



Growing Globally:
Trade Finance in Washington
Tim Rasmussen
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Trade Statistics

- Big corporations make up only 4% of Exports
 - 96% are Small and Medium sized
- 95% of consumers are outside of the US
- Only 4% of Washington Company's export
- Washington is the most trade dependent state in the Union
- Top WA Export destinations:
 - China, Canada, Japan, UAE, UK

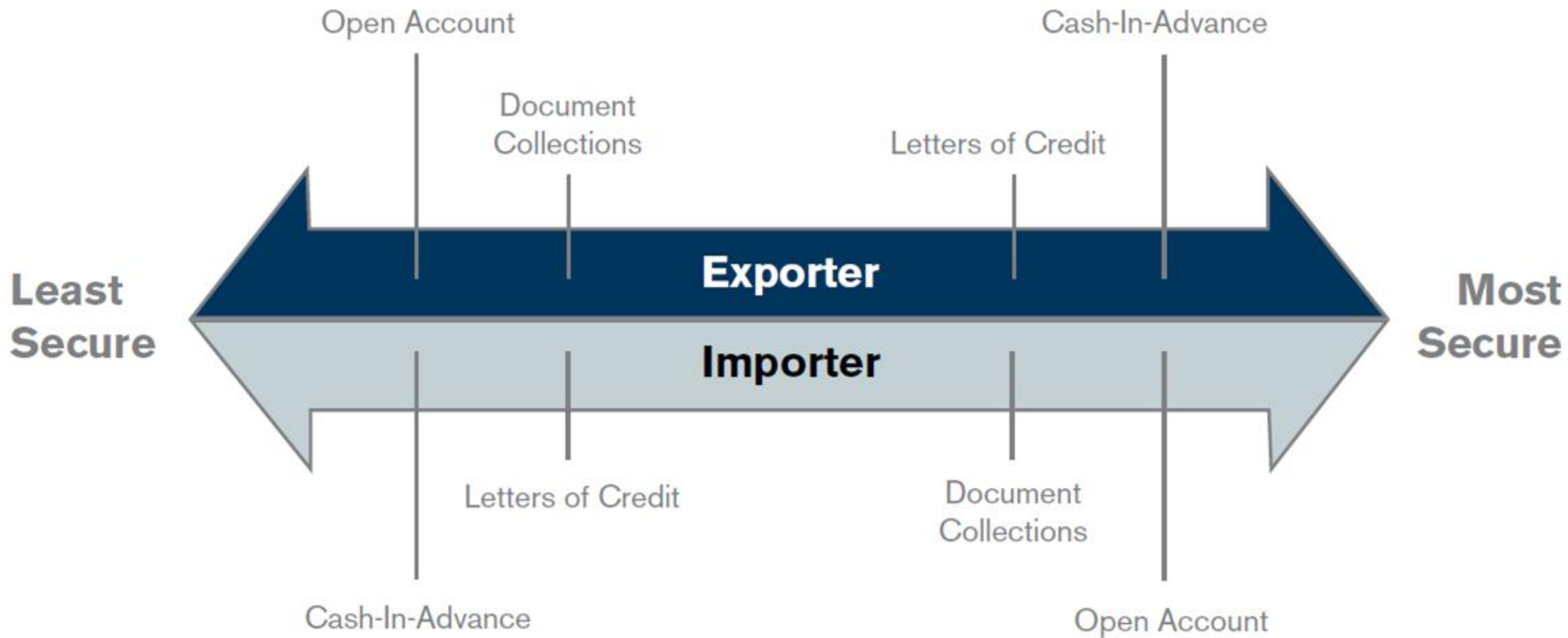
Foreign Sales Considerations

- From US
- Through Foreign Distributor
- Hire someone overseas
- Ship to countries with Free Trade Agreements (FTA)
- Foreign or ISO Certifications

