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## **SLCC/Ex-Im Bank Partnership Helps Utah Businesses Get into International Commerce**

Only a year into the city-state partnership between Salt Lake Community College and the U.S. Export-Import Bank and the relationship is already benefiting Utah companies in their expansion into international commerce.

As the official credit agency of the United States, Ex-Im Bank has supported more than \$400 billion in U.S. exports, primarily to developing markets worldwide. In the past five years the bank has supported only \$129 million in exports from Utah; however, since the partnership's inception Rob Guthrie, an Ex-Im Bank business development officer, says he has worked with several Utah companies and six more are in the pipeline.

"The outcome has been excellent. We're seeing a pretty strong influx of companies in the Salt Lake City area and beyond," Guthrie says. "Utah is really showing signs of waking up." With exporting continuing to be strong in the current economy, more companies are looking for ways to grow their businesses and they need a way to get credit.

"I fully expect our work in Utah to expand in the next year or two," Guthrie says. "The city-state partnership is one way for us to gain greater access to companies that may not know about us and may not be able to access us easily."

SLCC and Ex-Im Bank teamed up in March of 2007 to help Utah companies navigate the financial web of exporting and importing—a daunting task for local companies as they eye the world of international commerce. Unsteady markets, high interest rates and foreign business practices are just a few of the tricky nuances that businesses must learn before venturing into the global marketplace. Add to that the predatory practices of some bank lenders and financing a foreign trade foray can be a formidable task.

Through the partnership, Stanley K. Rees, director of the Miller Global Business Center at SLCC, refers Utah businesses to the Ex-Im Bank, where specialists guide them through financial issues. After receiving a referral from SLCC, Ex-Im Bank consultants offer counseling, screening and insurance policies to Utah businesses looking for exporting insurance, working capital loans or loan guarantees.

"Companies have heard of Ex-Im bank because their lenders want them to put export insurance in place, but they don't necessarily know what Ex-Im Bank is or what it does," Guthrie says. "When they hear bank, they think loan. We don't do that many loans at all."

Perhaps the biggest benefit of the Ex-Im Bank is short-term export credit insurance that ensures exporters will be paid for their shipped goods or services in foreign markets. That insurance allows exporters to extend longer repayments terms to foreign customers without the hassle and expense of letters of credit.

Compared to interest rates as high as 25 percent in some countries, Ex-Im Bank's rates are "user friendly," with an annualized interest rate of four percent.

"There's a certain disinclination for banks to get the word out about Ex-Im Bank," Guthrie adds. "That's shortsighted. If they get the insurance in place, they can do some other things like a working capital loan guarantee."

Ex-Im Bank offers help with working capital loan guarantees, as well as buyer financing on larger export contracts that require longer repayment terms. For starting companies, those loan guarantees can be invaluable, Rees says, because they may have an order to fill and not enough capital to finish the job before getting paid. For example, one Utah company had an order for three pieces of mining machinery that cost \$300,000 each. Without the \$1 million on hand, the company turned to the Ex-Im Bank for a working capital loan.

"They're kind of living from project to project and they do need the money. It's a reasonably streamlined process that offers expedited services in getting working capital," Rees says.

Guthrie says the turnaround time for a small business can be two-three weeks for a complete package proposal with the Ex-Im Bank. What's more, the Bank has a requirement of 51 percent U.S. content in keeping with its mission of growing U.S. jobs through exports.