

Panel 3:

Global Access:

Export Financing & Services

**Michael Grossman, Senior International Trade Specialist, U.S. Department of Commerce
(PowerPoint Included)**

**Claire McLeveighn, VP of Trade and Investment, NYS Empire State Development
(PowerPoint Included)**

**Tim Hamilton, Executive Director, Food Export USA Northeast
(PowerPoint Included)**

**Toni Corsini, NY/NJ Regional Manager, Office of International Trade, SBA
(PowerPoint Included)**

**Ralph Bocchino, VP of International Trade Finance, First Niagara Bank
(PowerPoint Included)**

**Thomas P. Cummings, Regional Director, Export-Import Bank
(No PowerPoint)**

ACCESS to CAPITAL:

**Food+ Beverage
Enterprises**

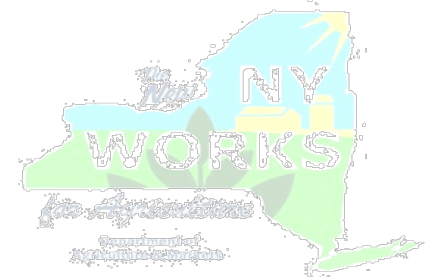
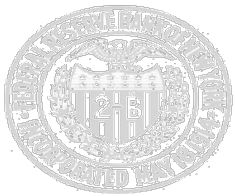
Tuesday, June 24th

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U.S. Department of Commerce

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Access to Capital: Food + Beverage Enterprises

June 24, 2014

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Impact of Exports

- 2013 Total Exports - \$2.3T
- NYS Merchandise Exports - \$86.5B
(Albany-Schenectady-Troy - \$3.4B)
- Exports Support 11.3M jobs (2013)
- SMEs Driving Force Behind Exports
(59% of NYS exports)
- Wages 14% Higher in Exporting Firms



National Export Initiative (NEI)

2009 Presidential Initiative

- Improve Advocacy/Trade Promotion
- Ease Access to Credit, especially for SMEs
- Remove Trade Barriers
- Enforce Trade Rules/Laws



NEI/NEXT (2014)

1. Connect More U.S. Businesses to their NEXT Global Customer
2. Make the NEXT International Shipment Easier
3. Expand Access to Finance for U.S. Businesses' NEXT Export Transaction
4. Promote Exports and Foreign Direct Investment Attraction as the NEXT Economic Development Priority
5. Create, Foster and Ensure U.S. Business' NEXT Global Opportunity



Why Export?

- Exporting Creates Good Local Jobs
- 95% of Consumers Live Outside U.S.
- Diversify Revenue Streams/Mitigate Risk
- Free Trade Agreements Provide Opportunities to be Competitive
- LOTS of Assistance Available!



U.S. Commercial Service

- 100 U.S. Cities / 75 Countries
- **Trade Counseling** - Get the Information and advice you need to succeed
- **Market Intelligence** - Target the best trade opportunities
- **Business Matchmaking** - Connect with the right partners and prospects
- **Commercial Diplomacy** - Level Playing Field
- **Select USA** - Foreign Direct Investment



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**U.S. Commercial Service—
Connecting you to global markets.**



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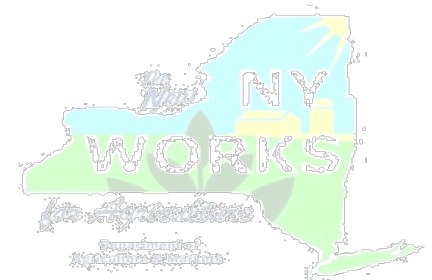
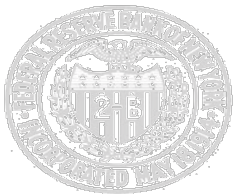
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Claire McLeveighn

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International Division

New York State's international economic development agency



With our network across the State and around the world, we are New York State's global connection and international business resource.

