

TradeSource

January 2020
Issue 20



Managing Export Challenges

Money Makes the World *Go Round*



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In This Issue

Export Expertise From the
U.S. Commercial Service p. 3

How Exporters Can Access Funds. p. 5

The 2020 Census p. 7

Contact Information p. 9

Global Opportunities: Harness the Resources

Welcome to the January 2020 edition of the TradeSource newsletter. Begin the new year with expertise from the U.S. Commercial Service on how to effectively manage your export process for global market growth. In this issue, there are educational videos that deal with services for identifying the right market and the right foreign partner for your product or service. In addition, learn about export credit insurance and export working capital guaranteed loan to gain access to funding from the Export and Import Bank of the United States and the Small Business Administration. Lastly, the 2020 Census is closer than you can imagine. Included is a flyer that details what completing the 2020 Census entails and the importance of everyone being counted.

Have a happy and prosperous New Year!



Managing Export Challenges



Export Expertise From the U.S. Commercial Service

By Curt Cultice, Senior Communications Specialist, U.S. Commercial Service

Whether it's protecting intellectual property rights, competing for foreign government procurement, or addressing trade barriers, learn about U.S. Department of Commerce programs that can help. Once a small business starts selling to global customers, there will inevitably be a few bumps in the road. Knowing how to avoid challenges, or if they occur, where to turn for support can save time and money. Learn more by viewing our videos below:

Due Diligence on Markets and Partners

As you plan your export strategy, don't overlook some practical export tools and proven expertise that can put you on the right path to new sales abroad. The U.S. Commercial Service—with trade experts in 100+ offices across the United States and in more than 75 markets—offers trade counseling, and a wealth of valuable market intelligence and customized services. Among these are several services that can help you identify the right market and right foreign partner for your product or service:

IN-COUNTRY TRADE EXPERTS



- Need insight on whether to pursue a given market? The Initial Market Check provides U.S. firms with an initial assessment of the market potential of their product or service in a targeted market.
- Looking to find the right overseas partner? The U.S. Commercial Service's Gold Key Service provides U.S. companies with prescreened business matchmaking appointments with up to five interested partners in a foreign market.
- Need a background check on a foreign company? The U.S. Commercial Service's International Company Profile provides in-depth or basic background check on a specific foreign company to help determine its suitability as a potential business partner.



Trillions of Dollars in Foreign Procurement Opportunities

Foreign Government Procurement

Each year, trillions of dollars in foreign government procurement opportunities are put out for competitive bidding. If your firm hasn't yet pursued these projects, it might be time to take a closer look. These opportunities cover a cross-section of industries, with a large concentration on developing world infrastructure projects: the construction of roads, railways, airports, ports, power-generation facilities, hospitals, schools, water-treatment plants and more. According to the World Bank, developing countries alone procure some \$820 billion annually.

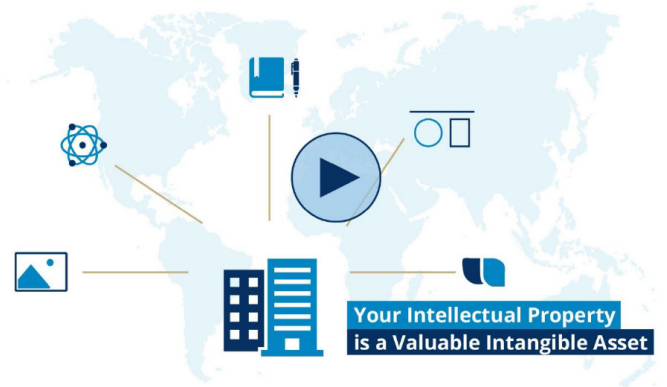


Break Through Foreign Trade Barriers

Bridging Trade Barriers

Before exporting to foreign markets, be sure to become familiar with possible foreign trade barriers by doing your market research in advance. Trade barriers are government-imposed policies, practices, or procedures that unfairly or unnecessarily restrict U.S. exports or investments. Examples include discriminatory tariffs,

where higher tariffs and taxes are assessed unfairly to U.S. exporters compared to foreign competition. There's also border barriers such as burdensome customs procedures, technical barriers such as unfair testing requirements, and many others. If you're exporting, and think you have an unfair situation, let the International Trade Administration (ITA) know. With its proven expertise, ITA can work with your company to help identify, investigate, and resolve trade barriers.



