

CDFA Reshored Manufacturing Webinar Series

The Broadcast will begin at 2:00pm (EDT).

While you're waiting, check out some upcoming CDFA events...



Intro Revolving Loan Fund WebCourse

May 8-9, 2013
Daily: 12-5pm (EDT)

 Council of Development Finance Agencies



Intro Public-Private Partnership (P3) Finance Course

August 6-7, 2013
Washington, DC

 Council of Development Finance Agencies



in partnership with  **IIUSA** ASSOCIATION TO INVEST IN USA

Intro EB-5 Finance WebCourse

September 18-19, 2013
Daily: 12-5pm (EDT)

 Council of Development Finance Agencies

Recommended Practices:

Reshored Manufacturing Webinar Series

February 13, March 20, April 17, May 22

2:00-4:00pm (Eastern)



Welcome & Overview

Toby Rittner

President & CEO

Council of Development Finance Agencies

Columbus, OH



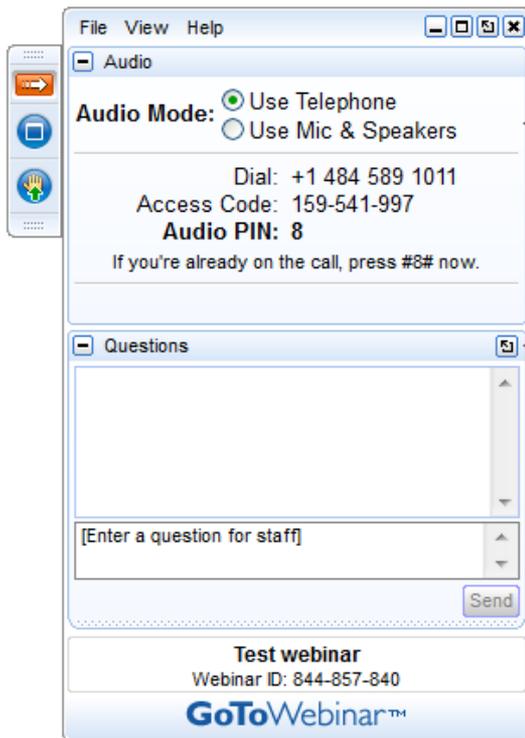
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Using your telephone will give you better audio quality.

Submit your questions to the panelists here.

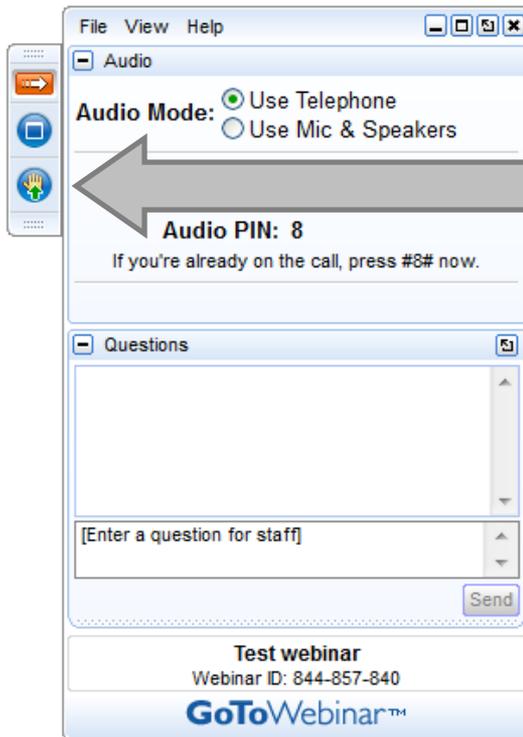
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Click the button with the yellow hand to “Raise Your Hand”

Technical Questions?

Contact CDFA at 614-224-1300

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Overview: March 20, 2013

All times are in Eastern Daylight Time (EDT)

2:00 – 2:15 pm Welcome & Revisiting Webinar #1

2:15 – 3:30 pm Federal Resources for Addressing Reshoring

3:30 – 4:00 pm Energy Efficiency and Reshored Manufacturers

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Federal Resources for Addressing Reshoring

Mark Schmit

**Manager, Strategic Partnerships
Manufacturing Extension Partnership
Gaithersburg, MD**



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**MEP • MANUFACTURING
EXTENSION PARTNERSHIP**

NATIONAL INSTITUTE OF
STANDARDS AND TECHNOLOGY

MEP – Supporting U.S. Manufacturing

Mark Schmit, Manager Strategic Partnerships

NIST Manufacturing Extension Partnership

mark.schmit@nist.gov | (301) 975-3255 | www.nist.gov/mep

NIST MEP Blog: <http://nistmep.blogs.govdelivery.com>

MEP – A Federal Program Focused on Manufacturing

- MEP provides manufacturers with services and access to public and private resources that enhance growth, improve productivity, and expand capacity.
- MEP works with manufacturers ready to invest in their future, to make improvements in the short term, and position themselves to be stronger long-term competitors both domestically and internationally.
- 60 MEP Centers with over 400 field locations
 - System wide, Non-Federal staff is over 1,400
 - Contracting with over 2,100 third party service providers
- Emphasis on performance – program and center – measured based upon impact of center services on client firms.

MEP Centers Across the U.S.



