

**Northern Michigan and Eastern Upper Peninsula  
Knowledge Economy Strategies Project  
Co-Learning White Paper #3**

**Exporting Resources for and Identification of  
Eastern Upper Peninsula and Northern Michigan  
Companies Engaged or Interested in Exporting**



**Michigan State University  
Center for Community and Economic Development**

in cooperation with the

**Northeast Michigan Council of Governments**  
Alcona, Alpena, Cheboygan, Crawford,  
Montmorency, Oscoda, Otsego, Presque Isle Counties

**Northwest Michigan Council of Governments**  
Antrim, Benzie, Charlevoix, Emmet, Grand Traverse,  
Kalkaska, Leelanau, Manistee, Missaukee, Wexford Counties

**Eastern Upper Peninsula  
Regional Planning & Development Commission**  
Chippewa, Luce, Mackinac Counties

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A digital version of this report is available at  
[KnowledgePlanning.org](http://KnowledgePlanning.org)

**EDA Northern Michigan and Eastern Upper Peninsula  
Knowledge Economy Strategies Project  
Co-Learning White Paper**

In October 2008, the Michigan State University Center for Community and Economic Development (CCED) initiated a project with the support of the U.S. Department of Commerce Economic Development Administration (EDA) to develop innovative economic development strategies with three Northern Michigan regional planning partners: the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC), Northeast Michigan Council of Governments (NEMCOG), and Northwest Michigan Council of Governments (NWMCOG). The goal of the project is to create new knowledge-based economic opportunities in the regions and to successfully compete in the global knowledge economy.

An assessment of each region's Comprehensive Economic Development Strategy (CEDs) identified strengths, weaknesses, and opportunities, and helped each region to develop their requests for Collaborative Learning (Co-Learning) White Papers. Co-Learning White Papers are designed to provide regional planners and their stakeholders with relevant new knowledge, focus, and capacity. This new knowledge and capacity serves as a platform for regional planners and stakeholders to create innovative regional economic development strategies focused on competing in the global knowledge economy. By understanding the dynamics and demands of global knowledge economy forces, regional leaders can better align their regional investment priorities with those demands.

This Co-Learning White Paper was produced in response to a request for information on exporting opportunities by the Eastern Upper Peninsula Regional Planning and Development Commission (EUPRPDC).

**Disclaimer**

This report was prepared by the Michigan State University Center for Community and Economic Development under award 06-86-05322 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the Economic Development Administration or the U.S. Department of Commerce.

# Exporting Resources for and Identification of Eastern Upper Peninsula and Northern Michigan Companies Engaged or Interested in Exporting

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## 1. Introduction

Exporting can be a powerful part of a company's drive to competitive success in the global knowledge economy and to the economic growth of its surrounding community. By reaching beyond domestic markets, a company can increase its production, sales, and jobs. Exporting companies are also known to have higher productivity so they are more competitive and successful. However, only 4% of U.S. companies export. As a result, U.S. exports make up about 10% of GDP compared to 40% in Europe and China, 36% in Canada, and 16% in Japan.<sup>1</sup>

In light of these economic circumstances, the President set a goal to double exports by 2015 and increased Export-Import Bank trade financing by \$2 billion per year effort to increase support for small and medium-sized businesses.<sup>2</sup> The U.S. Commercial Service and SBA have also stepped up programs to support small and medium companies that seek to export or expand their current exporting.

In spite of the compelling economic arguments for exporting, the project team fully recognizes that getting started in export markets often presents daunting hurdles for small and medium-sized companies. But it's important to point out that nearly 42% of all U.S. exporters in 2005 had fewer than 19 employees. This White Paper seeks to lower some of the hurdles for small and medium-sized companies by identifying and describing exporting resources that are available. This White Paper also identifies companies in the Eastern UP and Northern Michigan that currently export and those interested in exporting. Companies may want to collaborate in their investigation and implementation of exporting opportunities.

To promote exporting and collaboration in the Eastern UP and Northern Michigan, the project team co-sponsored an Exporting 101 Workshop with the U.S. Commercial Service and U.S. Small Business Administration May 24, 2010 in Gaylord, MI. Panelists included representatives of the U.S. Commercial Service, U.S. SBA, Fifth Third Bank, Sault Ste. Marie, Ontario EDC, and Pine River, Inc. Workshop participants included representatives of private companies, our three regional planning partners, local EDCs, Michigan Economic Development Corporation (MEDC), and the International Bridge Authority (Sault Ste. Marie). The presentations made at the workshop may be found in the appendix.

## 2. Exporting Resources

### U.S. EXPORT ASSISTANCE CENTERS

The U.S. Commercial Service (in the U.S. Department of Commerce International Trade Administration) provides a complete menu of services through its Export Assistance Centers for companies that seek to start or expand exporting. These Centers provide "one-stop shops" with all types of export assistance for small and medium-sized businesses. The centers combine the trade, marketing expertise, and resources of the U.S. Commercial Service and the financial expertise and resources of the Small Business Administration and U.S. Export-Import Bank. Companies can obtain information on:

- Locating and evaluating overseas buyers and representatives, distributors, and partners
- Foreign markets for U.S. products and services
- Foreign economic statistics
- Export trade options and export documentation requirements

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<sup>1</sup> Howard F. Rosen, Visiting Fellow, Peterson Institute for International Economics, Testimony to the U.S. Senate Finance Subcommittee on International Trade, December 9, 2009.

<sup>2</sup> Council on Foreign Relations, Obama's Speech on the National Export Initiative, March 11, 2010, retrieved May 25, 2010 from <http://www.cfr.org/publication/21642/>

- U.S. export licensing requirements and import requirements of foreign nations
- International trade exhibition participation and certification
- Export seminars and conferences.

Personalized counseling with international trade specialists can help companies assess their export potential and develop effective exporting strategies, target the best markets based on market research conducted by overseas commercial officers and industry specialists, identify trade leads, and locate potential partners.

These centers also serve as the gateways to the U.S. Commercial Service's 150 overseas offices in over 80 countries. These overseas offices provide background information on foreign companies, agent-distributor locator services, market research, business counseling, assistance in making appointments with key buyers and government officials, and representations on behalf of companies adversely affected by trade barriers.

Companies may use the U.S. Commercial Service's Gold Key Service, Platinum Key Service, international company profiles, and the Commercial News USA. Gold Key Service provides companies with one-on-one appointments with potential buyers, sales reps, and business partners in a company's targeted export area. This service also includes customized market and industry briefings with in-country trade experts prior to business meetings. Platinum Key Service provides a more intensive relationship with Commercial Service specialists working with the company to identify requirements and develop a plan to meet company objectives through long-term (6-12 months) sustained support.

International company profiles provide information on the reliability of prospective buyers or trading partners. Information includes type of organization, year established, size, reputation, territory covered, sales, product line, principal owners, financial information, and trade references. On-site commercial officers make recommendations on the suitability of the prospective trading partner.

Commercial News USA is an exporting marketing magazine that promotes U.S. products and services worldwide. It's disseminated to buyers and screened agents in 19 countries in print and online.

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## **U.S. SMALL BUSINESS ADMINISTRATION**

The SBA operates three trade finance assistance programs to assist small businesses in exporting, including the Export Working Capital Program, International Trade Loan Program, and the SBA Export Express described below.

### **EXPORT WORKING CAPITAL PROGRAM (EWCP)**

SBA’s Export Working Capital Program (EWCP) loans are targeted to small businesses that can generate export sales and need additional working capital to support these sales. Since most banks in the U.S. do not lend against export orders, export receivables or letters of credit, SBA provides lenders guaranties of up to 90 percent on export loans to ensure that qualified exporters do not lose viable export sales due to a lack of working capital. The maximum loan amount is \$2 million.

**How Funds May Be Used:** EWCP loans are used for transaction financing. EWCP loans can also be used to even out cash flow when exporters have negotiated longer sales terms and cannot carry the resulting receivables with their own working capital. The EWCP loan can be a short-term loan for a single contract or in the form of a line of credit that supports ongoing export sales for a period of 12 months.

**Eligibility:** Financing is available for manufacturers, wholesalers, export trading companies and service exporters. EWCP loan borrowers must meet SBA 7(a) eligibility and size standards (less than 500 employees for manufacturers, less than 100 employees for wholesalers) and have been in business for at least one year. SBA can waive the one year in business requirement if the applicant can demonstrate sufficient export expertise and business experience.

**How to Apply:** A small business applies directly to a participating lender. The lender reviews/approves the application and submits the request to the SBA staff at the U.S. Export Assistance Center location servicing the exporter’s geographic territory. 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 negotiating export payment terms, secure in the assurance that adequate financing will be in place when the export order is won.

**For More Information:** go to [www.sba.gov/international](http://www.sba.gov/international) .

## **INTERNATIONAL TRADE LOAN PROGRAM**

The International Trade Loan Program offers term loans to businesses that plan to start or continue exporting or that have been adversely affected by competition from imports. The proceeds of the loan must enable the borrower to be in a better position to compete. The program offers borrowers a maximum SBA-guaranteed portion of \$1.75 million.

**How Funds May Be Used:** Funds may be used for the acquisition, construction, renovation, modernization, improvement or expansion of long-term fixed assets or the refinancing of an existing loan used for these same purposes.

**Eligibility:** International Trade loans are available to small businesses that are in a position to expand existing export markets or develop new export markets, or small businesses that have been adversely affected by international trade and can demonstrate that the loan proceeds will improve their competitive position.

**Loan Amount:** The maximum gross amount (\$2 million) and SBA-guaranteed amount (\$1.5 million) for an International Trade loan are the same as the basic 7(a) loan. However, there is an exception to the maximum guaranty amount for one borrower. When the borrower has an International Trade loan and a separate working capital loan, the maximum SBA guaranty on the combined loans can be up to \$1.75 million as long as the SBA guaranty on the working capital loan does not exceed \$1.25 million.

**How to Apply:** Interested businesses should apply through a participating lender.

**For More Information:** go to [www.sba.gov/international](http://www.sba.gov/international) and click on International Trade Loan Program.

## **SBA EXPORT EXPRESS**

SBA Export Express helps small businesses develop or expand their export markets. The program provides exporters and lenders a streamlined method to obtain SBA-backed financing for loans and lines of credit up to \$250,000. Most banks in the U.S. do not lend against export orders, export receivables or letters of credit. SBA temporarily provides lenders with up to a 90 percent guaranty on export loans as a credit enhancement to encourage participating banks to make loans that make the necessary export financing available. Lenders use their own credit decision process and loan documentation. SBA provides an expedited eligibility review and provides a response in less than 24 hours, so exporters get access to funds faster.

