



LOS ANGELES AREA  
CHAMBER OF COMMERCE



*Spotlight on Greater Los Angeles Area Exports:*

# EXIM Trade Finance Solutions to Get Paid & Gain More Working Capital



Ensure your speakers are turned on

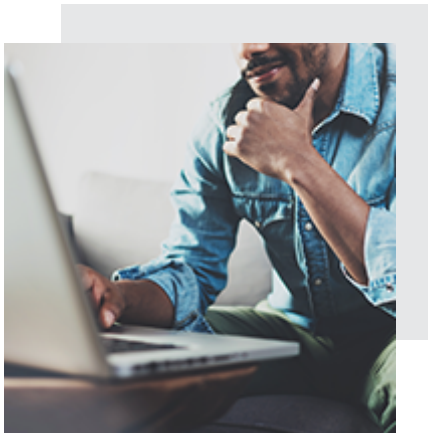


Please be sure to disable any pop-up blocking software



If you experience technical problems, click the "Help" button below

# WELCOME TO THE INTERACTIVE WEBINAR



Ensure that your speaker volume is turned up



Submit questions through the Q&A widget



A copy of the slides will be emailed after the event



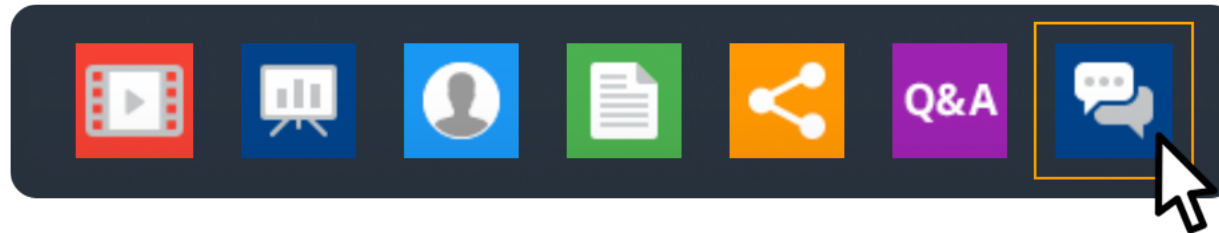
***Technical problems? Click the **Help** button or ask a question through the **Q&A** widget.***

# LIVE CHAT FEATURE



The live chat feature allows attendees and hosts to communicate for the duration of the webinar.

*To enable the live chat window, click the blue icon on the right side of the user panel.*



**Technical problems?** Click the **Help** button or ask a question through the **Q&A** widget.



# INTRODUCING OUR SPEAKERS



**Martin Breidsprecher**  
Chief Operating Officer



**Jim Crouse**  
Executive Vice President  
& Chief Revenue Officer



**Julie Anne Hennessey**  
Director



**Greg Moore**  
Exim Regional Director



**Pellson Lau**  
Export Finance Manager





# LOS ANGELES AREA CHAMBER OF COMMERCE



**Martin Breidsprecher**  
Chief Operating Officer



**LOS ANGELES AREA**  
CHAMBER OF COMMERCE

# CAPSTONE TURBINE CORPORATION



**Jim Crouse**  
Executive Vice President &  
Chief Revenue Officer





# An Overview of the U.S. Commercial Service



## Let our global network work for you.

### Worldwide Recognition

As the U.S. government, we can open doors that no one else can in markets around the world.

### Global Network

Our unmatched global network with trade experts in more than 80 countries can provide you with on-the-ground knowledge and connections.

### Results Driven

Our expert, in-person counseling is unparalleled and designed to help you succeed in global markets.



# The world is open for your business.

Our global network of experienced trade professionals is located throughout the United States and in U.S. Embassies and Consulates worldwide. Whether you're looking to make your first export sale or expand to additional markets, we offer the expertise you need to connect with lucrative opportunities and increase your bottom line.

## Our Services



### Export Counseling

- Develop effective market entry and sales strategies.
- Understand export documentation requirements and import regulations of foreign markets.
- Navigate U.S. government export controls, compliance and trade financing options.



### Market Intelligence

- Analyze market potential and foreign competitors.
- Obtain useful information on best prospects, financing, laws, and cultural issues.
- Conduct background checks on potential buyers and distributors.



### Business Matchmaking

- Connect with pre-screened potential partners.
- Promote your product or service to prospective buyers at trade events worldwide.
- Meet with international industry and government decision makers in your target markets.