Protecting Your IP Abroad

In our increasingly knowledge-based global economy, intellectual property (IP) plays a vital role in promoting innovation, creativity, and competitiveness. However, many U.S. businesses, particularly small and medium-sized exporters, do not realize that their IP—copyrights, patents and trademarks—are not protected abroad. They mistakenly assume that their domestic IP protection is universal. In fact, businesses should take steps to protect their IP both in the United States and in each country where they plan to do business. Learn more about international IP protection, and how to protect and enhance your asset and competitive advantage internationally.

For more on export resources, visit Export.gov, the U.S. federal government's export assistance portal, and view the complete How to Export video series.

Money Makes the World Go Round



How Exporters Can Access Funds

By William Houck, Small Business Administration and Stephen Maroon, Export-Import Bank of the United States

Sometimes, businesses need money to make money. Accessing funds for domestic sales can be a challenge, and it becomes even more difficult when selling internationally.

Commercial lenders do not always have the capacity or the willingness to provide loans for “high risk” markets or transactions, hindering current sales and ruining future ones. As a result, many U.S. companies are cautious when it comes to exporting internationally.

Medium-size and larger companies expanding globally often rely on asset-based lending to finance their operations. By borrowing against their inventory and accounts receivable, businesses are able to accelerate their cash flows and fulfill orders. Unfortunately, small companies do not have this advantage. They face obstacles when it comes to asset-based loans. Lenders can be hesitant to allow small businesses to borrow against their export-related assets, making accessing working capital difficult.

As a result, businesses tend to be cautious when entering international markets and growing export sales. Fortunately, the Small Business Administration’s (SBA’s) working capital loan guarantee and the Export-Import Bank of the United States’ (EXIM’s) export credit insurance allow companies to access vital funds.

Obtaining Working Capital

With SBA’s working capital loan guarantee, companies work with SBA and their lender to secure financing. The line of credit obtained from a lender and backed by SBA’s 90 percent guarantee provides the funds necessary to help companies pay for materials, equipment, supplies, labor, and other inputs they need to fulfill orders; post standby letters of credit to serve as bid bonds, performance bonds, or payment guarantees; and purchase finished products for export.

With SBA’s 90 percent guarantee, a lender’s presumed risk of export working capital lines of credit goes away. As a result, borrowers will have greater access to funds as the advance rates for inventory and accounts receivable go up dramatically from a conventional asset-based line of credit (up to 75 percent for inventory and 90 percent for receivables).



Assigning Receivables

Businesses cannot operate if customers do not pay their bills. If foreign buyers don't pay, there is little recourse for the seller. The financial hit can sometimes be substantial. U.S. companies need certainty and protection to tackle new markets, expand sales, and create jobs.

EXIM's export credit insurance reduces the risk of nonpayment generated by international customers. Should a buyer not pay their invoice due to commercial or political risk, the agency will cover up to 95 percent of the sale. More than 90 percent of EXIM's transactions have directly supported American small businesses.

In addition to mitigating the risk of nonpayment, EXIM's insurance empowers U.S. businesses to negotiate open account credit terms with foreign buyers up front, which is a powerful marketing tool and can be the competitive edge that wins deals. Requiring cash in advance from foreign buyers tends to limit sales opportunities. With EXIM's insurance, U.S. businesses can increase their global competitiveness by offering open account credit terms up to 180 days.

A third and important benefit of EXIM's export credit insurance policy is funding. The insurance enhances a U.S. company's cash flow by insuring foreign accounts receivable, making lenders more likely to advance U.S. companies a loan. As noted earlier, companies have great access to funds under an SBA export working capital guaranteed loan. By securing foreign accounts receivable with EXIM's export credit insurance, a company can get up to 90 cents on the dollar advanced to them shortly after invoicing the buyer.

Learn more at the upcoming webinar, "How Exporters Can Access Funds" on February 20, 2020, at 2:00 p.m. EDT. If you have any questions, please contact <William.Houck@sba.gov> or <Stephen.Maroon@exim.gov>.



