



Supporting Inland Empire Exports: Resources in Challenging Times



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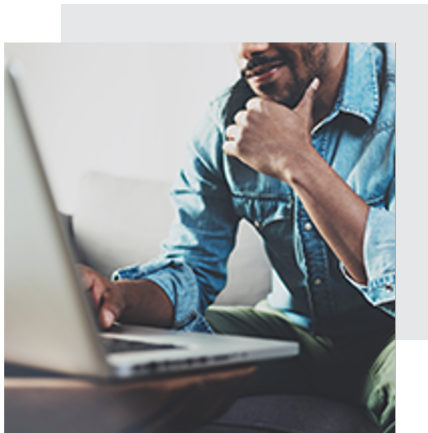


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WELCOME TO THE INTERACTIVE WEBINAR



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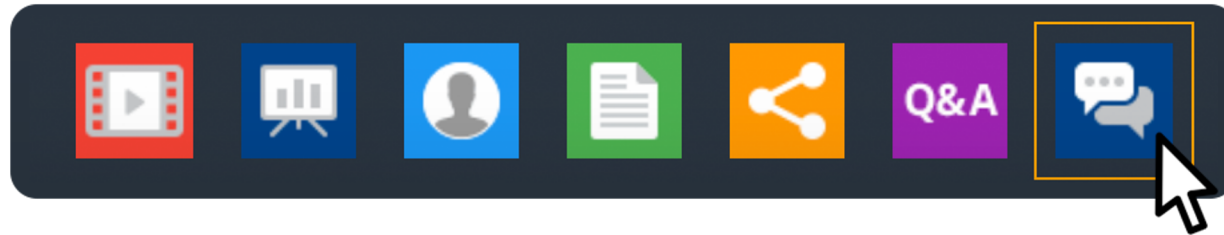
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INTRODUCING OUR SPEAKER



Jaime C. Hurtado

Manager

International Business Office

Riverside County Business and Community Services



RIVERSIDE COUNTY INTERNATIONAL BUSINESS OFFICE



- About Riverside County
- Riverside County Advantages
- International Business Office Goals
- Economic Development Sectors
(Agriculture, Aerospace, Medical
Supplies, Tourism)
- Foreign Direct Investment
- Export Assistance
- Foreign Trade Zones Assistance
- Manufacturing Assistance

Riverside County
Business and Community
Services
<https://rivcobcs.org/ibo>



INTERNATIONAL BUSINESS OFFICE

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Economic Development
Economic Development Department

Create, Maintain and Grow Jobs and Economic Value in the County

Jenny De La Mora

Economic Development Coordinator | Business Development & Marketing

Jennifer.delamora@eda.sbcounty.gov

www.SelectSBcounty.com

YOUR PARTNER IN BUSINESS

The San Bernardino County Economic Development Department (ED) helps build bridges between business and opportunities.

Here are examples on the type of services that we can assist your business with:

