



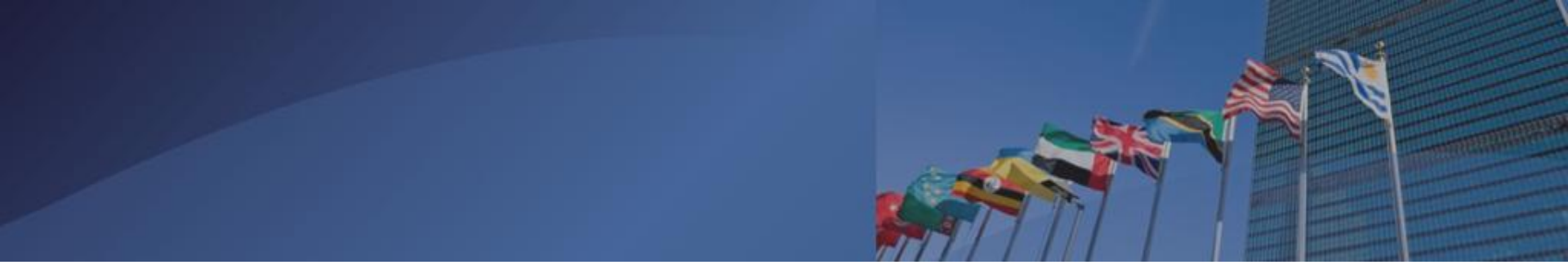
Trade Finance

Getting paid on overseas sales

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Program Manager



EXPORT FINANCE
ASSISTANCE CENTER
of Washington



The Export Finance Assistance Center of Washington (EFACW)

Export Finance Matchmaker

Let Us Help You:

- Qualify a buyer
- Choose a payment mechanism
- Mitigate non-payment risk
- Access working capital
- Find export partners
- Attend seminars and training



Qualifying Your Buyer

Always do your due diligence, have a credit policy for customers

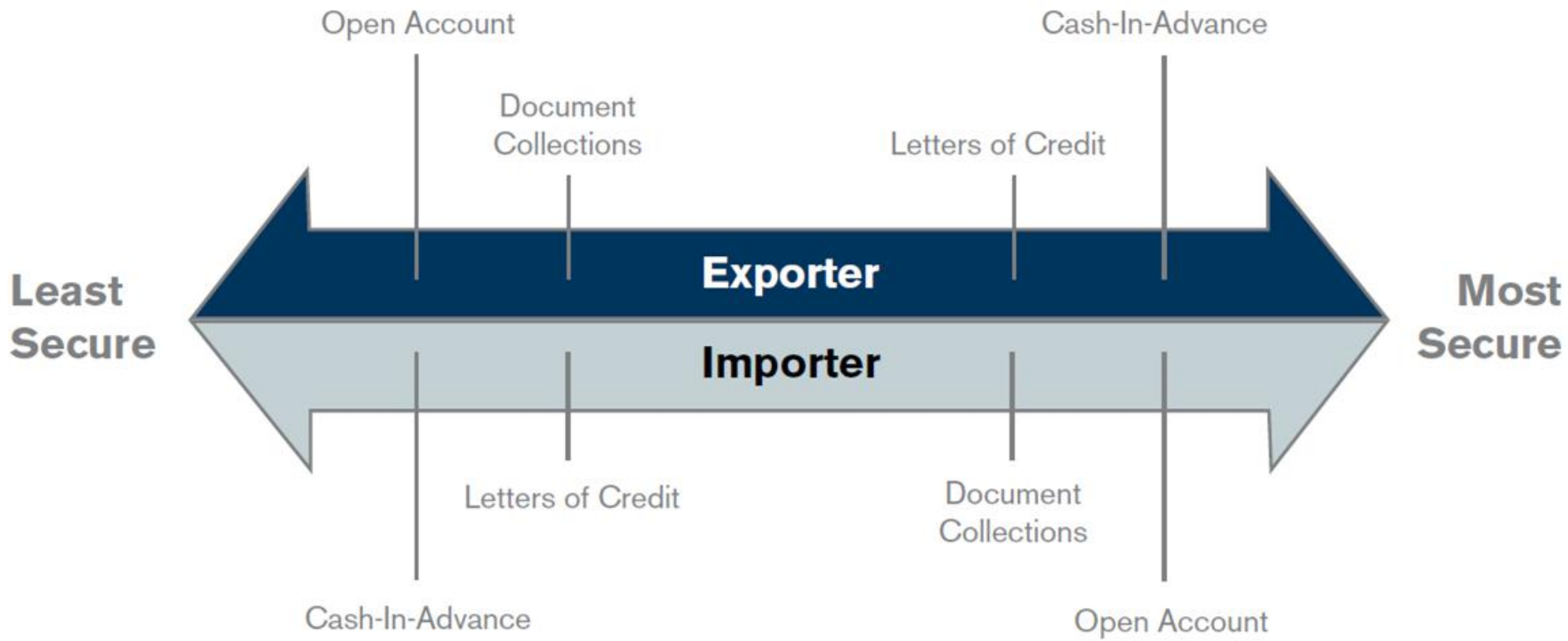
- Meet face to face if possible
- Talk to the Department of Commerce
- Ask for a trade reference
- Purchase a credit report
- Require financial statements



