The World is Open for Your Business.
Let Us Help You Export

Export Finance Terms

1) Prepaid or Advanced Payment
2) Open Account
3) Letters of Credit
4) Collections
5) IncoTerms
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Export Finance Terms

**Prepaid or Payment in Advance or Advance Payments** are very secure for the exporter but a high risk to the foreign buyer.

The cost of fronting the money to you could potentially limit the amount of the overall sales.

**Open Account** terms are risky to the exporter because they don’t know if they’ll get paid. What if the buyer prolongs payment? What if something goes wrong in the country like a strike or coup?
Export Finance Terms

Letters of Credit opening bank’s guarantee that the seller’s draft will be **honored, IF** the terms and conditions of the credit are met by the seller.

**MINIMAL RISK TO SELLER & REASONABLE RISK TO THE BUYER**
Letter of Credit Cycle

Goods

Buyer

Application

Documents

Buyer’s Bank

Sellers Bank

L/C

Documents

LC

Seller
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Export Finance Terms

Clean
Draft / Check (No Documents)
Documentary: (Draft + Documents)
Documents Against Payment (D/P)
Documents Against Acceptance (D/A)
Direct

Seller Bears Lower Risk Than Open Account
Buyer Bears Lower Risk Than Pre-Payment
Collection Cycle

Goods

Buyer

Seller

Buyer’s Bank

Seller’s Bank

Documents

Documents

Documents
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Export Finance Strategies

1) Credit Insurance via EXIM Bank
2) Pre-export finance
3) Post export finance
4) Quoting strategies
5) Grant funds
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Export Finance Strategies

1) Credit Insurance via EXIM Bank

Overview
EXIM's Multi-Buyer Credit Insurance is a policy that protects an exporter’s accounts receivable and has significant benefits. The protection of a policy equips businesses with the confidence necessary to enter new markets and chart a path forward with margins they can depend on. With this security in hand, companies can increase their global competitiveness by offering open account credit terms needed to win sales. Moreover, EXIM support empowers exporters to overcome cash flow obstacles by borrowing against their insured receivables.
Express Insurance

By protecting exporters’ accounts receivable, Express Insurance is a product that provides significant benefits with little hassle. Featuring free credit reports on foreign buyers and a streamlined application, Express Insurance empowers exporters to overcome obstacles in the way of increasing international market share. The protection of a policy equips exporters with the confidence needed to chart a path forward with margins they can depend on. Companies can increase their global competitiveness by offering credit terms needed to win sales. Moreover, Express Insurance empowers exporters to overcome cash flow challenges by borrowing against their insured receivables.
SINGLE-BUYER INSURANCE

Use Single-Buyer Insurance to:
• Extend credit terms to a foreign customer.
• Insure against nonpayment by an international buyer.
• Cover both commercial (e.g., bankruptcy) and political (e.g., war or the inconvertibility of currency) risks.
• Arrange financing through a lender by using insured receivables as additional collateral.
MULTI-BUYER INSURANCE

Use Multi-Buyer Insurance to:
• Extend credit terms to multiple foreign customers.
• Insure against nonpayment by international buyers.
• Cover both commercial (e.g., bankruptcy) and political (e.g., war or the inconvertibility of currency) risks.
• Arrange financing through a lender by using insured receivables as additional collateral.
The EXIM Bank Letter of Credit policy can reduce a bank’s risks on confirmations and negotiations of irrevocable letters of credit issued by overseas financial institutions for the financing of U.S. exports. This policy affords commercial and political coverage against the failure of an overseas financial institution (issuing bank), whether sovereign or private, to make payment or reimbursement to the insured bank on an irrevocable letter of credit. Coverage is also provided for the insured bank's refinancing of payments under a sight irrevocable letter of credit of the issuing bank.

What is Covered
The policy applies to irrevocable letters of credit which conform with the Uniform Customs and Practice for Documentary Credits (UCP), 2007 revision, publication number 600 of the International Chamber of Commerce (as may be amended from time to time) where the insured has a relationship with the foreign issuing bank. The policy is not applicable to revocable, back-to-back, red clause or conditional letters of credit. Coverage applies to irrevocable letter of credit sales for goods produced in and shipped from the United States during the policy period, and for services performed by U.S. personnel either in the U.S. or in a host country. Receivables for products, which are less than 50% U.S. content, excluding mark-up, and certain defense products, are not eligible for cover.
Medium-Term Credit Insurance, like any insurance policy, provides protection in return for a premium. The policy safeguards exporters against the risk of foreign buyer nonpayment when extending credit terms of one to five years (or, in some cases, up to seven years) and up to $10 million. With this security, exporters can increase their global competitiveness by offering buyers the financing needed to win sales.

**Use Medium-Term Insurance to:**
- Secure longer-term financing for foreign customers.
- Insure against nonpayment by international buyers.
- Cover both commercial (e.g., bankruptcy) and political (e.g., war or the inconvertibility of currency) risks.
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Export Finance Strategies

2) Pre-export finance
Small Business Administration (SBA)

**Export Express loan**
Export Express lenders can directly underwrite a loan without getting prior approval from the SBA, which allows you to get capital quickly. Loans are typically approved within 36 hours, and can be up to $500,000.

