



## ***Problems and Opportunities in Capturing the Global Market***

**Farhan Abid, Financial Services Manager**  
**2012 Texas Export Import Forum**  
**March 15th, 2012**

## Presentation Outline

- Overview of Westar
- Benefits of International Trade
- Top 10 Exporter Mistakes
- Strategies for Global Growth
- Export-Import Bank of the U.S. Overview
- Ex-Im Bank Financing Opportunities
- Question & Answer

# Mission Statement

Westar Trade Resources is committed to assisting clients to develop sustainable businesses in three ways:

**Sustainable Ecology** - Providing solutions that protect, preserve and enhance the environment for the needs of today without detracting from the capability to provide for the needs of future generations.

**Sustainable Technology** - Developing new and improved sustainable technologies that can provide technical solutions for a wide range of problems and also create new opportunities.

**Sustainable Profitability** - Creating long-term financial stability by developing and executing cost-effective financing solutions, risk strategies, and an adequate capital base.



## Business development services include:

### **Planning**

- Feasibility Studies
- Business Plans
- Site Selection
- Feedstock Sourcing
- Risk Assessment
- Business Development Studies

### **Developing**

- Marketing Development
- Off-take Contracts
- Product Development
- International Marketing, Development & Financing

### **Financing**

- Traditional Financing
- Non-Traditional Financing
- USDA & DOE Loan Guarantees
- Government Grants
- OPIC and Ex-Im Bank Financing
- Governmental Liaisons

## Westar Clients

ABENGOA BIOENERGY  
ABENGOA BIOENERGY BIOMASS OF KANSAS

BlueFire  
RENEWABLES



coskata

Enerkem

Imperium  
renewables

Primus Green Energy

Sapphire  
Energy

TERRABON

ZeaChem

Westar has assisted clients in obtaining over \$680 Million in financing.

# Key Client Sectors

## Technology Providers & Stakeholders

- Biofuels & Bioproducts
- Renewable Power
- Value-Added Agriculture
- Water Production & Recycling
- Smart Grid Technologies
- Sustainable Fiber Production
- Energy Efficiency Technologies
- Transformational Technologies

## Investors & Industry Stakeholders

- Traditional & Investment Banks
- Venture Capital Companies
- Multinational Corporation
- Family Office & Hedge Funds
- Oil & Gas Companies
- Food Production Companies
- Air Transport Companies
- Air, Land, & Water Fuel Users

## Banking & Finance Stakeholders

- State & Federally Chartered Banks
- Investment Banks
- Equity Providers
- Family Offices & Hedge Funds
- International Development Banks

# National Export Initiative

- ❖ Government-wide coordination
- ❖ Double exports within 5 years
- ❖ Add 2 million new jobs
- ❖ Improving access to credit with a focus on small- and medium-sized businesses that want to export.

# Benefits of International Trade for Technology Providers



- ❖ Takes advantage of international trade technology
- ❖ Increase sales and profits
- ❖ Extend sales potential of the existing products
- ❖ Maintain cost competitiveness in your domestic market
- ❖ Enhance potential for expansion of your business
- ❖ Gain global market share
- ❖ Reduce dependence on existing markets
- ❖ Stabilize seasonal market fluctuations



# Top 10 Export Mistakes

## ✖ Poor or no market research

- Entering foreign market without knowledge of local culture, business customs, consumer demand, laws and competition

# Top 10 Export Mistakes

## ✗ Lack of commitment

- An exporter must commit to plan of action and attaining goals
- Exporting can be complex and resource intensive and cannot be done half-heartedly

# Top 10 Export Mistakes

## ✖ Working with the Wrong People

- Not conducting enough due diligence on agents, distributors, bankers, or other strategic partners

## Top 10 Export Mistakes

- ✖ Overly optimistic market forecasting
  - Business plans should be feasible
  - First-time exporters should explore new markets cautiously and on a small scale
  - Limited scale enables control over supply vs. demand

# Top 10 Export Mistakes

- ✖ Exporting as a back-up plan
  - Exporting must be supplemented with same dedicated resources as your domestic business