Key Activities

- Export Assistance
- Foreign Direct Investment Attraction



Exports Support New York Jobs

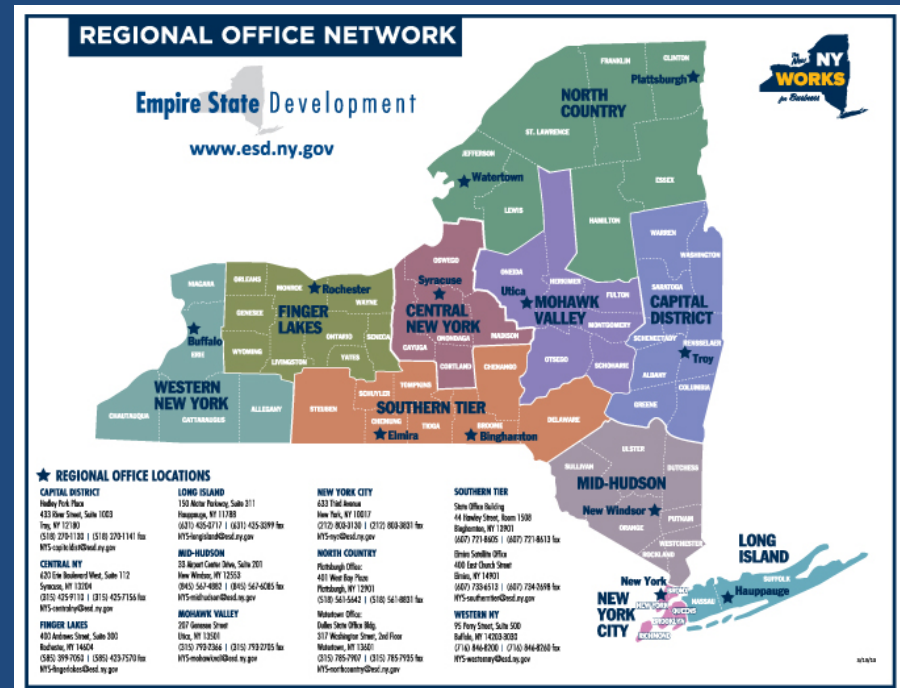
- New York State exports totaled \$81.4 billion in 2013
- Foreign investment and export-supported jobs linked to manufacturing account for an estimated 10 percent of New York's total private-sector employment
- Nearly one quarter (24.2%) of all manufacturing workers in New York depend on exports for their jobs

Exports Support New York Jobs

- 194,378 New Yorkers' jobs are directly supported by exports, representing 2.2% of the entire workforce
- Not factored into our merchandise export data are service exports – professional services, like tourism, design and engineering expertise, that are in-demand abroad. New York exported \$61.3 b in services in 2012

Regional Offices

-Offices in each of New York's 10 economic regions connect us to each of the state's economies, allowing investors or exporters a portal to New York State or the world.



Foreign Offices

Our foreign representatives help us to promote exports and attract investment.

- Europe (London)
- Israel
- South Africa
- Canada (2014)
- China (2014)
- Mexico (2014)



Partners

The International Division works in partnership with several agencies, including:

- SBA Small Business Development Centers,
- Department of Commerce Export Assistance Centers in NYS
- SelectUSA

ESD's Export Assistance

- Trade education
- Market research
- Agent/distributor searches
- Trade shows/missions (e.g. Paris Air Show, Arab Health)



Global NY

- Announced in Governor Andrew M. Cuomo's 2014 State of the State message, Global NY will intensify ESD efforts to promote exports and promote foreign investment to NY
- Global NY Summit October 2014

