

**Webinar: July 29, 2020**

**“United States – Mexico – Canada Agreement (USMCA) and Opportunities to Increase Sales to Mexico and Canada”**

Coordinator: Welcome and thank you for standing by. All participants are in a listen-only mode and today's conference is being recorded. If you have any objections you may disconnect at this time. I would now like to turn the meeting over to Loretta Greene. You may begin.

Loretta Greene: Good afternoon everyone. We have participants from all over the country today so thank you for joining us.

We are so happy to be collaborating with Wendy Peebles and the Bureau of Census to share some of the resources available to small businesses interested in embracing global market opportunities. As global market opportunities begin to re-emerge from the pandemic, we want to make sure that our U.S. small businesses are aware of the resources available to them to take advantage of those opportunities. Our U.S. small businesses need to be ready and agile enough to get a foot in the door as markets open up. We can help with that.

We welcome your questions throughout the webinar. At any time feel free to submit questions via email at [international@sba.gov](mailto:international@sba.gov) which is on the screen. And you'll receive an Evaluation Form via chat and we welcome your feedback.

Next slide. So let me introduce myself. I'm Loretta Greene, the Associate Administrator of SBA's Office of International Trade. I am joined by Sarah Bonner, our Office Export Policy Advisor who will tell you about opportunities associated by the US-Mexico-Canada Agreement.

I'm also joined by Evan Wing, CEO of HMA Fire of Fall River, Wisconsin who will share his company's story. And Mike Fazio, our Office of International Trade Export Finance Manager, covering Chicago, (Wisconsin), and Minnesota. And he will tell you about our other SBA Programs.

Again just a reminder to please submit your questions at any time to [international@sba.gov](mailto:international@sba.gov). And I'm pleased to introduce Sarah Bonner to talk about USMCA. Thank you.

Next slide.

Sarah Bonner: Thanks, Loretta. Hi. I'm Sarah Bonner. I've worked for SBA for the last three years. And my job is to help businesses find out where you get started, how to get help and to navigate contract regulations.

My specialization is trade policy. And I represented small business interests during the USMCA Trade Negotiations. Whenever possible I want to negotiate to avoid or remove overly complex regulations that make it hard for small businesses to export. I also counsel small businesses in groups or one-on-one to help business owners find advisors from within SBA. I'm really excited to hear today how small businesses can benefit under the United States-Mexico-Canada Agreement.

On July 1, 2020, the USMCA entered into force officially replacing NAFTA. USMCA modernizes trade between the two leading SME export destinations for U.S. small businesses. Trade with Mexico and Canada is big business for U.S. small businesses. U.S. SMEs exported approximately \$57.8 billion to Canada and \$79.7 billion to Mexico in 2017 according to the latest data that we have available.

The USMCA also entered a dedicated chapter on SMEs for the first time in a U.S. Trade Agreement. Throughout negotiations, SBA was at the table to ensure that small businesses were represented. The result of that is this modernized agreement with small businesses in mind throughout it. Some of the important small business beneficial obligations that I wanted to bring to your attention include an expansion of advanced ruling that small businesses can now request in advance of shipping to determine officially how customs authorities will treat their goods.

I'll talk a little bit more about this later.

USMCA also expands market access for U.S. service firms. U.S. small businesses no longer have to open up an office or hire a local representative in Mexico or Canada to do business by the removal of any local presence requirements now. The agreement also has new chapters like digital trade supporting trade in innovative products and services. This chapter also includes important provisions such as prohibiting customs duty from being applied to digital products distributed electronically such as e-books, videos, music, software, and games.

U.S. small firms also benefit with USMCA maintaining NAFTA's existing zero-tariff treatment while significantly expanding U.S. market access to Canada's dairy market. It also removes discriminatory treatment of U.S. wines in British Columbia and also has new rules on agriculture biotechnology. This is really important for U.S. small businesses as 60% of all U.S. agricultural exports go to Mexico and Canada.

The IPR chapter also requires a minimum copyright term of life of the author for 70 years and requires full maximum treatment for copyright and related rights. So U.S. traders are not deprived of the same protections as domestic

traders.

Next slide. Throughout the negotiations, SBA was at the table to ensure that U.S. small businesses were represented and one of the most important modernizations is the small and medium-sized enterprise chapter. This chapter promotes cooperation to increase opportunities for U.S. SME trade investments.

