

# GET PAID

Webinar #2: May 16, 2018

World Trade Month  
**Go Global**  
Webinar Series



# Go Global Webinar Series

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We are here to help you **Go Global**.

Get answers to your top questions on **Getting Started, Getting Paid, Preparing to Ship, and Managing Challenges.**

*Brought to you by your federal trade partners: the U.S. Small Business Administration, the U.S. Export-Import Bank, and the U.S. Department of Commerce (U.S. Census Bureau, International Trade Administration, U.S. Commercial Service, and the Bureau of Industry and Security).*

Access more international trade resources on [www.export.gov](http://www.export.gov).



# Episode 2: Get Paid

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How do you offer terms to your buyers?

Who can help me as a small business exporters as I look to arrange financing?

How do I mitigate foreign buyer risk?

# Today's Speakers

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Host: Wendy Peebles  
U.S. Census Bureau



Presenters: Jim Newton  
Regional Export Finance Manager  
U.S. Small Business Administration  
Office of International Trade



Sharyn Koenig  
Managing Director, Eastern and Western Region  
Export-Import Bank of the U.S.

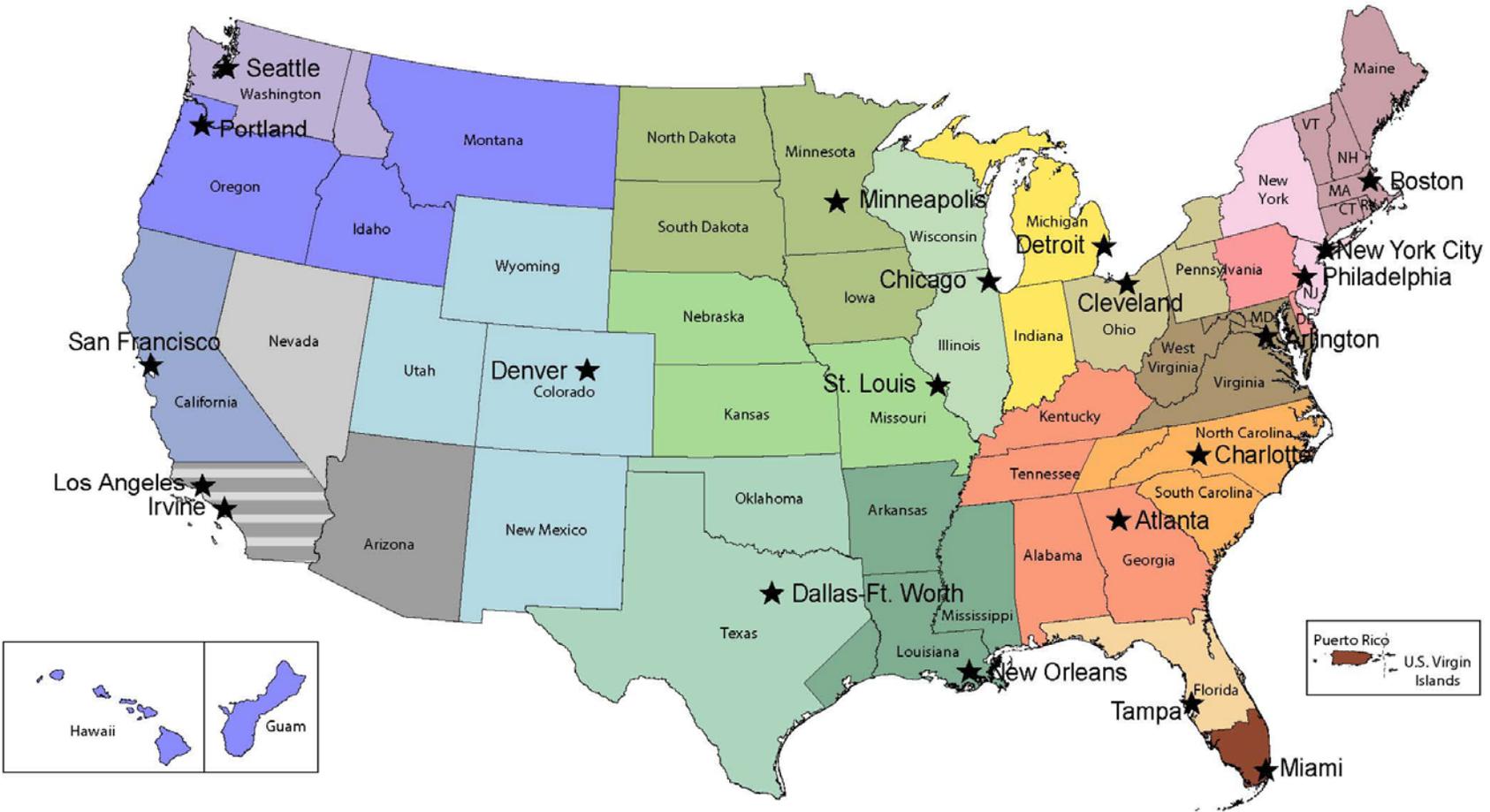


Dusan Marinkovic  
Sr. International Trade Specialist  
U.S. Commercial Service





★ U.S. Export Assistance Centers (USEACs)



# SBA's Network of Export Finance Managers at U.S. Export Assistance Centers

## ATLANTA

Territory: Georgia, Alabama, Kentucky, West/Central Tennessee

[David.Leonard@sba.gov](mailto:David.Leonard@sba.gov) -- 404-815-1496

## ARLINGTON, VA

Territory: Virginia, Maryland, District of Columbia, West Virginia

[William.Houck@sba.gov](mailto:William.Houck@sba.gov) 202-557.4063

## BOSTON

Territory: Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island