# Top 10 Export Mistakes

## ✖ Poor business relation skills

- Partners in foreign markets should be treated with equal respect and given the same attention as domestic partners
- Sensitivity to local customs and practices of a foreign partner

# Top 10 Export Mistakes

## ✖ Lack of flexibility

- Failure to adhere to local regulations and adapt market preferences in products, services, and marketing

# Top 10 Export Mistakes

## ✖ Language Barriers

- Many potential clients and customers in foreign markets do not speak English
- Need effective communication with partners and in marketing materials



# Top 10 Export Mistakes

## ✖ Lack of Export Expertise

- Identify limitations and seek assistance when needed

# Top 10 Export Mistakes

## ✖ Flying solo

- Export success is difficult to achieve in isolation
- Take advantage of assistance available to exporters

# Gearing Up for Global Expansion



- ❖ **Determine your competitive advantage**
  - Factors to consider – quality, pricing, accessibility
- ❖ **Ensure intellectual property protection**
- ❖ **Do sufficient research on countries of interest**
  - Startup and operational costs
  - Studying culture and business practices
  - Consumer and market demands
- ❖ **Familiarize yourself with relevant international trade laws and local laws/regulations in export market**
  - Understand the political environment of the country
  - Is it legal to conduct business there according to U.S. laws
  - Understand protectionist laws supporting local manufacturers
- ❖ **Establishing strong local partnerships and cross-cultural competency is critical**



# Export-Import Bank

## Overview

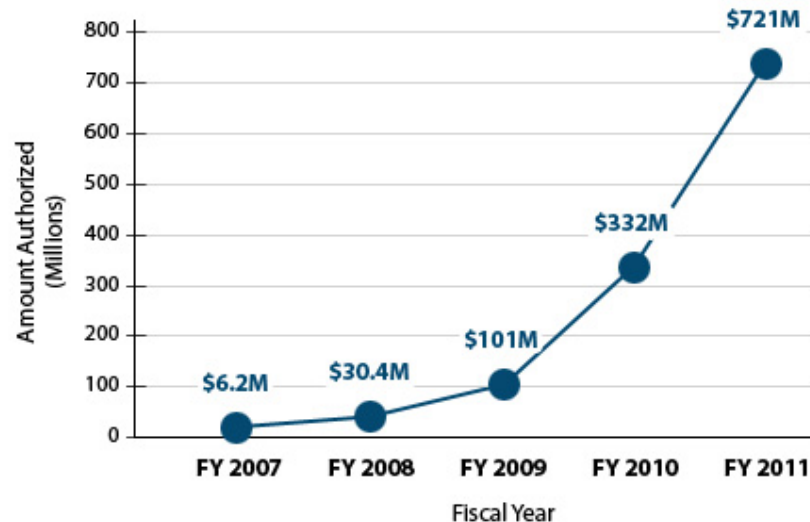
- ❖ Independent agency of the U.S. government established in 1934 to finance the export sales of U.S.-made goods and services
- ❖ Provides Loan Guarantees, Export Credit Insurance, Working Capital Guarantees, and Direct Loans.
- ❖ Ex-Im Bank's support for renewable energy and environmental exports mandated in its Congressional Charter since 1992
- ❖ FY2010 tripled its portfolio of renewable energy projects to \$330 million, and doubled this to \$721 million in FY2011.

# Ex-Im Key Markets



# Ex-Im Financing

## Environmental & Renewable Energy Exports



In 2011, Ex-Im Bank authorized a record \$889 million (of \$32.7 billion in total) to support environmentally beneficial goods and services. More than 81 percent of those authorizations supported exports related to renewable-energy production.

# Eligible Technologies

- ❖ Technologies must be well-proven and it is preferable to have technology with history of commercial operation
- ❖ Technologies must be sufficiently robust to be bankable
- ❖ Technologies must be compliant with environmental standards
- ❖ For new technologies, demonstration projects and third-party reviews are helpful
- ❖ Exact context of the buyer and the actual contract between buyer and seller is important in approval process

# Direct Loans

## Eligibility Requirements

### Buyer Requirements

- Int'l borrower submits Direct Loan application.
- Ex-Im Bank requires the buyer to make a cash payment to the exporter equal to at least 15% of the U.S. supply contract.
- 15% cash payment can either be borrowed from a lender or the exporter, or be from the buyer's own funds.