And the United States, Mexico, and Canada all committed to providing information-sharing tools online to help small businesses to better understand the benefits of the agreement and to provide information useful for small businesses doing business in the region. It also creates a committee of government officials on SME issues and launches the framework for an ongoing SME dialogue with small business stakeholders.

Supporting and expanding U.S. small business trade with Mexico and Canada is a top priority for SBA. To support the chapter SBA has created [sba.gov/tradetools](https://sba.gov/tradetools) as part of the official [trade.gov/usmca](https://trade.gov/usmca) Web site. Canada and Mexico have also set up information sharing platforms under the USMCA small and medium-sized enterprise chapter. And the link is available on both of the platforms. These tools can help small businesses get started, know where to find the rules and assistance, and stay current on how to benefit under the agreement. Some of the resources on [sba.gov/tradetools](https://sba.gov/tradetools) and [trade.gov/usmca](https://trade.gov/usmca) are linked to CBP's USMCA Center and the FTA Care Tool to help you look up your product care online and the rules of origin under USMCA.

Next slide. In addition to all these new tools, the USMCA modernizes how to make claims under the agreement. A claim for preferential treatment under USMCA can now be made electronically and on any document including a commercial invoice or email. The claim should include nine minimum data

elements which are listed in the Annex 5-A of the USMCA. The elements must indicate that the (grade is) claim preferential treatment and that also it meets the requirements of USMCA Chapter 5.

The information must describe the originating good in sufficient detail in order for it to be identified and also meet the requirements set out in the Uniform Regulations. There are also now commitments on procedures for creating - for correcting errors which is a big deal for small businesses.

Next page, please. USMCA also has many ways for U.S. small businesses to benefit including advanced ruling. Small businesses can now increase certainty and predictability by seeking binding rulings from each country that they will ship to. Manufacturers can also request these to provide to their buyers who export or anyone else in the trade transaction. These advanced rulings are official decisions on how the country they're shipping to will treat the goods. And they cover tariff classification, customs valuation, origin of the goods, if there's a quota. It takes - it can take up to 120 days to receive a ruling and several can be requested at once to cover multiple products.

USMCA also provides for online information on advanced rulings and the U.S. and Canada already have searchable databases now for these advanced rulings and Mexico's is under construction.

I'm now happy to turn it back over to Loretta, and next slide.

Loretta Greene: Great, thank you so much, Sarah. That was really wonderful. I really appreciate it. All right, now we have talked about USMCA. Now we're going to go into talk to Evan Wing, the CEO of HMA Fire and we're going to talk about the real practical matter of how Evan started his small business.

So Evan Wing is CEO of HMA Fire in Fall River, Wisconsin. HMA Fire has been pioneering the development of Ultra-High Pressure Fire Suppression System since its partnership with the United States Air Force Fire Research Lab in 2003. Not only is Evan CEO of HMS Fire - sorry, HMA Fire but he has also served as a Lieutenant with the Middleton Fire District\ in Middleton, Wisconsin. And yes, he has rescued a cat. So we might even have to hear about that, a little bit about that.

And then beyond that Evan has a background in banking. And so I'm just going to turn it over to Evan so he can talk a little bit about his journey from banking into evolving and starting his small business. Hello Evan.

Evan Wing: Hi Loretta. Thank you very much. And obviously, it's a big honor to be on this call. Just one clarification, HMA has been around since '03. And I only joined it a little bit over two years ago as the CEO. So people much smarter than me were part of the original research and development.

But and I would also like to say that I did turn in my Census so far for 2020 so I just want the Census folks online to know that.

But so yes absolutely. My start within - some of - I was in banking for (about 15) years. And I grew up outside of Chicago. And had gotten into - lived about 30 miles due west of Chicago. And my wife is actually from Wisconsin. So we relocated in 2008 and we moved to obviously Middleton, Wisconsin. And in Middleton is the largest volunteer Fire Department in Wisconsin. And so I just always wanted to help out. So kind of went down there and I ended up joining in 2012.

And actually that was the very first time that I ever been introduced to HMA. The product, it's called Ultra-High Pressure. And it's a different way, it's a

different tool that firefighters can use in getting on the scene faster. And I'll talk a little bit more about that as well.