[John.Joyce@sba.gov](mailto:John.Joyce@sba.gov) 617-565-4305

## CALIFORNIA

### IRVINE

Territory: Southern California, Nevada

[Martin.Selander@sba.gov](mailto:Martin.Selander@sba.gov) 949.660-8935

### LOS ANGELES

Territory: Southern California, Arizona

[Pellson.Lau@sba.gov](mailto:Pellson.Lau@sba.gov) 213-894-8267

### SAN FRANCISCO

Territory: Northern California – Bakersfield to the Oregon border

[Jeff.Deiss@sba.gov](mailto:Jeff.Deiss@sba.gov) -- 415-744-7730

## CHARLOTTE

Territory: North Carolina, South Carolina, Eastern Tennessee

[Dan.Holt@sba.gov](mailto:Dan.Holt@sba.gov) 704-333-4886 x226

## CHICAGO

Territory: Wisconsin, Illinois

Dennis. [Foldenhauer@sba.gov](mailto:Foldenhauer@sba.gov) 312-353-8065

## CLEVELAND

Territory: Ohio, Western New York, Western Pennsylvania,

[Patrick.Hayes@sba.gov](mailto:Patrick.Hayes@sba.gov) 216-522-4731

## DALLAS/FORT WORTH

Territory: West/North/Central Texas, Oklahoma

[Alale.Allal@sba.gov](mailto:Alale.Allal@sba.gov) 817.684.5506

## DENVER

Territory: Colorado, New Mexico, Utah, Wyoming

[Bryson.Patterson@sba.gov](mailto:Bryson.Patterson@sba.gov) 303-844-6622

## DETROIT

Territory: Michigan, Indiana

313-226-3038

## FLORIDA

### MIAMI

Territory: S. Florida, Puerto Rico, Virgin Islands

[Mary.Hernandez@sba.gov](mailto:Mary.Hernandez@sba.gov) 305-526-7425 ext. 21

### TAMPA

Territory: Central & North Florida

[Sandro.Murtas@sba.gov](mailto:Sandro.Murtas@sba.gov) 727-464-7177

## MINNEAPOLIS

Territory: Minnesota, North Dakota, South Dakota

[Carlos.Sosa@sba.gov](mailto:Carlos.Sosa@sba.gov) 612-348-1642

## NEW ORLEANS

Louisiana, Arkansas, Mississippi,

Gulf Coast of Texas—Houston

[Reginald.Harley@sba.gov](mailto:Reginald.Harley@sba.gov) 504-589-6730

## NEW YORK CITY

Territory: New York City & 5 Boroughs, Eastern

Upstate New York, New Jersey

[Eduard.Ekel@SBA.gov](mailto:Eduard.Ekel@SBA.gov)

