

# Go Global: Expand Your Market

Having trouble securing capital to meet your small business exporting needs? You can use the U.S. Small Business Administration's international trade finance programs to cover short-term or long-term costs which are necessary to sell goods or services abroad. Loan proceeds can be used for working capital to finance foreign sales or for fixed assets, helping you better compete globally.

## Flexible Financing Options

- Finance your cost of goods for one or more foreign purchase orders/contracts
- Increase your global competitiveness by extending more liberal sales terms
- Finance your facilities and equipment expansion
- Increase sales prospects in export markets which have high capital costs
- Obtain general lines of credit for export purposes
- Cover costs of developing foreign markets, including participation in overseas trade shows and translation of product literature
- Finance standby letters of credit with lower collateral requirements

## Experience the Benefits

These SBA-backed loan programs help small businesses that are creditworthy but cannot qualify for conventional financing. The SBA works with participating lenders to reduce their risk, increasing the likelihood your loan will be approved for the amount that works best for you. For small business exporters in business for at least a year, ask your area SBA Regional Export Finance Manager about one of our unique loan programs that can help you succeed globally.

FOR BORROWERS



**No matter what your export financing need, the SBA has a program just for you!**

**Loans up to \$5 million**

**Interest rate:** negotiated between lender and business, fixed or variable rate

**Questions?**

**Locate your nearest U.S. Export Assistance Center at**

**<https://www.sba.gov/exporting>**, or contact your area SBA district office, **[sba.gov/localresources](https://www.sba.gov/localresources)**.

**For exporting information visit [sba.gov/internationaltrade](https://www.sba.gov/internationaltrade).**



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# Needed: Comprehensive Export Strategy & Financing

## Solution: Expert Advice Plus Export Express from the SBA

What holds established small businesses back from selling internationally, even when they've received inquiries from potential customers? Lack of knowledge, time and financing to put a comprehensive export strategy in place.

### The SBA's export experts can help connect business owners with advice and working capital for:

|  |  |
|--|--|
| <b>International legal help:</b><br>intellectual property protection; tax guidance; export compliance      | <b>Product customization</b><br>to address foreign market requirements; production equipment modifications and/or upgrades |
| <b>Market insights and connections</b> to viable foreign distributors; foreign trade show exhibition costs | An <b>international sales manager</b>  |
| International <b>digital marketing platform</b> for e-commerce   | <b>Bid bonds</b> and <b>performance guarantees</b> for foreign buyers  |
| <b>Translation services</b>  | <b>Financing</b> for international sales   |

Costs to implement an exporting strategy could easily be expensive, leading small business owners to decide to defer the opportunity as lenders may be reluctant to finance such costs.

To learn about SBA programs supporting U.S. small business exporters, contact an SBA office near you or visit [SBA.gov/InternationalTrade](https://www.sba.gov/InternationalTrade).



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## Finance these activities with an SBA Export Express loan.

**Max loan amount:** \$500,000

**Interest rate:** Typically, prime + 6.5%

### Terms:

- Real estate: up to 25 years
- Equipment: up to 10 years
- Line of credit: up to 7 years
- Guarantee: Up to 90%

## Example

**Company:** Natural pet food/vitamin company

### Barriers:

- Lack of experience to register trademark overseas to protect brand/intellectual property
- Costs to optimize foreign web presence, enable international e-commerce and re-label to meet foreign requirements
- Cash flow to maintain inventory to meet growing foreign demand
- Financing gap between supplier contracts with 30-day terms and foreign distributor sales with 60-day terms

**Financing Solution:** Export Express Program

**Loan Amount:** \$350,000

**Use:** Trademark/IP expenses, website costs, and export working capital

**Term:** 3-year revolving line of credit

**Collateral:** Business assets

### Benefit to Business:

Company strategically expanded to international markets with additional \$500k in revenue in first year.

# Small Business Exporters Need Working Capital

## Solution: SBA Export Working Capital Program

Companies that strategically use exporting to fuel sustainable revenue growth will quickly discover that over time, exports sales will result in a large pool of both inventory and accounts receivable that need to be financed to prevent shortfalls in cash flow. **The Export Working Capital Program** is used to finance these pools of export assets.

Using SBA export loan guarantees, companies can work with their lender to arrange an asset-based line of credit or loan.

### Benefit to Export Working Capital Guarantee Lenders

- **90% guarantee**
- **Funds single transactions OR multiple export orders on inventory and receivables** (up to \$5,000,000)
- **Maximum advance rates:**
  - Up to 90% on foreign A/R
  - 75% on export-related inventory
  - 75% on export-related work-in-process
- Can advance against purchase orders up to 100% of borrower's cost to fulfill orders

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FOR LENDERS



## Example

**Company:** Grocery products wholesaler in business 3 years; average annual sales \$2 million/year.

**Order:** Open account invoices to distributors in Asia of ~\$3.5M/year.

### Asset-based Line of Credit

**Foreign buyer provides:** Letter of Credit

**U.S. small business exporter provides:** 60-day terms to distributors

### Working Capital Need

**Loan Amount:** \$500,000

**Use:** Asset-based line of credit, 90% SBA guarantee

**Term:** 12 months

### Collateral:

- Foreign accounts receivable: 85% advance rate
- Export inventory—65% advance rate

### Benefit to Business Owner:

\$500,000 working capital available on revolving line to finance open account terms on international sales

# Large International Sales Orders = Cash Flow Challenges for Small Business Exporters

## Solution: SBA Export Working Capital Program & Export Express

U.S. small businesses may have opportunities to fill large orders for their international customers. The challenge is handling working capital between the time of order and payment. With the SBA's **Export Working Capital Program (EWCP) and Export Express Loan**, lenders can offer much-needed assistance to fund export transactions for small businesses, with the assurance of 90% guarantees.