**How Funds May Be Used:** Loan proceeds may be used to finance any export development activity, including:

- Standby letters of credit when required as a bid bond, performance bond, or advance payment guarantee
- Participation in a foreign trade show
- Translation of product brochures or catalogs for use in overseas markets
- General lines of credit for export purposes
- Service contracts from buyers located outside the United States
- Transaction-specific financing needs associated with completing actual export orders

- Providing term loans and other financing to enable small business concerns, including export trading companies and export management companies, to develop foreign markets
- Acquisition, construction, renovation, modernization, improvement or expansion of productive facilities or equipment to be used in the United States in the production of goods or services for export.

**Eligibility:** SBA Export Express loans are available to businesses that meet the normal requirements for an SBA 7(a) business loan guaranty. Financing is available for manufacturers, wholesalers, export trading companies and service exporters. Loan applicants must demonstrate that the loan proceeds will enable them to enter a new export market or expand an existing export market. Applicants must have been in business, though not necessarily in exporting, for at least 12 months.

**How to Apply :** Application is made directly to the lender. Lenders use their own application materials in addition to SBA's Borrower Information Form. Lenders approve the request and then submit a limited amount of eligibility information to SBA's National Loan Processing Center. The SBA provides a response within 24 hours. Interested businesses should contact their existing lender to determine if it is an SBA Express lender. Lenders that participate in the SBA Express program are also able to make Export Express loans.

**For More Information:** go to [www.sba.gov/international](http://www.sba.gov/international) and click on Export Express Loan Program.

## U.S. EXPORT-IMPORT BANK

[www.exim.gov](http://www.exim.gov)

As the official U.S. export credit agency, the Ex-Im Bank supports companies who need pre-export financing, protection against buyer nonpayment, or financing for their buyers. The Export-Import Bank provides specialized financing tools like working capital guarantees and export credit insurance.

Guarantees for working capital cover up to 90% of the lender's risk so exporters can access the funds they need to produce or purchase U.S.-made goods and services for export. Working capital financing supports short-term loans (with no minimum or maximum limits) for generally one year, but can go up to 3 years. These loans must be secured by export-related collateral.

A lender can advance up to 90% for accounts receivable, while inventory and work-in-process receive advance rates of up to 75%. For posting bid or performance bonds to support export orders, only a 25% collateral pool is required.

## U.S. CUSTOMS

<http://www.customs.gov>

U.S. Customs and Border Protection (CBP) in the Department of Homeland Security facilitates about \$2 trillion per year in legitimate trade while enforcing U.S. trade laws to protect the U.S. economy and U.S. health and the safety. CBP partners with the trade community, other government agencies, and foreign governments.



## **U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURE SERVICE (FAS)**

<http://fas.usda.gov>

The mission of the USDA Foreign Agriculture Service is to link U.S. agriculture to world markets to enhance export opportunities and global food security. The export forecast for FY 2010 indicates that U.S. farmers, ranchers, and producers will realize \$104.5 billion in sales, an \$8 billion increase over 2009 and the second highest level in history.

## **U.S. STATE DEPARTMENT**

[http://travel.state.gov/travel\\_warning.html](http://travel.state.gov/travel_warning.html)

## **Publications**

[A Basic Guide to Exporting: The Official Government Resource for Small and Medium-Sized Businesses](#), 2008, 10<sup>th</sup> Edition, U.S. Department of Commerce, International Trade Administration.

This exceptionally well-written resource is an indispensable guide to all aspects of exporting, including developing an export strategy and a marketing plan; export advice; approaches to exporting; finding qualified buyers; using technology licensing and joint ventures; preparing products for exporting (branding, labeling, and packaging); international legal considerations; shipping methods; pricing, quotations, and terms; payment methods; financing export transactions; and business travel abroad. Several sample forms are also included, like an air waybill, straight bill of lading, shipper's letter of instructions, confirmed irrevocable letter of credit, and many others.

[Breaking into the Trade Game: A Small Business Guide to Exporting](#), 4<sup>th</sup> Edition

[http://www.sba.gov/idc/groups/public/documents/sba\\_program\\_office/oit\\_bitg4th\\_full.pdf](http://www.sba.gov/idc/groups/public/documents/sba_program_office/oit_bitg4th_full.pdf)

This publication provides basic information for companies that are considering exporting, including a workbook to evaluate a company's commitment to exporting, assessing the potential of their products for global markets, and improving the management of their international operations. The guide also provides information on agencies and resources that can help businesses find public and private sector partners, training and research assistance, countries where they may be exporting to, and overseas markets (both federal and non-federal resources). Information on export financing includes how to make sure the exporter gets paid; the differences between services and lending; private and government export financing resources; and SBA loan programs.

[Trade Finance Guide: A Quick Reference for U.S. Exporters](#)

<http://www.ita.doc.gov/media/Publications/pdf/tfg2008.pdf>

Published by the U.S. Department of Commerce International Trade Administration in 2008, this excellent 26-page guide provides information on methods of payment in international trade, cash-in-advance, letters of credit, documentary collections, open accounts, export working capital financing, government-guaranteed working capital loan programs, export credit insurance, export factoring, forfaiting, government-assisted foreign buyer financing, and foreign exchange risk management. This guide is intended to assist small and medium-sized businesses turn exporting opportunities into actual sales and to get paid for those sales in a timely fashion.

## Online Resources

### EXPORT ADMINISTRATION REGULATIONS DATABASE

[http://www.access.gpo.gov/bis/ear/ear\\_data.html](http://www.access.gpo.gov/bis/ear/ear_data.html)

This data base contains important information on the Export Administration Regulations (EAR) and also includes a directory of office exporter services; general information (definitions, what regulations cover, how to proceed and where to get help, etc); helpful hints for exporters, and other exporting resources. Files can be downloaded in different formats.

### U.S. DEPARTMENT OF COMMERCE TRADE EVENTS

[http://export.gov/eac/trade\\_events.asp](http://export.gov/eac/trade_events.asp)

U. S. Department of Commerce Business Development Mission's searchable trade events can be accessed at this web site.

### EXPORT LIBRARY

<http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/exportlibrary/index.html>

The Export Library provides information and resources to assist businesses entering and competing in the global market place, including a description of, and loan application for, the Export Working Capital Program and SBA and Export-Import Bank Co-Guarantee Program. The International Trade Administration's Trade Finance Guide is also available.

### OTHER SBA TRADE LINKS

<http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/links/index.html>

This page provides a wealth of resources for anyone who wishes to start exporting, including links to a U.S. Business Advisor, who provides one-stop access to federal government information, services, and transactions; associations that help small exporting businesses such as the U.S. Chamber of Commerce and the World Trade Centers Association; country and market information to search for a market to sell a product; and information on forwarding and shipping. This page also links the potential exporter to government agencies that help with and regulate trade; trade and business news as well as other trade publications of interest; and finance and statistical resources. Finally, there are links provided to give information on customs, visa travel, and trade law, as well as a directory on trade shows worldwide.

### SBA INTERNATIONAL TRADE PAGE

<http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/index.html>

The SBA wants to enhance the ability of small businesses to compete in the global marketplace. The International Trade page provides links to fast facts on international trade, SBA Export Finance Programs, and more export tools and assistance. Also included are online courses, videos, and podcasts featuring information on finding your next customer and taking your business global.

### EXPORT.GOV

[www.export.gov](http://www.export.gov)

Export.gov brings together resources from across federal agencies to assist American businesses in planning their international sales strategies and succeeding in the global marketplace, including the newest information on exporting and the National Export Initiative (NEI).

## EXPORT-U.COM

This portal provides free export webinars sponsored by the U.S. Export Assistance Center in Atlanta, the U.S. Export Service, and the University of Georgia SBDC. Webinars cover topics like taking a first look at international trade, pricing products in selected markets, and bank loan guarantees. It also lists useful links for information on export controls and licensing, international news, and country data.

## SCHEDULE B HARMONIZED SYSTEM

<http://www.census.gov/foreign-trade/schedules/b/>

Harmonized System (HS) numbers are used to classify products for customs purposes. By international agreement, most countries recognize the same first 6 "harmonized" digits. To get a duty rate, one needs to have the complete product number used by the importing country. Since this is sometimes difficult, companies can use the Schedule B number to approximate.

Schedule B numbers are used to classify exported products in the United States and are based on the international HS system. HS numbers and Schedule B numbers are the same as the importing country's classification code up to the first 6 digits.

The export statistics are initially collected and compiled in terms of approximately 8,000 commodity classifications in *Schedule B: Statistical Classification of Domestic and Foreign Commodities Exported from the United States*. The United States International Trade Commission allows you to [search](#) the Harmonized Tariff Schedule of the United States Annotated (HTSUSA) for import commodity codes. Because import and export commodity codes match at the six-digit level, you may also use the [Schedule B Search](#) to find the first six digits of your import number. Once you have obtained the six-digit subheading, you can look up the full ten-digit import code in the [HTSUSA](#).

## MARKET RESEARCH

<http://export.gov/mrktresearch/index.asp>

Use market research before you start exporting to gauge your product's potential in a given market, the best prospects for success, and the market's business practices. Resources include industry overviews, market updates, bank reports, best markets, and industry/regional reports that are available only to US companies, students, and researchers registered with Export.gov (register on this page).

## TRADE DATA

<http://dataweb.usitc.gov>

The USITC Interactive Tariff and Trade DataWeb provides international trade statistics and U.S. tariff data to the public full-time and free of charge. The USITC DataWeb responds to user-defined queries integrating international trade statistics with complex tariff and customs treatment, and allows both expert and non-expert users to create and save customized country and product lists for future re-use from anywhere in the world. International trade data are available for years 1989- present on a monthly, quarterly, annual, or year-to-date basis and can be retrieved in a number of classification systems.

## **TRADE INFORMATION CENTER**

800-872-8723 (800-USA-TRADE)

<http://www.trade.gov/td/tic>

This center provides information on all federal agency export assistance programs.

## **EXPORT LICENSING**

### **BUREAU OF INDUSTRY AND SECURITY (BIS)**

#### **U.S. DEPARTMENT OF COMMERCE**

<http://www.bis.doc.gov>

The BIS Online Training Room at <http://www.bis.doc.gov/seminarsandtraining/seminar-training.htm> provides narrative and video modules covering the essentials of export controls (basic definitions, export license requirements, items subject to the Export Administration Regulations, etc) and anti-boycott compliance.

## **CIA WORLD FACTBOOK**

<http://www.cia.gov/cia/publications/factbook/index.html>

The World Factbook provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 266 world entities. Reference tabs include maps of the major world regions; flags of the world; a physical map of the world; political map of the world; and standard time zones across the globe.