212-809-2645

## PHILADELPHIA

Territory: Eastern Pennsylvania, Delaware

610-382-3069

## PORTLAND

Territory: Oregon, S. Idaho, Montana; Hawaii & Guam

[James.Newton@sba.gov](mailto:James.Newton@sba.gov); 503.326.5498

## SEATTLE

Territory: Washington, Alaska, N. Idaho,

[Leland.Gibbs@sba.gov](mailto:Leland.Gibbs@sba.gov); 206-553-0051 ex.228

## ST. LOUIS

Territory: Kansas, Missouri, Nebraska, Iowa

[Larry.Cresswell@sba.gov](mailto:Larry.Cresswell@sba.gov); 314.260.3788

# Financing Assistance in Action

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Presenters:

Jim Newton  
Regional Export Finance Manager  
U.S. Small Business Administration  
Office of International Trade



Bahij Jada  
Chief Financial Officer  
EG Metals, Inc.



Anthony Tomashek  
Vice President, Commercial Banking  
Umpqua Bank





- EXPORTER OF METALS AND ELECTRONICS RECYCLABLE MATERIALS
- STARTED IN 2003
- 20 EMPLOYEES
- 90+ % OF SALES ARE EXPORT
- TO CHINA, HONG KONG, INDIA, KOREA, JAPAN



- Largest Commercial Bank headquartered in Oregon
  - SBA Preferred Lender
  - Full Suite of International Banking Products
  - Active in Washington, Oregon and California
  - \$25B in Assets
  - Now offering Export Working Capital Lines of Credit in partnership with SBA.

# Export Working Capital Program (EWCP)



## “Working capital to fulfill the export order”

- 90% guarantees on loans up to \$5 million
- Pure export working capital line, usu. **revolving**
- Typically 1 year loans; re-issued annually
- Advance rates of 75-90% on export sales
- Structure: (1) Asset-Based, (2) Transaction-Based, or (3) Standby Letter of Credit
- **SBA's lowest guaranty fee (0.25%)**

# Export Express



## “Fast-track for smaller export-related loans”

- 90% guarantees on loans up to \$350,000
- 75% guarantees on loans up to \$500,000
- Any “**export development activity**” – fixed assets; refinancing; working capital
- Term loan or revolving line
- Use lender’s own underwriting/collateral standards
- Delegated approval authority

# International Trade Loan (ITL)



## “Positioning the firm for export success”

- 90% guarantees on loans up to \$5 million
- Financing for projects that improve the competitive position of US exporter so as to increase exporting
- Equipment, real estate, refinancing, permanent working capital (No transfers of ownership)
- The loan may also support the borrower’s domestic operations provided it contributes to the expansion of exporting too.
- No specific export sales threshold is required; instead, the business must have a clear export plan and target.

# Indirect Export Sales



## Applies to all 3 of SBA's International Programs

- Part of a Supply Chain
- Selling thru an ETC
- Eligible for SBA 90% Export Guarantee
- U.S. buyer/exporter provides evidence of on-exporting

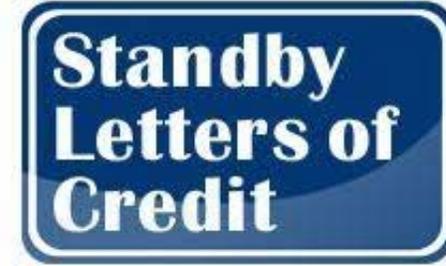
# International Tourism



## **Applies to SBA's Export Express & ITL**

- U.S. firms providing tourism related services
- Hotels, aerial sightseeing, scuba diving, etc.
- Borrower to make a concerted effort to attract foreign tourists and document it in their export plan
- Foreign buyers pick-up goods and services in the U.S.