- EWCP Transaction-based Revolving Line of Credit can be used to fund 100% of a small firm's direct cost of production. **Maximum loan amount available up to \$5 million**
- Export Express loan can support purchase of inventory, labor, shipping, installation by U.S. personnel, and foreign accounts receivable. **Maximum loan amount up to \$500,000.**

**With SBA's help, lenders interested in building long-term relationships with small business exporters can be ready with a solution.**

To learn about SBA programs supporting U.S. small business exporters, contact an SBA office near you or visit [SBA.gov/InternationalTrade](https://www.sba.gov/InternationalTrade).



FOR BORROWERS



## Example

**Company:** Trading company focused on African and Middle Eastern markets, 5 years in business, annual sales of \$1 million

**Order:** Multiple purchase orders to the Ethiopian Armed Services for Aircraft Parts equipment, projected total of \$800,000

**Transaction:** Purchase Order Financing

**Foreign buyer provides:** Confirmed commercial letter of credit through Ethiopian bank on terms of 10% down, 90% on delivery

**U.S. small business exporter provides:**

Goods per contract

Aircraft parts valued at \$800,000

**Working Capital Loan Amount:**  
\$445,000

**\*\$5 million maximum**

**Use of Proceeds:** Purchase inventory, support for foreign accounts receivable; letter of credit secured with 90% SBA guarantee

**Term:** 12 months

**Collateral:** Inventory and foreign accounts receivable

**Benefit to Business:** Ability to offer favorable terms to customer resulted in repeat orders.



# International Sales May Require New Building, Expansion, or Retooling

## Help Small Businesses Position Themselves for Growth in International Markets

For many small businesses to enter and expand into international markets, some may need to retool or make other improvements in order to better compete. The SBA's **International Trade Loan (ITL) Program** offers a combination of fixed asset and working capital financing with the SBA's maximum guaranty—90 percent—to help small businesses adversely affected by import competition.

### Finance facilities and equipment

Proceeds may be used to acquire, construct, renovate, modernize, improve or expand facilities or equipment in the U.S. to produce goods or services involved in international trade.

### Permanent working capital

Financing up to \$5 million. Refinancing of debt is available if it qualifies for refinancing under the SBA 7(a) Loan Program.

FOR LENDERS



## Example

**Company:** Craft beer brewery, in business 6 years

**Order:** Contract to sell award-winning beer to Chinese distributors.

**Transaction:** Fixed-Asset Term Loan

Financing needed to increase production capacity with new tanks, bottling and labeling equipment.

**Loan Amount:** \$1,500,000

**Use:** Purchase equipment and working capital

**Term:** 15 Years

**Collateral:**

- 1st lien on purchased assets
- 3rd lien all other assets of company
- Personal guaranty of principals

**Benefit to Business:**

With expanded capacity from re-tooling and available working capital, company landed new contracts in Netherlands, Canada, and Malaysia. In 2018, they opened a 2nd location.



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# Small business manufacturers who support large U.S. exporters

## Expand facilities, finance sales with the help of the SBA

Any small business that produces goods or services that is part of an export by a U.S. company, even if not directly exporting, are eligible for assistance under SBA loan programs.

**Facilities:** The **SBA Export Express** and **International Trade loan programs** offer extended support that enables small businesses to expand their facilities and increase exports from their large U.S. exporters. Up to a 90% loan guarantees are available to lenders supporting indirect exporting small businesses for equipment, inventory, and commercial real estate needs.

**Working Capital:** Small business suppliers need to extend terms and offer just-in-time product to meet the needs of their buyers. **The Export Working Capital Program** allows small business suppliers the opportunity to extend sales terms and increase inventory levels to meet the needs of their buyers.



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## Example

**Company:** Aerospace manufacturing company with \$5 million in annual sales

**Order:** Open account invoices to support the manufacturing of engine and fuselage components for the Boeing 787 and 737 in Asia

**Transaction:** Assets Based Line of Credit

**U.S. small business indirect exporter provides:** 90-day payments on all accounts receivable

## Working Capital Need

**Loan Amount:** \$1.5 million

*\*\$5 million maximum*

**Use of Proceeds:** Purchased new manufacturing equipment; financed purchase orders

**Term:** 12 months, renewed annually

## Collateral:

- 90% advance rate on 66% (the amount supporting exports) of open A/R related to Boeing work
- 75% advance rate on 66% of inventory and work in process

*\*90% and 75% advance rates maximum*

## Benefit to Business:

Increased sales to existing customer by \$1M.