

Small Business Exports and International Opportunities

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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**

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 trade-related loans worth ~\$5 billion**
 - **30,000+ small businesses counseled/trained** in international trade topics

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**

- **Export Express**
- **Export Working Capital**
- **International Trade Loan**

- **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 - - - $\frac{1}{4}$ 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 “re-issued” for $\frac{1}{4}$ 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**

- **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 import competition**
 - upgrading facilities or equipment will improve the company's competitive position**

- **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)**

- **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**

- 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)

- **QUESTIONS ?**