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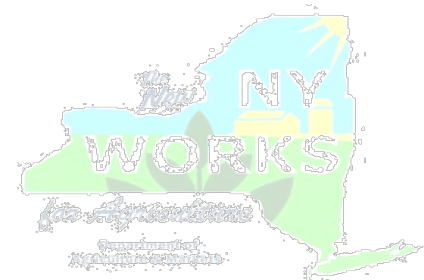
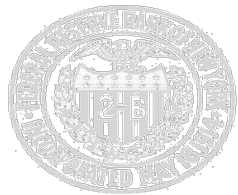
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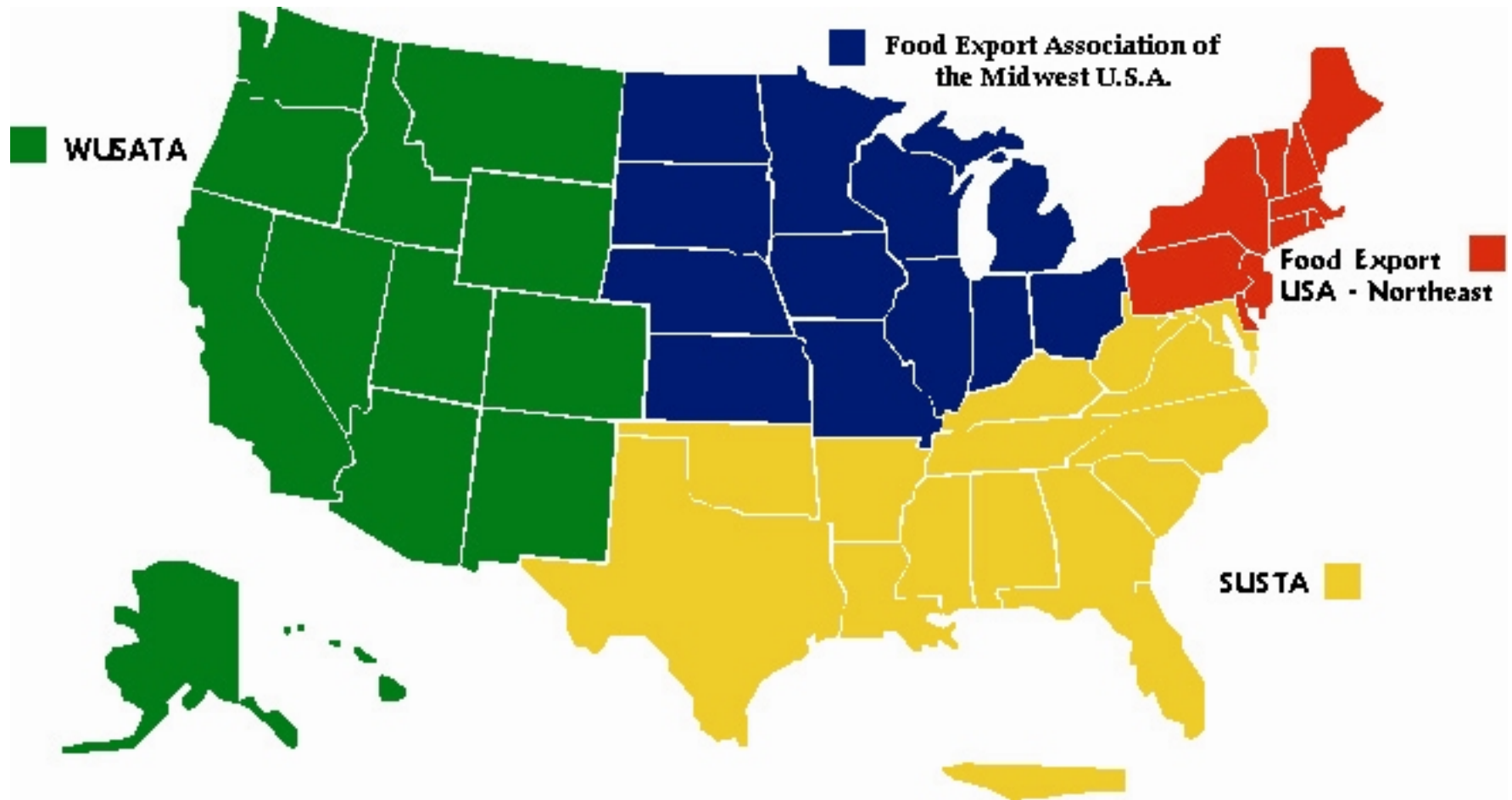
Food Export USA - Northeast



Access to Capital Seminar

Albany, NY

Four State Regional Trade Groups



Food + Beverage Enterprises - Albany, New York

Partnership with USDA & Markets

- Partner with Foreign Agricultural Service (FAS), an agency of the United States Department of Agriculture (USDA)
 - Market Access Program (MAP) Funding
- Funding is used to create export opportunities in 40+ countries around the world:
 - Canada
 - Caribbean
 - China
 - Central America
 - Europe
 - Hong Kong
 - Japan
 - Mexico
 - Middle East
 - South America
 - South Korea
 - Southeast Asia
 - Taiwan
 - Vietnam



New York and Northeast Products



- Focus on products that are value-added, consumer-oriented
- Branded food products
 - Snack Food
 - Convenience Food
 - Natural Products
 - Specialty Foods
 - Private Label
- Food Ingredients
- Foodservice Products
- Feed Ingredients
- Other Value-Added Agricultural Products
- Seafood



Access to Capital Seminar

Albany, NY

Programs and Services

- Providing New York agri-business companies the services they need to achieve export success focused on:
 - Outreach and Exporter Education
 - Market Entry
 - Market Promotion