Payment Methods



The Sliding Scale of Payment Risk



Choosing a Payment Method



Factors to consider when deciding which to use:

- Relationship with buyer
- Cost vs. profit margin
- Incoterm
- Working capital
- Competitors terms/industry practice
- Country regulations

Non-Payment Risk



International transactions bring risks greater and different than domestic transactions:

Political risk – war, nationalization, currency/monetary policy

Buyer credit risk – buyer default, insolvency, and bankruptcy

Foreign exchange risk – exchange rate fluctuation

Risk Mitigation



Credit Insurance

- Receivable policy on foreign accounts receivable, generally insured at 90%-95%
- Covers political and commercial risk
- Provided by Export-Import Bank and private companies
- Buyer is receiving financing through extended terms

Foreign Exchange

- Sell in foreign currency while protecting against adverse currency fluctuations
- Takes currency risk away from buyer

Working Capital



Government Guarantee Programs

- Most domestic lines of credit exclude foreign sales
- Government guarantee loan programs remove risk from lenders
- Generally better for companies with at least 2 years operating history

Receivable Financing

- Insured accounts receivable can be financed to improve cash flow in lieu of a bank line of credit
- Good for exporters with little banking lending history

Export-Import Bank of the United States (Ex-Im Bank)

Support U.S. exports when faced with competition supported by foreign government entities in order to create and sustain U.S. jobs

- Induces domestic banks to lend outside of usual practices
- Strategic initiatives for certain industries and countries

Supplements commercial financing for pre and post-export financing at small business rates

- Working Capital Guarantee for sellers
- Export Credit Insurance for sellers
- Loan Guarantees to buyers

EFACW is a City/State Partner

www.exim.gov



Small Business Administration

Aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy

- Network of field offices, partnerships, and services

Resources for small business exporters

- Three 7(a) export loan guarantee programs
- Trade finance specialist in each of its regional offices
- “How to” resources for trade and trade finance

<http://www.sba.gov>

<http://www.sba.gov/international>

<http://app1.sba.gov/training/sbaexporting>

U.S. Small Business Administration



Your Small Business Resource

Export Partners

EFACW works closely with trade organizations and service providers and serves as a referral network for its clients

- State and Federal Departments of Commerce
- Banks and non-bank financial providers
- Local trade and development organizations
- Freight forwarders
- Economic development organizations



Seminars and Training

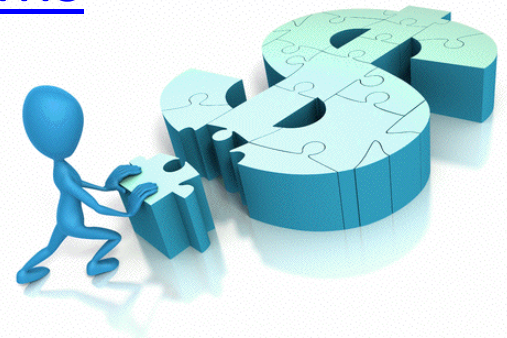


- Regular export-related events from local trade-focused organizations
- New resources for new-to-export training in CERB programs
- See website: www.efacw.org/events

Additional Resources



- A Basic Guide to Exporting,
www.unzco.com/basicguide/
- Department of Commerce, Trade Finance Guide—
trade.gov/publications/pdfs/tfg2008.pdf
- SBDC Website for exporters,
www.wsbdc.org/exporting
- Incoterms —www.iccwbo.org/incoterms



Contact Us



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