

# Trade Finance Solutions to Increase Export Sales



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# INTRODUCING OUR SPEAKERS



**Caroline Winn**  
Chief Executive Officer



**Carolina Chavez**  
Director of Binational  
Relations, Public Affairs,  
& the SIMNSA Foundation



**Daniel Ortiz**  
Chief Operating Officer



**Sandra Donzella**  
Deputy Managing Director,  
Western Region





## **Caroline Winn**

Chief Executive Officer,  
San Diego Gas & Electric





## **Carolina Chavez**

Director of Binational Relations,  
Public Affairs, and the SIMNSA Foundation

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# EXIM's Trade Finance Solutions

Increase Export Sales with  
Minimal Risks!

# EXIM BANK: WHO WE ARE

EXIM is the official Export Credit Agency (ECA) of the U.S. Government

***Mission:*** Maintain and create U.S. jobs by supporting the growth of U.S. exports

- › Established in 1934
- › Headquartered in Washington, D.C.
- › 12 Regional Offices nationwide
- › Support for all U.S.-based companies who export



# WHAT WE DO: THREE WAYS EXIM CAN HELP



- ✓ Insure your receivables generated by export sales
- ✓ Provide access to pre-export working capital
- ✓ Offer term loans to foreign buyers for capital equipment





# YOUR COMPETITION ABROAD HAS SIMILAR SUPPORT!



*Over 100 ECAs globally supporting their exporters compete:*

ECA	COUNTRY
EDC	Canada
Export-Import Bank of China	China
ECGD	UK
Coface	France
Hermes	Germany

ECA	COUNTRY
JBIC	Japan
Sace	Italy
KEIC, Keximbank	S. Korea
Efic	Australia

# INSURANCE SOLUTIONS IN THE ABSENCE OF CASH

## Export Credit Insurance (ECI)

> [www.grow.exim.gov/hubfs/ebook/ECI\\_eBook.pdf](http://www.grow.exim.gov/hubfs/ebook/ECI_eBook.pdf)



*Read about it*





# SHORT-TERM EXPORT CREDIT INSURANCE



*Insurance on receivables generated from export credit sales*

<b>Risk Protection</b>	In the event of non-payment	
<b>Sales Tool</b>	Empowers U.S. exporters to offer competitive credit terms	Up to 180 days (up to one-year for machinery/ capital equipment)
<b>Financing Aid</b>	Helps to maximize cash-flow	Most banks will finance up to 90% of the invoiced amount, but generally only if insured

*Export credit insurance policies can cover a single buyer, some of your foreign buyers, or your entire export portfolio*



# RISKS COVERED



## Commercial Risk:

- › Insolvency
- › Bankruptcy
- › Protracted Default

## Political Risk:

- › War, revolution, insurrection, civil unrests
- › Expropriation
- › Transfer risk
- › Cancellation of an import or export license

*Note: Disputes are NOT covered*





# INSURANCE OPTIONS



**Single-Buyer:** 90% coverage on one or multiple sales to ONE foreign buyer

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**Multi-Buyer:** Three options available, all offering 95% coverage

- **Express Policy:** For small businesses newer to export
- **Small Business:** For more experienced small businesses
- **Standard Multi-Buyer:** For experienced exporters of any size

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**Letter of Credit Transactions** (*exporter policies or Bank L/C Policy*): 95%

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**Bulk Agricultural Commodities:** 98%



