



U.S. Small Business Administration

# Export Working Capital Program

## U.S. Export Assistance Center

The U.S. Small Business Administration's resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

Working in partnership with the U.S. Commercial Service and the Export-Import Bank of the United States, SBA staff provide potential and existing exporters with a unified, one stop approach to export expansion through 18 U.S. Export Assistance Centers nationwide.

For more information and to locate a U.S. Export Assistance Center near you, please visit [www.sba.gov/international](http://www.sba.gov/international)

*All SBA programs and services are provided on a nondiscriminatory basis*

## SBA's Role in Export Financing

Most banks in the U.S. do not provide working capital advances on export orders, export receivables or letters of credit. Because of that, some small businesses may lack necessary export working capital to support their export sales. That is where an SBA program can make the difference. SBA provides lenders with up to a 90% guaranty on export loans as a credit enhancement, so that the lenders will make the necessary export working capital available.

The SBA delivers its export loan program through a network of SBA Senior International Credit Officers located in U.S. Export Assistance Centers throughout the country. These specialists understand trade finance and are available to explain SBA's export lending programs, the application process and forms and to guide exporters in selecting appropriate payment methods. They can also link companies to specialists for increasing export sales and managing foreign payment risk.

Exporters can apply for EWCP loans in advance of finalizing an export sale or contract. With an approved EWCP loan in place, exporters have greater flexibility in negotiating export payment terms—secure in the assurance that adequate financing will be in place when the export order is won.

## Benefits of the EWCP

- Financing for suppliers, inventory or production of export goods
- Export working capital during long payment cycles
- Financing for stand-by letters of credit used as bid or performance bonds or down payment guarantees
- Reserves domestic working capital for the company's sales within the US
- Permits increased global competitiveness by allowing the exporter to extend more liberal sales terms
- Increases sales prospects in under-developed markets which have high capital costs for importers
- Contributes to the growth of export sales
- Low fees and quick processing times

## **Program Features**

- Guaranty Coverage
  - Maximum loan amount is \$5,000,000
  - 90% of principal and accrued interest up to 120 days
  - Low guaranty fee of ¼% of the guaranteed portion for loans with maturities of 12 months or less
  - Loan maturities are generally for 12 months or less
- Use of Proceeds
  - To pay for the manufacturing costs of goods for export
  - To purchase goods or services for export
  - To support Standby Letters of Credit to act as bid or performance bonds
  - To finance foreign accounts receivable
- Advance Rates
  - Up to 90% on Purchase Orders
  - Up to 90% on Documentary Letters of Credit
  - Up to 90% on Foreign Accounts Receivable
  - Up to 75% on eligible foreign inventory located within the US
  - In all cases, not to exceed the exporter's costs.
- Interest Rate
  - The SBA does not establish or subsidize interest rates on loans.
  - The interest rate can be fixed or variable and is negotiated between the borrower and the participant lender.
- Collateral
  - The export-related inventory and the receivable generated by the export sales financed with EWCP funds will be considered adequate collateral.
  - The SBA requires the personal guarantee of owners (20 percent or more ownership).

## **How to apply**

Application is made directly to lenders. Interested businesses are encouraged to contact the SBA staff at a U.S. Export Assistance Centers (USEAC) to discuss whether they are eligible for the EWCP program and whether it is the appropriate tool to meet their export financing needs. The participating lenders review/approve the applications and submit the request to the SBA staff at the USEAC location servicing the exporter's geographical territory.