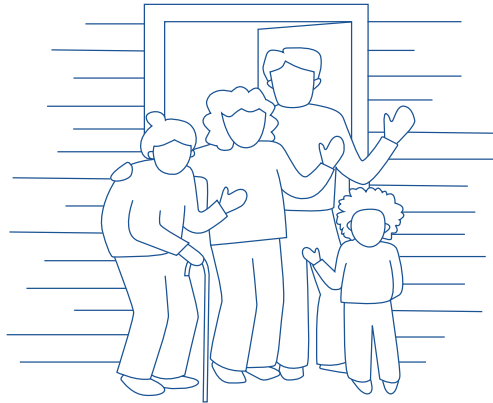
The 2020 Census

CENSUS 101: WHAT YOU NEED TO KNOW

The 2020 Census is closer than you think!
Here's a quick refresher of what it is and why it's essential that everyone is counted.

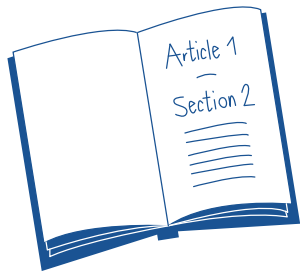
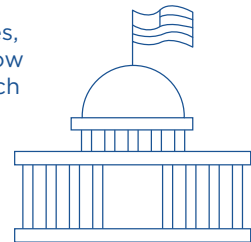
Everyone counts.

The census counts every person living in the United States once, only once, and in the right place.



It's about fair representation.

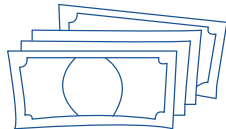
Every 10 years, the results of the census are used to reapportion the House of Representatives, determining how many seats each state gets.



It's in the Constitution.

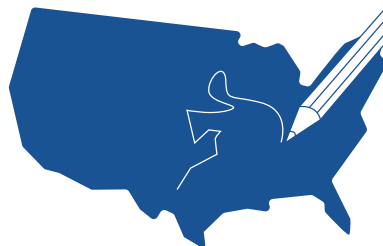
The U.S. Constitution mandates that everyone in the country be counted every 10 years. The first census was in 1790.

It's about \$675 billion.



The distribution of more than \$675 billion in federal funds, grants, and support to states, counties, and communities are based on census data.

That money is spent on schools, hospitals, roads, public works, and other vital programs.

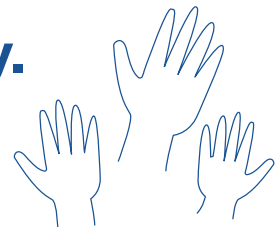


It's about redistricting.

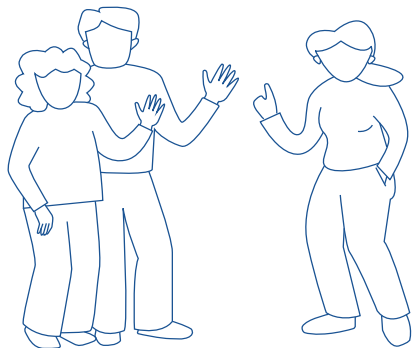
After each decade's census, state officials redraw the boundaries of the congressional and state legislative districts in their states to account for population shifts.

Taking part is your civic duty.

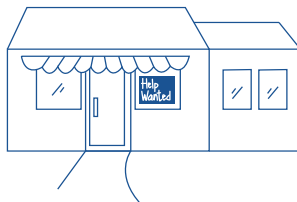
Completing the census is mandatory: it's a way to participate in our democracy and say "I COUNT!"



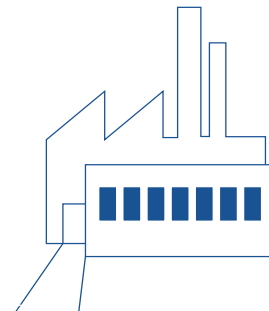
Census data are being used all around you.



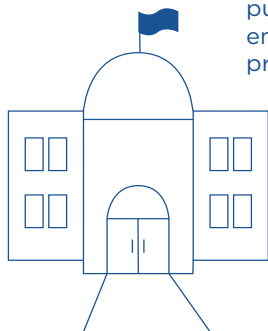
Residents use the census to support community initiatives involving legislation, quality-of-life, and consumer advocacy.



Businesses use census data to decide where to build factories, offices, and stores, which create jobs.



Local governments use the census for public safety and emergency preparedness.



