

## Ex-Im Bank: A Valuable Partner

By Marianna Ohe

### HELPING U.S. SMALL BUSINESSES GROW THROUGH EXPORTING

**Economic developers have a valuable partner in the Export-Import Bank** of the United States (Ex-Im Bank) in helping U.S. companies grow through exporting. Ex-Im Bank, a federal trade agency, provides financing to assist U.S. exporters, especially in higher-risk developing markets. Ex-Im Bank supports U.S. exports of all sizes and has a special focus on small business. Through its City/State Partners Program, the Bank works closely with state and local governments and private-sector organizations to reach out to small and medium-sized U.S. businesses to help them obtain the export financing they need.

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### THE ECONOMIC DEVELOPMENT RESEARCH PARTNERS PROGRAM (EDRP)

— Designated for Innovative Leaders in the Economic Development Community —

**The Economic Development Research Partners Program (EDRP)** is specifically designed to serve the Economic Development professional weather the challenges of globalization that have been threatening our communities in recent years.

#### AIMS OF THE EDRP

Through the EDRP Program, IEDC is taking its mission to a new level, assisting practitioners to successfully compete in the global economy and increase prosperity for communities at an accelerated pace, empowering ED professionals to better define their vision and voice.

This exclusive level of membership - under the IEDC banner - will serve EDO's and practitioners in remaining relevant during this volatile period of economic change, enabling Economic Developers to consult and brainstorm amongst peers at the highest level.

Members will work towards improving information dissemination and best practice strategies on critical issues that impact our communities such as incentives, entrepreneurship, innovation, and performance monitoring. Questions concerning real estate and sustainability, EDO

management, and professional image and validation will also be examined, in order to fine tune tools and techniques to ultimately improve the effectiveness and success of the profession.

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- access to data
- VIP networking opportunities

This is an incredible opportunity to strengthen the communities in which we operate, and the profession as a whole.

**For further information on membership details, please contact:** Mary Helen Cobb, Director of Membership and Development at 202-942-9460 or [mcobb@iedconline.org](mailto:mcobb@iedconline.org)

# ex-im bank:

## A VALUABLE PARTNER

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### INTRODUCTION

**E**xporting is a key to economic growth for U.S. small and medium-sized businesses. U.S. economic developers can help companies in their communities compete in global markets by working with a valuable partner – **the Export-Import Bank of the United States (Ex-Im Bank)**.

Ex-Im Bank is an independent federal government agency that helps finance U.S. exports. It is the U.S. government's official export credit agency, similar to those operated by most developed nations, including Export Development Canada (EDC), SACE of Italy, and Nippon Export and Investment Insurance (NEXI) of Japan.

Many of the export transactions supported by Ex-Im Bank are assisted through its **City/State Partners Program**, a national marketing initiative that brings export financing to small and medium-sized U.S. companies through cooperation with state and local governments and private sector nonprofit economic development organizations.

"Each U.S. company that we support through our City-State Partners has the opportunity to expand its workforce while reaching new markets," explains Ex-Im Bank Chairman and President James H. Lambright. "The program enables us to widen our reach and help many more small and medium-sized businesses than we otherwise could."

No transaction is too small for Ex-Im Bank to consider financing, nor is there any maximum amount, according to Lambright.

City-State Partners "walk" local businesses

Photo Courtesy of Anitox Corporation.



Anitox Corporation in Lawrenceville, Ga., a small-business pioneer in the development and manufacture of antimicrobial products, has used Ex-Im Bank's small-business export-credit insurance and working capital guarantees to export its products to international markets such as Mexico, Thailand, Malaysia, Brazil and Peru.

through the process of applying for a wide range of Ex-Im Bank financing tools that will enable them to better compete in international growth markets abroad. These tools include working capital guarantees and export credit insurance for U.S. exporters, and commercial loan guarantees for foreign buyers of U.S. goods and services.

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**Marianna Ohe** is a public affairs specialist with the Export-Import Bank of the United States.

### THE IMPORTANCE OF GLOBAL TRADE

Never has it been more important to support U.S. exports. According to the World Trade Organization, exports worldwide totaled more than \$12 trillion in current dollar values in 2005, a 13 percent rise for merchandise exports and 10 percent for commercial service exports.

Trade has fueled the greatest aggregate wealth

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creation in history by spurring productive enterprise. U.S. exports have soared from about \$42 billion in 1969 to nearly \$1.3 trillion in 2005. That represents an increase from about 4 percent of GDP to about 10 percent. Approximately one in 10 U.S. jobs is now dependent on exports, and statistics from the U.S. Commerce Department show that, on average, export-related jobs pay better.

Thomas J. Donohue, president and CEO of the U.S. Chamber of Commerce, noted in a July 2007 column that “[O]ur exports to the world support at least 12 million American jobs, jobs that generally pay 18 percent more than other jobs.”

Over the past four decades, American exporting companies have helped create millions of jobs and \$100 trillion of new net worth in the United States.

Photo Courtesy of Gerber Scientific Inc.