### Commercial Diplomacy

- Overcome trade obstacles to successfully enter international markets.
- Benefit from coordinated U.S. government engagement with foreign governments to protect U.S. business interests.



# Export Counseling

## **International Business Development**

The U.S. Commercial Service provides you with reliable information and personalized counseling at every step of your export journey- from strategy and planning, financing and logistics, market entry and expansion, to advocacy and dispute resolutions, and even eCommerce counseling. Our trade experts are here to address your concerns and guide you to success in the global marketplace.

## **eCommerce Innovation Lab**

The eCommerce Innovation Lab helps U.S. business by identifying export opportunities across the ecommerce sales channels, through concentration on client digital strategy development, use of Website Globalization Review gap analysis tools, and the online eCommerce Export Resource Center to help companies adapt and grow in the digital economy. Please see [eCommerce \(trade.gov\)](https://trade.gov/eCommerce).





# Market Intelligence

## Country Commercial Guides

Prepared by trade and industry experts, Country Commercial Guides provide information on market conditions, opportunities, regulations and business customs for over 125 countries. Country Commercial Guides detail important factors to help you decide if a market is right for your product or service.

## Customized Market Research

Customized Market Research answers questions about an overseas market including; market trends & size, customary distribution and promotion practices, market entry requirements, product standards and registration, regulations, key competitors and potential agents, distributors, and strategic Partners.

## Initial Market Check

The Initial Market Check is an initial assessment of the market potential of your product or service in the targeted market. The service gauges the potential of a specific product or service in a market by gathering feedback from up to five industry participants and provides recommendations on whether to pursue the target market.

## International Company Profile

The International Company Profile provides U.S. companies and economic development organizations with a comprehensive background report and full analysis on a specific foreign company. Reports provide general business information, background and product information, key officials, references contacted by ITA, financial data/credit worthiness, reputation, results of site visits and interviews with principals; information sources consulted in preparing the report; and analysis of information collected.





# Business Matchmaking

## Single Company Promotion

Provides U.S. companies with promotional services to help increase the awareness of their product or service in a specific market. The promotional event may consist of a technical seminar, press conference, luncheon, dinner, or reception with targeted direct mail or email campaigns.

## International Partner Search

Provides U.S. firms with a list of up to five agents, distributors and partners that have expressed an interest in your product or service. Virtual introduction via teleconference to the identified contacts also available.

## Featured U.S. Exporter Listing

A listing in the directory of an overseas U.S. Commercial Service's website gives U.S. exporters targeted exposure to more effectively help them find foreign business partners in specific local markets. It allows local importers to find U.S. exporters interested in exporting to a specific local foreign market.

## Business Service Provider Listing

An online program to help U.S. exporters identify a professional export service provider to support them in the assessment, financing, or completion of an export transaction.



## Gold Key Service

Provides U.S. firms traveling to a foreign market with up to five pre-screened appointments to establish relationships with potential overseas agents, distributors, sales representatives, business partners and other local, in-country entities.



## Commercial Service Presented Events

### Discover Global Markets

Organized by the U.S. Commercial Service, these annual business development forums focus on an industry and/or world region. The conferences feature one-on-one meetings with U.S. Commercial Service diplomats visiting from abroad; panel discussions on the latest industry trends; export education; and extensive networking with U.S. trade officials and leading private sector experts.

### Trade Winds

Organized by the U.S. Commercial Service, Trade Winds is the largest, annual, U.S. Government-led trade mission. Each mission includes a business development forum in its host city, consisting of regional and industry specific conference sessions as well as pre-arranged consultations with U.S. Diplomats representing commercial markets throughout the region. Participating companies can customize a business matchmaking schedule with multiple stops, based on input from our in-country Commercial Specialists, and grow their international sales through meetings with pre-screened potential buyers, agents, distributors and joint-venture partners during the mission.



## Trade Events

### Certified Trade Missions

Organized with select trade organizations, missions are customized to meet the needs of groups of U.S. companies participating. Missions may include activities such as market briefings, Gold Key Service, receptions, site visits, and technical seminars.

### Trade Show Representation

The Trade Show Representation Service provides U.S. companies and economic development organizations with the ability to increase their marketing exposure at an overseas trade show when they are unable to attend in-person. Multiple clients' products and services may be showcased by the Commercial Service at the event.