# EXPRESS INSURANCE POLICY



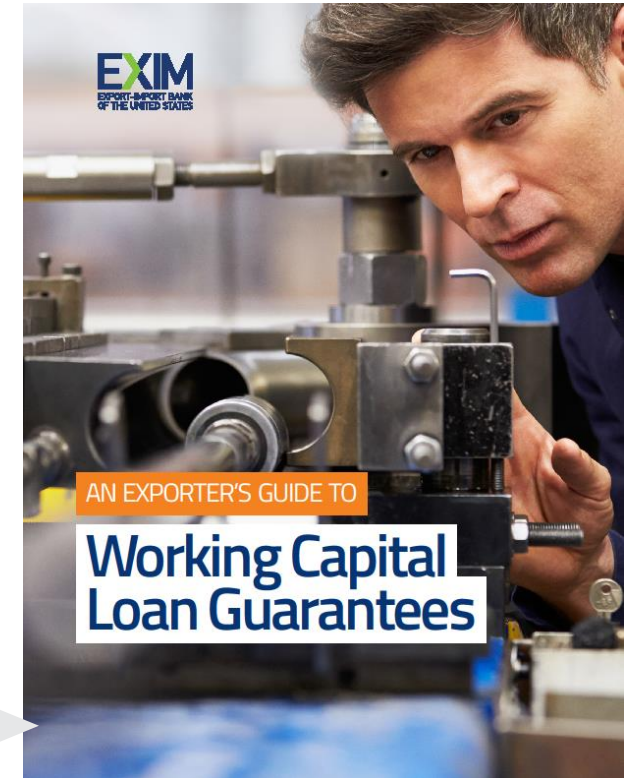
- › Coverage: **95%** commercial and political risk
- › For small businesses with **up to 10** international buyers to insure
- › Must have less than 5 years experience exporting on open account credit terms
- › No deductible, no application fee, “pay-as-you-go,” no minimum premium
- › **0.65%** premium rate for up to 60-day credit terms
  - On a \$30,000 sale, premium due would be just \$195 to insure \$28,500 of exposure (95% if \$30K)
- › Simple, 3-page application
- › Minimal information needed to approve buyers (amounts up to \$100K)

# PRE-EXPORT FINANCING SOLUTION

## Working Capital Guarantee Program (WCG)

› [www.exim.gov/learning-resources/publications](http://www.exim.gov/learning-resources/publications)

*Read about it*





# WORKING CAPITAL GUARANTEE (WCG)



**A guarantee to a commercial lender that makes a loan to an exporter to purchase or manufacture U.S. goods for export**

- Guarantees **90%** of loan amount (both principal & interest)
  - **Temporary COVID-19 relief: Optional 95%**
- Most loans done by a network of participating lenders
- No minimum or maximum amounts (check with your lender)
- Supports advances against export-related and **potentially exportable** inventory and foreign receivables