But so I served since 2012. But in that same timeframe, I was still within banking. And when I was in Chicago I had actually met my wife in Lincoln Park branch of a bank downtown. And has always kind of had enjoyed working with numbers. My father is in numbers. My brother was a Chief Investment Officer for a bank and now is a Portfolio Manager for a different bank.

So I've always had the love of numbers. I've always wanted to be - kind of have that analytical mind. But I really like being able to help people and to kind of find a formula that can help people get it.

So actually I had a lot of experience with SBA loans. SBA loans and I know we'll probably get into this a little bit more as well. But it's a way for small businesses that may not have sufficient collateral to be able to get a traditional bank loan. And obviously there's still risk involved.

And so like I said, I had a decent amount of success with that. Some loans were great. Some loans obviously hadn't worked out in businesses. I think what the SBA does is it doesn't make a good loan or I'm sorry, a bad loan good. But it really helps businesses that are on that cusp that are looking for capital that don't necessarily want to go into the venture capital route or otherwise and raise funds and to lose ownership. So it's a good way for them to retain ownership and really like I said is to get the capital that they wanted.

So fast forward about, you know, two years ago is when I had an opportunity to actually leave banking. And to take over the helm at HMA. And we've got a great team of people. Every day is different like most small businesses. You know, one day you're wearing the hat of negotiating something internationally.

The other day you're, you know, you're picking up around the company.

So I think a lot of people wear a lot of different hats. But in that time, in the U.S. market and I guess I could even just take a step back maybe talk about Ultra-High Pressure just for a second. I'm not sure if you want to go through any of those slides after this.

But what Ultra-High Pressure really is, is it's a way for the water to be sped up. And it's delivering higher pressure than what you would see come out of a conventional fire hose. Traditionally...

Loretta Greene: Hold one second Evan. Go to one of the...

Evan Wing: Yes.

Loretta Greene: ...slides just so we can see it in action if you (talk).

((Crosstalk))

Evan Wing: Yes. That'd be great.

Loretta Greene: Go ahead.

Evan Wing: So if you notice from this slide, you know, what I'm using is a much smaller hose line. And that's actually a hydraulic hose line. So that can withstand much higher pressure than a conventional hose line. So what our systems do, there's truly nothing magical about it but what we're doing is we're speeding up pressures and we're breaking up the water droplet.

And traditionally when you're flowing or making a fire pack, you're flowing

copious or large amounts of water on a fire. So what happens is the outer shell of that water is really what's doing the work. And then the rest of that water that is unused either becomes superheated and then wasted or, you know, gravity takes over and then there's a lot of water damage in basements, in walls, etcetera.

So if you notice, I'm actually advancing on the fire. So what we're doing is we're breaking up that water droplet. And there's a difference. There are other companies that do ultra-high pressure but we've kind of found the pressure and the flow combinations that we think work and what's also great is, you know, a lot of us that work here have fire backgrounds. So we're able to kind of take the feedback that we get directly from Fire Departments and then adapt. Make pivots. And then really try to find the sweet spot.

But if you move onto that next slide, what you'll see is this is me. Well, a little bit under 4 gallons of water later. And a lot of people see that and they don't believe it. And it's really like I said it's nothing magical. But what we're doing is like I said, we're breaking up that water droplet so that now we're using almost 100% of that water droplet. We're just using water more efficiently.

And because our system uses water more efficiently we are able to put a smaller tank on the back of what we call or what the industry calls a rapid response vehicle.

So, you know, in our department and many of our customers, I'd say 90% of our orders are systems that go onto traditionally just a command truck. And, you know, the story goes with our chief. And, you know, this is similar across the country and the world is that command vehicle gets on scene and they don't have anything. You know they're able to assess the scene, radio same kind of units what they should be expecting, what type of tools do they want. But in

anything, the idea of getting there faster.

And, you know, we still drive with what's called Due Regard. We're still based in our response to a fire. But we're able to get there faster so the fire isn't growing as much as fire, you know, I think one of the figures in the past was the fire could double its size every, you know, 17 seconds so I think there's probably some debate out there.

But we can't argue that less unchecked fire is going to continue to grow.

Loretta Greene: Yes.