MEP Business Strategy

- Increasing manufacturers' capacity for innovation resulting in profitable sales growth is the overarching strategy for the MEP.
- The approach is to provide a framework for manufacturers that:
 - Reduces bottom line expenses through lean, quality, & other programs targeting plant efficiencies – which frees up capacity for business growth.
 - Adds to top line sales through business growth services focused on the development of new sales, new markets, and new products.

- Next Generation Strategies (NGS) – 5 key areas:

- Continuous Improvement
- Technology Acceleration
- **Supply Chain**
- Sustainability
- Workforce



Support U.S. Manufacturing Suppliers

- Keep manufacturing production in the U.S. – “On-shoring”
 - Improve productivity and innovate to increase competitiveness
 - Make It In America Challenge
- Bring manufacturing production back to the U.S. – “Re-shoring”
 - Collaborate with the “Reshoring Initiative”
 - Total Cost of Ownership – cost and risk assessment to inform business decision making
- Attract foreign direct investment (FDI) in the U.S. – “In-shoring”
 - New manufacturing facilities
 - Create opportunities for suppliers
 - SelectUSA

Supplier Scouting

Buy American

- Collaboration of federal agencies and MEP to scout for U.S. manufacturing capabilities to support the Buy American Provisions of federal funding programs, including the American Reinvestment and Recovery Act (ARRA).
- MEP's supplier scouting program focuses on finding business opportunities for small manufacturers by matching their capabilities with the supply chain needs of America's original equipment manufacturers (OEMs)
- The Department of Energy (DOE), the Department of Transportation (DOT) and National Institute of Standards and Technology (NIST) are currently involved.



DOE Pilot Scouting Progress



116 Total Items Scouted

56 Items Match Found

Buy American opportunities have totaled over \$28M

- MEP has found interested companies to match capabilities needed for nearly \$20M of these opportunities
- Avg \$ amount for each opportunity that MEP has found a company with capabilities is **\$335K**



Next Generation Rail Supply Chain



- The U.S. Department of Transportation (DOT) and U.S. Department of Commerce (DOC) recently formed a partnership to leverage agency capabilities to ensure the development of a domestic supply base to support intermodal transportation in the United States
- The Next Generation Rail Supply Chain Connectivity brings large carbuilders and OEMs together with smaller, capable and interested U.S. manufacturers to facilitate reaching the goal of 100% domestic content in railcars that will be funded by state and federal dollars.
- Provides an opportunity for U.S. manufacturers to grow and diversify into entering the rail industry.



Make It In America Challenge

- An initiative of three Federal Agencies to:
 - encourage re-shoring of productive activity by U.S. firms
 - foster increased foreign direct investment (FDI);
 - encourage foreign and domestic companies to keep or expand their businesses and jobs in the U.S.; and
 - train local workers to meet the needs of those businesses.
- Four partnering agencies – EDA, MEP, DOL, Delta Regional Authority
- Target March for release of Federal Funding Opportunity
- 15 awards anticipated, up to \$40 million available total
- MEP Activities: Scout suppliers, determining their capabilities and capacity, defining gaps; Deliver technical assistance to address gaps; Collect impact and performance metrics.

MEP and Total Cost of Ownership

- Pilot to develop supply chain optimization services for MEP centers to deliver to manufacturing clients
- Pilot conducted by MEP centers from Illinois, Virginia, South Carolina, California and Texas
- Improve supply chain performance by quantifying supply chain requirements and then focusing on reducing/eliminating bottlenecks in the process through lean, technology scouting, product development and process improvement services
- New tools include: Risk Management Workshops, Total Cost of Ownership Workshops, and a Total Cost of Ownership (TCO) Calculator
- The TCO Calculator considers costs such as: product information, vendor information, financial data, transportation, oversight, expediting, inventory and warehousing, risk management, transportation greenhouse gas emissions, etc.
- Anticipate rollout of these services to the MEP centers late in 2013

SelectUSA



- Created by the Executive Order of the President of the United States in June 2011
- Mission is to facilitate business investment – from both domestic and foreign firms – in the United States
- Housed in the U.S. Department of Commerce, International Trade Administration - leverages staff in 72 markets around the world
- What we do:
 1. Facilitate Business Inquiries
 2. Act as Ombudsman and Advocate
 3. Connect Investors with State/Local EDOs and Provide Guidance to EDOs
 4. Conduct Investor Outreach and Educate Investors
 5. Lead and Coordinate an Interagency Working Group
- Contact info: www.SelectUSA.gov or (202) 482-6800



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www.nist.gov/mep

Federal Resources for Addressing Reshoring

Jeanne Hulit

**Associate Administrator for Capital Access
U.S. Small Business Administration
Washington, DC**



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How SBA assists manufacturers with financing

- SBA does not make direct loans or offer grants.
- All SBA loans are loans by financial institutions guaranteed by SBA.
- The first step is to get a financial institution involved

Primary reasons banks utilize SBA programs

- Insufficient collateral to satisfy lender
- Need longer term than offered by conventional lender
- Start-up business or industry deemed higher risk

Benefits of SBA Lending Programs

- Loan guarantees up to 85%
- Extended repayment term
 - Based on use of proceeds (max. 25 years)
 - Fully amortizing loans
- Better pricing/Market rate of interest
- Lower down payments

7(a) & 504 Lending Programs

Program	Purpose
7(a) Loan Program	<ul style="list-style-type: none"> • Provides financing for general business purposes and helps eligible small businesses obtain credit when they cannot obtain “credit elsewhere.” • SBA approved lenders, as well as CDCs approved as Community Advantage • Lenders, assist small businesses process 7(a) loan applications and receive SBA loan guarantees which assists the small business to leverage lender loans unavailable without the government guarantee.
504 Loan Program	<ul style="list-style-type: none"> • Provides long-term fixed asset financing to small businesses • Can only be used for the purchase or improvement of land and buildings, or major equipment purchases • Facilitate the creation of jobs and local economic development, assist with job retention, expand the tax base and improve American communities • Loans are packaged and serviced for SBA by Certified Development Companies (CDCs), which are the Agency’s community-based partners for providing 504 loans.