Access to Capital Seminar

Albany, NY

Outreach and Exporter Education

Tools that provide the
framework for export success

- Newsletters
- Foodexport.org – Export Essentials
- Food Export Helpline™
- Seminars and Webinars
- Export Advisor Program

Global Food Marketer™

Export
News
from the
Midwest and
Northeast

IN THIS ISSUE

- Market Focus:
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- Activities
– PLMA
Buyers Mission
– Kasherfest
Buyers Mission
– 2008 Northeast
Buyers Mission
- New Online Event
Registration System
- Food Export
Helpline™: UCP 600
- Record U.S. Seafood
Exports to EU



Access to Capital Seminar

Albany, NY

Market Entry

Customized services that identify the right markets for products and establish relationships.

- Market Builder – *Custom Market Intelligence*
- Food Show PLUS!TM – *International Tradeshow Success*
- Buyers Missions – *International Buyers Here at Home*
- Focused Trade Missions – *Total Market Immersion*
- Online Product Catalog – *24/7 Online Exposure*



Access to Capital Seminar

Albany, NY

Market Promotion: Branded Program

- Cost share assistance for branded products sold in foreign markets
 - 50% cost reimbursement of eligible expenses
- U.S. food & agricultural products only
 - minimum 50% US agricultural origin
- Products not covered by another industry group
 - Small companies only (<500 employees) or agricultural cooperatives



How Can We Help You?

www.foodexport.org



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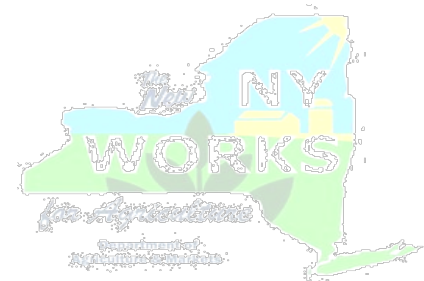
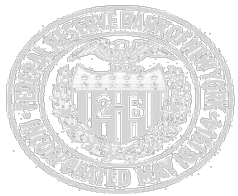
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Financing Exports



2014

Financing Exports

Toni Corsini

Regional Export Finance Manager

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Financing Exports

- Small Business exports account for 30% of all US exports
- 70% of all exporters have fewer than 20 employees
- 97% of all exporters are small businesses
- Since 2005 15,000+ SBA international trade-related loans worth - - \$5 billion
- SBA Export Loans – FY 2013 - \$2.9 billion



SBA Programs for Exporters

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



SBA Export Working Capital

- Can be single transaction or multiple sales on a revolving line of credit
- Company must be in business at least 1 year, not necessarily in export
- \$5 million maximum on SBA guaranteed portion (Small Business Jobs Act Sept 2010)
- 90% guarantee for lenders



SBA Export Express

- Banks that participate in the SBA Express program can be qualified as Export Express lenders
- 90% up to \$350,000; 75% over \$350,000 to \$500,000
- Participating lenders use their own forms, procedures and analyses
- Can finance: travel costs for a trade mission; translate a business Website & marketing materials; develop or expand export markets; that first big export order



International Trade Loan

- International Trade Loan - - used to significantly expand an existing export market or develop new export markets
- Used to upgrade facilities or equipment that will improve the company's competitive position
- Designed to provide long-term financing



International Trade Loan

- International Trade Loan can go up to \$5,000,000 with guarantee coverage when combined with any other SBA loan program
- Up to 25 year term with a 90% guarantee



On-line Tools

- Website: www.sba.gov/international
- www.inc.com/exporting
- www.sba.gov/exportbusinessplanner
- <https://new.export.gov/basic-guide>