### Eligible Exports

- Must be shipped from U.S.
- Products must have at least 50% U.S. content. (If less than 50%, then Ex-Im Bank can only support the export up to the % of U.S. content.)
- Ex-Im Bank cannot support exports of military or defense products and services (with some exceptions).



# Direct Loans

## Program Highlights

- Direct Loans made by Ex-Im Bank to a foreign buyer
- Fixed interest rates based on a 1% spread over Treasury notes
  - Interest rate for an 18-year Direct Loan is 3.35% (as of November 14, 2011)
- Exporter paid with disbursement L/C or buyer is reimbursed
- A negotiated credit agreement required for a Direct Loan
- Shipping must be made on U.S.-flag vessel (except air shipments)
- Eligible Costs: U.S. capital equipment and services, and exports to large-scale projects; Refurbished equipment; Software; Certain banking and legal fees; Certain local costs and expenses

# Direct Loans

## Financing Example

- Direct Loan for \$80.66 million to Mexican electrical company to purchase U.S. wind turbines
- U.S. company exported 27 2.5-megawatt wind turbines to Mexico to build a 67.5-megawatt wind farm
- U.S. company was a first-time exporter and this transaction was the first wind power project financed under Ex-Im Bank

# Medium and Long-Term Loan Guarantees

## Eligibility Requirements

### Buyer Requirements

- Up to 85% loan guarantee, no minimum or maximum limit to the size of the export sale that may be financed with Ex-Im Bank's loan guarantee.
- 15% down payment is required from the buyer
- Products must be shipped from U.S. to foreign buyer.

### Eligible Exports

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## Medium and Long-Term Loan Guarantees

### Program Highlights

- Guaranteed Loans made by commercial banks (U.S. or foreign) to a foreign buyer with a 100% unconditional repayment guarantee from Ex-Im Bank
- Guarantee covers 85% of the U.S. content of the transaction.
- Negotiated interest rates, often floating rates based on spread over 6-month U.S. dollar LIBOR rate; banks can also arrange fixed rates
- Loan fully transferable, can be securitized
- Guarantee available in major foreign currencies, Ex-Im Bank's Local Currency Loan Guarantees can in turn support capital market issues in local currency

## **Medium and Long-Term Loan Guarantees**

### **Financing Example**

- Ex-Im Bank approved a \$4.86 million 15-year Loan Guarantee to finance the export of environmental services to a geothermal power plant in Turkey.
- Engineering consulting firm provided exporting procurement, design and engineering services.
- Deal qualified for Ex-Im Bank's 15-year financing terms under special initiative to support exports of renewable energy and water projects.

# Working Capital Guarantee

## Eligibility Requirements

### Eligible Exporters

- Must be located in the United States
- Must have at least a one-year operating history
- Must have a positive net worth

### Eligible Exports

- Must be shipped from U.S.
- Products must have at least 50% U.S. content. (If less than 50%, then Ex-Im Bank can only support the export up to the % of U.S. content.)
- Services must be performed by U.S.-based personnel.

# Working Capital Guarantee

## Program Highlights

- Ex-Im Bank provides 90% repayment Guarantee for working capital loans, revolving or transaction based, made by commercial lenders to U.S. companies to finance foreign purchase orders.
- Enables exporters to finance materials, labor, and overhead to produce goods/services for export: 100% collateral.
- May be used to cover standby letters of credit for bid and performance bonds: 10% collateral.

# Working Capital Guarantee

## Financing Example

- U.S. solar company received a \$5 million working capital loan
- Company used working capital line of to finance \$50 million export sale of solar tracking technology to Germany
- Energy generated is enough to power 9,000 homes in the region, supported by a power purchase from the German government.
- U.S. company is using the working capital line also to post a 10% performance bond as required by buyer





*For more information, contact:*

**Cindy Thyfault, Founder and CEO**

**Westar Trade Resources  
2030 Main Street, Suite 410  
Dallas, TX 75252**

**214-320-0900**

**[www.westartrade.com](http://www.westartrade.com)**