7 (a) Loan amounts

- SBA 7(a) Loan Program allows up to \$5 million

SBA 7(a) lender terms

- Up to 10 years for working capital
- Up to 15 years for equipment
- Up to 25 years for real estate

7 (a) uses

- Purchase of machinery, equipment, fixtures, or leasehold improvements
- Receivables financing and working capital augmentation
- Construction, expansion, and renovation of buildings or purchase of land

Key Features of the Contract CAPLines program

- Maximum line amount \$5,000,000
- Maximum guaranty percentage 75% (over \$150,000)/85% if \$150,000 or less
- Maximum maturity increased from 5 to 10 years this matches the maturity for Working Capital term loans
- Proceeds can be used to finance all costs (excluding profit), previously only labor and materials.

Key Features of the Working Capital CAPLines program for manufacturing

- Finance short-term working capital/operating needs/ accounts receivable/inventory and some refinancing of existing lines
- Working capital CAPLine proceeds may not be used for:
 - permanent working capital,
 - to acquire fixed assets,
 - to finance a contract in which significant performance has already begun,
 - for change of ownership
 - Floor plan financing;
 - to cover any mark-up or profit;
 - to finance the performance of another contract or sub-contract; or
 - in repayment of a different contract or sub-contract.

Purpose of the 504 Loan Program

- Provide long-term, fixed-rate financing to small businesses for purchasing or constructing facilities or for purchasing M & E
- Maximize public/private sector financing

504 Community Development Goals

- Assist manufacturing firms (NAICS Codes 31-33)
- Improve, diversify or stabilize a local economy
- Stimulate other business development
- Bring new income into the community

Public Policy Goals

- Meet or exceeds job average of 1 job/
\$65,000
- Revitalize a business district
- Expand exports
- Expand Minority Enterprise
Development
- Aid rural development
- Assist veteran-owned businesses
- Reduction of energy consumption by
at least 10%
- Increase productivity
- Modernize facilities
- Assist businesses affected by fed.
cutbacks
- Assist women-owned businesses

Manufacturing

Time Period Comparisons – Activity through 9/30 for each Fiscal Year (i.e. full FY comparisons)

- First Recovery Act loan approved on 2/17/2009, last on 9/30/2010
- First Job Act loan approved on 10/1/2010, last 7A approval on 3/4/2011 (504 Jobs Act funding has not run out)

Manufacturing Activity

	FY 2012		FY 2011		FY 2010		FY 2009		FY 2008	
MAJPGM	Approved Loans	Approved Dollars								
7(A) - Activity	3,905	\$1,772,806,800	5,167	\$2,579,817,700	4,115	\$1,445,328,500	3,570	\$1,075,712,775	5,099	\$1,199,280,078
7(A) - Year over year % Change	-24.4%	-31.3%	25.6%	78.5%	15.3%	34.4%	-30.0%	-10.3%		
504 - Activity	1,250	\$992,828,000	1,000	\$762,685,000	987	\$754,712,000	743	\$558,132,000	1,152	\$851,251,000
504 - Year over year % Change	25.0%	30.2%	1.3%	1.1%	32.8%	35.2%	-35.5%	-34.4%		

Federal Resources for Addressing Reshoring

Dennis Chrisbaum

**Director, International Trade Finance
U.S. Small Business Administration
Washington, DC**



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US Government Finance Programs to Help On-Shore Production and Expand A Company's Export Sales



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U.S. Small Business Administration

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SBA Loan Programs for Exporters

- SBA International Trade Loan
- SBA's Export Express
- Export Working Capital



SBA Loan Programs for Exporters

1. International Trade Loan (ITL)

- SBA 7(a) loan rules apply, with some variations:
- maximum loan amount: \$5 million
- maximum guaranty: \$4.5 million, 90% vs. \$3.75 million and 75% on regular 7(a) loans
- if a combination of fixed assets with working capital:
 - * maximum guaranty on working capital portion of all SBA loans: \$4,000,000
- maximum term: 10 years for working capital, 25 years for real estate



International Trade Loan

Additional Eligibility:

1. Loan proceeds will expand existing export markets or develop new export markets. To establish this, the Small Business Applicant must submit an export business plan, including both a projection and narrative rationale that contains enough information to reasonably support the likelihood of expanded export sales, or
2. Small Business Applicant is adversely affected by import competition. The Small Business Applicant must demonstrate injury attributable to increased competition with foreign firms in the relevant market, and



International Trade Loan

Additional Eligibility:

3. In addition to either 1 or 2 above, the Small Business Applicant must also be able to demonstrate that the loan will allow the Small Business Applicant to improve its competitive position.

The loan report must document evidence that can support the fact that the loan will allow the Small Business Applicant to improve its competitive position.