### AQUATECH INTERNATIONAL CREATES JOBS THROUGH EXPORTS

Aquatech International Corporation in Canonsburg, PA, a maker of cutting-edge water purification equipment, is an example of this trend. According to President and CEO Venkee Sharma, Aquatech's exports supported by Ex-Im Bank make up roughly half of the company's business. In the decade that Aquatech has relied on Ex-Im Bank's working capital guarantees, the company has grown from 75 to approximately 150 employees.

Aquatech is exporting a waste water recycle/reuse facility to an oilfield project in Oman valued at over \$100 million with the help of a \$23 million working capital loan guarantee from Ex-Im Bank. The facility will use MVC evaporation technology to desalinate and recycle waste water generated by an enhanced oil recovery facility. The loan from PNC Bank in Pittsburgh, PA, provides Aquatech with working capital to fulfill its contract to supply equipment and services to Occidental Mukhaizna LLC, a subsidiary of Occidental Petroleum, and Contractors Technical Services LLC in Oman.

As this export sale demonstrates, Ex-Im Bank's specialty is helping to finance U.S. exports to promising emerging markets where commercial financing is unavailable or insufficient. In other words, the Bank supports exports that otherwise would not go forward. These exports enable U.S. firms to expand production and sales and help developing countries and their companies obtain high-quality U.S. goods and services that they need to grow.

Ex-Im Bank now has 46 city-state partners in 38 states, plus the Commonwealth of Puerto Rico. These include finance assistance centers, international world

Photo Courtesy of Gerber Scientific Inc.



Gerber Scientific Inc., a producer of equipment and technology for sign-making and specialty graphics in South Windsor, Conn., used an Ex-Im Bank-backed working capital loan from Citizen's Business Credit Corporation in Boston, Mass., to export \$113 million of its products and services.

trade centers, industrial/economic development agencies, offices of international commerce, and small business development centers.

### WASHINGTON CITY-STATE PARTNER BOOSTS INSURANCE SUPPORT TENFOLD

“We exist to help small businesses with difficult credits,” says Warren Gross, managing director and president of the Seattle-based **Export Finance Assistance Center of Washington (EFACW)**, an Ex-Im Bank City-State Partner since 1989. “In most cases Ex-Im Bank is the only practical source of risk protection for U.S. small business exporters in Washington.”

EFACW is a nonprofit organization funded on a contract basis by Washington state's Department of Community Trade and Economic Development. Historically, EFACW completes nearly 40 risk mitigation and financing commitments annually in partnership with Ex-Im Bank to support \$40 million to \$60 million of exports by Washington small businesses.

Since it began marketing Ex-Im Bank insurance, EFACW's insurance policy count in the state has increased tenfold, contributing significantly to this total export value. EFACW's staff is known and trusted by bankers, insurance brokers and government agencies, and can bring these organizations together with Washington small businesses seeking to export.

### 75 PERCENT OF FLORIDA CITY-STATE PARTNER'S FINANCING BACKED BY EX-IM BANK

The **Florida Export Finance Corporation (FEFC)**, a not-for-profit organization owned by the state of Florida, also is an Ex-Im Bank City-State Partner. FEFC does approximately \$200 million in financing a year for Florida exporters that have been unable to receive financing from conventional lenders.

"About 75 percent of that financing is supported by Ex-Im Bank for transactions that we do not have the funding capacity to handle," says FEFC President and CEO Stephen Fancher. "A major hurdle for many businesses seeking to export is access to affordable working capital. We've lowered that hurdle by partnering with the federal government and the state's banking community. Now companies that otherwise couldn't export are competing globally."

FEFC focuses on packaging and quickly processing applications by Florida small and medium-sized businesses for export financing from Ex-Im Bank and other government agencies.

## EX-IM BANK PROGRAMS AND POLICIES

Since its founding in 1934, Ex-Im Bank has supported close to a half trillion dollars in U.S. exports, and millions of U.S. jobs. In fiscal year 2006, the Bank authorized nearly \$12.1 billion in transactions supporting almost \$16.1 billion of U.S. exports. More than \$3.2 billion of these authorizations, representing 2,253 transactions, directly supported U.S. small businesses as primary exporters.

Ex-Im Bank provides all the support and resources its City-State Partners need to work with local companies, including training and marketing materials at no cost; highly qualified trade finance specialists to speak at partners' events; assistance with joint marketing and outreach campaigns; a network of lenders, insurance brokers, and U.S. government export resources; and one-on-one trade finance counseling.

The Bank has a major focus on small business. It also serves as a catalyst that paves the way in opening up and cultivating more difficult markets.

Ex-Im Bank is active in about 90 markets. It supports every kind of export – from capital goods associated with large infrastructure projects, jet aircraft, medical equipment, and engineering and other services to consumer products and services by thousands of small businesses.

In addition to providing financing in areas where private capital alone cannot afford to take either the political or commercial risk that Ex-Im Bank underwrites, the Bank also seeks a level playing field for U.S. exporters by helping them to meet international competition supported by foreign governments.