Evan Wing: So, yes. So by the time that we get there, we're getting there faster and we're using less water. And like I said, that's 3.3 gallons of water on that car fire.

Loretta Greene: Yes.

Evan Wing: And that's - it's very typical. And a lot of our customers they get (paged out for) what's called mutual aid. And they're showing up on scene and a lot of the other departments, okay, what is that thing? And that's great advertising for us.

So in short, we get there faster and we're able to use smaller amounts of water. And the rules still apply. We still wait for a backup line and everything else. But that's getting a little technical.

So that's a good example for a vehicle fire. So imagine a very crowded highway. And imagine being able to get on the shoulder and be able to get to a car fire, a semi-truck fire, etcetera, faster.

So if you could go to next slide, please.

Loretta Greene: So have you had one of these guys...

Evan Wing: Yes. Go ahead.

Loretta Greene: ...on a motorcycle.

Evan Wing: We've seen that. And, you know, the only issue with something like that is just the weight of the components, right.

Loretta Greene: Sure.

Evan Wing: So you're going to be – UTVs, ATVs Those are common (trucks) for us as well. And that's a lot of wild in firefighting. You want to be able to take a vehicle that's going to be able to go into hard to reach places, right, and wild ones, that can be someone's farm. That could be up in the mountains on dirt roads where traditional engines can't get up. So really what you're trying to figure out is the vehicle that you have, how much weight can you put on that.

And while our systems are much lighter than a conventional one, you know, there's only so much that you can do.

Loretta Greene: (It's the weight.) Yes.

Evan Wing: Great idea.

Loretta Greene: Yes. So here you reported you went from banking and then you also were doing your firefighting. And then you got involved with this great company. And so at what point did you look into expanding into exporting?

Evan Wing: Yes, great question. And, you know, I think there's always been a lot of interest. We can travel and be on the road pretty much every day of the week doing, you know, demonstrations.

But what happened was is we - on our Web site, we get a lot of leads that come in from international. And at some point it's, you know, hey we didn't have the capacity to take on. Okay, well I don't know what the laws are in that country, you know. There's always a lot of, you know, just hesitance to give up one of your systems to a country that you can't go in and inspect on. You know if you look at what happened, you know, within Germany and China, you know, trade in general, I think China was the number one recipient of German equipment. Now China is manufacturing that same equipment.

And so there's just a lot of hesitancy. And that scares the small business, patent, trademark, all these things, right.

Loretta Greene: Right.

Evan Wing: So we knew that Canada and Mexico were a lot closer. Previously there was actually a government program that helped place multiple units in Mexico. And again in areas that are hard to reach and areas that don't have a lot of water. Our system is a perfect fit for that.

So in trying to continue on that, this is kind of a funny story. And I know I'm soapboxing so I apologize. But I received like a drip marketing email from someone that I used to do some banking with. And he's now working for the Wisconsin Economic Development Corporation.

And so I reached out to him. And we just started talking. Well lo and behold, he's part of the International Market Access Grant or the IMAG Grant. And

what that does is that allows companies to really kind of subsidize part of our - any expenses that are eligible expenses and ineligible expenses.

So we got to talking. And HMA is a great fit for it. Well again lo and behold the next conversation was hey, we've been getting a lot of interest from Mexico. And his response was you should look at one of our Trade Venture Programs.

And really that was - that started to take shape. And, you know, through the SBA STEP Grant which is again the SBA has a ton of programs. I've always just traditionally felt that there is a lending component too. But, you know, now you find out there's a STEP Grant.

So I had gone to Mexico and worked with their team. They set up a whole handful of appointments. And it really made all that logistical fear go away, you know. They give you a chauffeur. They give you a translator. They have a local team that finds a match for your particular product.

And really I'm sure that they can tell people no. But there was a great fit and there was a lot of interest for our product in Mexico. So that's where that trade venture aspect came in.

Loretta Greene: Wow. That is fantastic.

Evan Wing: Yes. Yes.

Loretta Greene: All right. So what do you see, I mean what advice would you give to some of the participants on this call as they are thinking about, you know, taking their product to the next level to export?