International Trade Loan

Use of proceeds:

1. Acquire, construct, renovate, modernize, improve or expand facilities and equipment to be used in the United States to produce goods or services involved in international trade and to develop and penetrate foreign markets;
*** i.e. proceeds can be used for in-sourcing production, as long as company sells into at least one foreign market.**
2. Working Capital; and
3. Refinancing any debt that is not structured with reasonable terms and conditions, including any debt that qualifies for refinancing under Standard 7(a).



SBA Loan Programs for Exporters

2. SBA's Export Express

- to \$350,000 with 90% guaranty
- \$500,000 with 75% guaranty
- Processed by lenders with *Export Express* authority
- Working capital: 7 years; Fix assets: up to 25 years

Required:

- In business for at least 12 months (can now be waived by lender if the applicant's key personnel have demonstrated export expertise and successful business experience and lender does conventional underwriting, not relying solely on credit scoring)
- Entering or expanding in foreign market



Requirements for Export Express

Four Questions, Four “Yes” Answers

1. in business for at least one year
2. entering a new or expanding in an existing foreign market
3. not financing offshore operations
4. not selling to a prohibited country

Add: Anticipated annual export sales for the first year—enter on SBA Form 1920-B.



Export Express: Use of Proceeds

Proceeds may be used for any of the following:

- Export development expenses, such as brochure translation or participation in a trade show
- transaction-specific financing of export deals, including standby letters of credit
- general lines of credit for export purposes (30% of line can be used for domestic activity)
- term loans for permanent working capital, machinery and equipment, or real estate



US Government Loans for Exporters

3. Export Working Capital Loan—90% guaranty

- SBA: loans to \$5 million, \$4.5 million guaranty
- Eximbank: no upper limit
- SBA: No minimum financial ratios; Eximbank has several RMA minimum ratios
- Typically 12-month maturity; 3 year maximum term

Transaction-Based Financing (Purchase order financing)

- Single Order or Revolving Line
- Most supplier and production costs through collections

Or, Asset-Based Line-of-Credit

- Working Capital for pre-shipment, post-shipment or both requirements
- Borrowing Base: inventory, WIP, (insured) A/R



Export Working Capital Eligibility

- SBA's 7(a) size and ownership standards apply based on NAICs--Manufacturing: under 500 employees; can go as high at 1,500 employees
- Or, Tangible Net Worth under \$15 million and Net Income over last 2 years averages less than \$5 million
- Eximbank: no size standard
- Product shipped from U.S.A. or services provided and invoiced by U.S. entity
- 12 months of operating history or proven expertise
- Transaction- or asset-based loans



EWCP Use of Proceeds

- Disbursed against specific transactions and/or resulting (insured) receivables and export inventory
- To support Standby Letters of Credit used as performance or bid bonds.
- Eximbank's country limitation schedule (CLS) applies. See: www.exim.gov
- SBA has no requirements on U.S. content or military sales
- Eximbank has a 51% U.S. content requirement and prohibition against military sales



EWCP: Collateral

- Self-liquidating loans, so transactional collateral
- First lien on all assets being financed:
 - Typically inventory, WIP and A/R
- Assignment of proceeds under:
 - documentary letters of credit
 - credit insurance policies
- Other assets as required by the lender
- Personal guarantees of 20% or more owners



SBA EWCP Fees and Analysis

Guaranty fee:

- SBA: 1/4% of guaranteed amount if 12 months or less
- Eximbank: 1.75% of the loan amount for 12 months
- Lender Pays (on all SBA loans).55% on outstanding amount calculated on monthly basis
- Borrower and lender negotiate Interest Rate and fees; lender is required to disclose this information to SBA

Analysis:

1. is the deal structured correctly?
2. can the borrower perform as agreed?
3. can we get paid, i.e. how secure is the method of payment?



All Three SBA Export Loan Programs Can Be Used by Indirect Exporters

- Applicants who produce products or services that enter into the export channel, but do not directly export their products, are eligible for EWCP financing
- Manufacturers using an Export Trading Company
- Suppliers to other domestic manufacturers that export directly
- Requires certification from domestic customer that goods are, in fact, being exported.



SBA Loan Programs for Exporters

1. Export Express—to \$500,000
1. International Trade Loan—to \$5 million
3. Export Working Capital--to \$5 million



Please Use Them!

For more information: <http://www.sba.gov/international>



Federal Resources for Addressing Reshoring

Michael Jackson

Director, City/State Partners

Export-Import Bank of the United States

Washington, DC



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Financial Support for Exports



CDFA

Reshored Manufacturing Webinar Series

March 20, 2013

Who We Are

- **Mission** – To create and sustain jobs by increasing U.S. export sales
- Official Export Credit Agency (ECA) of the U.S. Government since 1934
- Network of regional offices
- 85% of all transactions are to small businesses
- Target 20% of all authorizations to small businesses
- Self-sustaining



New-to-Export Manufacturers' Concerns

- Should I enter that new market?
- When and will I get paid?
- How will I get cash to make the product?
- I made the big sale, but will my buyer be able to obtain financing?