Financing Exports

Questions



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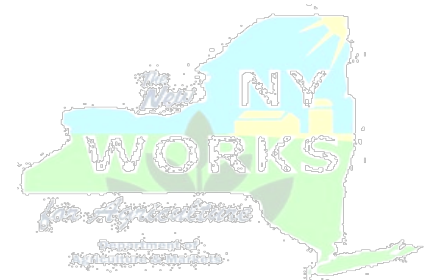
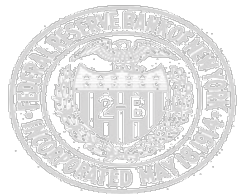
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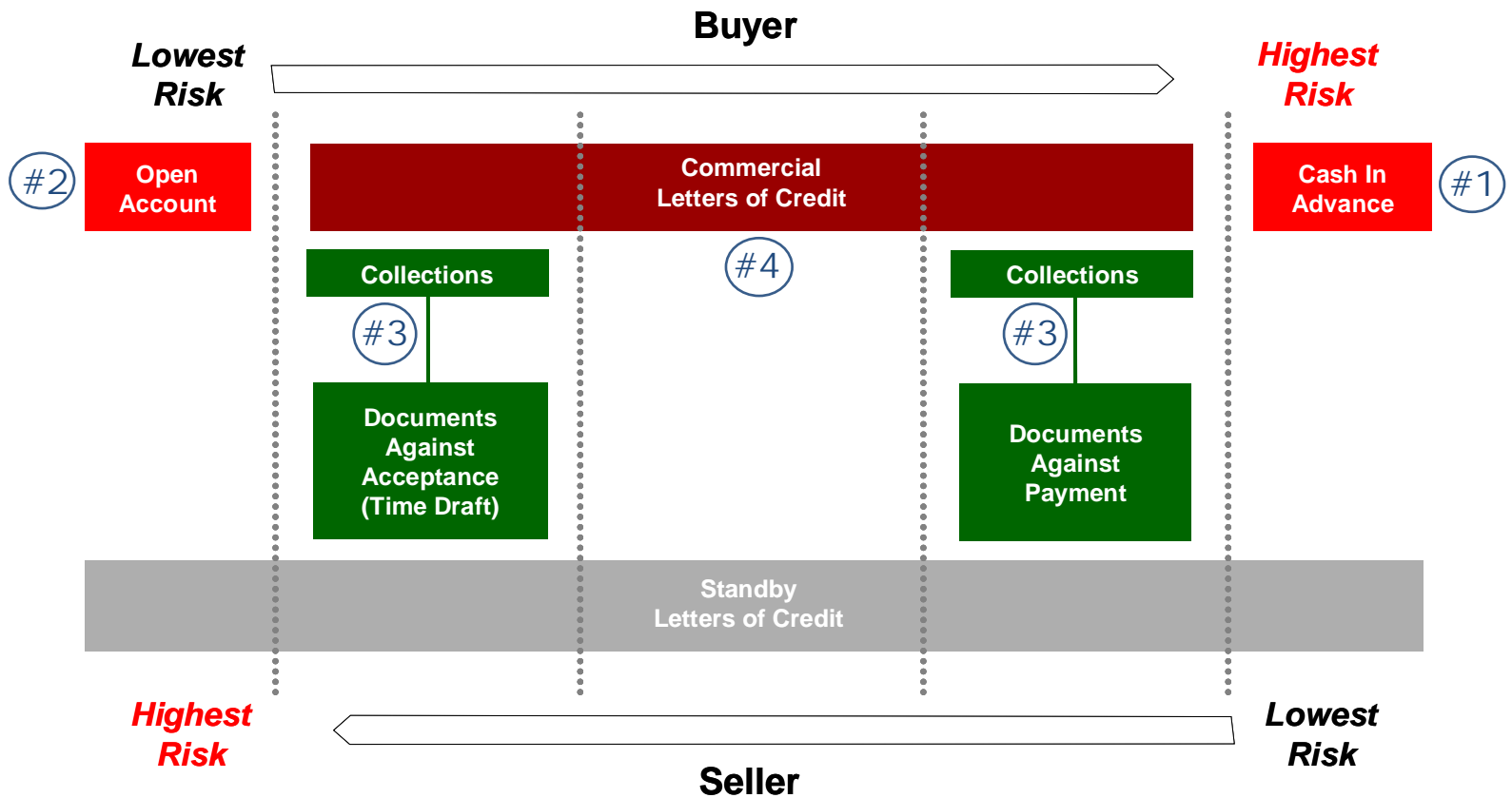


International Services

International Payment Method Review



What is Trade Finance About? | Risk Management



Cash in Advance (#1)

Applicability

- For high-risk trade relationships or export markets

Risk

- Virtually no risk to exporter as burden of risk is on importer

Pros

- Payment before shipment
- Eliminates risk of non payment

Cons

- May lose customer to competitors over payment terms



Open Account (#2)

Applicability

- In secure trading relationships
- Competitive markets

Risk

- Buyer could default on payment obligation
- After shipment of goods

Pros

- Competitive tool
- Establish and maintain a successful trade relationship

Cons

- Exposed significantly to risk of nonpayment
- Additional cost associated with risk mitigation tools



Documentary Collections (#3)