Getting paid

Payment Methods

Sliding Scale of Payment Risk

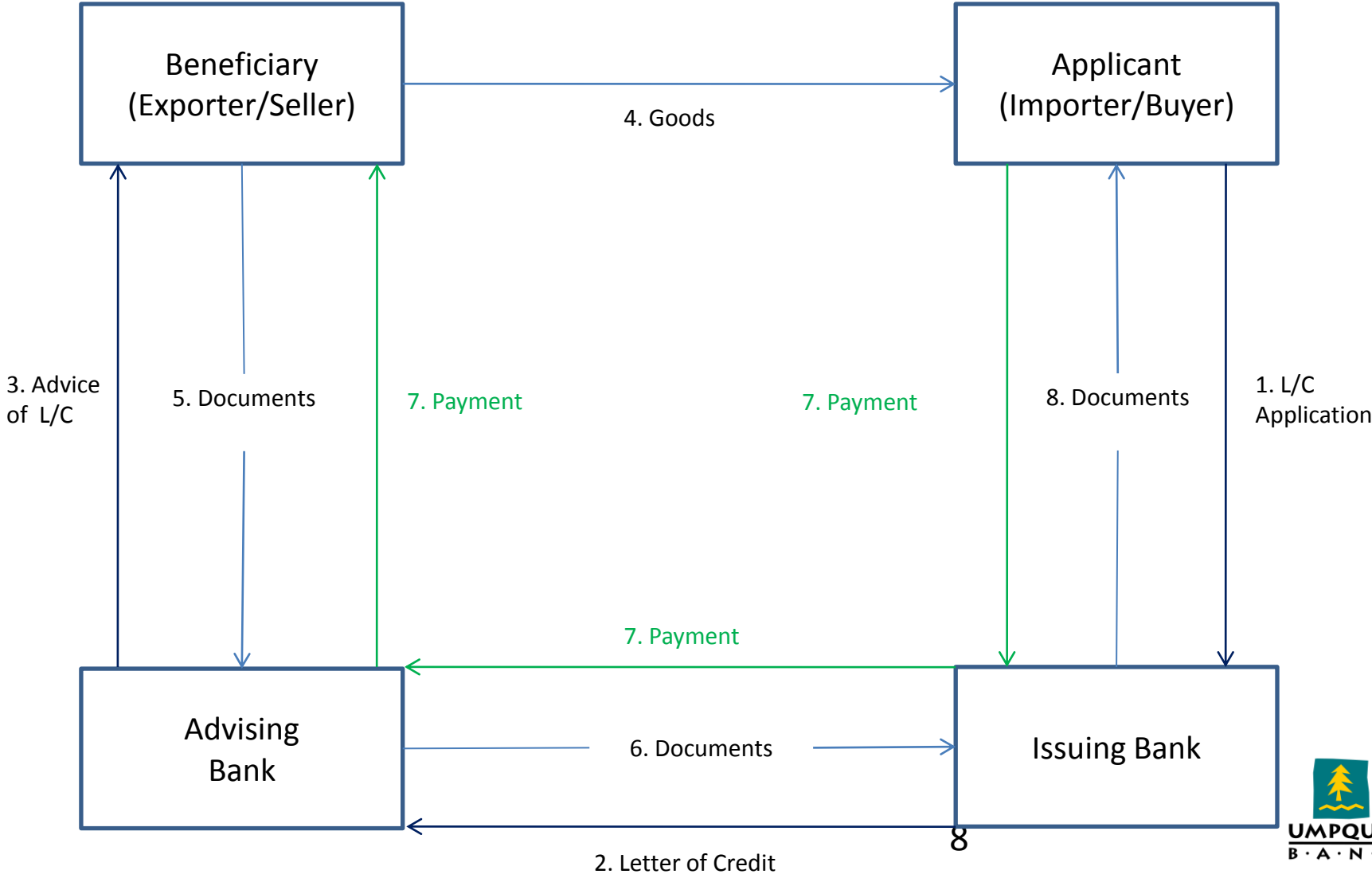


Payment Methods

- Cash in advance
- Mixed terms (down + later)
- Classic trade products
 - Letters of Credit
 - Documentary Collections
- Open Account