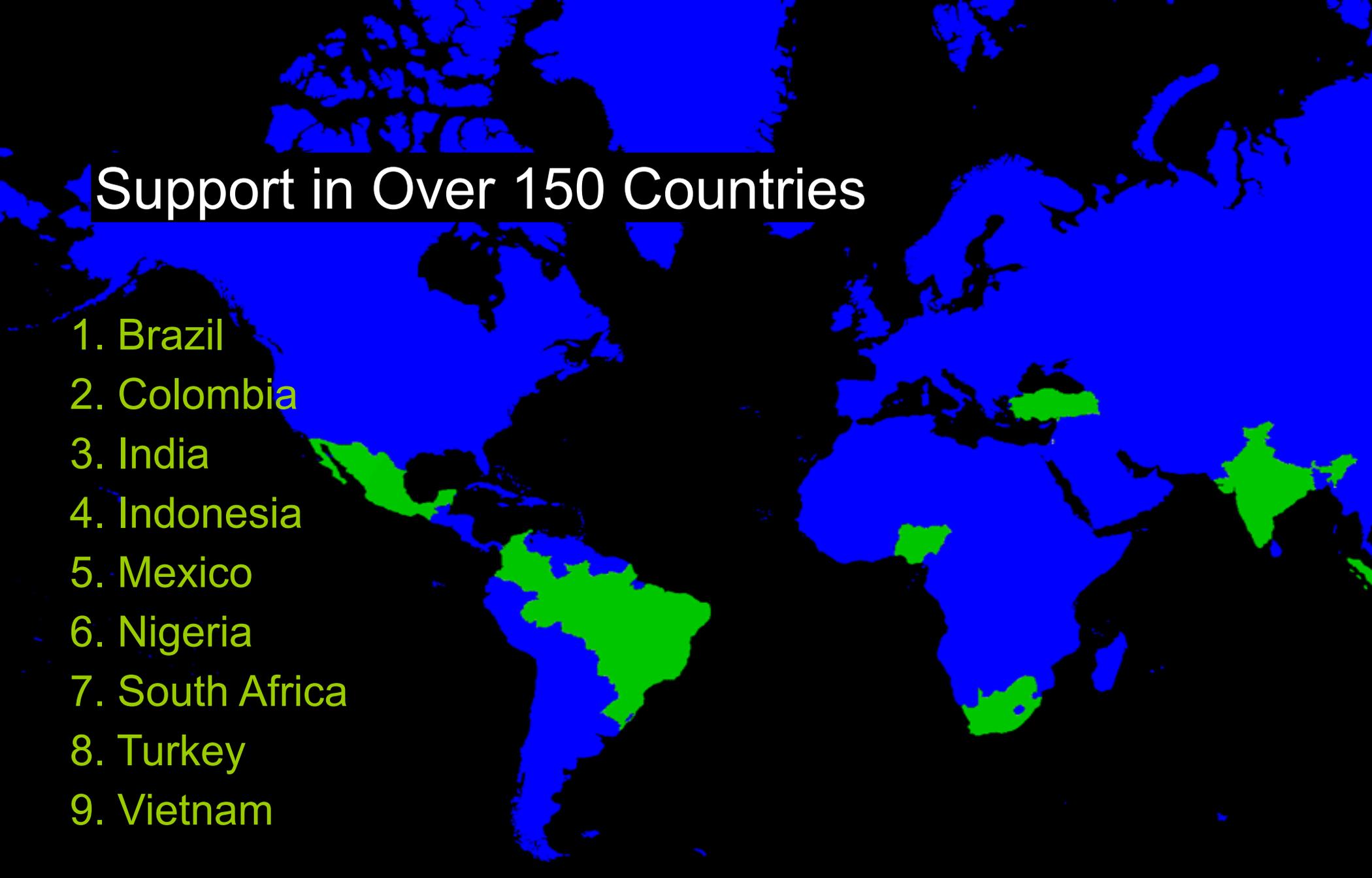
Ex-Im Bank Products Make a Difference

- Minimize risk
- Level the playing field
- Supplement commercial financing



We Support a Variety of Industries

- Manufacturing
- Construction Equipment
- Medical Equipment
- Mining
- Power-generation
- Aircraft and Avionics
- Services
- Renewable Energy
- Agribusiness
- Wholesale/Retail
- Oil

A world map with a dark blue background. Several countries are highlighted in a bright yellow color. These include Brazil in South America, Mexico in North America, Nigeria in West Africa, South Africa in Southern Africa, Turkey in the Middle East, Vietnam in Southeast Asia, India in South Asia, and Indonesia in Southeast Asia. The text 'Support in Over 150 Countries' is overlaid on the top left of the map.

Support in Over 150 Countries

1. Brazil
2. Colombia
3. India
4. Indonesia
5. Mexico
6. Nigeria
7. South Africa
8. Turkey
9. Vietnam

Ex-Im Bank Financing Covers the Spectrum

Pre-Export
Financing

Post-Export
Financing



**Working
Capital
Guarantee**

**Insurance
Guarantees
Direct Loans**

How Can Export Import Bank Products Assist You?