Evan Wing: Yes. No. That's a great question. I know, you know, I think you just have to start

peeling away. If there's interest, if there's demand, you have to make that decision. Is it worth spending the resources? You know because resources in whatever form they may be for a small business are limited, right. It's not that you just have a blank check to hire a ton of people. You really have to be smart with your time. And you want to take on this project. How much is that going to take away from other initiatives that you have?

But what I think I've got to hand it to organizations like the WEDC and SBA, in general, is you guys removed a lot of that fear for us. You made it logistically possible.

And so I think if your products, like anything, you know, like with COVID right now, what happens. A lot of our normal day-to-day businesses or business got altered and so...

Loretta Greene: Yes.

Evan Wing: ...there's a void, right. There's a void. Someone and this is a great thing about capitalism, right, is someone is going to identify that need. And they're going to find a way to help people. Because ultimately that's what your product does, right. You make a solution possible for your customer base.

And so I think that being able to delegate, right. All of us that are on the call that are running a business, we know that that's probably one of the hardest things to do is to delegate. And I think that's a good sign of companies as they grow is that they have departments. They have people that are able to take on those tasks and see it through.

But I, I mean I made an organizational chart not too long ago. And there were key external partners within that chart, right. So people that may not be W2

employees or even, you know, most of them are going to be 1099. But I absolutely looked at the team at WEDC as a key external partner. And they're going to continue to do that. There's a ton, absolutely ton of programs out there that can, you know, help a company like HMA make it palatable to be able to get some of this grant money.

I had no idea that there were programs called ExporTech. And that was the one that's in Wisconsin. And they can really - they can help you put together a strategic export plan, you know, or strategic plan which when you build an action plan or business plan you follow that recipe. That's where a lot of the success comes.

And I think even too. SBA has always been good for franchises because, you know, there's a proven track record. There's a proven recipe of how to run that business. And that's where a lot of that funding I think comes in is they want to show that you've done your homework. And you've gone onto sba.gov. And you've looked at, you know, the business plan template. There's just...

Loretta Greene: So.

Evan Wing: ...a lot of resources out there. Sure. Go ahead.

Loretta Greene: Thank you. Thank you for weighing-in so nice and being such a strong supporter of SBA because this is now perfect. We're going to go through your slides pretty quickly right now because we are now going to take a deeper dive...

Evan Wing: Okay.

Loretta Greene: ...into what are more specific programs that SBA has for the participants to be

looking at.

So I didn't know. So go ahead and just go through the slides.

Evan Wing: Yes. I can go over this pretty quickly. But here's a slide of it's a training burn but we'll call that a well-involved fire. This ends up being 12.5 gallons of water to get the fire under control, right. There still could be some work in interior. But the firefighter is able to advance on the fire. There's not so much volume and pressure that it makes them stand and two people backing up. The video really shows the person to handle the (van).

So if you go to the next slide and there's tactics and things that you need to do to be safe. But this also you can see a very limited amount of water, the change that they were able to effect in really only 30 seconds. And no one went interior. You know there's going to be times when we need to go into rescue a patient, a victim. And those are all going to be calls that the Incident Commander is going to make.

But why go in the flow path? There's more heat. There's more cancer. Today burning materials are far more toxic than they were 30 years ago. So overall it's just another tool.

If you want to go to the next slide as well, this is an actual case study in Middleton. There was a call of a Distribution Center. And this is, they were able to respond and be on scene within two minutes.

So if you go to the next slide, so this is what crews and we have dash cam footage from the police. We have bystanders and cell phone video we were able to put together and put together this video. But that's what the initial crew looked at. And that's what we call a fully involved or well involved, you know,

semi fire.

So on scene in less than two minutes. A, driving a more nimble vehicle.

Next slide, please.

And you can see the damage that was done on this truck, right. And you can even look at the mirror on that neighboring semi. This was all said and done on the scene less than 150 gallons of water and if they hadn't gotten there quickly, you know, there are 12 other of these semis that were right there. And it was starting to approach and damage the one right next to it. So you can really see that being there and getting there fast makes a big difference.

Next slide.

And yes, so that's pretty much it. But that's the company in a nutshell. And that's really our story with regard to trying to reach demand and how much SBA, companies like the WEDC and other (EDCs) around the company can really help out just by giving you access to resources and kind of being that external partner that's not on the payroll but really wants to help.