### Trade Event Partnership Program

Through the U.S. Commercial Service's network of offices in U.S. Embassies and Consulates, the TEPP recruits pre-screened foreign buyer delegations and brings them to selected trade shows in the United States.

### International Trade Fairs

Certified trade fairs feature a U.S. Pavilion and represent a U.S. Department of Commerce endorsement, ensuring a high-quality, multifaceted opportunity for American companies to successfully market their product/services overseas. Participating companies receive U.S. Commercial Service assistance with access to foreign buyers, agents, and industry representatives. Other services include pre-show industry/country market briefings, one-on-one export counseling, onsite promotion, and more.



# Commercial Diplomacy

## Advocacy Center

The Advocacy Center coordinates U.S. Government advocacy efforts for U.S. companies bidding on public-sector contracts with overseas governments and government agencies. The Center helps to ensure that sales of U.S. products and services have the best possible chance competing abroad. U.S. Government advocacy assistance can help U.S. companies overcome trade barriers, bureaucratic problems, and unfair trading practices; level the playing field to ensure that your company has the best possible chance to win foreign government contracts; and settle payment disputes with foreign companies.

## Report a Trade Barrier

File a complaint with the International Trade Administration's Trade Agreements Negotiations and Compliance Office. This office works with U.S. businesses to remove unfair foreign government-imposed trade barriers.

## Trade Dispute Resolution

We can help you resolve common trade disputes like customs issues. We engage directly with foreign governments to advance and protect your business interests and help your company overcome barriers to trade.





Thank you!

Julie Anne Hennessy  
Director

Los Angeles (West)

M: 310.597.3004

[Julieanne.Hennessy@trade.gov](mailto:Julieanne.Hennessy@trade.gov)

<https://www.trade.gov/>



# 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.

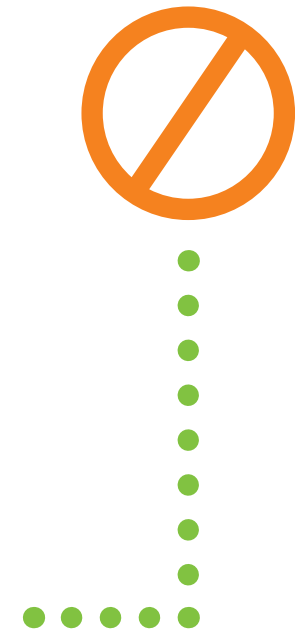


# JUST A FEW RESTRICTIONS



## 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



**Gregory Moore**

*Western Regional Director*

(949)-224-4245

[gregory.moore@exim.gov](mailto:gregory.moore@exim.gov)







# Export Loan Programs



Pellson Lau

Export Finance Manager

Office of International Trade

U.S. Small Business Administration

444 S. Flower St., 37<sup>th</sup> Fl – Los Angeles, CA 90071

Tel: 213.894.8267; [pellson.lau@sba.gov](mailto:pellson.lau@sba.gov)

# SBA Office of International Trade is committed to the support of U.S. exports and subsequent job creation

## Office of International Trade (OIT) Mission

**To increase the number of U.S. small business exporters and increase the volume of U.S. exports;** *The Office of International Trade works to enhance the ability of small businesses to compete in the global marketplace.*



## Key Area of Works

- Direct and oversee the SBA export loan programs
- Provide local support/trainings to bank to make and service SBA export loans
- Underwriting and servicing SBA Export Working Capital Line of Credit (Export Working Capital Program)
- Provide counseling and training to support small business export opportunities
- Help small business exporters gain access to the capital they need

# SBA Export Loan Programs for Exporters

1. Export Working Capital—to \$5 million
2. SBA International Trade Loan—to \$5 million
3. SBA's Export Express—to \$500,000

