

Small Business Exports and International Opportunities

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Small businesses are a critical component of the U.S. economy, but there is large room for growth via exports

Small Businesses are important job creators in the U.S. economy

- There are ~28 million small
 businesses in the United States
- Small businesses account for about half of the total U.S. private sector payroll
- Small businesses have created ~65% of net new jobs over the past 15 years*

There is much room for small businesses to grow via exports

- Only ~250,000 U.S. Small Businesses export, however SME's account for ~30% of all merchandise exports
- Additionally, of U.S. companies that export
 - 58% export to only one country,
 and
 - 83% export to only one of four markets



SBA Office of International Trade is committed to the support of U.S. exports and subsequent job creation

Office of International Trade (OIT) Mission

To increase the number of U.S. small business exporters and increase the volume of U.S. exports; The Office of International Trade works to enhance the ability of small businesses to compete in the global marketplace.

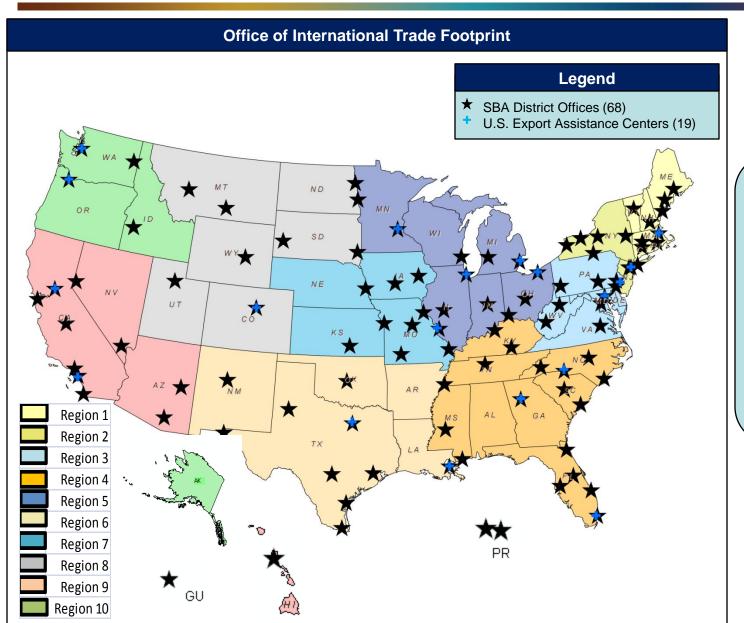


Key Focus Areas

- To achieve this mission, OIT facilitates
 - Export trade finance to help small business exporters gain access to the capital they need; and
 - Provides counseling, training, and matchmaking to assist businesses to compete in the global marketplace
- Since FY2005, the Office of International Trade has assisted Small businesses with
 - 15,000+ international traderelated loans worth ~\$5 billion
 - 30,000+ small businesses
 counseled/trained in international trade topics



The SBA Office of International Trade is in your backyard



SBA bone-structure is leveraged for total small business support, including export promotion

In addition to 14,000 export aware SBDC, SCORE, and WBC counselors, SBA maintains a network of trade finance specialists at U.S. Export Assistance Centers



Why Export?

- No business is too small to "go global"
- Do the products have export potential?
- Develop an export marketing plan
- Benefits: enter new markets; increase working capital; expand the business; hire more workers



SBA Export Loan Products

- Export Express
- Export Working Capital
- International Trade Loan



Export Express

- Maximum amount up to \$500,000
- Applicant in business at least 12 months
- Loans or Lines of Credit
- SBA Guaranty to lenders: 90% up to \$350,000; 75% over \$350,000 to \$500,000
- "Express" processing for lenders
- Can finance: travel costs for a trade mission; translate a business Website & marketing materials; develop or expand export markets; that first big export order



Export Working Capital Program

- Maximum amount \$5million (\$4.5 million maximum SBA guaranteed portion
- 90% guaranty to the lender
- Asset based or transaction based financing
- Single transactions or revolving line of credit
- Military sales allowable
- No US content requirement
- Applicant in business 12 months or proven expertise
- Self-liquidating loan
- First lien on all assets being financed - typically inventory, work in process, and A/R
- Personal guarantees of all owners 20% or more
- Other collateral on a case-by-case basis



Export Working Capital Program

- Used for: working capital for production of export goods & services; financing existing export receivables & export inventory; funding standby letters of credit (bid bonds, performance bonds, advance payment guaranties)
- Indirect Exports: companies 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 --- requires certification from domestic customer that goods are in fact being exported.



Export Working Capital Program

- Fees --- ¼ of 1% of the guaranteed portion for loans with a 12 month or less maturity
- Deals initially booked for 12 months or less can be "reissued" for ¼ of 1% of the guaranteed portion the following year

 The company & lender negotiate Interest rate & fees... lender is required to disclose this information to the SBA



International Trade Loan

- Maximum amount \$5million (\$4.5 million maximum SBA guaranteed portion)
- 90% guaranty to the lender
- Maximum term - 25 yrs
- Use of proceeds:
 - significantly expand an existing export market or develop new export markets
 - business has been adversely affected by <u>import</u> competition
 - upgrading facilities or equipment will improve the company's competitive position



International Trade Loan

- Business plan/application must document eligibility requirements:
 - Export projections or evidence of adverse impact

 Can be combined with a separate Export Working Capital loan - - maximum working capital allowed is \$4million (example: \$4.5 million guaranty amount - - EWCP is \$4 million; International Loan for the difference or \$500,000)



Other Resources

- -- 14,000 counselors at SBA, Small Business Development Centers, Women's Business Centers, and SCORE
- -- 109 US Export Assistance Centers
 US Small Business Office of International Trade
 US Dept of Commerce (Commercial Service)
 Export-Import Bank



Other Resources

- -- www.sba.gov/international
- -- www.sba.gov/exportbusinessplanner
- -- www.inc.com/exporting

 ("Take Your Business Global" video series partnership between SBA, AT&T, and Inc Magazine)



SBA Export Loan Products

QUESTIONS?