### **3. Methods to Identify Exporting Eastern Upper Peninsula and Northern Michigan Companies and Companies Interested in Exporting and Analysis**

In response to the Eastern Upper Peninsula Regional Planning and Development Commission's request for co-learning research on exporting, the project team first focused on identifying the extent of current exporting activity in the EUP. Preliminary exporting company data was obtained from the Michigan Economic Development Corporation (MEDC) Export Connection (<http://ref.michigan.org/medc/export/>). MEDC lists companies with their respective locations and products by industry, and each industry was searched for companies located in the Eastern UP and Northern Michigan. In some cases, [www.manta.com](http://www.manta.com) was used to supplement MEDC data. Finally, data was also obtained from respective company web sites.

As MEDC data identified just two exporting companies in the Eastern UP, that data was deemed suspect, especially after the project team learned that the MEDC data was last updated in 2006.

The project team then worked with the Eastern Upper Peninsula Regional Planning and Development Commission and the Sault Ste. Marie EDC to generate a list of 11 manufacturing companies. Web-based research revealed that these 11 companies represent a relatively diverse range of advanced or specialty manufacturing activities.

The project team designed a short survey instrument to identify exporters from this list, their exported products, and countries they export to. For non-exporters, survey questions were designed to determine whether those non-exporters are interested in seeking export markets and whether they need any assistance to enter export markets.

The project team conducted a telephone survey of the 11 Eastern UP manufacturing companies July 2-6, 2009 and nine responded.

Data for each exporting company includes:

- Address
- Number of Employees
- Year Established
- Products
- Countries Exporting to (or where the company is interested in exporting)
- Export Sales as Percentage of Total Sales

The survey identified seven exporting companies in addition to the two companies listed by MEDC (of those two, however, one expressed interest in exporting rather than reporting current exporting). Five companies expressed interest in entering export markets; three were unsure. Only one company indicated it is not interested in exporting.

At least two Eastern UP exporters produce highly-sophisticated medical/surgical equipment. Each company collaborates with its end-market customers to design products tailored to meet their customers' specific requirements. The existence of this high-end medical/surgical manufacturing sector suggests that there are potential expansion opportunities that could be pursued to further develop an advanced manufacturing sector.

Based on MEDC and the CCED survey data, information is provided in this White Paper for 54 exporting companies in the three regions. Data is incomplete for 27 of those companies.

#### **4. Exporting Companies and Companies Interested in Exporting** **Eastern Upper Peninsula**

##### **Bunker Manufacturing, Inc**

1501 12<sup>th</sup> Street/Industrial, PO Box 416

Sault Ste. Marie, MI 49783

(906) 632-3829

Approx. 15 employees, est. 1960

Currently interested in exporting to all countries

Exports dies, stampings, weldments.

##### **Detroit Die Cutting**

Sault Ste. Marie, MI

(906) 635-1553

Approx 10 employees

Currently exporting to Canada, Mexico

Exports foam rubber gaskets

Export sales as % of sales: <25%.

**Haske Post Company**

Cedarville, MI

(906) 484-2603

Approx. 8 employees

Family-owned and operated since 1968

Currently exports to Canada

Exports cedarwood products; finished products for homes

Export sales as % of sales: 5-10%.

**Hoover Precision Products**

Sault Ste. Marie, MI

(906) 632-7310

Approx 42 employees, est. 1913 in Ann Arbor

Currently exports to Japan, England, Germany, Spain, Belgium, Netherlands, China, Poland, Hungary, others

Exports precision balls.

**JAS Veneer and Lumber**

1300 W. 12<sup>th</sup> St

Sault Ste. Marie, MI 49783

(906) 632-0710

Approximately 25 employees. Started in 1978.

Annual sales approximately \$4.5 million.

Provides hardwood veneer manufacturing services and produces approximately 30 million sq. ft. of veneer. Wood types include hickory, ash, maple, cherry, oak, and mahogany (answers.com, manta.com).

Exports to Far East customers in addition to US, and also imports various woods to offer exotic species.

**McDowell Hay, Inc**

8361 W. M48

Rudyard, MI 49780

(906) 478-3511

Approx. 3 employees, est. 1948

Currently exports to Bahamas, Greater Antilles, Haiti, Jamaica, Lesser Antilles, West Indies

Exports hay compress

Export sales as % of sales: 20%.

**Precision Edge Surgical Products**

Sault Ste. Marie, MI

(906) 632-4800

Approx. 100 employees, est. 1989

Currently exports to Ireland

Exports surgical equipment

Export sales as % of sales: <25%.

**R&B Electronics**

Sault Ste. Marie, MI

(906) 632-1542

Approx. 53 employees, est. 1985

Currently exporting to Canada, Europe, Great Britain, Middle East, Israel, Czech Republic

Exports boards, grounding straps, jumpers, grounding products, small engine parts

Export sales as % of sales: <25 % (about 20%).

**Superior Fabrication**

Kinross, MI

(906) 495-5634

Approx. 49 employees, est. 2004

Currently exporting to (many countries)

Exports forklift mast parts

Export sales as % of sales: <25%.

## **Northeast Michigan**

### **Besser Company**

801 Johnson St.

Alpena, MI 49707

(989) 354-4111

Approx. 1000 employees, est. 1904

Annual sales \$75,000,000

Currently exporting to Canada, China, India, Mexico, Panama, Russia, Spain

Exports machinery for producing concrete masonry products: blockmaking machines, mixers, product handling equipment, palletizing machines.

### **Carlisle Paddles, Inc**

4562 N. Down River Rd, PO Box 488

Grayling, MI 49738

(989) 348-9886

Approx. 20 employees, est. 1980

Annual sales \$2,500,000

Currently exporting to Canada, England, France, Germany, Italy, Japan, Mexico

Exports canoe paddles, kayak paddles, boat oars, raft oars, flatwater equipment

Export sales as % of sales: 6%.

### **Cheboygan Tap & Tool Co.**

100 Gerow St, PO Box 408

Cheboygan, MI 49721

(800) 633-3133

Approx. 40 employees, est. 1927

Annual sales: \$2,500,000

Currently exporting to Canada, India, Mexico, Taiwan, Venezuela

Exports special and off standard threading tools including taps, thread rolls, thread mill cutters, thread grooving tools, and gages

Export sales as % of sales: 5%.

### **Fiber Char Corporation**

3336 Piper Rd

Alpena, MI 49707

(989) 356-4533

Approx. 20 employees, est. 1978

Annual sales \$1,000,000

Currently exporting to Canada

Exports picture frame molding, flooring

Export sales as % of sales: 5%.



**Panel Processing**

120 North Industrial Highway, PO Box 457

Alpena, MI 49707

(800) 433-7142

Approx. 230 employees, est. 1971

Annual sales \$44,000,000

Currently exporting to Australia, Canada, China, Mexico, Uruguay

Exports pegboard, particle board, fiberboard components

Export sales as % of sales: 5%.

**W & S Development, Inc**

4957 Main Street, PO Box 297

Greenbush, MI 48738

(517) 724-5463

Approx. 15 employees, est. 1978

Annual sales \$1,000,000

Currently exporting to Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Mexico, Panama, Venezuela

Exports hydraulic cutterhead dredges

Export sales as % of sales: 95%.

## **Northwest Michigan**

### **A.D. Joslin Manufacturing Co.**

123 Arthur St, PO Box 227

Manistee, MI 49660

(231) 723-3581

Approx. 12 employees, est. 1926

Currently exporting to Australia, Belgium, Netherlands

Exports code marking and identification type and dies for food processing industry

Export sales as % of sales: 20%.

### **AAR Cadillac Manufacturing Div. of AAR Manufacturing, Inc**

201 Haynes St, PO Box 550

Cadillac, MI 49601

(231) 779-8800

Approx. 336 employees, est. 1962

Annual sales \$50,000,000

Currently interested in exporting to Argentina, Austria, Belgium, Bolivia, Brazil, Chile,

China, Colombia, Ecuador, France, Germany, Italy, Netherlands, Paraguay, Peru,

Portugal, Spain, Switzerland, United Kingdom, Venezuela

Exports cargo systems for military and commercial aircraft: lightweight, high strength composite panels, shelters, containers, platforms for rapid deployment, wood/shipping containers.

### **Alcotec Wire Co.**

2750 Aero Park Dr

Traverse City, MI 49686

(231) 941-4111

Approx. 100 employees, est. 1998

Currently exporting to (all countries)

Exports aluminum welding, brazing, metalizing wire, aluminum mechanical wires incl. rivet wire, zipper wire, nail wire, closure wire.

### **Bell's Fishery**

229 S Huron Ave

Mackinaw City, MI 49701

(231) 436-7821

Approximately 15 employees, started in 1972

Annual sales: \$3,000,000.00

Exports whitefish and chub caviar, fresh whitefish, trout, perch; smoked fish including whitefish, trout, chubs, salmon, fish sausage and pate.

Interested in exporting to all countries.

### **Big Jon Trolling Systems, Inc.**

3680 Cass. Rd

Traverse City, MI 49684

(800) 637-7590

Approx. 20 employees, est. 1997

Currently exporting to Australia, Canada, Finland, New Zealand, Sweden

Exports fishing tackle equipment for trolling, fresh, and saltwater; downriggers, rod holders, diving devices, planers, lures.

Export sales as % of sales: 15%

**Bohning Co., Ltd.**

7361 N. 7 Mile Rd

Lake City, MI 49651

(231) 229-4247

Approx 35 employees, est. 1946

Annual sales: \$4,000,000

Currently exporting to Australia, Austria, France, Germany, Italy, Netherlands, New Zealand, South Africa, Spain, Sweden, Switzerland, United Kingdom

Exports Evergreen Christmas tree colorant

Export sales as % of sales: 2%.

**Boride Products Div. of Kennametal EPG**

2879 Aero Park Drive

Traverse City, MI 49686

(231) 946-2100

Approx. 65 employees, est. 1967

Currently exporting to China, England, France, Germany, Italy, Japan, Republic of Korea

Exports tungsten carbide and ceramic consumable tools; sandblast nozzles and waterjets

Export sales as % of sales: 25%.

**Camtec, Inc**

343 Hughes Drive

Traverse City, MI 49686

(231) 947-6758

Approx. 40 employees, est. 1980

Annual sales \$4,000,000

Currently interested in exporting to all countries

Exports molds-plastic injection, compression, transfer, rim, diecast, prototype & production.

**Century Specialties**

2410 W. Aero Park Court

Traverse City, MI 49686

(231) 946-7500

Approx. 250 employees; est. 1969

Annual sales: \$18,000,000

Currently exporting to Australia, Japan, Republic of Korea, Singapore, Taiwan

Exports twin screw extruders and replacement parts for other OEM Twin screw extruders

Export sales as % of sales: 10%.