**Ex-Im Bank Working Capital Guarantees.** Ex-Im Bank's working capital guarantee helps small businesses by covering 90 percent of the principal and interest on

working capital loans for various export-related purposes, including the purchase of raw materials or finished products; production of exports; and coverage of standby letters of credit serving as bid bonds, performance bonds or advance payment guarantees.

Most of these working capital guarantees are done directly through commercial lenders that the Bank calls "delegated-authority lenders." These lenders can commit Ex-Im Bank's guarantee at the time of the credit decision without prior approval from the Bank – expediting exporters' access to capital.

In all, there are more than 200 of Ex-Im Bank delegated-authority lenders nationwide. The City-State Partners work closely with these lenders.

**Ex-Im Bank Insurance.** The Bank's export credit insurance protects mostly small-business exporters and their lenders against the commercial and political risks of a foreign buyer defaulting on payment. Export credit insurance – which can cover multiple buyers, countries, and transactions – also enables exporters to extend short-term credit terms directly to their international buyers.

Medium-term insurance opens up major opportunities to U.S. companies seeking to sell their capital goods in emerging markets. It is a niche that the private sector does not fill since private insurers do not like the longer terms of this insurance, especially in riskier markets.

### Ex-Im Bank Guarantees.

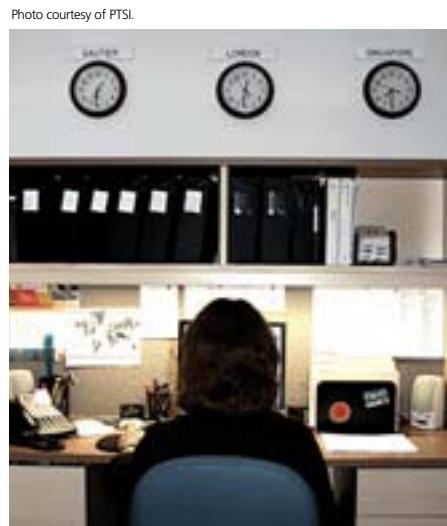
Ex-Im Bank's medium- and long-term guarantees of commercial bank loans are widely used to support larger exports such as capital goods. The Bank can provide capacity in markets such as Brazil or China where private sector lenders have reached their

internal limits, thus helping them manage their exposure requirements.

**Special Initiatives.** Ex-Im Bank also has enhanced financing (including extended repayment terms) available for certain categories of U.S. exports, including environmentally beneficial goods and services, medical equipment, transportation-security equipment, and freight financing.

**Ex-Im Bank Outreach.** Ex-Im Bank works through seven regional offices. In addition to City-State Partners, the Bank widens its reach by working with the above-mentioned delegated authority lenders and a nationwide network of insurance brokers that help their clients select the best policies for their needs.

The Bank also works with other U.S. government agencies that are part of the Trade Promotion



*Pharmaceutical Trade Services Inc. (PTSI) a small-business exporter of U.S. prescription drugs and pharmaceutical supplements in Gautier, Miss., uses Ex-Im Bank's short-term export-credit insurance to export to customers in Europe, the Middle East, Southeast Asia, Africa and Latin America.*

Coordinating Committee, including the Treasury Department, the Department of Commerce (and its Export Assistance Centers located across the country), the Small Business Administration, the U.S. Trade and Development Agency, and the Overseas Private Investment Corporation.

Ex-Im Bank's Web site – [www.exim.gov](http://www.exim.gov) -- lists its partners and their locations. It also provides information on financing products, key transactions, export opportunities, and available training.

### **WHO IS ELIGIBLE TO BECOME AN EX-IM BANK CITY-STATE PARTNER?**

Organizations that wish to join Ex-Im Bank's City-State Partners Program should have as their mission the promotion, creation, and expansion of U.S. businesses by making available financial assistance and entrepreneurial services to support exports. They must recognize the importance of assisting local businesses in creating jobs through exports.

City-State Partners stay up-to-date on Ex-Im Bank products and services, conduct export finance seminars and represent the Bank at seminars sponsored by the U.S. Export Assistance Centers, put exporters in touch with Ex-Im Bank trade finance specialists, and report annually on export outreach activities. To learn more about the program or apply to become a City-State

Partner, please e-mail or call Wayne Gardella, vice president of Ex-Im Bank's Domestic Business Development, at [wayne.gardella@exim.gov](mailto:wayne.gardella@exim.gov) or 202-565-3787.

Ex-Im Bank is committed to strengthening its small business support. Growth in the City-State Partners Program will help achieve this goal. By pooling strengths, Ex-Im Bank and organizations with local-market knowledge and outreach can accomplish together what neither could do alone. 



Image courtesy of PowerLight Corporation.

PowerLight Corporation of Berkeley, Calif., a leading global provider of solar power systems, developed and deployed a 1-megawatt solar power project at the Kim Dae Jung Exhibition and Convention Center in Gwangju, Korea. The project is being financed by a 15-year Ex-Im Bank-backed loan from City National Bank in Los Angeles.

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