Loretta Greene: And that's what SBA wants to be. We want to be a partner and a resource for the participants on this call. So I want to say thank you so much, Evan. Stick with us as we're going to do some Q&As afterwards.

And what I want to tell you is I think that your superpower is that you can harness fire and that's so.

Evan Wing: Yes. I don't want that superpower but if we can get there and we can make a difference then that would be great so.

Loretta Greene: Oh and you're doing it.

Evan Wing: Thank you very much.

Loretta Greene: All right, so moving along. Now the next slide, please. Now we're going to go into more specifics on how SBA can help you go global.

So we are here to give you advice. We have specialists and expertise and there are local advisors that you can go to at [sba.gov/local](http://sba.gov/local). We have grants to find international buyers through our STEP Program at all - within the states and territories. There are different opportunities for you to get these resources through your State Economic Development offices. So you can go to that link.

And then financing for your international sales. Please contact your local Export Finance Managers at - on our [sba.gov](http://sba.gov) site.

And I am now going to turn it back over to Sarah. So real quick Sarah, Sarah is a passionate advocate for small businesses and has done tremendous work to ensure that U.S. trade policy is supportive of small businesses. And so I just wanted to give kudos out to Sarah for all the hard work that she's done on behalf of trade and negotiating for the American people.

All right, thank you, Sarah.

Sarah Bonner: Thank you so much, Loretta. I really enjoyed hearing from Evan and seeing the photos. Just like Evan shared, small businesses often benefit from expanding their customers by looking at new markets.

SBA resources listed on [sba.gov/tradetools](http://sba.gov/tradetools) can really help small businesses to

update their business plans, their export plans to diversify, and pivot when unexpected challenges arise. The purpose of Trade Agreements is to help small businesses to go global. The U.S. has Free Trade Agreements with 20 countries and others under negotiation like the United Kingdom, Kenya, and the European Union.

Trade Agreements enable countries to cooperate and to reduce risk and to increase predictability for small businesses. We welcome the opportunity to help more U.S. small businesses to prepare to take advantage of a new USMCA Agreement, explore opportunities to increase exports of food and agricultural products under the US-Japan Trade Agreement which is now in force. And amplify small business input into trade policy and trade negotiations.

A Trade Agreement represents a legal commitment between two or more countries that reduce risk and increase predictability for a small business trader. The key takeaway is that SBA offers businesses advice that you need to help get started and to navigate challenges. Often the first place for a business to go is one of our four networks spread across the United States to provide businesses with local advice and counseling.

I want to highlight two in particular. First is SCORE, at any stage, your business can take advantage of our nation's largest network of volunteer business mentors. This nonprofit association comprised of over 13,000 volunteer business counselors provides invaluable mentorship in-person, virtually, over email and over video chat on pretty much every small business issue including online marketing and digital sales.

Second is SBA's Small Business Development Centers. From start-up to growing firms, SBA supports nearly 1000.

Sarah Bonner: Service centers across the United States hosted at institutions of higher learning and some state governments. The SBDC business advisors provide free business counseling and low-cost training and assistance. There are counselors that are certified in international trade in each network that can advise on export business plans and trades. Similarly, small businesses can receive more hands-on and tailored assistance from women's business centers and (veteran's) business outreach centers. SBDC counselors can also assist (SMEs) at putting together documents to request a loan and other important E-commerce tools and techniques.

Some questions to getting started: finding the right government resource referral, or dealing with specialized trade needs, SBA's Office of International Trade maintains an international trade (ombudsman) hotline service. We are happy to answer your questions about specific trade issues, just call or email. The information is 855-722-4877, or [international@sba.gov](mailto:international@sba.gov). It's on the slide and also [sba.gov/tradetools](http://sba.gov/tradetools). We will respond within 48 hours. Next slide, please.

In addition to business advice you need to get started, your business might be able to receive an award to begin exporting, to find new markets, or to expand yourselves into correct markets. The State Trade Expansion Program is an incredible resource run by US states and territorial awardees. Each state runs the program slightly differently, SBA - they compete for funds and (STEP) offers awards to help businesses in those states. Those awards can include: learning how to export through paid training, fees, participating in virtual trade missions and trade shows, obtaining services to support foreign market entry, participating in a US Department of Commerce services, such as the virtual introduction for business matchmaking, international partner (search) translation of Web sites, to attract foreign buyers, conducting market intelligence reports, and initial market tests, designing international marketing

products and campaigns, and it could cover fees associated with trademarks and intellectual property protection, at USPTO.