# The “EXPORT BOOST”

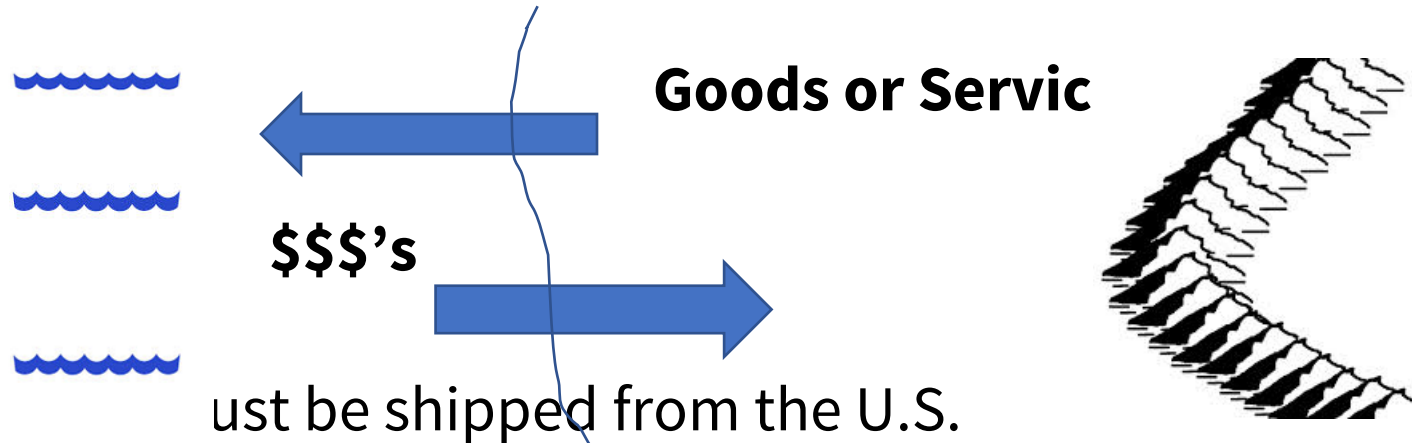
- Typical SBA loan guarantees range from **50% to 75%**
- SBA export loans receive:

**90%**

- Why? Because exports are critical to national economic success

# SBA's export eligibility

- What is an “export”?



- CANNOT be “drop-shipped” (e.g., manufacturer in China to customer EU market, never entering the US)
- No US content requirement
- May be licensed defense exports



# Indirect Exports

- Applicants who produce products or services that enter into the export channel, but do not directly export their products, are eligible for EWCP financing
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers
- Requires certification from domestic customer that goods are in fact being exported.

# Small Business Administration (SBA) – [sba.gov/oit](https://sba.gov/oit)

- 3 export-specific programs
  - **Export Working Capital Program (EWCP) up to \$5 million** – export working capital only – **a Revolving Credit Line only** (mostly up to 12 months) >>> to help fulfil export orders
  - **International Trade Loan (ITL) up to \$5 million** – fixed assets, refinancing, permanent WC – **Term loan only** >>> to help expand exporter capacity
  - **EXPORT EXPRESS** – combination of both; streamlined loans up to \$500,000 – **a Revolving Credit Line or Term Loan** >>> to help export development

## **Export Working Capital Loan—90% guaranty**

--SBA: loans to \$5 million, \$4.5 million guaranty

### Transaction-Based Financing (Purchase order financing)

- Pre-shipment financing
- Single Transaction or Multi Transaction
- Revolving or Non-revolving Line of Credit

### Or, Asset-Based Line-of-Credit

- Working Capital primarily for post-shipment
- Borrowing Base: inventory, WIP, (insured) A/R

# Export Working Capital Program (EWCP)

## Capital to Fulfill Export Orders

- **Financing up to a maximum loan limit of \$5,000,000 with up to 90% loan guaranty to lenders**
- **Support a single transaction, multiple contracts, or revolving sales over the year**
- **Your business can use EWCP financing for:**
  - Financing export orders:
    - Inventory, materials, labor, other production costs
    - Foreign accounts receivable and offering sales terms
    - Insurance and freight costs
    - Bank fees related to the transactions
  - Free up cash:
    - Issue Standby letters-of-credit for bid, performance, or advance payment bonds or guarantees

# International Trade Loan Program

## Capital for Expanding Exporter Capacity

- **Financing up to a maximum loan limit of \$5,000,000 with up to 90% loan guaranty to lenders**
- **Your business can use the International Trade Loan for:**
  - Purchase fixed assets: loans to purchase machinery or equipment to expand production in order to meet foreign demand:
  - Retooling: fund expenses necessary for metric production or to meet other foreign product standards or licensing
  - Permanent working capital
  - Acquire a bigger facility: loans for real estate needed as a result of expanding export sales



# SBA Loans for Exporters

## **International Trade Loan (ITL)—up to \$5,000,000**

- Maximum loan amount=\$5 million
- The SBA guarantee portion can go as high as \$4.5 million for IT loan customers.
- Combination of fixed assets/term loan with W/C
  - maximum Working Capital: \$4,000,000
- Maximum term: 25 years; 10 years for working capital
- Interest Rate : Up to a maximum interest rate between 2.25% and 2.75% above WSJ Prime Rate
- SBA Guaranty Fee: Same as standard 7(a)