Site Selection

Market Analysis

**Labor Market &
Wage**

**Regulatory and Tax
Assistance**

**Referrals to
External Resources**

Permit Assistance





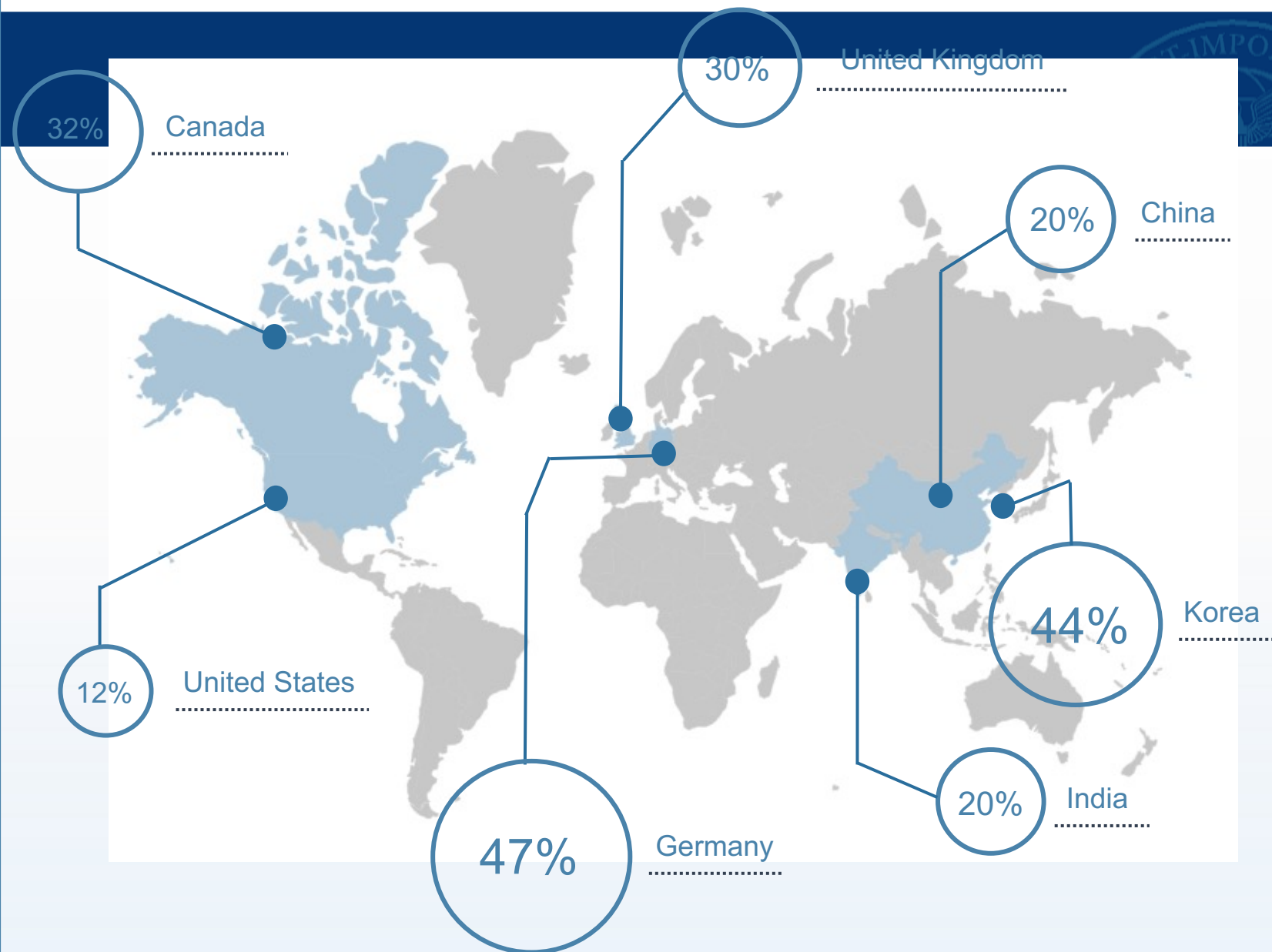
America's Export Experts

Why Exports Matter

More than **70%** of the worlds purchasing power is **outside** of the United States.
Competitors are **increasing** their global market share while the U.S. is underperforming.

With only 12% of our GDP generated by exports...

It's safe to say we have a lot of room for growth.



Exports of goods & services (% GDP)

Source: WorldBank 2017

U.S. Commercial Service Overview

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.



Our Mission - Grow U.S. exports to increase U.S. jobs.

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.



Contact Your Local Office

U.S. Commercial Service – Inland Empire

(909) 390-8283

office.inlandempire@trade.gov

www.trade.gov/california-ontario

Eduard Roytberg, Director

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Learn more about our export solutions:

<https://www.trade.gov/export-solutions>

Follow us on social media:



www.linkedin.com/company/cs-ontario



[@IE_Exports](https://twitter.com/IE_Exports)



EXIM's Trade Finance Solutions

- Increase Export Sales with Minimal Risks!

WHO IS EXIM?

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
- › Small business focus 90% of # of deals
 - No deal is too small



› Disruption of supply chains – rethink who carries costs?

› Good buyers – how are they coping?

› Markets – how hard hit?

- Good buyers in bad markets
- Bad buyers in good markets

› Industry – are terms lengthening?

- Some harder hit than others – avionics, oil/gas, hospitality

› Cost of funds – what is this doing to bottom line

› Lending relationships – PPP sucking all the oxygen out of room

- Will lenders be even more cautious/risk adverse moving forward?

› How have your buyers cash flow been impacted?

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 –*Your DA Bank approves, not us*
- EXIM has no minimum or maximum amounts (your lender will)
- Supports advances against export-related inventory (including WIP) and foreign receivables (during COVID – *ANY potential* exportable inventory)
- May be used to collateralize a stand-by L/C or performance bond
EXIM is a 3rd source of repayment behind:
 - a) Your cash flow
 - b) The assets that support the transaction



EXPANSION OF YOUR CLIENTS COLLATERAL 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	

TRADE TERMS AS A SPECTRUM OF RISK – YOUR VIEW

Credit Term Type	Tenor				
	Sight / Acceptance	1-60 Days	61-120 Days	121-180 Days	181-260 Days
Letter of Credit					
Sight Draft Documents against Acceptance (SDDA)					
Sight Draft Documents against Payment (SDDA)					
Cash Against Documents (CAD)					
Open Account					

*Your buyer on the other hand, their viewpoint is different.
With insurance, you can turn any open account sales into secured terms*

WHAT COST?