**Export Working Capital loan**
Export Working Capital loans allow small business owners to apply for loans in advance of finalizing an export sale or contract, giving exporters greater flexibility in negotiating export payment terms. These loans can be up to $5 million, and the turnaround time is usually five to 10 business days.

**International Trade Loan**
International Trade loans help small businesses enter international markets and make investments to compete with other importers. These loans offer a combination of fixed asset, working capital financing, and debt refinancing with the SBA’s maximum guaranty of 90 percent on the total loan amount. The maximum loan is $5 million in total financing.
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Export Finance Strategies

3) Post export finance
Accounts Receivable

**Advance Rates:** Clients can borrow against their export-related accounts receivable at advance rates of up to 90%. Advance rates may be lower, depending on the quality of the receivables. Advance rates may be up to 70% for accounts receivable due to a foreign affiliate or subsidiary of the borrower; in such cases, prior EXIM approval is required.

**Eligibility:** For accounts receivable to be included in the borrowing base, the terms of sale must not exceed 180 days. Receivables may not be more than 60 days past due if on open account or 90 days past due if insured.
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Export Finance Strategies

4) Quoting strategies
Our F.O.B. total is $20,350.00 to Long Beach Port of Export.

$21,100 x 110% = $23,210.00
Multiply $0.55 x 232.1 to achieve your marine cargo insurance costs of $127.65

Our C.I.F. Bangkok price is $21,227.65

Finance Charges: EXIM credit insurance premium + bank to factor your invoice amount = $340.00

<table>
<thead>
<tr>
<th></th>
<th>Cash in Advance</th>
<th>Terms</th>
</tr>
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<tbody>
<tr>
<td>F.O.B.</td>
<td>$20,350.00</td>
<td>$20,682.00</td>
</tr>
<tr>
<td>C.I.F.</td>
<td>$21,227.65</td>
<td>$21,567.65</td>
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</tbody>
</table>
### PRO FORMA INVOICE/EXPORT ORDER

<table>
<thead>
<tr>
<th>ITEM DESCRIPTION</th>
<th>UNIT PRICE</th>
<th>TOTAL PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separators in accordance with attached specifications</td>
<td>$14,750.00</td>
<td>$44,250.00</td>
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<tr>
<td>First-stage Filter</td>
<td>$1,200.00</td>
<td>$3,600.00</td>
</tr>
<tr>
<td>Drive units - 30 hp each</td>
<td>$4,235.00</td>
<td>$12,705.00</td>
</tr>
</tbody>
</table>

**TOTAL EX WORKS Washington, D.C. Domestic packed:** $60,555.00

Export processing, packaging, prepaid inland freight to Dulles International Airport & forwarder's handling charges: $3,115.00

**TOTAL FCA WASHINGTON DULLES AIRPORT:** $66,670.00

Estimated air freight and insurance: $2,965.00

**TOTAL CIP Buenaventura, Colombia:** $66,635.00

Estimated gross weight 9,360 lbs. - Estimated cube 520 cu. meters. Export packed 42,212 kg. - Export packed 156 cu. meters.

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1. All prices quoted herein are US dollars.
2. Prices quoted herein for merchandise only are valid for 60 days from July 12.
3. Any changes in shipping costs or insurance rates are for account of the buyer.
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Export Finance Strategies

5) Grant funds
STEP Builds Upon Prior Success
SBA Announces $18 Million to Support Small Business Trade Growth

Program Facts
The U.S. Small Business Administration (SBA), announced $18 million of State Trade Expansion Program (STEP) awards to support export growth of America’s small businesses. This year, 44 states earned a STEP award through SBA’s competitive award process for the Federal fiscal year (FY) 2017 to fund activities that promote small business export sales.

These latest awards will build upon the success of prior STEP awards. State and territory government recipients of STEP awards in the first three award years reported a strong return on Federal taxpayer investment (ROI). The FY 2011 awardees reported that $11 dollars of export sales for every Federal dollar awarded. The FY 2012 STEP awardees reported $28 dollars of export sales for every Federal dollar awarded. And the FY 2014 STEP awardees reported a $37 dollars of export sales for every Federal dollar awarded. This funding has helped expand small business export development into 127 foreign export markets, to date.

About the Program
STEP awards are earned by U.S. state and territory governments to support projects that help U.S. small businesses sell their goods and services to foreign buyers. This includes participation in foreign trade missions, foreign market sales trips, subscription services to access international markets, as well as design of international marketing, export trade show exhibits, export training workshops, and more. Along with providing three distinct export trade finance loan programs, the SBA executes STEP to make it easier for small businesses to sell outside our borders.
FACT: Our team assisted 326 Central California companies over the past year.
INCREASING JOBS AT HOME BY EXPANDING U.S. BUSINESSES ABROAD

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