# SBA Loan Programs for Exporters

## **SBA's Export Express**

- to \$350,000 with 90% guaranty
- \$500,000 with 75% guaranty
- Processed by lenders under the SBA *Express* program
- Working capital: 7 years; Fixed assets: up to 25 years

### Required:

- In business for at least 12 months
- Entering or expanding in foreign market

# Export Express

## Capital for Export Development

- **Your business can use Export Express financing for:**
  - Export Development: participate in a foreign trade shows or translation services or secure patents and trademarks
  - Finance export orders: buy inventory, pay staff wages, and offer credit terms to foreign buyers
  - Free up cash: issue standby letters of credit that serve as bid, performance bonds, and advance payment guarantees, and
  - Purchase fixed assets: equipment or real estate to support international sales

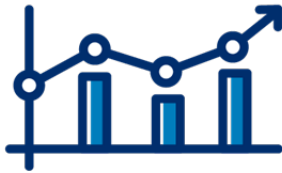
## SBA Export Loan Programs help grow your export business

- Export Express for Export Development
- Export Working Capital to Fulfill Export Orders
- International Trade Loan for Expanding Exporter Capacity

# Grants to Reach International Buyers



The **State Trade Expansion Program** or STEP provides grants to U.S. states/territories to help small businesses to go international.



- Eligible Uses of Funds include:
  - Training workshops
  - In-person and Virtual trade missions
  - Services to support foreign market entry
  - International Partner Search
  - Website optimization for global sales
  - Translate websites to attract foreign buyers
  - Designing marketing media and more



Visit **[sba.gov/STEP](https://sba.gov/STEP)** to learn more

# Get Help From SBA

## **Search** for local help

- For CA State Trade Expansion Program (STEP) grants visit <https://californiaexport.org/>
- To find out if your state/territory is participating in STEP <https://www.sba.gov/funding-programs/grants/state-trade-expansion-program-step/directory-step-awardees>
- For export finance, and help navigating SBA resources, find your nearest Export Finance Manager at [www.sba.gov/international](http://www.sba.gov/international)
- To find an SBA district office, SBDC, SCORE, VBOC or WBC, please visit [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance)

**Call** SBA toll free (855) 722-4877 or **Email** [international@sba.gov](mailto:international@sba.gov) with your trade questions

**Stay Informed** with SBA's OIT's Newsletter and Webinars: [sba.gov/newsroom](http://sba.gov/newsroom)



## The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

This \$325 billion title would provide additional assistance to the hardest-hit small businesses, nonprofits, and venues that are struggling to recover from the impact of the COVID-19 pandemic. The title would provide funding for a second round of forgivable loans through the Paycheck Protection Program for small businesses and nonprofits experiencing significant revenue losses, make programmatic improvements to PPP, fund grants to shuttered venues, and enact emergency enhancements to other SBA lending programs. This critical assistance will provide small business owners with the capital they need to survive the pandemic and includes critical resources for the smallest businesses.

- ❑ Temporarily enhances the terms of the 7(a)-loan program by increasing the loan guarantee to 90 percent and offering reduced or no fees for the borrower and the lender.
- ❑ Increases the SBA 7(a) loan-guarantee to 90% until October 1, 2021.
- ❑ Increases SBA Express Loan amount to \$1 million until October 1, 2021.
- ❑ Borrowers with qualifying SBA loans (prior to 03/27/2020) will receive an additional 3 months of principal and interest payments starting in February 2021. After 3 months, underserved borrowers will receive an additional 5 months of payments (not to exceed \$9,000 per month).
- ❑ SBA loans approved 2/1/2021-9/30/2021 – 6 months of debt relief – not to exceed \$9,000/month – starting once fully disbursed and after any deferment (must be in regular servicing status).



# Export Loan Programs



Pellson Lau

Export Finance Manager

Office of International Trade

U.S. Small Business Administration

444 S. Flower St., 37<sup>th</sup> Fl – Los Angeles, CA 90071

Tel: 213.894.8267; Email: [pellson.lau@sba.gov](mailto:pellson.lau@sba.gov)



Questions?



LOS ANGELES AREA  
CHAMBER OF COMMERCE



# Closing Remarks