

TRANSACTIONS

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EXPORT  **plus**™

May 2002

- **Multinational Export Transactions**
- **Buyer Financing**

When a Southern California based engineering company of wheel manufacturing equipment was approached by a Chinese government owned company to supply multi-million Dollar equipment, the company was naturally ecstatic. The transaction quickly became very complicated as it involved the integration of its machines into German built presses which were scheduled to be delivered at the same time. To make things more complex, some of their own equipment was to be built in Germany and drop shipped into China, with the German suppliers demanding progress payments and payment in full upon shipment.

The client won the contract against strong European competition and called World Trade Finance ("WTF") to coordinate the financing of the project. Financing included a working capital loan to finance both U.S. and Germany based suppliers through the issuance of letters of credit as well as a cash payments .

Throughout the next six weeks, WTF cleared all regulatory hurdles to approve a loan through the Exim Bank guarantee program, visited the German vendors to coordinate the letter of credit to be issued to them and secured necessary down payment guarantees with the German vendor banks.

A visit to the buyer's factory in China is scheduled by WTF before the equipment is shipped. The design phase of the project is nearly completed and the client will deliver all equipment towards the end of the year. This sale will increase the clients annual sales by 50% and has opened the door to further exports into China and Southeast Asia once the pilot plant is up and running.

If you or your client needs project financing, please call Bernd Hermann at (323) 660-1277 or e-mail him at Bhwtf@pacbell.net

Buyer Financing

Signing your export contract – financing your export – getting immediate payment after shipping!

Sounds to good to be true? Most exporters realize that in today's competitive marketplace, the customer increasingly demands more. Especially purchasing decisions about capital goods go far beyond the consideration of technical or supplier related advantages. Often the exporter is required to provide the financing for the product to be sold. In other words, exporters who provide the payment solution for their product, are the ones who will successfully close the deal – the other ones simply miss out! Fortunately, there are various solutions to the problem of buyer financing. EXIM (Export-Import Bank of the United States) and various

insurance companies like Co-face and Unistrat offer buyer financing "products" that help to get immediate payment after shipping.

EXIM Guarantee Program

This program provides repayment protection for private sector loans to creditworthy buyers of U.S. exports. Eligible exports are U.S. capital goods, projects and services. The comprehensive guarantee covers 100% of the commercial and political risks, meaning in a case of default, EXIM guarantees that it will repay the principal and the interest of the loan. Any U.S. or foreign bank can be the lender under the guarantee program. Lenders may be located in the U.S. or overseas. The borrower must be a creditworthy entity located in an EXIM eligible country. Please visit www.exim.gov for more details.

Private Insurance Companies

Similar to the EXIM program, private insurance companies like Coface or Unistrat offer short and medium term credit insurance programs protecting U.S. exporters against the risk of payment default by their clients. The various credit insurance programs cover the exporters exposure to financial risk arising from the sale of the product. For more information, please visit www.coface.com as well as www.unistrat.com.