Applicability

- Establish trade relationships and stable markets

Risk

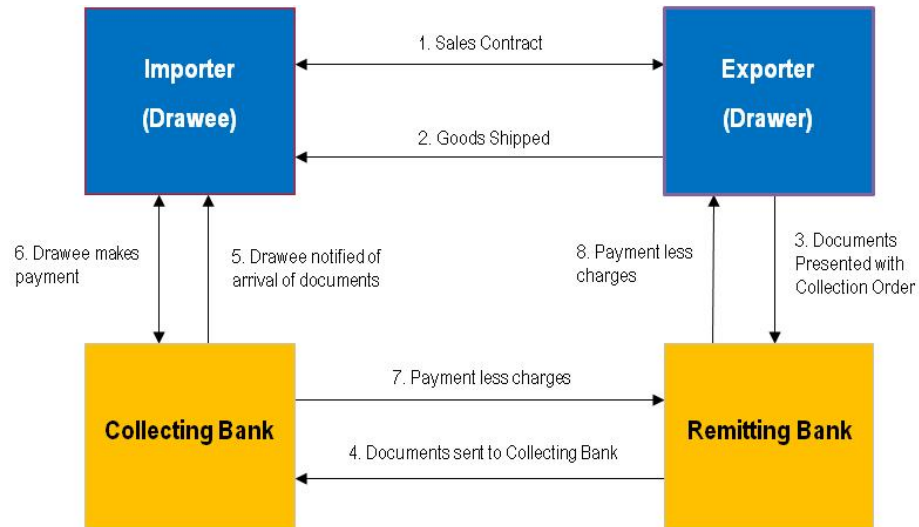
- Exporter is exposed to more risk as D/C terms are less complex and cheaper than LC to the importer

Pros

- Banks assistance in obtaining payment
- Simple, fast and less costly than LCs

Cons

- Bank's role is limited and no guarantee of payment
- Banks do not verify the accuracy of the documents



Letters of Credit (#4)

Applicability

- New or less established trade relationships when satisfied with creditworthiness of the buyers banks

Risk

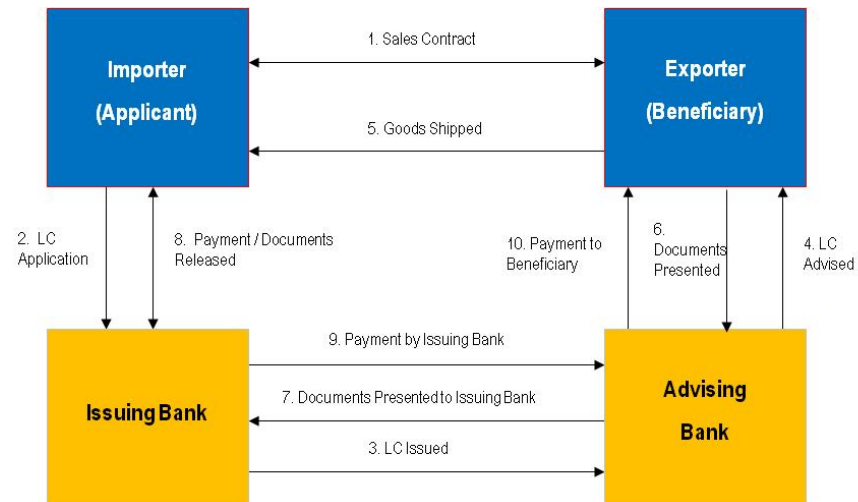
- Risk is evenly spread between buyer and seller PROVIDED all terms and conditions are adhered to

Pros

- Payments after shipment
- Variety of payment, financing and risk mitigation options

Cons

- Complex and labor intensive
- May be expensive in terms of transaction cost



Working Capital Solutions

- The Export Import Bank Of The United States
Working Capital Program
- Trade Credit Insurance



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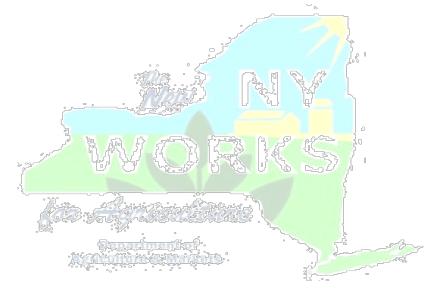
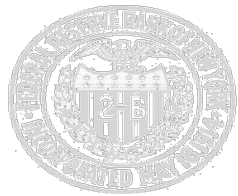
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