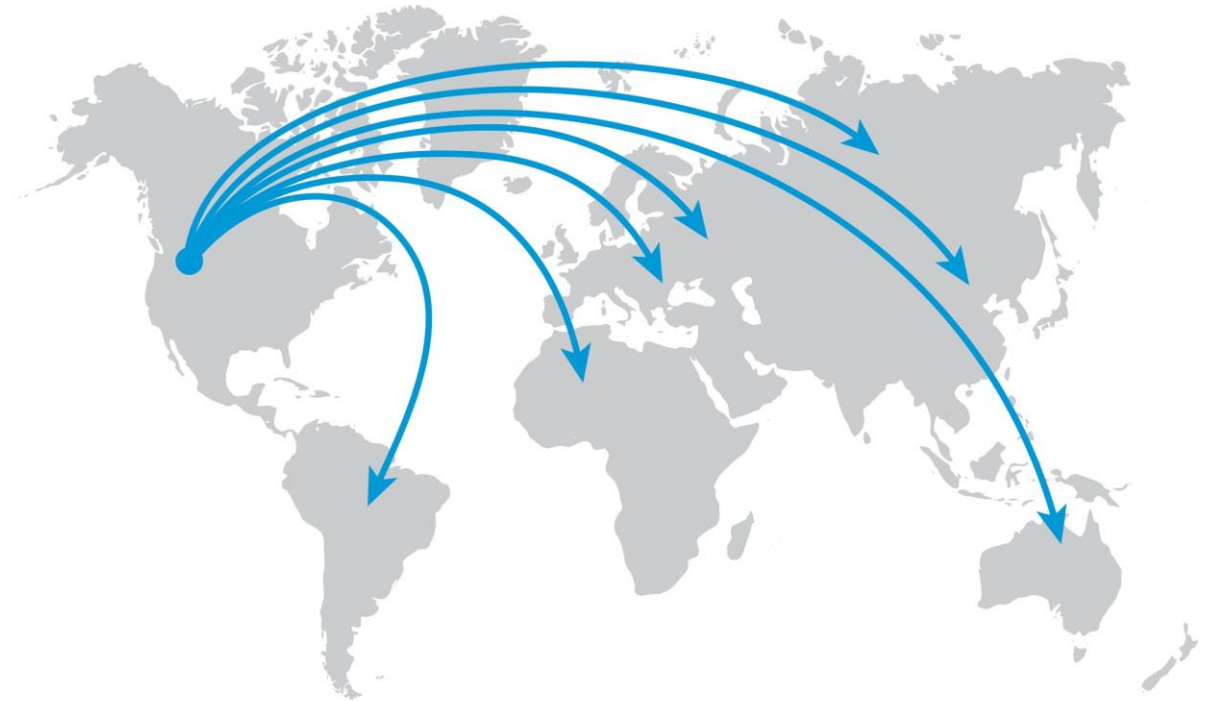
# WCGP: EXAMPLE BORROWING BASE



		Your Working Capital Facility <i>without</i> EXIM		Your Working Capital Facility <i>with</i> EXIM	
Collateral (Inventory)	Amount	Advance Rate	Borrowing Base	Advance Rate	Borrowing Base
<u>Export Inventory</u>					
Raw Materials	\$200,000	20%	\$40,000	75%	\$150,000
WIP	200,000	0%	0	75%	150,000
Finished Goods	600,000	50%	300,000	75%	450,000
<u>Export Inventory</u>					
Open Account/ Foreign Receivable	\$200,000	0%	0	90%	\$360,000
L/C Backed A/R	600,000	70%	\$420,000	90%	\$540,000
Total Borrowing Base			\$760,000	\$1,650,000	

# LOAN STRUCTURE

- › Transaction Specific
- › Transaction Specific Revolving
- › Revolving Line of Credit
  - May be committed for up to five years with annual reviews



# USE OF FINANCING



**Labor/Overhead  
Materials**



**LCs, Bid &  
Performance Bond**



**Warranties &  
Retainages**



**Payoff Existing  
Lines**



# FOREIGN BUYER FINANCING SOLUTIONS



**Available to finance buyers located in emerging markets purchasing US-made capital equipment and related services.**

- › Medium Term Insurance/Guarantee: 2-7 years (*typically 5 years*)
- › Long-Term Guarantee or Direct Loan: 7-12 years
- › Minimum 15% cash down-payment required; 85% max. financed
- › Most transactions done through a network of participating lenders
- › EXIM provides a **100%** guarantee of repayment on buyer's loan
- › Buyer must meet Ex-Im's **Medium-Term Credit Standards**



## JUST A FEW RESTRICTIONS

- › Export items must be made in the U.S. with 50%+ U.S. content  
*(measured at cost, exclusive of mark-up)*
- › Sell in one of over 180 countries where EXIM provides cover, per  
EXIM's Country Limitation Schedule
- › No intra-company sales
- › Both exporter and importer must have a 3 year history
- › No Military or defense-related products or obligors  
*(exceptions apply)*



# JOIN OUR ANNUAL VIRTUAL CONFERENCE

We hope you will join us for our EXIM Annual Virtual conference, ***Keep America Strong! Empowering U.S. Businesses and Workers to Compete Globally!***

When: **September 9 -11, 2020**; Virtual Conference

➤ Register with the link in the Resource List





EXPORT-IMPORT BANK  
OF THE UNITED STATES



## **Sandra Donzella**

*Deputy Managing Director, Western Region*

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We are your **Strategic** Partner





# UNIQUE LEADERSHIP

With more than **12 years** in the region and more than **120 years** accumulated experience among their Associates and Directors previous Jobs, **PCM Corporate®** is the leading Organization in the Industry.

Considered in 2018 one of the **most innovative Companies** by the Industry leaders in the region and one of the most transparent and ethical in the State of Baja California.





# PARTNERSHIP



We understand the need to grow, quickly and organically.