**Chateau Chantal**

15900 Rue De Vin

Traverse City, MI 49686-9379

(231) 223-4110

Approximately 15 employees, started in 1990

Annual sales: \$1,300,000.00

Currently exporting to Germany

Exports organic cherry and grape wine, sparkling wine and fruit juices

Export sales as % of sales: 1%.

**Chateau Grand Traverse, Ltd.**

12239 Center Rd

Traverse City, MI 49868

(231) 223-7355

Approximately 15 employees, started in 1974

Annual sales: %2,000,000.00

Currently exporting to Japan

Exports wines, mustards, vinegars, marinades

Export sales as % of sales: 2%.

**Cherry Central, Inc**

1771 S. US-31 S, P.O. Box 988

Traverse City, MI 49685

(231) 946-1860

Approximately 95 employees, started in 1973

Annual sales: \$120,000,000.00

Currently exporting to Austria, Belgium, Canada, China, France, Germany, Hungary, India, Japan, Netherlands, South Africa, Switzerland, United Kingdom

Exports frozen and canned tart cherries, sweet cherries, apple slices; frozen blueberries; dried tart cherries and blueberries.

Export sales as % of sales: 3%.

**Coding Products**

111 W. Park Drive

Kalkaska, MI 49646

(231) 258-5521

Approx. 90 employees, est. 1977

Annual sales \$21,000,000

Currently exporting to Argentina, Brazil, Bulgaria, Canada, Colombia, France, Germany, Indonesia, Italy, Kuwait, Malaysia, Mexico, Peru, Taiwan, Thailand, United Kingdom, Venezuela

Exports heat transfer inks; thermal transfer ribbons for most makes of printers and substrates

Export sales as % of sales: 20%.

**Cope Tool & Die, Inc**

920 Commerce Drive

Traverse City, MI 49684

(231) 943-8882

Approx. 15 employees, est. 1984

Annual sales: \$1,500,000

Currently exporting to Mexico

Exports precision grind inserts and mandrels of carbide for cold heading

Export sales as % of sales: 1%.

**DCL, Inc**

08660 Ance Rd, PO Box 125

Charlevoix, MI 49720

(231) 547-5600

62 employees, est. 1981

Annual sales: \$8,000,000.00

Currently exporting to Canada, Chile, China, India, Mexico, Venezuela

Exports loading spouts, dust free loading of dry materials into trucks, railcars, ships; I.B.C. filling equipment, bulk bag filling; slide gates & diverter valves, flow control of bulk materials

Export sales as % of sales: 18%.

**Eastwood Custom Homes, Inc**

213 S. Airport Rd. West

Traverse City, MI 49686

(231) 941-5046

Approx. 50 employees, est. 1978

Annual sales \$8,000,000

Currently interested in exporting to Czechoslovakia, France, Germany, Greenland, Italy, Japan, Mexico, Portugal, South Africa, Spain, United Kingdom

Exports wood framed-custom built houses.

**Edge Lifesciences**

13606 S. West Bayshore Drive

Traverse City, MI 49685

(800) 873-6070

Approx. 5 employees, est. 1995

Annual sales \$300,000

Currently exporting to Australia, Canada, New Zealand, Switzerland, United Kingdom

Exports ceramic sharpening stones used for dental instruments

Export sales as % of sales: 10%.

**For Play Sports Products, Inc**

7591 North US 131

Manton, MI 49663

(231) 824-9241

Approx. 2 employees, est. 1990

Currently interested in exporting to Canada, Mexico

Exports pontoon boats; small gas or electric outboard motor.

**Great Lakes Carbon Treatment, Inc**

3300 U.S. 131 N. Highway, PO Box 968

Kalkaska, MI 49646

(231) 258-8014

Approx. 22 employees, est. 1989

Annual sales \$2,300,000

Currently interested in exporting to Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Mexico, Paraguay, Peru, Suriname, Uruguay, Venezuela.

**GTP Industries**

2883 Aero Park Drive

Traverse City, MI 49686

(231) 922-4886

Approx. 75 employees, est. 1974

Annual sales \$3,100,000

Currently interested in exporting to Canada

Exports assembly and packaging materials.

**Hayes Manufacturing, Inc**

6875 U.S. 131, PO Box 220

Fife Lake, MI 49633

(231) 879-3372

Approx. 20 employees, est. 1966

Annual sales \$2,500,000

Currently exporting to Canada, United Kingdom

Exports power transmission equipment

Export sales as % of sales: 15%.

**Industrial Magnetics, Inc**

1240 S. M-75 Hwy

Boyne City, MI 49712

(231) 582-3100

70 employees, est. 1961

Annual sales: \$10,000,000

Currently exporting to Canada, Chile, France, India, Malaysia, Mexico, New Zealand, United Kingdom

Exports magnetic assemblies; magnetic separation equipment and conveying assemblies for the food processing and feed industries

Export sales as % of sales: 10%.

**JanTec, Inc**

1777 Northern Star Dr

Traverse City, MI 49686

(231) 941-4339

30 employees, est. 1979

Annual sales: \$5,000,000

Currently exporting to Canada, Mexico, Republic of Korea, Taiwan

Exports powered belt turn conveyors, spiral belt conveyors, angle merge conveyors, merge conveyor straight conveyors, spiral gravity chutes, plastic belt conveyors  
Export sales as % of sales: 5%.

**Keegan Hay Co, LLC**

3516 Emmett Rd  
Emmett, MI 48022  
(810) 384-6620  
7 employees, est. 1966  
Annual sales: \$2,000,000  
Currently exporting to Ireland, United Arab Emirates, United Kingdom  
Exports compressed hay and straw for race horse trade  
Export sales as % of sales: 10%.

**Lead Screws International, Inc**

2101 Precision Drive  
Traverse City, MI 49686  
(231) 947-4124  
Approx. 25 employees, est. 1985  
Annual sales \$3,000,000  
Currently exporting to Canada, Mexico  
Exports precision ground ball screws.

**Leelanau Fruit Company**

2900 S. West Bay Shore Drive  
Suttons Bay, MI 49682  
(231) 271-3514  
Approximately 50 employees, est. 1967  
Annual sales: \$3,000,000  
Currently exporting to Canada, Greece  
Exports frozen fruit, brined cherries  
Export sales as % of sales: 10%.

**Midwest International Standard Products, Inc**

105 Stover Rd, PO Box 438  
Charlevoix, MI 49720  
(231) 547-4000  
Approx. 18 employees, est. 1974  
Currently exporting to Australia, Belgium, Canada, Chile, India, Israel, Jordan, Nicaragua, United Kingdom, Venezuela  
Exports dry bulk handling equipment  
Export sales as % of sales: 40%.

**Michigan Rubber Products, Inc**

1200 Eighth Avenue  
Cadillac, MI 49601

(231) 775-1316

Approx. 400 employees, est. 1972

Annual sales \$40,000,000

Currently exporting to Argentina, Austria, Belgium, Brazil, Canada, France, Germany, Mexico, Poland, Puerto Rico, United Kingdom, Venezuela

Exports rubber products: bumpers, grommets, isolators, bushings, tubes, seals, ducts.

### **Normic Industries, Inc**

1733 Park Drive

Traverse City, MI 49686

(231) 947-8860

Approx. 30 employees, est. 1969

Annual sales: \$3,000,000

Currently exporting to Canada, Mexico, Thailand

Exports name plates, decorative trim

Export sales as % of sales: 5%.

### **Petoskey Plastics**

4226 U.S. Highway 31 South

Petoskey, MI 49770

(231) 347-2602

Approx. 170 employees, est. 1970

Annual sales \$38,000,000

Currently exporting to Germany, Sweden, United Kingdom

Exports custom blown film products: patented disposable seat covers for automobiles, can produce multilayer film structures

Exports sales as % of sales: 14%.

### **RJG, Inc**

3111 Park Drive

Traverse City, MI 49686

(231) 947-3111

Approx. 50 employees, est. 1989

Currently interested in exporting to all countries

Exports hydraulic and mold pressure transducers; process monitoring and control equipment for the plastics industry

Export sales as % of sales: 4%.

### **Stagg Machine Products**

11711 W. Cadillac Rd

Cadillac, MI, 49601

(231) 775-2355

### **Textron Power Transmissions**

240 East 12<sup>th</sup> Street, PO Box 272

Traverse City, MI



(231) 946-8410

Approx. 257 employees, est. 1936

Currently exporting to (all countries)

Exports double enveloping worm gearing and speed reducers for various industries.

**Thomas & Milliken Millwork, Inc**

931 Mill St, PO Box 265

Northport, MI 49670

(231) 386-7236

Approx 18 employees, est. 1977

Annual sales \$25,000,000

Currently interested in exporting to all countries

Exports cabinetry, flooring, trim, laminate, stairs.

**Tool Kraft**

2628 Garfield Rd, Unit 36

Traverse City, MI 49686

(231) 947-8167

**Town Country Cedar Homes**

4772 US-131 South

Petoskey, MI 49770

(231) 347-4360

Approx. 100 employees, est. 1947

Annual sales \$25,000,000

Currently exporting to Canada, Japan, Thailand

Exports design and fabrication of log and timber homes

Export sales as % of sales: 15%.

**Trantek Automation Corporation**

2470 North Aero Park Court

Traverse City, MI 49686

(231) 946-6270

Approx. 20 employees, est. 1986

Annual sales \$4,000,000

Currently exporting to Canada

Exports linear screw drivers, transfer shuttles, load/unload overhead gantries, vertical lifters, control systems

Export sales as % of sales: 1%.

**Triple D. Orchards, Inc**

8310 Stormer Rd, PO Box 507

Empire, MI 49630

(231) 326-5174

Approx. 75 employees, est. 1973

Currently exporting to Australia, Germany

Exports red tart pitted cherries, maraschino cherries.

**World Magnetics**

810 Hastings St

Traverse City, MI 49686

(231) 946-3800

Est. 1959

Currently exporting to (all countries)

Exports magnetic heads, pressure sensors and switches, vacuum switches

Export sales as % of sales: 30%.

## **5. Highlights of the Exporting 101 Workshop**

To foster greater awareness of small business exporting opportunities, the MSU Center for Community and Economic Development sponsored a workshop, "Think Global: Exporting 101," for economic development leaders and small businesses Monday, May 24, 2010 in Gaylord, Michigan. Workshop panelists included J. D. Snyder, MSU Project Director; Richard Corson, Director of the U.S. Exporting Assistance Center (Pontiac); Bruce Brogan, Vice President of International Trade Finance at Fifth-Third Bank (Southfield); John O'Gara, Regional Manager of the U.S. Small Business Administration (SBA); Larry Boog, Business and Accounting Manager at Pine River Inc.; and Bruce Strapp, CEO of the Sault Ste, Marie, Ontario EDC.