# Standby Letters of Credit



## Applies to EWCP & Export Express

- SBLC can be issued as a Bid Bond, Performance Bond or Advance Payment Guarantee
- Requires (cash) collateral = 25% of SBLC Amount
- Allows exporter to retain 75% of an Advance Payment for working capital purposes

# No U.S. Content Required



## **Applies to all 3 of SBA's International Programs**

- Goods or services must be shipped/delivered from U.S.
- Exporter qualifies for SBA 90% Guarantee even if they import goods, consolidate and ship from the U.S.
- Eliminates need for small business exporter to account for all of their material inputs
- Drop shipments from other countries are not permitted

# Military Sales Allowed



## Applies to all 3 of SBA's International Programs

- Military goods and services must be properly licensed
- Dual-use products are eligible
- SBA can support Foreign Military Sales thru DOD



*Reducing Risk. Unleashing Opportunity.*

# Reduce Risk & Increase Sales with Export Credit Insurance



# 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

# EXIM Bank Support



## Working Capital

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 as well as cover labor and overhead costs. This guaranteed credit line may even cover standby letters of credit used as performance bonds or bid bonds.



## Extend Credit to Buyers

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. Furthermore, your insured foreign receivables may be assigned to a commercial lender, thereby increasing your company's borrowing base and accelerating its cash flow.



## Risk Protection

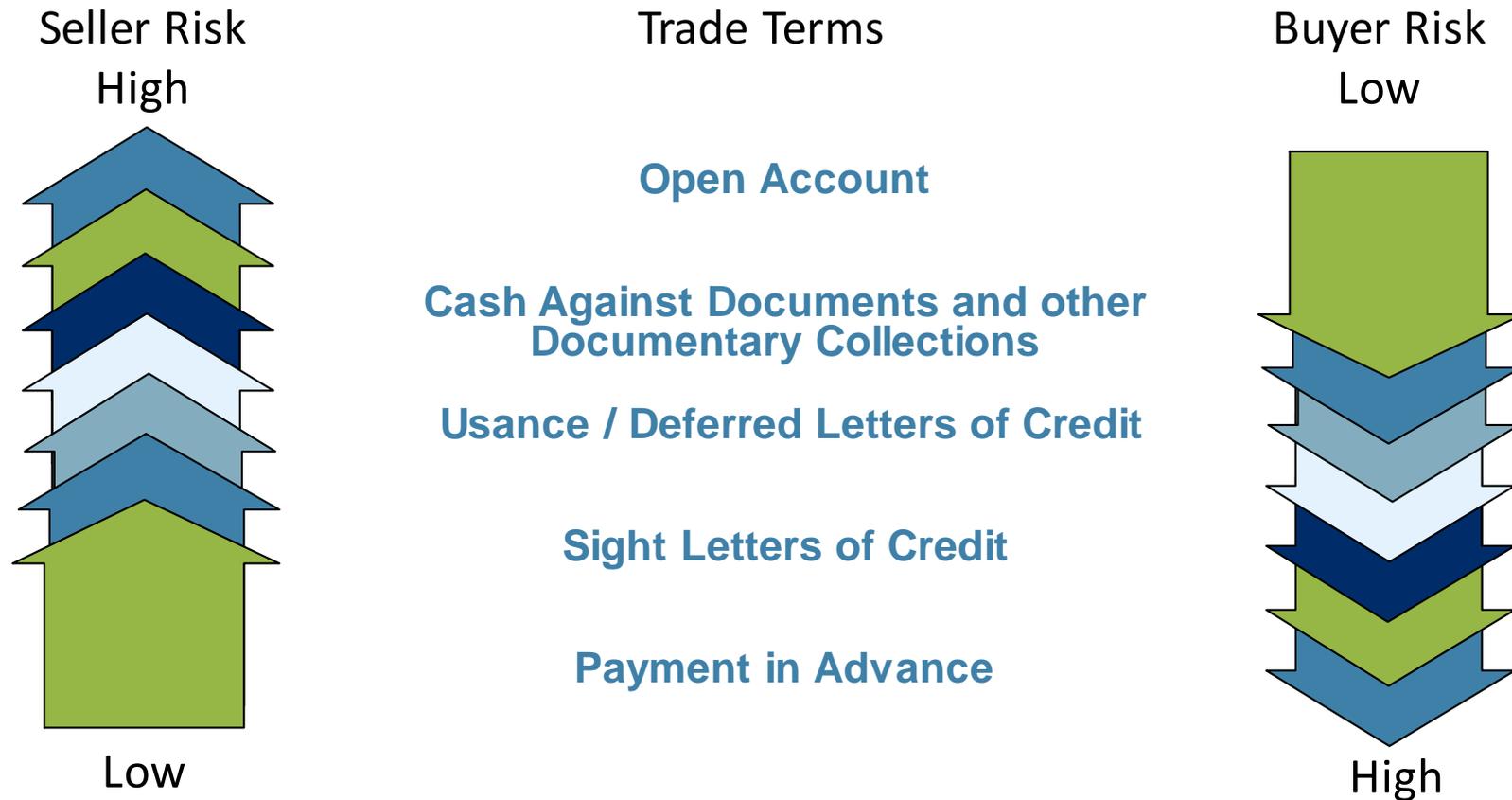
International sales are challenging enough without the added risk of not receiving payment for your goods or services. EXIM's export credit insurance provides payment coverage for both commercial and political risks. Moreover, your business can count on EXIM to protect your export sales to a single buyer or multiple buyers.



