

# THE EXPORT-IMPORT BANK OF THE US

## *“Ex-Im Bank Programs For Supporting U.S. Exports”*

**Kirtland, OH Monday, December 6, 2010**

**Youngstown, OH, Tuesday, December 7, 2010**

**North Canton, OH, Wednesday, December 8, 2010**

# Who We Are

- Official U.S. Export Credit Agency (“ECA”)
- Founded 1934
- Purpose: To facilitate the financing of U.S. exports of goods and services
- No minimum or maximum transaction size
- Do not compete with the private market insurers

# The Rules we follow

## OECD

- Sovereign Fees
- 85% cover
- Repayment terms

## CONGRESS

- Reasonable Assurance of Repayment
- Adverse Economic Impact
- MARAD (using US flag vessels)
- Additionality

## INTERNAL

## OUR BASIC REQUIREMENTS:

- **A creditworthy buyer**
- **“On cover” in the buyers country**
- **Goods must have U.S. content (labor and material) of at least 50%**
- **Goods must be shipped from the U.S.**

# OUR MAIN PRODUCTS

- **Short term export credit insurance covering extended payment terms out to 180 (exceptionally 360) days**
- **Medium and long term programs covering exports of capital equipment on extended payment terms out to five years or longer**
- **Working capital guarantee for pre-shipment finance**



**“Financing the manufacture  
&/or  
acquisition of goods  
for export”**

EXPORT - IMPORT BANK OF THE UNITED STATES

# Our Working Capital Guarantee

- Supports primarily small and medium-size companies
- Provides a guarantee to lenders for an exporter's working capital needs
- Can be either transaction specific or revolving
- Can also support establishment of letters of credit and indirect exports

## Basic Parameters of Our Working Capital Guarantee

- 90% guarantee of principal and interest
- Supports the financing of the manufacture and/or acquisition of goods for export
- Collateralized with export related items
- Loans collateralized 100%
- Letters of credit collateralized 25%

**CAUTION: Provides no protection to exporter against foreign buyer non-payment**



“Financing payment  
terms to foreign buyers”

# Short-Term Export Credit Insurance

## COVERS:

- **Political Risks (An action beyond the control of the buyer that causes non-payment)**
- **Commercial Risks (Buyer bankruptcy, protracted default)**

## DOES NOT COVER:

- **Contract or quality disputes**

# Small Business Multi-Buyer Policy

- Commercial and political risk covered for 95% of invoice value
- No annual “first loss” deductible.
- Premium based on the length of the terms granted to the buyer
- Premium payable on a “pay-as-you-ship” basis, monthly in arrears
- Whole turnover policy
- Refundable deposit required on issuance of a policy

# Multi-Buyer Policy

- Commercial and political risks covered for 95% invoice value
- Annual “first loss” deductible
- Premium a composite rate based on a “spread-of-risk”
- Premium payable on a “pay-as-you-ship” basis, monthly in arrears
- Whole turnover policy
- Refundable deposit required on issuance of a policy.

# Single-Buyer Policy

- Covers a single or series of shipment to the same buyer
- Commercial and political risk covered for 90% of invoice value
- No annual “first Loss’ deductible.
- Premiums set for each country.
- Minimum premium \$2,500

# Qualifying Buyers

- **For credit limits up to \$300,000, we usually require no more than a credit agency report and a trade reference**
- **Experienced exporters are given discretionary authority to make their own credit decisions**

# Claims

- **May be submitted electronically 90 (but not later than 240) days from the due date for payment by the overseas buyer**
- **Claims are payable within 60 days or less**
- **No collection expenses are deducted**
- **Current and past due interest can be covered**

# Benefits of Export Credit Insurance

- **Allow the exporter to quote competitive terms with minimum downside.**
- **Facilitate the financing of export receivables**

# MEDIUM AND LONG TERM PROGRAMS

## Capital Equipment Financing



# Medium and Long Term Programs

## Invoice Amount:

- **Less than \$80,000**      **two Years**
- **\$80,000-less than \$175,000**      **three years**
- **\$175,000-less than \$350,000**      **four years**
- **\$350,000 or more**      **five years or longer**

# MEDIUM AND LONG TERM PROGRAMS

## BASIC PARAMETERS

- Buyer is required to make a down payment of at least 15% prior to shipment
- 100% political and commercial cover on 85% of U.S. Export value
- No deductible
- A lender pays the exporter out within a few days of shipment
- Buyer repays the lender by way of six-monthly installments of principal and interest

# MEDIUM AND LONG TERM PROGRAMS

## BENEFITS

### THE EXPORTER:

- Can match the competition
- A cash sale

### THE BUYER

- Attractive interest rate
- Terms longer than those available in local market
- Usually unsecured

# OTHER PROGRAMS

PRE-SHIPMENT INSURANCE

SUPPLY CHAIN FINANCING

BANK LETTER OF CREDIT

DIRECT LOANS

LEASING

PROJECT FINANCE

MEDICAL EQUIPMENT

ENVIRONMENTAL PROGRAMS

# Other Players

- **Private export credit insurance market**
- **Export Credit Insurance brokers**
- **Small Business Administration (SBA)**
- **US Commercial Service**
- **State Government Agencies**

# Contact Info

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