edition – U.S. Commercial Service’s 250-page Guide detailing every important element of successful export business development -  
<https://www.trade.gov/learn-how-export>
- Develop Your Export Plan  
<https://www.trade.gov/develop-export-plan>
  - ✓ Steps to Developing an Export Plan
  - ✓ Elements of an Export Plan
  - ✓ Questions to Answer in Building the Plan





# Tradecraft and Industry Expertise



- Teams of trade professionals in our U.S. and international offices worldwide developing information, programs and expertise to assist U.S. exporters demand for relevant, industry- and country-specific intelligence for export business development.
- Access international market reports and export opportunity information developed by our Global Industry and Tradecraft Teams at: <https://www.trade.gov/industries-0>





# Our Industry Teams



- Aerospace and Defense
- Advanced Manufacturing
- Agribusiness
- Automotive and Transportation
- Design and Construction
- Education
- Energy
- Environmental Technologies
- Healthcare Technologies
- Information and Communication Technologies
- Media and Entertainment
- Marine Technologies
- Safety and Security Technologies
- Textiles, Apparel and Sporting Goods



# Global and Tradecraft Teams



- Europe
- Africa and the Middle East
- Western Hemisphere
- China
- Rural
- Finance



# Market Intelligence



- Good starting point to explore opportunities in specific countries is our Country Commercial Guides written and updated annually by our staff in U.S. Embassies in over 70 countries.
- The U.S. has Free Trade Agreements (FTAs) with 20 countries. Get information and access resources and tools to navigate these FTAs at our U.S. FTA Help Center
- Learn about potential new export markets using your current export patterns through our Market Diversification Tool .

# Export Shipping, Documentation and Compliance

## Export Shipping and Documentation Essentials:

- Harmonized System Codes/Schedule B Export numbers define your products for international trade: <https://www.trade.gov/harmonized-system-hs-codes>
- Incoterms define the risks, responsibilities and costs between seller (exporter) and buyer (importer) in all international trade transactions - <https://www.trade.gov/know-your-incoterms>
- Accurate export pricing is impossible without understanding Incoterms and the export shipping arrangements agreed to via Incoterms.
- Access our information and guidance on [Export Pricing Strategy](#)
- Learn about the basic export documents required for all export transactions - <https://www.trade.gov/documents-export-transaction>





# Export Shipping, Documentation and Compliance

## Export Compliance Essentials:

- Before you export you need to determine if your product, technology or service requires an export license. Most U.S. products, technologies or services do not.
- Review the essential basics of U.S. Export Regulations at:  
<https://www.trade.gov/us-export-regulations>
- All international buyers should be screened against the [Consolidated Screening List](#) to rule out individuals/companies or organizations with whom it is illegal to engage in business and/or financial transactions.
- Most U.S. products and technologies that require export licenses are regulated by the Bureau of Industry and Security (BIS), U.S. Department of Commerce
- Information about obtaining an Export License and links to export licensing information on the BIS website is at:  
<https://www.trade.gov/obtaining-export-license>



# e-Commerce Solutions

- Our eCommerce Innovation Lab can help you develop or improve your eCommerce Sales Channels for both retail and industrial sales and Your Digital Strategy via their information resources, video series and the Business Service Provider Directory available at:  
<https://www.trade.gov/ecommerce>
- Explore eCommerce Sales Channels
- Review our eCommerce Digital Strategy Guidance
- See our Search Engine Optimization Resources
- Consider using our Website Globalization Review Gap Analysis Service



# Business Matchmaking

- Connect with pre-screened international buyers through our customized business matchmaking services – the International Partner Search (IPS) and our Gold Key Service (GKS) – <https://www.trade.gov/find-buyers-and-partners>
- IPS with Virtual Introductions is one of our new virtual export business services: <https://www.trade.gov/virtual-services>
- Attend our Discover Global Markets and Trade Winds business forums for international business partner networking and one-on-one meeting with U.S. Commercial Service Officers and Commercial Specialists, resident in various countries. Details of our recent Discover Global Markets: Intelligent Manufacturing, Oct. 7-9, 2020 and upcoming events at: <https://www.trade.gov/network-and-learn-events>



# Commercial Diplomacy



- Government-to-government support
- Overcome unfair or illegal international actions
- Coordinate between multiple U.S. government agencies
- Work with U.S. Embassies and Consulates to create the best international strategies



# Contact Information

## U.S. Commercial/Portland, OR - serves Oregon and SW Washington exporters

### Our Staff:

Director - **Kellie Holloway**

Senior International Trade Specialist - **Allan Christian**

Commercial Officer (on two-year assignment) – **Melissa McInnis**

International Trade Specialist – **Haisum Shah**

U.S. Commercial Service—  
Connecting you to global markets.