NEED

SOLUTION

Funds to Fulfill Orders

Working Capital Guarantee

Extension of Credit

Receivables Insurance

Buyer Financing

Medium- and Long-Term
Insurance & Loan Guarantee

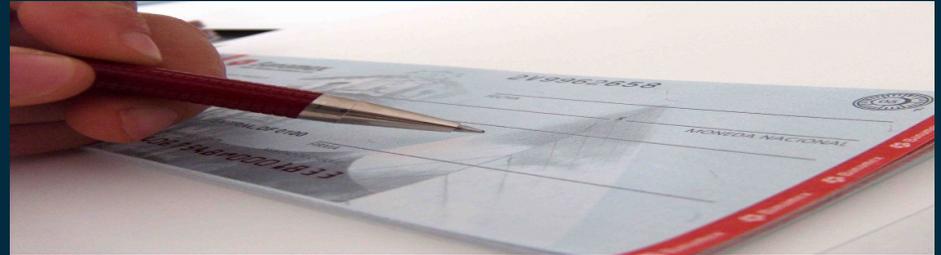
Working Capital Guarantee

- Funds to pay for raw materials, labor, supplies, etc.
- 90% guarantee to lenders for export-related working capital loans
- Advances are supported by export-related:
 - Inventory up to 75%
 - Receivables up to 90%
- Transaction specific or revolving loans



Short-Term, Export Credit Insurance

- Protects U.S. exporters up to 95% against non-payment by foreign buyers due to:
 - Commercial Risks
 - Political Risks
- Allows exporters to offer competitive credit terms to foreign buyers
 - Generally up to 180 days, some 360 day terms
- Obtain additional financing
- Multi-Buyer or Single-Buyer
 - Express Insurance
 - Helps SMEs expand into new markets; streamlined app. process



Global Credit Express (GCE) Pilot Program

- Newly launched product for small businesses
- Financing for business of exporting, not just specific export
- Revolving credit line
- Up to \$500,000 for 6-12 months
- Streamlined application process



Buyer Financing at Competitive Terms

For international buyers purchasing U.S. capital equipment and services:

- 85% financed, 15% cash down payment
- Medium-term
 - Repayment typically up to 5 years and amounts up to \$10 million
- Long-term
 - Greater than 5 years and over \$10 million



Just A Few Restrictions...

- Military Exports (exceptions apply)
- Foreign Content
- Restricted Countries (CLS)

Military Policy

No Defense Articles or Services, or Military buyers Three Exceptions

- Humanitarian purposes
- Drug interdiction
- Dual use items



U.S. Content Policy—ST products

- For Short-Term products, the product must have at least 51% US content to support the entire transaction
- Products must be manufactured in and shipped from the U.S. (For pre-export, companies must be located in the U.S.)

Foreign Content Policy for MT and LT Financing

Ex-Im Bank will support the following amounts:

- If contract has no more than 15% foreign content, we will support 85% of the contract price
- Otherwise, we will limit our support to the U.S. content
- Note: the contract value and foreign content must exclude amounts not shipped from the U.S.

Restricted Countries

- We are open in all continents, with the exception of some countries
- Country restrictions for political or economic conditions and Default Issues
- Refer to the Country Limitation Schedule (CLS) www.exim.gov, under Country/Fee info



Ex-Im Bank Partners

Additional resources and assistance in applying for Ex-Im Bank products are available from:

- **Insurance Brokers** (see list on www.exim.gov)
- **City / State Partners** (see list on www.exim.gov)
- **Delegated Lenders** (see list on www.exim.gov)
- **US Export Assistance Centers** (USDOC and SBA)

Ex-Im Bank City/State Partners Program

Brings state, county, and local non-profit economic development entities together with Ex-Im Bank in a partnership designed to expand export opportunities

What does Ex-Im Bank provide?

- Training & support at no cost
- Highly qualified trade finance specialists to speak at your events
- Assistance with joint marketing and outreach campaigns
- A network of lenders, insurance brokers, and other U.S. Government export resources
- One-on-one trade finance counseling

What must City/State Partners do?

- Stay current on Ex-Im Bank products and services.
- Conduct export finance seminars and represent Ex-Im Bank at USEAC-sponsored events.
- Connect exporters with Ex-Im Bank trade finance specialists.
- Report on your export outreach activities annually.

Ex-Im Bank USA Regional Offices

CITY	CONTACT	TELEPHONE
Atlanta	Susan Kintanar	404-897-6082
Chicago	Michael Howard	312-353-8081
Dallas	Kelly Kemp	214-551-4959
Detroit	John Toles	313-309-4158
Houston	Patrick Crilley	281-721-0470
Los Angeles	David Josephson	949-660-0726
Miami	Sharyn Koenig	305-526-7436 x.17
Minneapolis	Denis Griffin	612-348-1213
New York	Tom Cummings	212-809-2652
San Francisco	Jim Lucchesi	415-705-2285
Seattle	John Brislin	206-728-2264

For More Information

Michael K. Jackson, MBA, CGBP
Director, City/State Partners

Export-Import Bank of the United States

811 Vermont Avenue, N.W.

Washington, D.C. 20571

Phone: 202 565-3479

Fax: 202-565-3930

Email: michael.jackson@exim.gov

A light blue background featuring a faint, stylized globe with latitude and longitude lines.

THANK YOU!

Questions?