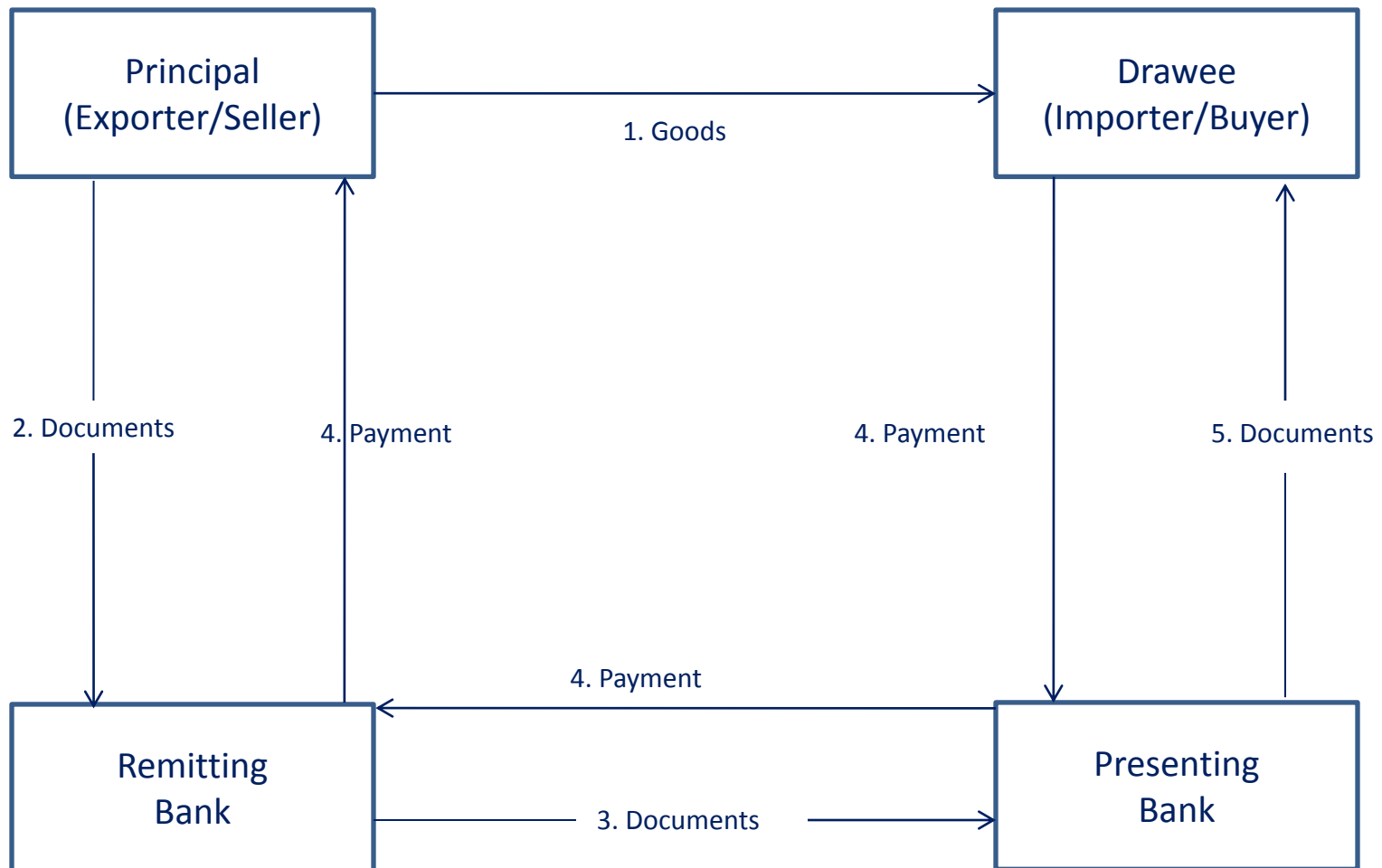
Letters of Credit

Letter of Credit - process flow



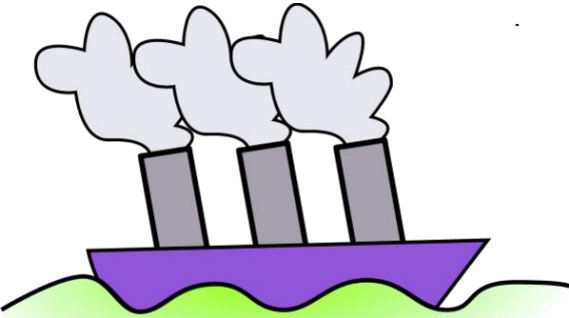
Documentary Collections

Documentary Collection - process flow



Trade Cycle Finance

Financing Stream



Mitigating Risk/Increasing Sales

Credit Insurance

- Offered by Ex-Im Bank and private insurers
- Up to 90% coverage
- Banks will allow in Borrowing Base
- Supports Open Account Sales
- Can reduce concentration
 - Need not be for foreign receivables

Foreign Exchange

FX Contract types

- Spot – A contract to exchange one currency for another at the prevailing rate, delivery is normally two business days. (Canada can be same day)
- Forward
 - Fixed Date
 - Variable Date (windows)
- Swaps
 - Related to Client's Forward contract

US Government Export Support

- Market Intelligence
 - Background reports
 - Trade Data and Analysis
 - Trade Leads
- Business Matchmaking
 - Partner search
 - Personalized Matchmaking
 - Gold Key Service
 - Trade Missions (Outbound & Inbound)
 - Trade Shows
 - Official catalogs

Support in Washington State

- Department of Commerce
- Export-Import Bank
- SBA
- Small Business Development Centers
- US Export Assistance Center (USEAC)
- STEP Grant

Case Studies

Case 1 – Foreign A/R, can't borrow

Problem: Scrap Metal Exporter must pay for goods when they are received. Foreign shipment takes 45 days, their bank wouldn't loan against foreign receivables.

Solution: SBA Export Working Capital Guarantee. The bank is willing to loan up to 90% of the current foreign receivable amount, as they have SBA backing.

Case 2 – Bidding in Tanzania

Problem: Manufacturing company wants to bid on a project in Tanzania. The buyer wants to receive a local Bank Guarantee in order to accept the Manufacturer's bid.

Solution: Manufacturer's bank issues a Standby Letter of Credit to their correspondent in Tanzania. The Tanzanian bank issues the Bid Guarantee.

Case 3 – Pre-payment not an option

Problem: Exporter has firm contract in hand, but due to currency controls the buyer cannot pay for the goods before they are shipped.

Solution: Buyer's bank issues a Letter of Credit to the exporter. Exporter ships goods and gets paid quickly and enjoys bank risk.

The World is Flat



Questions?