



Export Finance Solutions for Virginia Manufacturers



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INTRODUCING OUR SPEAKERS



Ian Ginger
Business Development Director



Regina Gordin
Deputy Managing Director
of Small Business Group





GIIV

The VMA's Initiative to
Grow International
Trade in Virginia



VMA COMMERCE COMMITTEE



- › Formed in 2017
- › Goal of increasing manufacturing exports by \$8B by 2025
- › Only statewide professional development organization for manufacturers focused on both importing and exporting
- › Meetings throughout the year to discuss resources, best practices, and current “hot topics” in international trade
- › Chair is John Huddle, CEO and Founder of the Global Law Group, with over 30 years experience in advising international clients

STRATEGIC PARTNERSHIPS AND INITIATIVES



- › VITAL
- › VA-CAN Trade
- › VA-Israel Supply Chain
- › Trade Builds Virginia



VITAL (VIRGINIA INTERNATIONAL TRADE ALLIANCE)



- Formed in 2015
- Consortium made up of Virginia Economic Development Partnership, VMA, Virginia Maritime Association, Virginia Chamber and research universities across the state
- **Deployment of state's award-winning international trade services:**
 - VALET – Virginia Leaders in Export Trade
 - Market Research
 - Trade missions
 - International trade shows
 - One-on-one meetings with potential buyers, partners, distributors

VA-CAN TRADE



- Direct partnership between VMA and Canadian Embassy
- **Goals:**
 - Increase R&D opportunities between Virginia and Canadian companies
 - Facilitate import/export opportunities
 - Facilitate FDI
- Representatives from Embassy participate in annual Fall Commerce Committee meetings





VA-ISRAEL SUPPLY CHAIN PARTNERSHIP



- MOU with Manufacturers Association of Israel signed in 2019 to strengthen ties between Israeli defense contractors and Virginia companies
- \$800M worth of contracts shifting to US
- Online platform to facilitate supply chain opportunities between Virginia and Israeli companies
- Two Virginia companies finalized joint ventures with Israeli companies and one inked substantial export deal

TRADE BUILDS VIRGINIA



- › Nationwide campaign to highlight the importance of international trade to economic development
- › **Main tenets:**
 - Build strong partnerships
 - Educate decision makers
 - Ensure trade is part of economic recovery
 - Tell personal stories





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Business Services Director

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Export Finance Solutions For Manufacturers

WHO WE ARE – WHAT WE DO

EXIM Bank is a U.S. federal government agency

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



OUR FINANCING SUPPORT MAKES THE DIFFERENCE



Minimize risk



**Level the
playing field**



**Supplement
commercial financing**



WORKING CAPITAL GUARANTEE (WCG)



Assists small and mid-size companies in obtaining working capital to produce or purchase U.S. goods and services for export

- › Provides a 90% guarantee of repayment on loans to exporters
- › May be set up as “Transaction-Specific” or a “Revolving” Line of Credit
- › Loan proceeds may also be used to collateralize a stand-by letter of credit to be used as a performance bond (25% collateralization)
- › No minimum or maximum amounts
- › Support advances against export-related inventory (including WIP) foreign receivables
 - Up to 75% advance rate on inventory, and up to 90% on foreign receivables

WORKING CAPITAL GUARANTEE (WCG)



		Your Working Capital Facility without EXIM Bank		Your Working Capital Facility with EXIM Bank	
		<u>Advance Rate</u>	<u>Borrowing Base</u>	<u>Advance Rate</u>	<u>Borrowing Base</u>
Collateral (Inventory)	Amount				
<i>Export Inventory</i>					
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
<i>Export/Foreign Accounts Receivable</i>					
Open Account/Foreign Account Receivable	\$400,000	0%	0	90%	\$ 360,000
L/C Backed A/R	600,000	70%	<u>420,000</u>	90%	<u>540,000</u>
Total Borrowing Base			<u>\$760,000</u>	vs.	<u>\$1,650,000</u>

SALES TERMS AS A SPECTRUM OF RISK



Seller Risk Low



Seller Risk High

Sale Terms

- › Cash in Advance
- › Letter of Credit (L/C)
- › Cash Against Documents
- › Open Account

Buyer Risk High



Buyer Risk Low

EXPORT CREDIT INSURANCE – BENEFITS



Risk Prevention:

- › Protect against nonpayment by foreign buyers due to:
 - Commercial risks
 - Political risks

Sales Tool:

- › Allows exporters 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:

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



SMALL BUSINESS EXPRESS INSURANCE: KEY FEATURES



- › 95% coverage for nonpayment due to commercial insolvency/bankruptcy/default) and political (war, revolution, “transfer risk”) risks
- › Insuring existing buyers is optional
- › **No deductible! No application fee!**
- › EXIM pre-approves all credit limits requested and obtains credit information on your buyers at no additional cost to you
- › 5 business day buyer approval turnaround on credit limits of \$500,000 or less (longer turnaround on higher amounts)
- › **No minimum sales volume or premium ... pay only on the gross invoice value of what you ship, when you ship!**

SMALL BUSINESS EXPRESS INSURANCE: RATES

- › Rates are charged according to the length of the credit term you extend and the buyer type
 - For a sale to a private sector buyer on terms up to 60 days open account - \$0.65 per \$100 of the gross invoice value.
 - On a \$25,000 sale, that's only \$162.50 in premium!
- › **AND...** if you use insurance with a working capital guarantee **from either EXIM OR the SBA**, you get a **25% rate reduction** on your premiums!





MEDIUM-TERM FINANCING SUPPORT



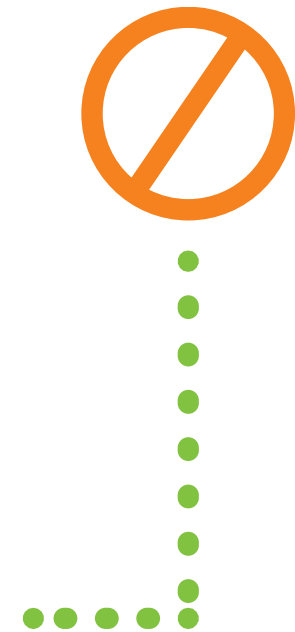
Generally used for buyer financing of capital equipment

- › 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 \$25 million or less
- › Financing can be accomplished through the following EXIM products:
 - Lender guarantees
 - Credit Insurance
 - Direct Loans (few)

JUST A FEW RESTRICTIONS



- › No Military or Defense-related products or obligors
(exceptions apply)
- › U.S. Content (Short-Term: 50+%; Medium-Term: 85% U.S.)
- › Restricted Countries (Country Schedule)
- › Economic impact
- › Shipping
- › Additionality



COUNTRY LIST

- › EXIM conducts business in many countries throughout the world
- › Restrictions or special conditions may apply for political or economic conditions
- › Check the Country Limitation Schedule (CLS) at www.exim.gov



CONTACT A REGIONAL OFFICE NEAR YOU



Eastern

- › Miami: 305-526-7436
- › New York: 212-809-2650
- › Atlanta: 404-815-1497

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- › Houston: 281-721-0470
- › Minneapolis: 612-348-1213
- › Dallas: 214-551-4959
- › Detroit: 313-226-3067

Western

- › Orange County: 949-660-1341
- › San Diego: 858-467-7035
- › Seattle: 206-728-2264



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Questions?



EXIM
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Closing Remarks



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