## 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.

# Trade Terms as a Spectrum of Risk



# Export Credit Insurance

## Benefits:

**RISK PROTECTION:** Protects US exporters against non-payment by foreign buyers due to commercial & political risks

- Bankruptcy, insolvency, protracted default, war, revolution insurrection, transfer risk

**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

# 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

## Exporter Policies:

- Multi-Buyer or Single-Buyer

# 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



# ***Sharyn H. Koenig***

**Managing Director, Eastern Region**

**305-526-7436 X 17**

**[Sharyn.Koenig@exim.gov](mailto:Sharyn.Koenig@exim.gov)**



# Strategies for Going Global & Getting Paid

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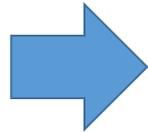
## Export Assistance from the U.S. Commercial Service



Dusan Marinkovic

Sr. International Trade Specialist

# International Expansion Blueprint – U.S. Commercial Service Client Engagement Methodology (Snapshot)



IP Protection	2	9	High
Privacy Shield	1	11	High
Trade Agreement Compliance Process	1	12	Medium
<b>U.S. Export Controls</b>			
ACE (Formerly AES)	3		
BIS	3		
ITAR	2	13, 14	Medium
Compliance Management Program	2	14	Medium
<b>Financial Considerations</b>			
SBA/EXIM Programs	2	4, 15	Low
Receivables Insurance	1	4, 16	Medium
Landed Cost/Export Pricing	1	17	High
Terms of Sale	1	19	Low
IC-DISC	1	18	Low
Foreign Currency Management	1	20	Low
Free Trade Zones (FTZ)	1	TBD	Low
VAT Recovery	3		
<b>Legal Considerations</b>			
Engaged Professionals (law firm)	1	21	Low
Country Specific Legal Requirements	1	21	Low
Agent/Distributor Agreements, Licensing etc.	1	21, 22	Low
<b>Shipping &amp; Logistics</b>			
Documentation Requirements	3		
Packaging, Labeling requirements	2	24	Medium
Freight Forwarders/Carriers	3		
Duty Drawback	1	23	Low

# Export Readiness and Common Mistakes

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[www.export.gov/begin/assessment.asp](http://www.export.gov/begin/assessment.asp)

- Does your company have sufficient production capacity that can be committed to the export market?
- Will financing be required for any expansion?
- Does your company have the financial resources to actively support an increase of product sales in targeted overseas markets?
- Does your company have knowledge and experience of export payment methods, such as developing and negotiating letters of credit?