<https://www.trade.gov/oregon-portland>





# Learn How to Eliminate Risk When Exporting

# WHO WE ARE – WHAT WE DO

**EXIM Bank is an independent agency of the U.S. Government.**

- › Established in 1934.
- › Headquartered in Washington, D.C.

## **Regional Export Finance Centers:**

- *Eastern:* Miami, New York, Atlanta.
- *Central:* Chicago, Detroit, Minneapolis, Houston, Dallas.
- *Western:* Orange County, CA; San Francisco, Seattle, San Diego.

***Mission:*** Support U.S. exports in order to create and sustain U.S. jobs.





# OUR SUPPORT MAKES THE DIFFERENCE



**Minimize risk**



**Level the  
playing field**



**Supplement  
commercial financing**

# EXIM BANK FINANCING COVERS THE SPECTRUM



*Pre-Export  
Financing*

*Post-Export  
Financing*



**Working Capital  
Guarantees**

**Insurance Guarantees  
Direct Loans**

# EXIM SUPPORTS EXPORTING CHALLENGES



## ***Pre-export cash needed!***

- An EXIM guaranteed credit line may provide the vital funds you need to fulfill new orders.
- These funds may be used to purchase finished products, raw materials, and supplies to cover labor and overhead costs.
- The funds may also be used to support standby letters of credit used as bid or performance bonds.



## ***Will you get paid?***

- EXIM's export credit insurance provides payment coverage for both commercial and political risks.
- EXIM can protect your export sales to a single buyer or multiple buyers.



# EXIM SUPPORTS EXPORTING CHALLENGES *(cont.)*



## ***Buyers want credit terms!***

- EXIM's export credit insurance enables your company to offer competitive “open account” terms instead of requiring your foreign buyers to pay cash-in-advance, use credit cards, or secure letters of credit.
- Insured foreign receivables may be assigned to a commercial lender, which increases your company's borrowing base and accelerates its cash flow.



## ***Buyer want term financing!***

- EXIM can provide your foreign buyers with term financing at competitive interest rates and longer repayment terms.
- Foreign buyers can use these funds to buy U.S.-made capital goods and services, helping your business go global.

# ELIGIBILITY REQUIREMENTS



## Exporters must:

- Be in business at least 3 years (*unless otherwise noted*), have financial statements or tax returns, and have a DUNS number.

## For Working Capital and Short-Term insurance, exported products and services must be:

- 50+% U.S. content, including labor, excluding mark-up (*cost basis*).

## For Medium-Term Insurance and Guarantees, exported products and services must be:

- 85+% U.S. content, including labor, excluding mark-up (*cost basis*) for full support of the transaction.



# TRADE TERMS AS A SPECTRUM OF RISK



**Seller Risk High**



**Seller Risk Low**

## Sale Terms

- › Open Account
- › Cash Against Documents and other Documentary Collections
- › Sight Letters of Credit
- › Payment in Advance

**Buyer Risk Low**



**Buyer Risk High**



# EXPORT CREDIT INSURANCE – BENEFITS



## Risk Protection

Protects against buyer nonpayment due to commercial risks and political risks.



## Sales Tool

Allows exporter to offer competitive credit terms to foreign buyers, generally up to 180 days, some products may qualify for 360 day terms.



## Financing Aid

Obtain additional financing. Insured foreign receivables may be added to your borrowing base by assignment of policy proceeds (claim payments) to a lender.



# RISKS COVERED



## Commercial Risk:

- › Insolvency
- › Bankruptcy
- › Protracted Default



## Political Risk:

- › Transfer Risk
- › War, Revolution, Insurrection, Expropriation
- › Cancellation of an Import or Export License



# SHORT-TERM EXPORT CREDIT INSURANCE



## Coverage Parameters

- › Up to 180 days, exceptionally 1 year.
- › 95%, 98% or 100% coverage, depending on policy selected, products exported, and buyer classification.
- › Insures both commercial and political risks.