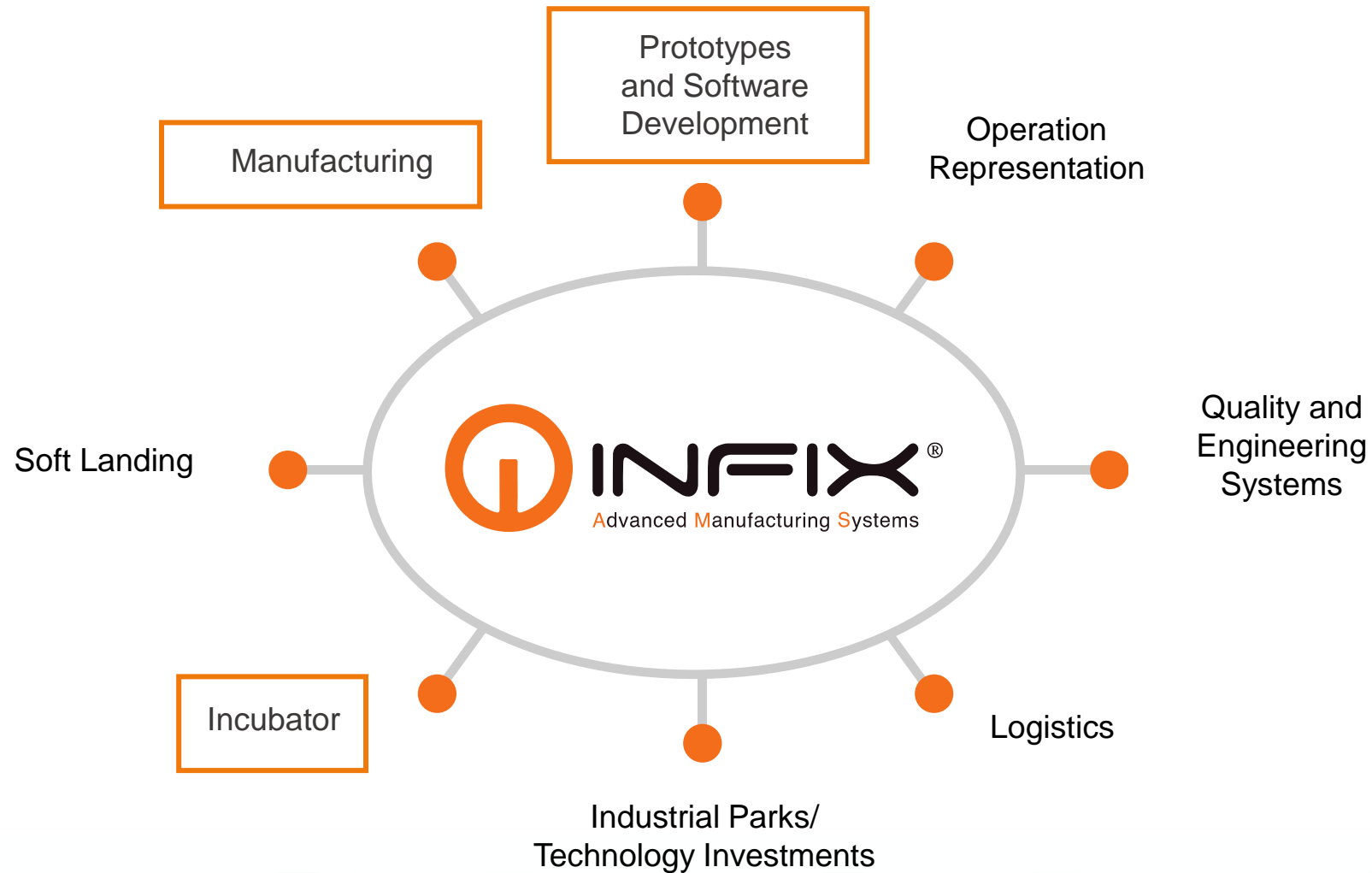
Our business model does not compete with other businesses. We are designed to be a *complement* of your activities and business goals.

Whether you want to expand your footprint into international markets or increase your production with more competitive advantages, we have the tools you need to develop your ideas and create your first prototype or fully re-design your product.

**We can help you.**



# PARTNERSHIP *(cont.)*



# ALLIANCES AND CUSTOMERS

Incubator

In our “new society” any business must work in 2 major challenges:

- 1) Set up a strong and unique, flexible and adaptable Business Network.
- 2) Excellence in Customer Attention.

The success stories with our Customers demonstrate our developed capacities. Normal people with great ideas looking how to make them real.

Specially in this category 99% are US entrepreneurs with a solid vision and very strong will. We have been able to help them in all senses, even to create a new product out of a napkin.

**We believe in them.**





## Daniel Ortiz

Director of Operations

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THANK YOU  
**“WE KNOW BUSINESS”**

# UPCOMING EVENTS

## **Small Business Roundtable**

Thursday, July 30th, 8:00-9:30am

## **19th Annual Chamber Golf Classic**

Thursday, August 20th, 8:00am

## **International Business Affairs Forum**

Thursday, August 20th, 10:00-11:30am



[sdchamber.org/coronavirus](https://sdchamber.org/coronavirus)



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Facebook.com/sdchamber

*Making the San Diego region the best place to live and work*





Questions?