## **Common Mistakes**

- Failure to obtain qualified export counseling
- Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting
- Insufficient care in selecting overseas partners/distributors

# How Is Exporting Different?

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- Foreign laws are different
- Culture, business practices, economic and political conditions are also different
- New knowledge and understanding are required

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*“Companies want to expand into new markets,  
...but...  
without incurring undue **risk**  
... and...  
without hurting cash flow.”*

# Evaluating An Opportunity

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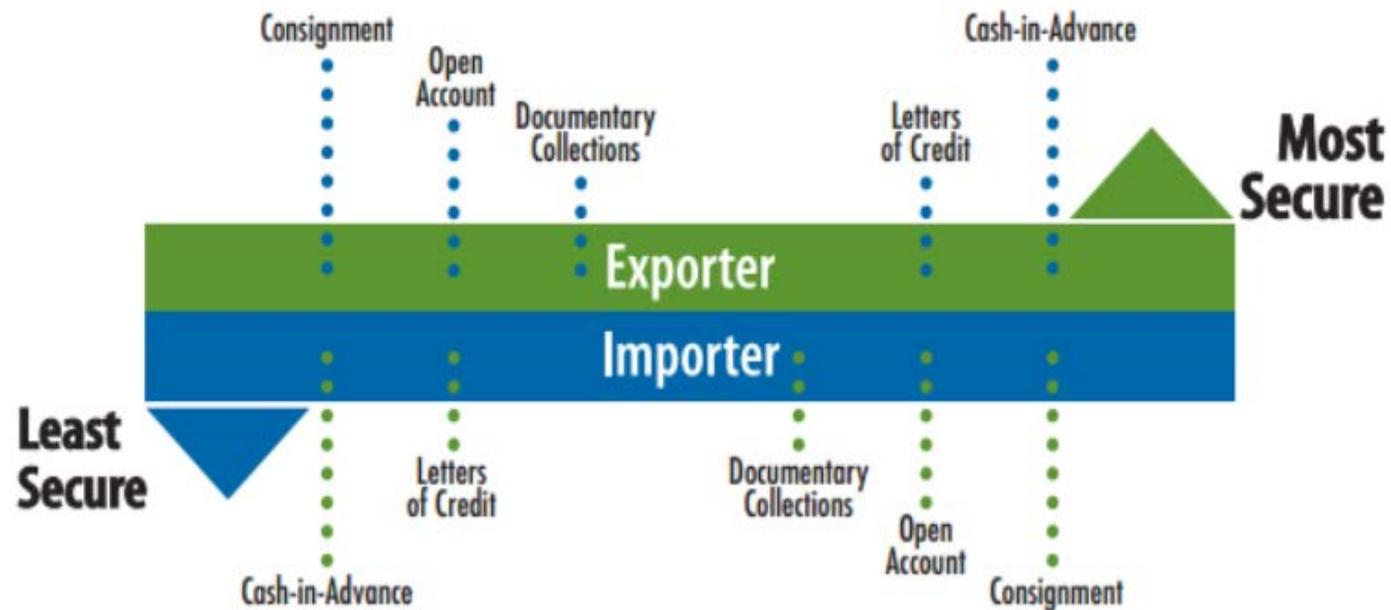
- Who is your buyer? How did you “meet”?
- How do you communicate? (medium / language)
- What is your buyer asking you to do?
- Is your company, your product competitive?
- How does he/she propose to pay?
- How do you propose to deliver?  
(Production capacity, supply chain, logistics, licenses)

# Evaluating Risks In Cross-Border Sales

|                                            |                        |                 |
|--------------------------------------------|------------------------|-----------------|
| Slow payment/default                       | Financing risk         | Commercial risk |
| Bankruptcy                                 |                        |                 |
| Contract repudiation                       | Contract risk          |                 |
| Contract dispute (quality, quantity, etc.) |                        |                 |
| Abusive bond drawing                       |                        |                 |
| Foreign exchange control legislation       | Political risk         | Country risk    |
| Discharge of debt legislation              |                        |                 |
| Government repudiation of debt             |                        |                 |
| Payment moratorium                         |                        |                 |
| Insurrection / coup / domestic turmoil     |                        |                 |
| Non-payment due to war                     |                        |                 |
| Non-payment due to natural disasters       | Transfer/economic risk |                 |
| Currency inconvertibility                  |                        |                 |
| Currency fluctuation/devaluation           | FX risk                |                 |