## Lender Policies

- › Bank Letter of Credit.
- › Financial Institution Buyer Credit.

## Export Policy Options

- › Multi-Buyer, Single-Buyer, “Reasonable Spread of Risk”.





# SHORT-TERM EXPORT CREDIT INSURANCE



*Policies for Small Business\*:*

## **Express Insurance**

- › 95 % cover, no deductible, pay-as-you-go, EXIM Bank obtains and reviews all credit info on buyers, maximum of 10 buyers.

## **Multi-Buyer**

- › 95 % cover, no deductible, pay-as-you-go, some buyer approval authority may be given to exporter.

## **Single-Buyer**

- › 90% cover, no deductible, pricing published on [www.exim.gov](http://www.exim.gov).

*\*SBA Definition*

# HANDOUT –COMPARING SHORT-TERM EXPORT CREDIT



EXIM's *Comparison: Short Term Export Credit Insurance for U.S. Companies* is available in the resource section.

	EXPRESS INSURANCE	SMALL BUSINESS MULTI-BUYER	STANDARD MULTI-BUYER	SINGLE-BUYER
Target Market	Small businesses new to exporting* with ≤\$10 million export credit sales and 10 or less buyers. Must have no more than five years of export credit experience	Small business* with ≤\$10 million export credit sales	Experienced U.S. companies	Any U.S. company desiring to insure only one buyer
Base Coverage	95%. Not all accounts must be covered	95%	95%	90%
Discretionary Credit Limits	None. EXIM approves all buyers	Yes, amount based on U.S. company's experience	Larger amounts for most experienced exporters	None. EXIM approves the one buyer
Deductible	None	None	Yes, amount based on U.S. company's risk portfolio and experience	None
Premium Rate per \$100 (for private sector buyers)**	Same rates for any country risk. Based on payment terms offered to buyers: 1-60 days: \$0.65 61-120 days: \$1.06 121-180 days: \$1.35	Same rates for any country risk. Based on payment terms offered to buyers: 1-60 days: \$0.55 61-120 days: \$0.90 121-180 days: \$1.15	Portfolio tailored rate with discounts for low risk country concentration and many buyers	Premium rates vary according to country of the buyer and length of payment terms <a href="https://exim.gov/tools-for-exporters/exposure-fees/shorttermelcssfinancing">exim.gov/tools-for-exporters/exposure-fees/shorttermelcssfinancing</a>
Report Shipments	Monthly	Monthly	Monthly	Monthly
Period Covered	12 months; Renewable	12 months; Renewable	12 months; Renewable	12 months; Renewable
Claim Filing	3-8 months after due date	3-8 months after due date	3-8 months after due date	3-8 months after due date
Policy Issuance Fee	Minimum \$500; Refundable	Minimum \$500; Refundable	Minimum \$500; Refundable	Minimum \$500 for first policy; waived for renewals and repeat small business customers. Refundable if premium paid during the first year exceeds the fee

# MEDIUM-TERM FINANCING

Generally used for *buyer financing* of capital equipment

- › 85% financed, 15% cash down payment by the buyer (*may be financed by a lender*).
- › Repayment up to 5 years, exceptionally 7 years.
- › Amounts of \$10 million or less.

Financing can be accomplished through the following EXIM products:

- › Lender guarantees.
- › Direct Loans (few).
- › Credit Insurance.



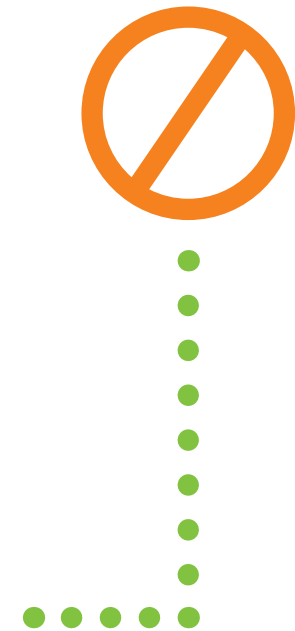


# JUST A FEW RESTRICTIONS



## Just a few:

- No Military or Defense-related products or obligors,  
*Exceptions:*
  - Products for humanitarian purposes.
  - Drug-interdiction.
  - Dual-use.
- U.S. Content (*Standard-Term: 50+%; Medium-Term: 85% U.S.*).
- Restricted Countries (*Country Limitation Schedule*).
- Economic impact.
- Additionality.