J. D. Snyder briefly described the major findings of the project's survey of 19 Eastern Upper Peninsula manufacturing companies to identify exporting companies and companies interested in exporting. He pointed out that the Exporting 101 workshop was held, in part, to respond to companies that had indicated an interest in exporting in the 2009 EUP manufacturing company survey.

Richard Corson described U.S. Commercial Service resources available to small and medium-sized businesses. The mission of this agency is to promote the export of goods and services by helping U.S. businesses find qualified international partners and buyers. Its services include customized market and industry briefings with local trade specialists; marketing materials and background research on foreign companies; assistance with travel and interpreter services; and many others. Online resources cited in Mr. Corson's presentation are described in this White Paper.

Bruce Brogan discussed how to reduce the financial risk of international sales, particularly the use of Letters of Credit (L/Cs). Companies can use L/Cs to facilitate fair transactions when their business relationships are new or their buyers are located in an unstable country, among other uses. He also briefed workshop attendees on credit insurance, which also mitigates political and commercial risks.

John O'Gara described SBA export loan programs and the export credit insurance available from the U.S. Export-Import Bank. The SBA Export Working Capital Program provides advance rates on purchase orders and supports exporters' pre- and post-shipment working capital needs. SBA Export Express supports activities like marketing and trade shows; facilities or equipment to produce goods and services; and transaction-specific financing.

Larry Boog of Pine River, Inc. detailed his experiences in taking his company into exporting markets. Charlevoix-based Pine River Inc manufactures log siding and had no staff with prior experience in

exporting. He assured the workshop audience that while exporting may be daunting, it is completely achievable by the smallest of companies. His presentation served as a catalyst for conversations among company representatives attending the workshop, suggesting opportunities for future collaboration.

Bruce Strapp presented trade statistics from the Canadian side of the international border. Northern Ontario has approximately 26,000 businesses and its leading exported products include mining and primary metals, wood products and paper, and machinery. Assets and opportunities include alternative energy (wind, solar, hydro, and others); value-added steel and forestry; manufacturing (advanced, aviation, and fabrication); science and technology (GIS, invasive species/Great Lakes research); back office support; and education (Algoma University and Sault College).

See the Appendix for the panelists' complete presentations.



**Appendix 1:  
Exporting 101 Workshop Agenda  
and Presentation Materials**

- A. Exporting 101 Workshop Agenda**
- B. MSU Center for Community and Economic Development Presentation**
- C. U.S. Commercial Service, Export Assistance Center Presentation**
- D. U.S. Small Business Administration Presentation**
- E. Fifth Third Bank Presentation**
- F. Sault Ste. Marie, Ontario Economic Development Corporation Presentation**



## **A. Agenda**

### **Exporting 101 Workshop**

University Center  
80 Livingston Blvd.  
Gaylord, MI 49735

**Monday, May 24, 2010**  
**1:00-4:30 pm**

- (1:00) I. Welcome/Introductions
- (1:05) II. Overview of MSU EDA Northern Michigan Knowledge Economy Strategies Project and Exporting Survey: JD Snyder, Project Director
- (1:20) III. Why Exporting is Important-U.S. Commercial Service Products and Services: Richard Corson, U.S. Export Assistance Center
- (2:00) IV. Export Financing and SBA Loan Programs: John O’Gara, SBA
- (2:35) V. Break
- (2:50) VI. Export Finance Solutions to Reduce the Financial Risk of International Sales: Bruce Brogan, Fifth Third Bank
  - a. Negotiation with foreign buyers
  - b. Risk mitigation tools
  - c. Extending deferred payment terms to overseas customers
- (3:20) VIII. My Experience in Exporting: Larry Boog, Pine River Inc
- (3:45) VII. Trade and Investment from Sault Ste. Marie and Ontario Perspectives: Bruce Strapp, CEO, Sault Ontario EDC
- (4:20) IX. Wrap-up, Richard Corson & JD Snyder

## B. MSU Center for Community and Economic Development Presentation

MICHIGAN STATE UNIVERSITY University Outreach and Engagement

### Think Global: Exporting 101 Workshop

University Center  
Gaylord, MI  
May 24, 2010

Michigan State University  
Center for Community and Economic Development

### Partner Regions

### Stubborn Unemployment Rates

#### 2009 Unemployment Rates

- EUP (Chippewa, Mackinac, Luce counties): 13.4% (up 3.1% from 2008)
- NEMCOG (Alcona, Alpena, Cheboygan, Crawford, Montmorency, Oscoda, Otsego, Presque Isle): 17% (up 5.8% from 2008)
- NWMCOG (Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee, Wexford): 13.9% (up 4.9% from 2008)

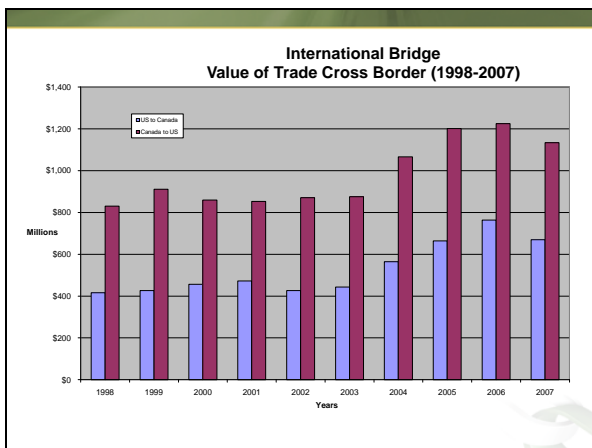
#### March 2010 Snapshot (Northern Initiatives)

- EUP: Chippewa 16.6%; Luce 16.3%; Mackinac 30.7%
- NEMCOG: Alcona 23.8%; Alpena 16.5%; Cheboygan 22.9%; Crawford 15.8%; Mont 26.4%; Oscoda 26%; Otsego 17.8%; PI 26%
- NWMCOG: Antrim 19.5%; Benzie 18.9%; Charlevoix 18.9%; Emmet 20%; Grand Traverse 15.3%; Kalkaska 17.8%; Leelanau 13.7%; Manistee 16%; Missaukee 20%; Wexford 19.3%.

### Importance of Exporting

- By going beyond domestic markets, companies can increase their production, sales, and jobs.
- Exporting companies have higher productivity, so they're more competitive and prosperous.
- But only 4% of U.S. companies export
- U.S. exports make up about 10% of GDP
  - In Europe and China, it's 40%
  - In Canada, it's 36%.
  - In Japan, it's 16%.
- President set goal to double exports by 2015.

Howard F. Rosen, Visiting Fellow, Testimony to Senate Finance Subcommittee on International Trade, Peterson Institute for International Economics, December 9, 2009.



### Value of Trade by Truck US to Canada, 2005-2009

Location	Bridge	2005	2006	2007	2008	2009
Sault Ste. Marie, MI & ON	International Bridge	\$664	\$764	\$670	\$787	\$597
Port Huron, MI/Sarnia, ON	Blue Water Bridge	\$18,122	\$18,636	\$22,759	\$26,256	\$21,919
Detroit, MI/Windsor, ON	Ambassador Bridge	\$60,552	\$64,138	\$63,832	\$57,450	\$42,431

Values in millions of \$US  
Provided by the International Bridge Authority/U.S. DOT Research and Innovative Technology Administration (2010)



## 2009 EUP Exporting Survey

### Background

- 10,000 Michigan companies export \$45 billion of goods (2007).
- Top MI export market is Canada, over \$25 billion.
- Second largest is Mexico, over \$5 billion.
- Need to increase SME exporting.

## 2009 EUP Exporting Survey

### Methods

- Obtained 2006 data from Michigan Economic Development Corporation (MEDC); too old and incomplete.
- EUPRPDC provided list of 19 manufacturing companies in Sault Ste. Marie and Chippewa and Luce Counties.
- Project team designed simple survey questionnaire (7 questions).
- 17 of 19 companies participated in survey.

## 2009 EUP Exporting Survey

### Findings

- 9 of 19 mfg. companies currently export products.
- 5 companies interested in exporting.
- 3 companies were uncertain.
- 2 companies not interested in exporting.
- Avg. co. size: 36.6 employees
  - 3>100; 4<10; 10 between 11-99
- Surveyed companies included:
  - Surgical/medical equipment (2 companies)
  - Wood products (4 companies); 1 mining co.

## 2009 EUP Exporting Survey

### Results

- Co-sponsoring Exporting 101 workshop today with the U.S. Export Assistance Center.
  - Support new exporting.
- EUP collaborative strategic initiatives with Sault Ste. Marie, Ontario EDC.
  - CCED and EUPRPDC submitted a pre-proposal to USDA to develop a transportation/logistics strategy in a collaboration with Sault Ste. Marie, Ontario EDC.

## Panelists

- Richard Corson, U.S. Export Assistance Center
- John O'Gara, U.S. Small Business Administration
- Bruce Brogan, Fifth-Third Bank
- Bruce Strapp, Sault Ontario EDC
- Larry Boog, Pine River Inc.

## C. U.S. Commercial Service, Export Assistance Center Presentation



### U.S. Commercial Service

**Basics of Exporting Seminar**  
**Gaylord, MI**  
**May 24, 2010**



### U.S. Commercial Service

The U.S. Commercial Service is part of the U.S. Department of Commerce, an agency of the United States government.

**Our mission:**

- To promote the export of goods & services from the United States, particularly by small- and medium-sized businesses
- To represent U.S. business interests internationally
- To help U.S. businesses find qualified international partners



### Why Export?

- **Exports mean jobs.** About one of every five factory jobs in America—depends on exports.
- **Exports mean new customers.** More than 95 percent of the world's consumers live outside of the United States.
- U.S. exports account for a quarter of our economic growth and about 12 million U.S. jobs depend upon exports.



### Michigan Top 10 Export Countries - 2006



• Canada	23,794,065,000
• Mexico	4,685,431,000
• Germany	1,179,027,000
• Japan	1,104,506,000
• China	1,015,969,000
• U.K.	688,330,000
• Venezuela	634,659,000
• Austria	623,562,000
• France	577,457,000
• South Korea	550,684,000

**Total Worldwide = \$40,405,378,000**

Provided by the Office of Trade and Industry Information, Manufacturing and Services, International Trade Administration, U.S. Department of Commerce



### Our Network & What it Can Do for You

- Trade specialists in over 100 U.S. cities and 83 countries worldwide...