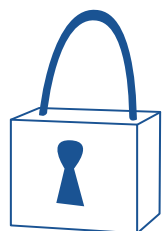
Real estate developers use the census to build new homes and revitalize old neighborhoods.



Your privacy is protected.

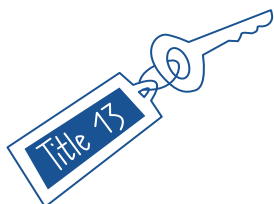
It's against the law for the Census Bureau to publicly release your responses in any way that could identify you or your household.

By law, your responses cannot be used against you and can only be used to produce statistics.



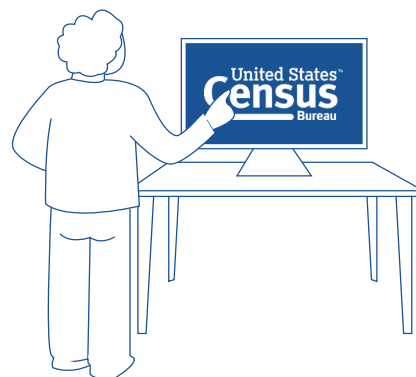
2020 will be easier than ever.

In 2020, you will be able to respond to the census online.



You can help.

You are the expert—we need your ideas on the best way to make sure everyone in your community gets counted.



Contact Information

International Trade Helpline	
ITMD blogs: www.census.gov/newsroom/blogs/global-reach.html 800-549-0595 (see menu options below)/*Secure fax: 301-763-8835 (all branches)	
Assistance With the Automated Export System, Option 1 Monday–Friday 7:30 a.m.–6:00 p.m. (Eastern Time) Fax: 301-763-6638 E-mail: askaes@census.gov	Assistance With Commodity Classification, Option 2 Monday–Friday 8:30 a.m.–5:00 p.m. (Eastern Time) Fax: 301-763-4962 E-mail: eid.scheduleb@census.gov
Assistance With Regulatory Guidelines, Option 3 Monday–Friday 7:00 a.m.–5:00 p.m. (Eastern Time) Fax: 301-763-4610 E-mail: emd.askregs@census.gov	Assistance With Information on Trade Data, Option 4 Monday–Friday 8:30 a.m.–5:00 p.m. (Eastern Time) Fax: 301-763-4962 E-mail: eid.international.trade.data@census.gov
Assistance With Trade Outreach, Census Vetting, and Export Reports Authorization, Option 5 Monday–Friday 8:00 a.m.–6:00 p.m. (Eastern Time) Fax: 301-763-8835 E-mail: exportreports@census.gov	
<p>*The secure fax number is for confidential company information (i.e., data requests). Please include a cover sheet with the name and/or branch phone number to whom the fax should be delivered. The e-mail addresses below are not secure. Confidential company information should not be sent to these addresses.</p>	

AES Partnership Agencies	Web Sites
U.S. Customs and Border Protection (CBP), Trade Enforcement and Facilitation For general questions: ofo-export-cargo.cbp.dhs.gov For vehicle questions: cbpvehicleexports@cbp.dhs.gov David Garcia, Program Manager Outbound Enforcement and Policy Office of Field Operations 202-344-3277	Export-Import Bank of the United States www.exim.gov U.S. Department of Agriculture Foreign Agriculture Service www.fas.usda.gov U.S. Department of Commerce Bureau of Industry and Security www.bis.doc.gov International Trade Administration www.export.gov www.trade.gov U.S. Census Bureau International Trade Management Division www.census.gov/foreign-trade U.S. Department of Homeland Security U.S. Customs and Border Protection www.cbp.gov U.S. Small Business Administration Office of International Trade www.sba.gov/international Small Business Development Centers www.sba.gov/sbdc U.S. State Department Directorate of Defense Trade Controls www.pmdtdc.state.gov U.S. Treasury Department Office of Foreign Assets Control www.treas.gov/offices/enforcement/ofac
Bureau of Industry and Security (BIS) Help Desk, Washington, DC 202-482-4811 Western Regional Office, Los Angeles/ Newport Beach, CA 949-660-0144 Western Regional Office, San Jose, CA 408-351-3378	
Directorate of Defense Trade Controls, U.S. State Department, Washington, DC Response Team 202-663-1282 D-Trade Questions 202-663-2838	