# COUNTRY COVERAGE

EXIM Bank supports business in many countries throughout the world.

- › Restrictions may apply for political or economic conditions.
  - Check the Country Limitation Schedule (CLS) at [www.exim.gov](http://www.exim.gov).
- › “X” means support is *not* available.





EXPORT-IMPORT BANK  
OF THE UNITED STATES



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*Western Regional Director*

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# SBA Export Loan Guaranty Programs

**Jim Newton**

Export Finance Manager  
Office of International Trade





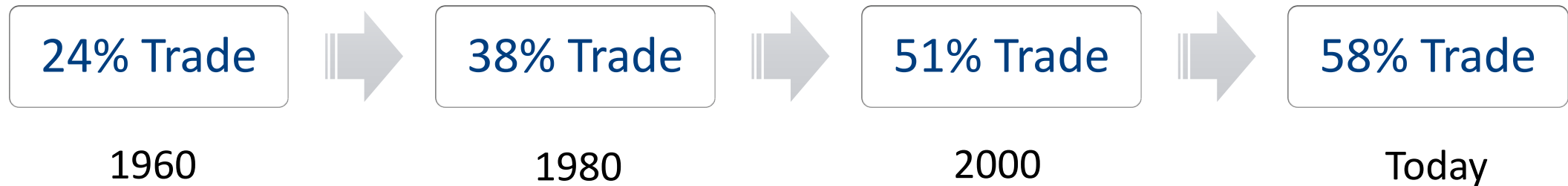
# **We live in a Trade Driven Economy**

**57.8% of the World's \$80 Trillion  
Economy is Trade Related**



U.S. Small Business  
Administration

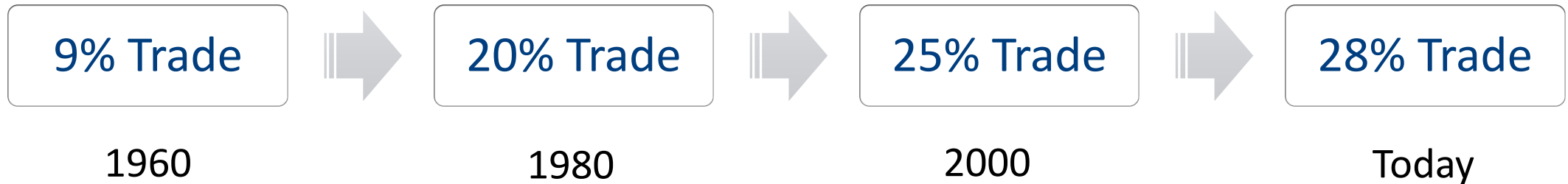
# This New Economy looks Different than the Old