Audience Questions



*Peer-Based Approach
Development Finance Expertise
Customizable Products
Affordable Service*

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Energy Efficiency and Reshored Manufacturers

Neil Elliott

**Associate Director for Research
American Council for an Energy-Efficient Economy
Washington, DC**



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Energy & Reshoring of Manufacturing

**R. Neal Elliott, Ph.D., P.E.
Associate Director for Research**

March 20, 2013

American Council for an Energy-Efficient Economy (ACEEE)

- ACEEE is a nonprofit 501(c)(3) that acts as a catalyst to advance energy efficiency policies, programs, technologies, investments & behaviors.
- 45+ staff in DC, DE, MI, WA & WI
- Focus on end-use efficiency in industry, buildings, utilities & transportation
- Other research in economic analysis; behavior; federal, state & local policy.
- Funding:
 - Foundations (34%)
 - Federal & State Grants (7%)
 - Specific Contract Work (21%)
 - Conferences and Publications (34%)
 - Contributions and Other (4%)



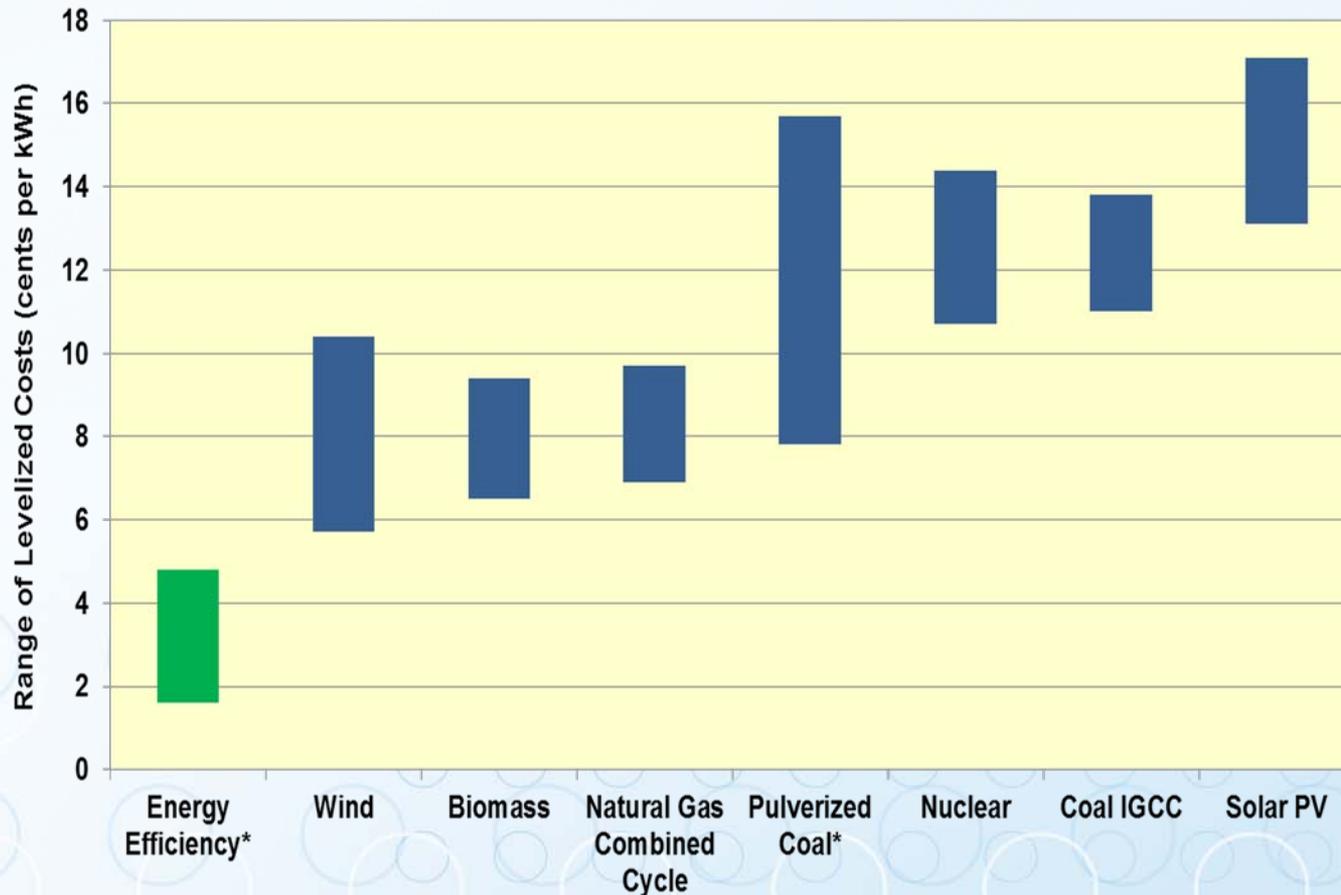
Domestic Energy Trends:

- Unconventional gas (e.g. shale gas) has changed the supply outlook for domestic energy.
- Recession & supply have dramatically lowered natural gas prices.
- Low gas prices have lowered electricity prices, as lower cost gas displaces coal.
- U.S. now the low energy price manufacturing country – current domestic energy prices lower than our foreign manufacturing competitors.

Role of Energy Efficiency in Reshoring:

- Significant manufacturing capacity closures have increased efficiency of U.S. manufacturing by retiring least-efficient facilities.
- Investments in modernization lead to greater energy efficiency.
- Competitive electricity markets (e.g., PJM) create a market for energy efficiency for manufacturers.
- Expanded industrial energy efficiency constrains future increases in energy prices by reducing need for additional transmission & generation investments.