You can learn more about this by visiting [sba.gov/tradeschools](http://sba.gov/tradeschools), to find out if your state or territory participates. Now I'll turn this presentation over to my colleague, Mike Fazio, SBA's Export Finance Specialist, to talk a little bit more about SBA's export finance programs. Thanks, Mike.

Mike Fazio : Thank you, Sarah, and good afternoon everyone. I'm one of 21 SBA Expert Finance Managers spread across the US. Based in Chicago I helped small businesses in Illinois and Wisconsin to tap SBA export loans to finance their export sales, their export business development, and their production capabilities. The great part about my job is helping businesses like (Evan and HMA Fire) and maybe even yours to tap SBA loans and gross sales through trade.

SBA has three export loan guarantee programs that are helping businesses achieve roughly \$2.3 billion in sales per year. We know that over 1/3 of all US small business exporters find it harder to obtain financing for international sales and for domestic sales. And we also know that all small businesses can be forced to turn away business from this because they don't have the ability to scale up to meet large international orders.

So how do you get financing for international sales with SBA loan guarantees? Well, what we do is we partner with lenders to offer the three different expert loan products. They address a range of export business financing needs, not only for direct exporters but also for indirect exporters, who are those businesses who sell to other US businesses, that then export their products overseas or to Canada or Mexico. Think about the supply chain.

So, you may manufacture a widget that you sell to another US company that puts it in their end product and then that US company exports it to Canada or Mexico. Well, then you would qualify as an indirect exporter and may be able to use one of these three programs. The SBA's Export Express loan program is the first one. It allows access to capital, quickly for businesses that need financing for up to \$500,000. You can apply for a line of credit prior to finalizing an export scale or even before visiting a foreign market. Getting your financing lined up ensures that adequate funds are in place before you agree to contract terms.

The next program that small business exporters can use is known as the Export Working Capital Program, EWCP. And you can use that to fulfill export orders and finance international sales by providing revolving lines of credit of up to \$5,000,000. And then last but not least is the international trade fund program, that could help if your company has been affected by foreign competition and needs to retool or expand to better compete. It also helps exporting firms seeking to expand their existing international sales. Next slide, please.

The value of these loans is to provide you with a competitive edge as you seek out new customers and service existing clients. Rather than requiring advanced payments from your customers, you can offer payment terms that may be more competitive. Rather than depleting your current resources you could use loans to proactively market and expand its capacity. You can increase your company's ability to borrow by leveraging your foreign accounts receivable. If your current bank doesn't offer these SBA loan products we could help you to find a lender that does. Next slide, please.

And finally, a quick update on the CARES Act programs that are administered by SBA. First, the less-publicized Paycheck Protection Program is still accepting applications with over \$100,000,000,000 to disperse. And as of

Sunday, SBA had approved nearly 5 million loans for over \$500,000,000,000. The application deadline was extended to August 8 so please reach out to your lender to take advantage of this program.

And it's important for you, in any of these programs, to first try to work with a lender that already knows you, even if you just have a deposit relationship with them because it'll make the process go a lot faster. In particular, the Paycheck Protection Program was able to be dispersed so quickly because we were able to work with our existing lending partners nationwide, to get the funds out to their existing customers.

That leads me into secondly, the Economic Injury Disaster Loans, commonly known as EIDL, E-I-D-L. That's also providing much-needed relief to sustain businesses and their employees. SBA receives over 5 million applications and as of July 15, SBA has approved 2.6 million loans, worth over \$150,000,000,000. You may have experienced the application process with this, and your application may still be in process. Please understand that the Economic Injury Disaster Loans are being handled directly by SBA staff and contractors, so it hasn't been spread out nationwide amongst our lending partners. So that's why that one is taking a little bit longer to get fully dispersed.

And then third, because of that, SBA's expressed bridge loan allows small businesses who currently have a business relationship with an SBA express lender, to access up to \$25,000 quickly, while waiting for the decision and disbursement on their Economic Injury Disaster Loan. So that's another option for you to look into as you're pending the outcome of your EIDL application.