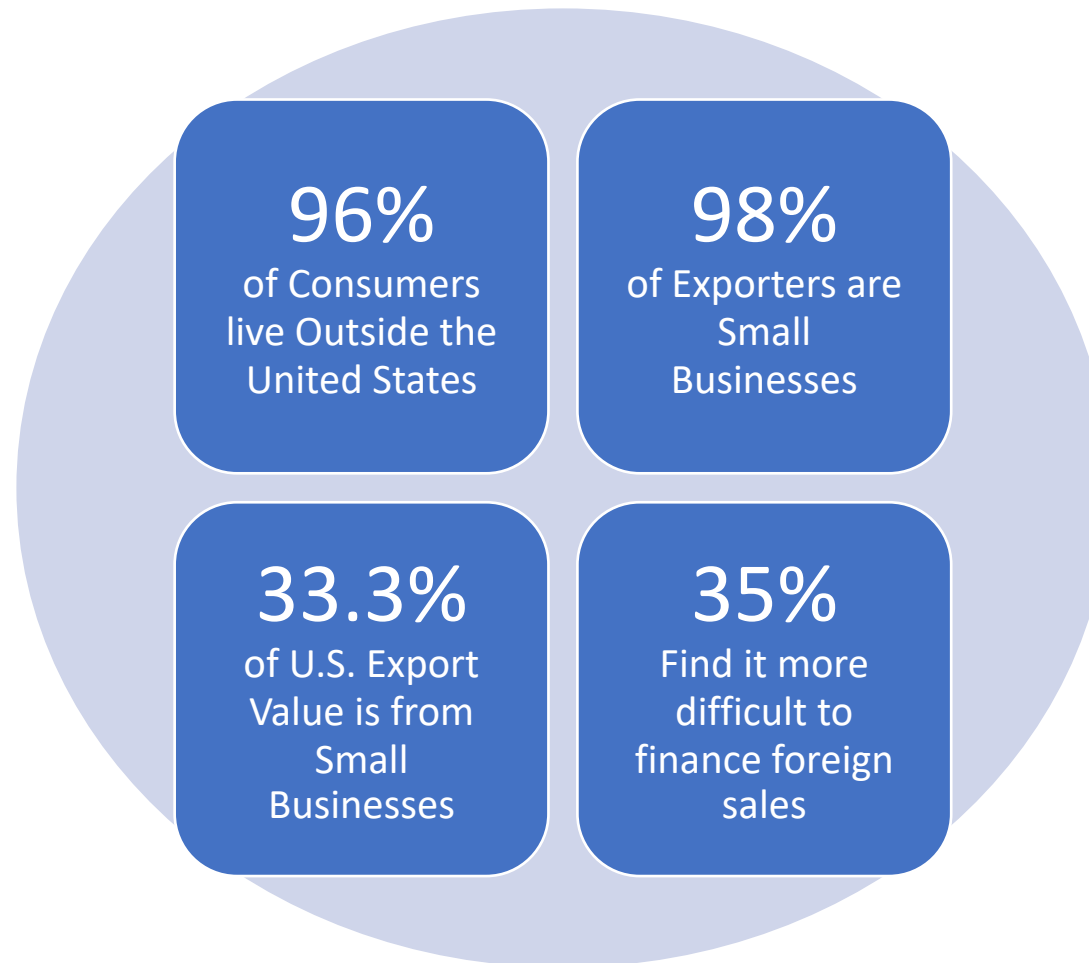


U.S. Small Business  
Administration

# And the U.S. Economy is no Different



# *Small Business Exporters are an Untapped Market Opportunity for SBA Lenders*







U.S. Small Business  
Administration

# Nationally: Small Business Exporters in Key Sectors

68,286

Manufacturing



95,449

Wholesale Trade



17,071

Retail Trade



3,286

Agriculture



# There's a Massive Disconnect





# *OIT Provides Finance Solutions for Small Business Exporters*

# Indirect Exports

- Applicants who produce products or services that enter the export channel, but do not directly export their products:
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers that export directly:  
**supply chain financing solution**
- Can be supported by all **three** of SBA's core export loan programs: EWCP, Export Express, International Trade Loan



# Indirect Exports – Certification

**We can accomplish this verification in two ways:**

- A written certification from the client of the borrower that verifies they what good or service they provide to them and that it is indeed used to fulfill export orders
- A brief, narrative business plan detailing what good or service the borrower performs, who they sell to, what countries the good or service is exported to and a third-party verification. This will most likely need approval by the SBA Director of Trade Finance
- SOP 50 10 5 (K) Subpart B, page 127

# SBA Supports this Growing Export Market with SBA's International Loan Programs

Guarantee of up to 90%, with loan amounts up to \$5 million

## Working Capital for Export Development:

- Attend trade shows and meet potential business partners
- Vet potential buyers, agents or distributors, and purchase foreign credit reports
- Secure CE mark, international patent, or trademark and pay for related legal fees
- In-country promotions and providing product samples for prospective buyers
- Translation of website/product literature and other marketing costs

## Loans to expand and enhance production capacity in order to meet foreign demand:

- Retooling expenses for metric production or to meet other foreign product standards or licensing
- Permanent working capital to support higher levels of export sales
- Plant and equipment needed to fulfill expanding export orders

