Export, Mitigate Risks, Get Paid

Pre-export Finance Solutions for Small, Medium-Sized Enterprises

William Laraque
Country Eligibility

- Support provided for countries in accordance with Eximbank’s Country Limitation Schedule (CLS)*

- Restrictions may apply for political or economic reasons

* See [www.exim.gov](http://www.exim.gov) for CLS
CLS Exercise

www.exim.gov

- Argentina
- Belarus
- Kenya
- Laos
- Turkmenistan
- Venezuela
Covering the Spectrum of Risk

Pre-Export Financing          Post-Export Financing

Working Capital Guarantees                       Insurance
Buyer financing                                            Guarantees
                                         Direct Loans
PRE-EXPORT FINANCING

Working Capital Guarantee Program
Working Capital Guarantee

- Provides a guarantee to lenders that bears the full faith and obligation of the U.S. government

- Lenders provide facilities to the exporter under the guarantee

- Assists SMEs in obtaining working capital to produce or purchase U.S. made goods and services for export
Provides a 90% guarantee of repayment (principal and interest) on loans to exporters. Exporter retains “skin in the game”

May be set up as “transaction-specific” or a “revolving” line of credit

No minimum or maximum amounts

Loans support 75% advance rate on export-related inventory (including WIP) and 90% on foreign receivables
Working Capital Guarantee

Asset-based and fully collateralized

- Personal guarantees are required of owners
- Cost: $100 application fee
  - Up to 1.5% facility fee, which can be reduced
  - Interest rate determined by lender
SBA Export Express and Export Working Capital Guarantee

- Loans and Lines of Credit under $500,000

- Banks that are currently authorized under the SBA Express program are eligible to become approved Export Express lenders.

- Approved banks make their own credit decision, use their own forms and for loans up to $350K, receive an 90% guarantee and 75% up to $500K.
Buyer Financing

…….When a Foreign Buyer Needs Medium-Term Financing
Buyer Financing

- Medium-term Financing program available through 10 U.S. banks, regionally through PNC

- Eximbank provides international buyers financing for machinery and equipment and other large ticket items

- Takes advantage of low U.S. interest rates, preferable to local rates
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Program provides a way for U.S. exporters to cement relationships with international buyers—particularly those in emerging markets.

Allows meeting of offers of financing by the U.S. exporter’s competition.
Buyer Financing

- Powerful sales tool and differentiator for U.S. companies looking to sell into foreign markets

- Offers foreign buyer up to five-year terms with a LIBOR or fixed rate option, no local bank support required

- up to 30% local cost financing

- Allows exporter to focus on closing the sale with the assurance of cash upon shipment. The buyer pays all charges.
Buyer Financing

- Allows U.S. supplier to offer financing to foreign buyer
- Covers 100% of commercial and political risk of loan amount
- Flexible financing options and repayment terms (usually up to 5 years)
- No limits on transaction size
- U.S. exporter removes most risk from his balance sheet and transfers it to bank
- 15% down-payment
Use of Borrowed Funds

- Purchase finished goods for export
- Pay for raw material, labor, overhead to produce goods for export
- Cover standby LC service as bid bond, performance bond or payment guarantee
- Finance foreign receivables

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Buyer Financing

- U.S. capital equipment and services
- Refurbished equipment
- Software
- Some banking and legal fees
- Some local costs and expenses
- Military or defense items not eligible
- Sales to military buyers not eligible
Buyer Financing

- Financing up to 85% contract value provided
  U.S. content up to 85% of contract
- Foreign buyer required to make 15% (or larger) down payment
- Foreign buyer must provide financial statements and other documents and must be credit-worthy
- Usually takes several months to complete loan documentation
- Subject to Eximbank country limitation schedule
Buyer Financing

- 1-5 year loans
- For U.S. capital goods and equipment
- Can be up to 7 years
- Up to 85% or up to U.S. content
- 15% or more down-payment required
- Meets foreign competition
- Subject to Country Limitation Schedule*
- Other forms of financing unavailable

*See www.exim.gov
Buyer Financing

- Covers exports to:
  - Argentina
  - Brazil
  - Chile
  - Colombia
  - India
  - Mexico
  - Peru
  - Turkey
QUESTIONS?

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