**We can...**

- Locate international buyers, distributors & agents
- Provide expert help at every stage of the export process
- Help you to enter new markets faster and more profitably



### We Help You With Every Step

- (1) Determine Export Readiness
- (2) Screen Potential Markets
- (3) Assess Targeted Markets
- (4) Obtain Advice from Experts
- (5) Draw Conclusions



## Getting Started

- Ask Tough Questions – Market Research
  - Perform market research to identify what you do and do not know
- Do Your Homework
  - Create focus groups of your end-users, customers
  - Network with industry trade associations
  - Attend trade education events or webinars
- Use Resources
  - U.S. Commercial Service
  - Michigan District Export Council – East/West



## Products & Services

- Trade Counseling & Advocacy
- Market Research
- Gold Key Service
- International Partner Search
- International Company Profile
- Commercial News USA
- Single Company Promotions
- Trade Shows & Missions



## Trade Counseling & Advocacy

Our trade specialists in the U.S. work directly with our team of experts overseas in getting you all the information and advice that you need.

We can help you:

- Determine the best markets for your products & services
- Evaluate international competitors
- Identify and comply with legal and regulatory issues
- Settle disputes
- Learn about cultural issues and business protocol



## Market Research

- Country Commercial Guides (CCGs)
- Industry Sector Analyses (ISAs)
- International Market Insight (IMIs)
- Research on Foreign Markets Identifies:
  - Opportunities and Constraints Abroad
  - Potential Buyers and Customers
- U.S. Government provides:
  - Free of Charge Information for Businesses Attempting to Export Products

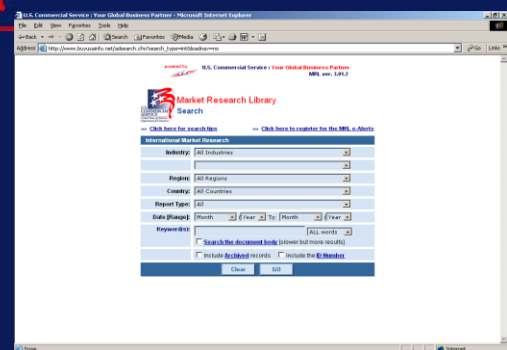


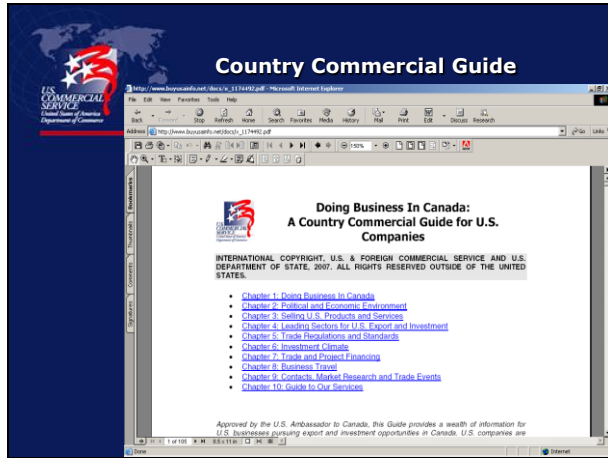
## Market Research Library

- Country Commercial Guides
- Industry Overviews
- Market Updates
- Multilateral Development Bank Reports
- Best Markets
- Industry/Regional Reports



## Market Research Library





## Gold Key Service

- Pre-screened appointment schedule arranged for you before you travel overseas
- Customized market and industry briefings with our local trade specialists
- Timely and relevant market research
- Post-meeting debriefing with our trade specialists and assistance in developing appropriate follow-up strategies
- Help with travel, accommodations, interpreter service, and clerical support



## International Partner Search

1. You provide your marketing materials and background on your company.
2. Then we use our network of international contacts to interview potential partners and provide you with a list of up to five pre-qualified partners.

- Save valuable time and money by working only with pre-qualified international partners that are interested in selling your products and services.
- Obtain high-quality market information on the marketability and sales potential for your products and services.
- Get all this information in 15 days.

## International Company Profile

- A customized International Company Profile (ICP) on your potential business partners.
- Researched and prepared by our international trade specialists and commercial officers
- ICPs enable U.S. small and medium-sized businesses to more effectively evaluate overseas companies.
- You'll get detailed answers to your questions about the specific overseas companies in which you are interested — competitors, credit rating, profit and loss numbers, key officers, and our opinion on the overall viability of the firm in its market.

## Single Company Promotions

The Single Company Promotion service offers support and event facilities which will allow you to engage your target audience through:

- Product launches
- Sales seminars
- Staff training
- Networking receptions

❖ Facilities available include exhibition halls, auditoriums, meeting rooms, hotels and even the residences of some US Ambassadors.





## Commercial News USA

- Monthly trade magazine that lists U.S. products and services
- Distributed free to more than 400,000 buyers from around world
- A proven track record of high-response rates and sales results
- Why not advertise and increase your international sales..?

Check out [www.cnewsusa.com](http://www.cnewsusa.com) for more information.



## Trade Missions & Trade Fairs

- U.S. Department of Commerce Business Development Mission's searchable trade events on our website  
[http://www.export.gov/eac/trade\\_events.asp](http://www.export.gov/eac/trade_events.asp)
  - International Buyer Program  
Bringing buyers to U.S. Trade Shows
  - U.S. Commercial Service's Trade Fair Certification  
a cooperative arrangement between private sector trade show organizers and the U.S. government to increase U.S. exports
- Locally:
- World Trade Center, Wayne County Economic Development & Automation Alley
  - Various Chambers of Commerce & Educational Institutions



## Resources



## U.S. Export Assistance Centers In Michigan

- Detroit 313-226-3650
- Grand Rapids 616-458-3564
- Pontiac 248-975-9600
- Ypsilanti 734-487-0259

<http://www.buyusa.gov/greatlakes/offices.html>



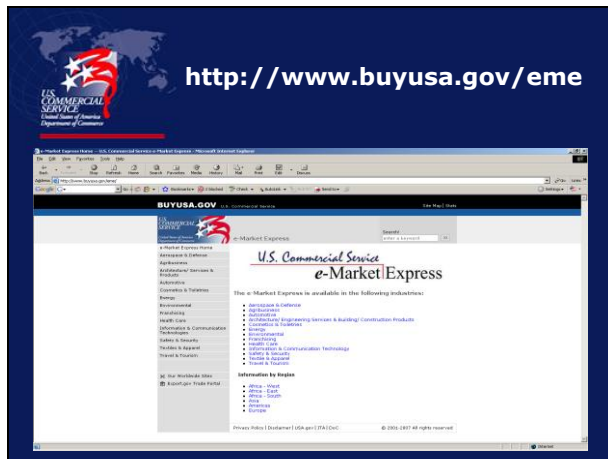
## Export Trade Finance

- U.S. Small Business Administration
  - John O’Gara, Export Trade Finance Officer
  - Working capital loans
  - Guarantees
- U.S. Export-Import Bank
  - Jan Blaho, Trade Finance Officer
  - Insurance
  - Guarantees



## East Michigan District Export Council (MDEC)

- Michigan businesspersons helping Michigan business to export.
- An organization of leaders from the local business community whose knowledge of international business provides a source of professional advice for local firms
- Combines the energies of 30 volunteers to supply specialized expertise to small and medium-sized businesses in their local community who are interested in exporting



## Websites for International Business

- > **Schedule B (HS)** – <http://www.census.gov/foreign-trade/schedules/b/>
- > **Market Research** <http://www.export.gov>
- > **Trade Data** <http://www.dataweb.usitc.gov>
- > **Tariff and Tax Information** <http://www.ita.doc.gov/td/tic/tariff/index.html>

## Websites for International Business

- > **Trade Information Center** <http://www.trade.gov/td/tic>
- > **License** – Bureau of Industry & Security <http://www.bis.doc.gov>
- > **Sanctions** - Foreign Assets Control – Country Restrictions <http://www.treasury.gov>
- > **Defense** – Office of Defense Trade Control <http://www.pmdtc.org>

## Websites for International Business

- > **CIA World Fact Book** <http://www.cia.gov/cia/publications/factbook/index.html>.
- > **U.S. Customs** <http://www.customs.gov>
- > **Agriculture** – U.S. Department of Agriculture's Foreign Ag Service <http://fas.usda.gov>
- > **State Department** [http://travel.state.gov/travel\\_warning.html](http://travel.state.gov/travel_warning.html)
- > **And when all else fails** <http://google.com>

  
**Richard Corson**  
**Director**  
**Pontiac U.S. Export Assistance Center**  
**248.975.9604**  
**richard.corson@trade.gov**

## D. U.S. Small Business Administration Presentation

**“THINK GLOBAL  
Exporting 101”**



MSU Center For Community and Economic Development  
Gaylord, MI  
May 24, 2010

U.S. Small Business Administration

Slow Payment/Default	Financing Risk	Commercial Risk
Bankruptcy		
Contract Repudiation	Contract Risk	
Contract Dispute		
Abusive Bond Draw		
Foreign Exchange Control Legislation	Political Risk	Country Risk
Discharge of Debt Legislation		
Government Repudiation of Debt		
Payment Moratorium		
Insurrection/Overthrow/Domestic Turmoil		
Non-Payment Due To War		
Non-Payment Due To Natural Disaster		
Currency Inconvertibility	Transfer/Economic Risk	
Currency Fluctuation/Devaluation	FX Risk	
Discrepant/Improper Documentation	Documentation Risk	

### Choosing Credit Payment Terms Considerations:

- Competition
- Industry practice
- Country practice
- Custom-made vs. off-the-shelf products
- Freight costs
- Profit margin
- Amount and frequency of shipments (high credit)
- Cash flow

### Methods of Payment

- Cash in Advance
- Letter of Credit
  - Irrevocable vs. Revocable
  - Sight vs. Time
- Documentary Collections
  - Cash Against Documents
  - Documents Against Acceptance
- Open Account

### Benefits of Export Credit Insurance

- Risk Mitigation
  - Commercial
  - Political
- Market Penetration
  - Increases competitiveness of exporter
- Access to Financing
  - Increases borrowing base

### Eximbank Who We Are — What We Do

- Ex-Im Bank is an independent agency of the United States
  - Established in 1934
  - Headquartered in Washington, DC
  - 7 sales offices
  - Approximately 385 employees
- Mission: Support U.S. exports in order to create and sustain U.S. jobs

Export-Import Bank of the United States

## Export Credit Insurance

- Enables US exporters to offer short- and medium-term credit directly to their customers.
- Export credit is attractive substitute to cash-in-advance, letters of credit and costly local bank financing.
- Using Ex-Im Bank to insure letters of credit instead of paying bank confirmation charges usually more cost effective.
- Supports repayment terms up to 180 days beginning from date of importation of goods; capital goods terms of 360 days to 7 years.
- Only invoice of sale needed for short-term credit; Ex-Im Bank provides a promissory note to document medium-term credits.
- Insurance lowers reserve requirements for commercial banks.