## Working Capital to Finance Export Orders:

- Purchase inventory, materials and labor for production or acquire finished goods
- Carry Foreign Accounts Receivable to collection using export credit insurance
- Marine insurance and all logistics and freight costs
- Letter of Credit and bank fees related to the transaction
- Standby letters-of-credit for bid, performance, or advance payment bonds or guarantees

# Solution: Export Express

## Company

- \$500,000 in annual sales food manufacturer

## Order

- Various retail web sales to Australia, and European Union

## Transaction:

- \$350,000 line of credit with a 60 month term with 90% SBA Guaranty \***Max eligible \$500,000, 90%= \$0-\$350,000; 75% =\$350,000-\$500,000**
- 60 month term \***Working capital: 7 years; Equipment: 10 years; Real Estate: 25 years**
- No borrowing base requirements
- Collateral- 1st UCC on all business assets and first lien on all A/R, inventory, and WIP

## Use of Proceeds

- \$150,000 various working capital to revamp company website, increase marketing to support international sales, and attend food trade show with support through Business Oregon
- \$100,000 to fund inventory purchase
- \$100,000 to enhance warehouse/manufacturing facility

# Solution: International Trade Loan

## Company

- \$2.1 million in annual sales machine shop facility in business for 20 years

## Order

- Contracted work to provide seat brackets and other assembly to Boeing and Cessna. Company has been a provider to these corporation for 8 plus years (indirect exporter). Expansion was required to fulfill addition of Boeing 737 work.

## Transaction:

- \$750,000 term note to expand facility and purchase new equipment with a 90% SBA guaranty **\*\$5 million max, term note financing only (no lines of credit)**
- 10 year term, no balloon or prepayment penalty **\*Working capital and Equipment: 10 years; Real Estate: 25 years**
- Collateral- 2nd UCC on all business assets, 2nd deed of trust on commercial property, and 1st UCC lien on all new business equipment purchased with loan proceeds

## Use of Proceeds

- \$200,000 to add additional warehouse space to existing facility
- \$550,000 to purchase new manufacturing equipment



# Solution: Export Working Capital Line of Credit

## Company

- Grocery products wholesaler in business for 3 years with average annual sales of \$2 million/year

## Order

- Open account invoices to distributors in China and Taiwan totaling roughly \$3.5 million annually

## Transaction: ABL borrowing base monitored line of credit

- Seller provides-
  - 60 day terms to distributors
- Buyer provides-
  - Offset of cost of EXIM Express Credit Insurance Policy (.65 cents per \$100) or Letter of Credit

## Working Capital Need:

- Loan Amount: \$500,000 \*\$5 million maximum
- SBA Fee: \$1,125
- Use of Proceeds: asset-based line of credit, **90% SBA guaranty**
- Collateral: Foreign accounts receivable- 85%\* advance rate, Export Inventory- 65%\* Advance Rate (**90% max-75% max\***)
- Working Capital Provided: \$500,000 revolving line used to finance open account terms on sales. \*SBA policy additionally allows for **75% WIP**

# Solution: Export Working Capital Standby Letter of Credit

## Company

- Research laboratory design and build firm, 20 years in business, annual sales of \$13 million / year

## Order

- Two purchase orders with European universities totaling \$9.75 million

## Transaction: Support Standby L/C

- *Buyers Provides-*
  - 50% (\$4,875,000) advance payment
  - 20%, final shipment
  - 30% Finished installation
- *Seller Provides-*
  - \$4,875,000 Standby Letter of Credit

## Working Capital Need:

- Loan Amount: \$5 million \*\$5 million maximum
- SBA Fee: \$11,250
- Use of Proceeds: Support Standby L/C for advance payment, **90% SBA guaranty**
- Collateral: \$1,250,000 2nd mortgage real estate lien, 1st lien on all foreign purchase orders and export inventory. (\*25% of L/C collateral required)
- Working Capital Provided: \$4,875,000 cash working capital from buyer's advanced invoice



# Thank You!

**Jim Newton**

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U.S. Small Business Administration

Office of International Trade

Portland World Trade Center

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Questions?





# Increase Your Revenues with Export Sales



Ensure your speakers are  
turned on



Please be sure to disable any pop-up  
blocking software



If you experience technical problems,  
click the “Help” button below