- › Cash – never lose money – sales, yes
- › L/C – how much % - plus discrepancy
 - 5 - 10 different fees; .75 - 2% common
 - Represents a cash up front + to your buyer CAD
- › – good but still bank driven & you retain title
- › Credit Insurance – pending policy around 1/2 of a percentage



TRADE TERMS AS A SPECTRUM OF RISK – YOUR VIEW

	2%	3%	4%	5%	6%
To offset a loss of:	These additional sales are required:				
\$500	\$25,000	\$16,666	\$12,500	\$10,000	\$8,333
\$600	\$30,000	\$19,999	\$15,000	\$12,000	\$9,999
\$700	\$35,000	\$23,333	\$17,500	\$14,000	\$11,667
\$750	\$37,500	\$25,500	\$18,750	\$15,000	\$12,500
\$800	\$40,000	\$26,667	\$20,000	\$16,000	\$13,333
\$900	\$45,000	\$30,000	\$22,500	\$18,000	\$15,000
\$1,000	\$50,000	\$33,333	\$25,000	\$20,000	\$16,667
\$1,500	\$75,000	\$50,000	\$37,500	\$30,500	\$25,000
\$2,500	\$125,000	\$83,333	\$62,500	\$50,000	\$41,667

WHAT IS EXPORT CREDIT INSURANCE?



Source: en.wikipedia.org/wiki/Trade_credit_insurance

But first, the back end:

- NO recourse back to you, no other costs
- “Evidence of loss” – we sue your buyer, so you don’t have to
 - Purchase order
 - Evidence of delivery
(ocean bill of lading/ tracking # - other)
 - Invoice
 - Collection effort (minimum of ONCE 30 days prior to claim)
- You do NOT need to notify buyer of our involvement
- Unless & until they default – THEN notify (make us the bad guy)
- We pay you whether we ultimately collect or not
- We cover your INVOICE value – charge your buyer **MORE**

SHORT-TERM EXPORT CREDIT INSURANCE

Protects against non-payment by foreign buyers

- › Commercial Risks: insolvency and protracted default
- › Political Risks: currency inconvertibility; war, revolution, insurgency, expropriation; cancellation of import or export license
- › Coverage ranges from 90% to 100% of the invoiced amount

Covers competitive credit terms

- › Up to 180 days for consumable products, as well as sales to distributors
- › Up to 360 days for some bulk agricultural products, as well as sales to end-users of capital equipment

- **Risk Mitigation**

- › • Prevention of catastrophic losses to one of the company's largest, unprotected assets

- › Credit management tool

- **Competitiveness/Marketin**

- › g Growth of existing
- › accounts New market
penetration

Utilization of A/R as an Asset

- › Borrowing against foreign receivables
- › Lower borrowing costs
- › Frees up working capital and accelerates cash flow

Everything else on your balance sheet has some form of insurance on it – why not A/R?

EXPORTER-HELD POLICY TYPES

Multi-Buyer*

95% Coverage

(Discretionary Credit Authority: 0.55%)

Portfolio Coverage

1. Standard

2. Small Business

Express*

95% Coverage

(Named buyer – 0.65% Rate)

Self Insure,
Letter(s) of Credit

Buyer
1

Buyer
2

Buyer
...

Single-Buyer*

90% Coverage

(One policy per buyer – country risk)

Buyer
1

Buyer
2

Buyer
3

Buyer
4

** Premium discount of 25% available when combined with SBA or EXIM Working Capital Guarantee*



An Exporter must:

- › 1 year operational History
- › Have a DUNS # - financial info
- › Products must be minimum 50% USA content (*all direct AND indirect costs*)



An Exporter must:

- › • Have no Military or Defense-related products or obligors (*exceptions apply*)
- › • Sell in one of over 180 countries where EXIM provides cover
- › • Ship from U.S. port (*some exceptions*)
- › • USA content requirements
- › • (*show me the jobs*)

UNDERWRITING STANDARDS: BUYER

Foreign Buyer



Credit Information

Buyers Credit Limit	Credit Report	Trade Reference	Bank Reference	Financial Statements
Up to \$100,000		✓		
\$100,001 - \$500,000	✓	✓		
\$500,001 - \$1,000,000	✓	✓		✓
\$500,001 - \$1,000,000	✓	✓	✓	✓

EXIM Bank's Short-Term Credit Standards are available at: www.exim.gov/tools-for-exporters/credit-standards

**Note: Snapshot in time; Assuming Net 30, buyer pays approx. 30 slow, can ship 5+ times a year.
One trade reference can support over half million in annualized sales.*



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Series



First Due
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International Distributors



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Questions?



Closing Remarks