Export-Import Bank of the United States

## Our Short-Term Insurance

- Allows exporter to offer short-term credit directly to international buyers
- Provides policies that protect the U.S. exporter against foreign buyer default
  - Commercial Risks
  - Political Risks
- Insured receivables can be financed through assignment of policy to lender

Export-Import Bank of the United States

## Short-Term Insurance Buyer Credit Standards

- **Up to \$50,000** - Favorable Credit Agency Report or Favorable Trade Reference
- **\$50,000-\$100,000** - Favorable Credit Agency Report and Trade Reference (plus 2 years financials for Chinese Buyers)
- **\$100,001 - \$300,000** - Favorable Credit Agency Report and 2 Trade References
- **\$300,001 - \$1 million** - Favorable Credit Agency Report and 2 Trade References and 2 years Buyer's audited or signed unaudited financial statements with notes
- **Over \$1 million** - Favorable Credit Agency Report and 2 Trade References and a Bank reference and 3 years Buyer's audited or signed unaudited financial statements with notes

Export-Import Bank of the United States

## What is the Export Working Capital Program

- A credit enhancement tool for the Lender:
  - 90% guaranty
  - \$ 2,000,000 maximum loan amount
- Supports pre-shipment/post shipment working capital needs of the exporter
- Provides generous advance rates on purchase orders
- May be set up as a revolving facility or support single transactions

U.S. Small Business Administration

## Export Working Capital Program Benefits to Exporter

- Growth
  - Capitalize on overseas opportunities (U.S. products are "on sale" worldwide)
  - Exports support growth and survival
- Accommodate Long Payment Cycles
  - Provides financing for payment of suppliers, and production costs (WIP)
- Increase Competitiveness
  - Allows exporter to extend liberal credit terms to buyers
  - Counter high capital costs for importers in under-developed markets

U.S. Small Business Administration

## Eligibility

- Company meets SBA size standards
- Product is titled and shipped from U.S
- In business 12 months or proven expertise
- Must be U.S. Citizen or Legal Permanent Resident

U.S. Small Business Administration



## Use of Proceeds

- Pay for the manufacturing costs of goods for export
- To purchase goods or services for export
- Finance foreign accounts receivable
- To support Standby Letters of Credit (performance bonds)

U.S. Small Business Administration

## Use of Proceeds

### Indirect Exports

- Applicants who produce products or services that enter into the export channel but do not directly export their products are eligible
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers who are in turn exporting the product

U.S. Small Business Administration

## Advance Rates

- Determined on a case-by-case basis
- Up to 90% on purchase orders
- Up to 85% on receivables\*
- Up to 90% on Letter[s] of Credit
- In all cases not to exceed exporter's costs

\* May require foreign credit insurance

U.S. Small Business Administration

## Collateral & Other Credit Enhancements

- Export - related inventory
- Export - related accounts receivable
- Personal guarantees ( $\geq 20\%$  ownership)
- 25% cash collateral on a standby L/C
- Assignment of Contract and LC proceeds

U.S. Small Business Administration

## What Do We Look for?

- Exporter's ability to perform
- Creditworthiness of exporter
- Creditworthiness of foreign buyer
- Purchase Order, L/C or signed contract
- Country risk
- Terms of sale (INCOTerms) and payment method
- Deal structure

U.S. Small Business Administration

## Logistics & Export Documentation



## Common Shipping Terms . . . “KIG”



## SBA Export Express

### Key Features

- This is a subprogram of SBA *Express*.
- Applicant/Lenders use same forms and procedures as regular SBA *Express* Loans.
- Maximum loan amount \$250,000.

U.S. Small Business Administration

## SBA Export Express

### Guarantee Amount

- For loans up to \$250,000 guarantee is 90% (Guaranty increased under Recovery Act)

U.S. Small Business Administration

## SBA Export Express

### Use of Proceeds

- Export development activities such as marketing and trade shows.
- Transaction specific financing such as production cost of labor, materials and overhead.
- Revolving lines of credit for export purposes.
- Facilities or equipment to be used in the U.S. to produce goods or services for export.

U.S. Small Business Administration

## SBA Export Express

### Eligibility

- Business must have been in operation for 12 months.
- Loan proceeds must support export activity of the applicant.

U.S. Small Business Administration

## Trade Finance Success

- **Firm:** Metal Plating, Inc.
- **Product:** Anodizing and phosphating lines
- **Situation:** 2 Contract(s) for \$3MM with Egypt. Down payment of 30% for both (\$900M) requiring Standby L/C's.
- **Solution:** An \$1MM EWCP to support issuance of Standby L/C's.

U.S. Small Business Administration

## Trade Finance Success

- **Firm:** Up, Up & Away, Inc.
- **Product:** Meteorological instrumentation for weather data collection/analysis.
- **Situation:** Order from India \$1.8M. Currently involved in retrofitting 100 locations for US Gov't (USWS). Payment for Indian order by ILC drawn on State Bank of India.
- **Need:** Pre-shipment working capital to manufacture tracking equipment and instruments.
- **Solution:** A \$700K EWCP to support pre-shipment working capital needs.

U.S. Small Business Administration

## Trade Finance Success

- **Firm:** Thumb Tool & Die
- **Product:** Plastics processing machinery and strand pelletizing equipment.
- **Situation:** Order from China \$3.7M.
- **Need:** Pre-shipment working capital to support standby L/C and manufacture of equipment.
- **Solution: 2 loans:**
  - A \$500K EWCP to support Standby L/C- 18 months
  - A \$1.5M EWCP Co-Guaranteed by Eximbank- 1 year

U.S. Small Business Administration

## Trade Finance Success

- **Firm:** Chippers Manufacturing
- **Product:** Portable industrial wood chippers
- **Situation:** Orders ~ \$4MM from Russia, Thailand, Australia
- **Need:** Pre-shipment working capital to manufacture equipment for export
- **Solution:** A \$2MM EWCP, co-guaranteed with Eximbank to support pre-shipment working capital needs.

U.S. Small Business Administration

## Eximbank & SBA Compared

- | <u>Eximbank</u>  | <u>SBA</u>  |
|--|---|
| ■ Credit Insurance often Required  | ■ Flexible on Credit Insurance  |
| ■ 1 1/2% flat fee on line amount at closing (1% if good financial condition) | ■ 1/4% flat fee on guaranteed amount <ul style="list-style-type: none"><li>- 55 bp fee on usage, paid monthly by Lender</li></ul> |
| ■ Asset based lending  | ■ More geared to Purchase Order financing   |

U.S. Small Business Administration

## Eximbank & SBA Compared

- | <u>Eximbank</u>  | <u>SBA</u>                                |
|--|---|
| ■ No dollar limit on Guarantee                         | ■ \$1.5MM maximum Guarantee               |
| ■ U.S. content rules                                   | ■ No U.S. content rule                    |
| ■ No military goods                                    | ■ Military goods O.K.                     |
| ■ Strict Interpretation of Country Limitation Schedule | ■ Flexible on Country Limitation Schedule |

U.S. Small Business Administration

## For More Information

### Contact:

United States Export Assistance Center  
John R. O'Gara  
Regional Manager  
Export Solutions Group  
U.S. Small Business Administration  
8109 E. Jefferson Ave., Suite 110  
Detroit, MI 48214  
313-226-3670  
john.o'gara@mail.doc.gov

U.S. Small Business Administration

## E. Fifth-Third Bank Presentation

FIFTH THIRD BANK

### Export Finance Solutions

Reducing the Financial Risk of International Sales

May 2010

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FIFTH THIRD BANK

### What 1<sup>st</sup> Time Exporters Need to Know

- Who is your buyer?
- How did you "meet"?
- How are you communicating? (method / language)
- What is your buyer asking you to do?
- How does he/she propose to pay?
- How do you propose to deliver?

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### Comparing Methods of Payment

↓ Exporter's uncertainty increases

Cash in Advance  
[with counter guaranty]

Letter of Credit  
Advised // Confirmed

Documentary Collections

Open Account

↑ Importer's uncertainty increases

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### Identifying Risks in Cross-Border Sales

*What might go wrong?*

- Commercial risks
- Political risks
- Transfer/economic risks
- Foreign exchange rate fluctuation risks

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FIFTH THIRD BANK

### Identifying Risks in Cross-Border Sales

Slow payment/default	Financing risk	Commercial risk
Bankruptcy	Contract risk	
Contract repudiation		
Contract dispute	Political risk	Country risk
Abusive bond drawing		
Foreign exchange control legislation		
Discharge of debt legislation		
Government repudiation of debt		
Payment moratorium		
Insurrection/overthrow/domestic turmoil		
Non-payment due to war		
Non-payment due to natural disasters		
Currency inconvertibility		
Currency fluctuation/devaluation	FX risk	

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FIFTH THIRD BANK

### Letter of Credit: Terminology

The Letter of Credit (L/C) is a well-established financial instrument, used in international trade for many years, offering security to both buyer and seller.

**Commercial L/Cs** are governed by Int'l Chamber of Commerce rules (UCP 600, latest revision) **Standby L/Cs** are different, and will be discussed later.

**"Import L/C":** The buyer is the importer. The Issuing Bank issues the LC on behalf of the buyer (extending credit to buyer) and promises to pay on the presentation of documents/drafts, if they comply with L/C terms.

**"Export L/C":** The seller is exporting and is named the "Beneficiary" of the L/C issued. The **Advising Bank** represents the interests of the buyer, advises the L/C to the buyer, without any financial obligation.

The **Confirming Bank** is adding its "promise to pay" to that of the issuing bank, reducing the credit risk associated with the issuing bank.

*Commercial L/Cs are based on the presentation of documents*

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**FIFTH THIRD BANK**

## When to Use Letters of Credit

To mitigate risk – credit risk, economic risk, political risk

- New or less-established trade relationships (potential credit/performance risk)
- Buyer is in an unstable country – (economic / political risk) *today's credit environment is a concern for many international transactions.*

To facilitate a “fair transaction” - risk is reduced for both seller and buyer

- Seller knows he/she will get paid, provided he delivers the order
- Buyer knows he/she will get the goods, per the order, or he does not pay

In some countries, buyer can only get FX (US\$), if he has L/C to document purchase

Facilitates payment – upon or after shipment (payment terms)

Strict rules apply (to protect all parties)

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## Characteristics of a Letter of Credit

A Letter of Credit (L/C) is an “irrevocable” contractual agreement in which the issuing bank, acting on behalf of its customer (the buyer, or importer), agrees to make payment to the beneficiary (the seller or exporter) upon the receipt of specifically stipulated documents.

The L/C is a separate contract from the sales contract on which it is based, so the bank is not concerned whether each party fulfills the terms of the sales contract.

The bank’s obligation to pay is conditional upon the seller’s compliance with the terms and conditions of the L/C.

In L/C transactions, banks deal in documents only, not goods.