# Comparing Methods of Payment

Figure 1: Payment Risk Diagram



*Ex-Im and SBA Trade Finance Tools  
as attractive solutions/options*

- Buyer's Country Risk
- Buyer's Bank Reputation
- Buyer's Creditworthiness
- Competition
- Volume/value of Shipment

# Determining Your Company's Risk Policy

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Country Risk Element + Knowing Your Customer/Partner

Customer Risk Element + Knowing Your Customer/Partner

Commercial Risk Element + Knowing Your Customer/Partner

Financial Risk Element + Knowing Your Customer/Partner

# Due Diligence & Background Checks

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## Potential strategies:

- Company website, other internet information
- Request information from a potential partner
- Ask for bank references, industry/trade references, financial statements
- Conduct a credit check
- Purchase a company profile
- Obtain credit insurance
- Order the International Company Profile service from the U.S. Commercial Service

# International Company Profile

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## May also include:

- Bank and trade references
- Principals, key officers & managers
- Product lines
- Number of employees
- Financial data
- Sales volume
- Reputation
- Market outlook
- Subsidiary/parent relationships
- Recent news items about the firm
- Firms' U.S. customers
- Operational problems
- Activities of prominent owners
- Branch locations
- Cost: \$700
- Delivery: 10 – 30 business days

# Core Market Services

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## Business Facilitation

- International Company Profile
- Gold Key Matching Service
- Single Company Promotion

## Trade Promotion Events

- International Buyer Programs
- Trade Shows & US Pavilions
- Trade Missions

## Customized Programs

- Platinum Key Service
- Advocacy & Trade Disputes
- Market Research

## Market Research

- Market Research Library
- Country Commercial Guide (CCG)
- Due Diligence

# Gold Key Matching Service

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- Pre-screened appointment schedule arranged for you before you travel overseas
- Customized market and industry briefings with our local trade specialists
- Timely and relevant market research
- Post-meeting debriefing with our trade specialists and assistance in developing appropriate follow-up strategies
- Help with travel, accommodations, interpreter service, and clerical support



Gold Key cost: \$950 /  
IPS is \$750 (no travel option)

Delivery: 6-8 weeks

# So...What Can We Do For You?

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- 
- **Assist in developing an effective export strategy**
  - **Help locate the best markets for your products**
  - **Identify the most qualified buyers and partners**
  - **Recommend financing options**
  - **Payment issues and customs clearance, export licensing**
  - **Regulatory and market entry hurdles**

# Recap

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1. Don't be afraid to negotiate reasonable selling terms, including deferred payment terms, with foreign buyers.
2. Understand Risk Factors
3. There are tools available to mitigate unknown factors such as the various types of risks.
4. Tap into local and U.S. Government resources
5. Talk to your local International Trade Specialist about trade solutions for your global sales.

# Useful Links

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- **Export.gov:** Market intelligence, advice and business tools
- **Our services:** <https://www.export.gov/services>
- **Export.gov/TradeFinanceGuide:** Basics of financing techniques - <https://www.export.gov/tradefinanceguide>
- **Country Commercial Guides:** <https://www.export.gov/ccg>
- **Videos:**
  - <https://www.export.gov/article?id=2-4-Get-Paid-and-Finance-Your-Export-Transaction-Videos>
  - <https://www.export.gov/article?id=Trade-Finance-Guide-Methods-of-Payment>
- **Export.gov/USoffices:** Locate your local International Trade Specialist

# Upcoming Webinars

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For more information or to sign up for our next webinar go to:

<http://www.census.gov/foreign-trade/outreach/index.html>

- **Prepare to Ship:** May, 23, 2018
- **Manage Challenges:** May 30, 2018

# Questions?



# International Trade Resources

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## WWW.CENSUS.GOV/TRADE

- Press Releases
- Schedule B, Tariff Code Support
- References and Guides
- Hub for Data

## Prepared Data

- Imports and Exports of Merchandise
- Imports and Exports History
- Standard and Custom Data Products
- State and Port Data

## Access to Detailed Data

- International Trade Time Series (Census API)
- USA Trade Online:  
[usatrade.census.gov](https://usatrade.census.gov)

# FOR MORE INFORMATION

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