Energy Efficiency: The Least Cost Energy Source

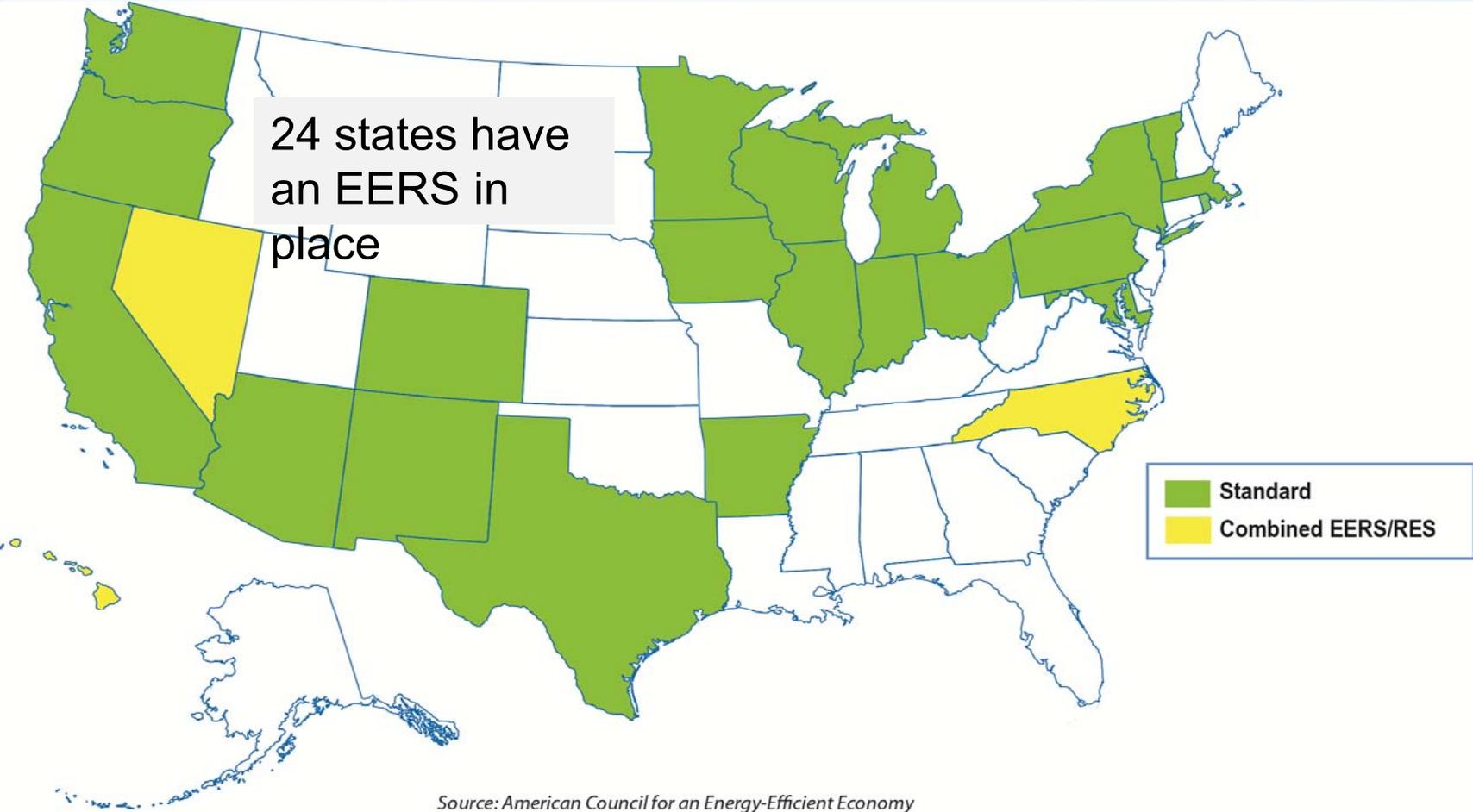


*Notes: Energy efficiency average program portfolio data from Molina 2013 (ACEEE)- forthcoming; All other data from Lazard 2012. High-end range of advanced pulverized coal includes 90% carbon capture and compression.

Energy Efficiency as an Economic-Development Tool

- Energy the largest controlling operating expense.
- Volatility in energy prices as important as price alone – challenge of planning for uncertainty.
- Energy efficiency policies help insure stable energy markets.
- Presence of energy efficiency program offering can be more powerful in attracting manufacturers than tax treatment – reduces risks for firm.

Energy Efficiency Resource Standards



Source: 2012 State Energy Efficiency Scorecard. Also see: EERS Policy Brief (Sept 2012), www.aceee.org/files/pdf/policy-brief/state-eers-summary-0912.pdf

Role of Electric and Gas Utilities

- 24 states have energy efficiency policies.
- Even more have energy efficiency programs.
- State funding for manufacturing energy efficiency exceeds \$1 billion.
- Most funded by utility surcharge.
- Manufacturing the lowest-cost energy efficiency resource

Manufacturers & Efficiency Programs

- Energy efficiency investments contribute directly to profits.
- Industrial programs need to be responsive to industrial firms needs.
- Each firm has unique needs, so some programs are frequently seen as unresponsive.
- Emerging trend to allow large customers to “self-direct” funding toward efficiency investments in their facilities.

Conclusion

- Low energy prices make U.S. attractive for manufacturing.
- Biggest risk is energy price and supply uncertainty
- Energy efficiency investments can address both concerns.
- Energy efficiency saves money, creates revenue opportunities and improves profits.
- Energy efficiency can be an economic development strategy.

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Audience Questions



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February 13, March 20, April 17, May 22

2:00-4:00pm (Eastern)



CDFA Reshored Manufacturing Webinar Series

April 17, 2013 @ 2:00pm Eastern

May 22, 2013 @ 2:00pm Eastern

Don't forget to login next time as we focus on bond financing cluster programs for encouraging Reshored Manufacturing!

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Thank You!

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