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## Mechanics of a Commercial Letter of Credit

1. Applicant (Buyer) completes a contract with Seller (P.O., Pro-forma invoice, etc.)
2. Applicant then submits a completed L/C application to Issuing Bank for approval.
3. Issuing Bank approves the application, then sends the L/C to the Advising Bank (the seller's bank).
- 4a. Advising Bank (Seller's Bank) authenticates L/C and sends the Beneficiary (seller) the details by courier or fax.
- 4b. Beneficiary (Seller) examines the details of the L/C to make sure that all L/C conditions can be met. If need be, seller contacts the buyer to ask for amendment (9).
5. (Right-hand Diagram) Beneficiary, once satisfied with the conditions of the letter of credit (L/C), ships the goods and presents the documents to the advising bank.
6. Advising Bank examines the documents against the terms of the L/C. If the details are correct, advising bank sends the docs to Issuing Bank for payment (or acceptance). If the details are not correct, the advising bank tells the beneficiary and waits for corrected documents or beneficiary may instruct advising bank to send documents on.)
7. Issuing Bank examines documents sent from the advising bank, and if the documents are in order, pays the money promised: "at sight", or at a future date. If documents are received but not correct, Issuing Bank contacts buyer for authorization to accept documents. If buyer accepts, Issuer pays the money as/when promised. If buyer rejects, Issuing bank notifies the advising bank.
8. Buyer receives the documents from Issuing Bank (and can now collect the goods), and a debit/settlement advice (notification).
9. Advising Bank receives the payment from Fifth Third.
10. Seller is notified by the advising bank that payment has been made.

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## Tips for those who are new to L/Cs

Make sure the L/C terms (the description of product and quantity, price, latest allowed shipping date, and the shipping terms–*Incoterms*–) are clearly written and consistent with the terms of the purchase order and/or invoice.

The “Amount” of the L/C can be flexible (e.g., “+/-10%”, or “up to...” for bulk goods). Does the seller want to include shipping or insurance charges in the L/C?

“Partial shipment” and “partial payment” allow for orders to be filled in segments, under one L/C. A payment schedule can be stated.

Confirmation (–a guaranty–) is an extra expense (normally paid by the seller).

Discrepancies cause delays: Good communication between buyer and seller is important. If circumstances change, the L/C can (and should) be amended. All parties must agree to any amendment.

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## Other Considerations

### “Sight” versus “Time”

A *Sight Letter of Credit* is a credit in which the seller obtains payment upon presentation of documents (assuming they are in compliance).

A *Time Draft, or Usance Letter of Credit* is a credit in which the seller will be paid at a stated or determinable future time.

### Documents

A single transaction can require many different kinds of documents. Most L/C transactions involve a draft, an invoice, an insurance certificate, and a bill of lading. If a Certificate of Origin, or other certificate is required to import a certain product, the buyer should inform the seller, to avoid delays in clearing Customs.

Make sure your buyer (and issuing bank) put your correct terms in the L/C.

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**FIFTH THIRD BANK**

## Standby Letter of Credit

As the name implies, the Credit is “Standing By”. It is a ‘guarantee’ of the Issuing Bank to pay the buyer (of goods or services), if there is a default (e.g., undelivered service, failure of warranty, non-payment). Like a “guaranty”, the issuing party does not expect to have it called (drawn upon).

Governed by different rules -ISP 98. [Foreign banks can issue “Bank Guarantees”, U.S. banks, by law, cannot; U.S banks must issue a Standby L/C.]

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FIFTH THIRD BANK

## Collections – Discounting Documents

Documentary Collections

- A more basic transaction, used when there is a well established relationship, assures payment by using banks to control documents.
- Negotiable documents are not transferred to the buyer until the agreement to pay has been conveyed to seller.

Discounting Documents/Drafts

- Documents that have been accepted for payment at a future date can be purchased by Fifth Third, at a discount price
- Discount price is based on current interest rates (Libor for the period of discount, plus 2% to 4% p.a.), plus a small arrangement fee ( ½% - 1%, \$150 minimum)

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## Credit Insurance

What does it cover?

Non-payment of trade obligations for ...

- Political Risks (foreign transactions):
  - Government acts/political events that restrict payment
  - Currency inconvertibility (aka, Foreign Exchange or "transfer" risk)
  - War, riot, insurrection or civil disorder
  - Embargo
- Commercial Risks (foreign and domestic)
  - Commercial bankruptcy or legally protected reorganization
  - Protracted default (aka, slow pay)
- Exclusions include disputed payment obligations until resolved

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## Recap

Don't be afraid to negotiate reasonable selling terms with foreign buyers.

There are tools available to mitigate unknown factors such as credit risk and foreign currency risk.

You can extend reasonable deferred payment terms to overseas customers.

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FIFTH THIRD BANK

## Contact

**Bruce Brogan**  
Vice President  
International Trade Finance

**Offices in Southfield & Grand Rapids**

**Phone: 248-603-0412**  
**Bruce.Brogan@53.com**

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## F. Sault Ste. Marie, Ontario Economic Development Corporation Presentation

**Sault Ste. Marie**  
International City

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Michigan/U.S.  
&  
SSM/Canada  
Opportunities



Presentation to the Michigan  
Exporting Workshop

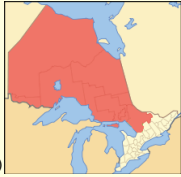


Gaylord, Michigan  
May 24, 2010




**Northern Ontario (2006)**

---

- **Population:** 843,853
- **Major centers:** Sudbury, Thunder Bay, Sault Ste. Marie, North Bay, Timmins
- **Area:** 498,575 square miles
- **Businesses:** Approx. 26,000
- **Exports:** \$8.4 billion
  - Mining and primary metals, including steel (63%)
  - Wood products and paper (24%)
  - Machinery (3.4%)

**Strong Link:  
Michigan and Northern Ontario**

---

- **60% of regional exports go to the U.S.**
  - When Canadian dollar was lower, it was 80%
  - Large percentage goes to its closest neighbor, Michigan
- **614 exporters in Northern Ontario**
  - 2.3% of Northern Ontario businesses
  - 24% of the region's manufacturing firms
- **Exporting firms more likely to succeed**
  - Between 2003 and 2006, 60% of exporting firms reported growth
  - During the same period, 40% of non-exporting firms grew




**Sault Ste. Marie, Ontario**

---

- **Population:** 75,000 (2006)



- **Strategic Location**
  - Located on the U.S. (Michigan) border just north of the 1-75
  - Located on the St. Mary's River between lakes Huron and Superior
  - Located on the Trans-Canada Highway at the center of Canada




**Sault Ste. Marie, Ontario**

---

- **To U.S. Route Locations**

The Sault Ste. Marie International Bridge links Michigan's Upper Peninsula and Ontario, Canada. Export shipments starting from Sault Ste. Marie via Interstate 75 (I-75) may follow a direct route to south Florida.





Sault Ste. Marie, Ontario

**Industry Assets & Opportunities**

---

- **Alternative Energy**
  - Wind, solar, hydro, cogen, waste-to-energy, bio, reverse polymerization
- **Value-Added Steel/Forestry**
  - Essar Steel Algoma, Tenaris, Flakeboard Co.
  - St. Marys Paper, Domtar, Boniferro Millworks
- **Manufacturing**
  - Advanced, aviation, fabrication
- **Science and Technology**
  - GIS, invasive species/Great Lakes research
- **Contact Centres/Back Office Support**
- **Education (Algoma University, Sault College)**





Sault Ste. Marie, Ontario

## International Relations Services

- Sault Ste. Marie Economic Development Corp. International Relations Program
- FedNor - Industry Canada Northern Ontario International Business Center
- Canada Consulate and Trade Commissioner Offices
- U.S. Ambassador's Office
- Export Development Canada/Ministry of Economic Development and Trade



**South Ste. Marie ECONOMIC DEVELOPMENT CORPORATION**



Sault Ste. Marie, Ontario

## International Relations Contacts

<p><b>Tom Dodds</b>          Director - International Business          FedNor, Industry Canada          70 Foster Drive, SSM ON P6A 6V4          E-mail: Tom.Dodds@ic.gc.ca          Tel: 705-941-2074          Fax: 705-941-2078          Toll-free: 1-877-333-6673</p> <p><b>Deborah Clark-Forster</b>          Knowledge Based Economy Trade, Investment and Strategic Sectors Unit Coordinator          Ministry of Northern Development, Mines and Forestry          Suite 200, 70 Foster Drive, SSM, ON P6A 6V8          Tel: 705-945-6662          E-mail: deborah.clark-forster@ontario.ca</p> <p><b>Charles G. Cook</b>          Public Affairs Officer          U.S. Consulate General Toronto          360 University Avenue          Toronto, Ontario M5G 1S4          Tel: 416-595-1700, Ext. 216          Fax: 416-595-5250          www.toronto.usconsulate.gov</p>	<p><b>Guy Racine</b>          Senior Account Manager          Export Development Canada          Ottawa, ON          E-mail: gracine@edc.ca          Tel: 613-597-8688          Fax: 613-598-3811          www.edc.ca</p> <p><b>Pamela Kanter</b>          Manager, International          Ministry of Economic Development and Trade          International Trade Branch          6th Floor, 500 Bay Street          Toronto, ON M7A 2E1          Tel: 416-325-6783          E-mail: pamela.kanter@ontario.ca</p> <p><b>Rainer Kuman</b>          Trade Commissioner          Canadian Consulate General, Detroit          Phone: 313-446-7015          Cell: 313-378-0625          rainer.kuman@international.gc.ca</p>
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**South Ste. Marie ECONOMIC DEVELOPMENT CORPORATION**



Sault Ste. Marie, Ontario

## International Relations Services

Engages in the full spectrum of economic activities specifically identifying opportunities in sectors that are targeted for growth, as noted below:



**South Ste. Marie ECONOMIC DEVELOPMENT CORPORATION**




## Thank you!

**Sault Ste. Marie Economic Development Corp.**  
 Toll Free: 1-866-558-5144  
[www.sault-canada.com](http://www.sault-canada.com)

<p><b>BRUCE STRAPP</b>          Chief Executive Officer          b.strapp@smedc.ca</p>	<p><b>RANDY TALLON</b>          Director, International Relations          r.tallon@smedc.ca</p>
--	--

**South Ste. Marie ECONOMIC DEVELOPMENT CORPORATION**







For further information, contact:

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Center for Community and Economic Development  
1615 E. Michigan Avenue  
Lansing, MI 48912  
Tel: 517-353-9555  
Fax: 517-884-6489  
[knowledgeplanning.org](http://knowledgeplanning.org)

**MICHIGAN STATE**  
UNIVERSITY

University Outreach  
and Engagement  
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