And fourth is debt relief. As allowed by the CARES Act the SBA will automatically pay the principal interest and fees of current and new loans issued prior to September 27th of this year, for a period of six months. So if you were

considering any one of SBA's export loans, basically the first six months will be paid down by the SBA. Thanks to debt relief, this is a good time to speak to me or your lender.

At this point, we're going to turn the mic back over to our associate administrator, Loretta Green. But before I do, I'd like to encourage those in the audience to reach out directly to me if you're in Wisconsin or Illinois or one of my colleagues at the US Export Systems Center around the country. You could find a list of US export system centers at [sba.gov/international](http://sba.gov/international). We'd like to have a one-on-one conversation with you about your business export financing needs. So, again, going down the list you're going to see my contact information for my Chicago office, covering Wisconsin to Illinois.

A couple of other examples of my colleagues, Carlos Sosa, right up Interstate 94, is located in Minneapolis and he covers Minnesota, North Dakota, South Dakota. We have three colleagues, all located in California, covering the state of California along with Nevada and Arizona, and really everywhere in-between. There's 21 offices and if you look at that list and aren't sure where you fit just contact me directly and I'll do a direct introduction. So thank you all again and I'm now going to turn it over to Loretta.

Loretta Green: Thank you so much, Mike. That was great information about our loan products and how they can be a tremendous resource to the business community. And once again on the slide, you see again, we are here to help you. Get in touch with SBA. There are local offices, while they're not all open, we do have everyone working virtually and able to connect you.

So we have, you know, [sba.gov/local](http://sba.gov/local). Find your step trade, expand some programs. One thing I'm going to tell the participants is if you don't feel like you have a really well-defined Web site, your state trade expansion programs are

providing - we are focused on how can we help you with E-commerce and the different tools you need now to be operating in an E-Commerce world. So I would encourage everyone to check with your state or territory economic development office on how we provide grant money for your E-commerce needs.

We have an 800 number to connect to, we have the [international@sba.gov](mailto:international@sba.gov) email. You write to that [international@sba.gov](mailto:international@sba.gov) and we'll make sure we connect you to the right person around the country. And then we also have our trades newsletters and webinars. All right, next slide.

We once again want to thank (Census) over at the Department of Commerce for being an amazing partner with us. For helping us put this together through the Department of Commerce. We partner with them for trade.gov. This is a complete export-assisted portal, bringing together resources from agencies across the US government. It has everything from market research and trade leaves to tariff information and trade events. Then we have the stopfakes.gov site, it is an interagency Web site that offers tools, resources and access to US government assistances. STOPfakes makes it easy to find information on obtaining and protecting intellectual property rights at home and abroad.

Then there's the (EXIMbank) and that provides insurance that can protect you against the political and commercial risk of a foreign buyer defaulting on payments. Then we have the State Department and that is involved with exporting licensing. The Census Bureau collects, compiles and disseminates official US export and import statistics. US trade online is a powerful report-building tool that allows you to create custom datasets that you can save, revise and download. Global Market Finder is an interactive tool that helps companies identify potential export markets for their products and visualize commodity exports globally. And then as I mentioned prior, the State

Department regulates the export and import of defense articles and services. Some products or services require export licenses on international traffic in arms license exemption.

So please, we are here to help you. There are tremendous tools throughout the US government and now we're going to go into question & answer. Our question & answer period. I have a question for Evan.

Evan Wing: Okay I'm here.

Loretta Green: Just want to, you know, connect. All right, so. Evan, what has coronavirus meant for your international sales? Have things stopped, are you seeing any markets coming back online? From your business perspective, what's that been like?

Evan Wing: Sure. No, that's a great question. And you know, for us, a lot of our sales cycle, most municipalities have their budgets the year prior, right? So we're, you know, harvesting a lot of the work that we did last year. So I think right now, what it is kind of preventing is us getting out and physically doing tours and doing demonstrations in person. Presentations.

But just like this call, you know, we have to adapt and we found ways to use, you know, any type of teleconferencing systems. I mean, I have done demos with multiple Canadian fire departments, I've done – we've done presentations with people in Mexico. I speak Spanish. I think the natives would argue that but I can at least kind of [get by], I can at least communicate but I'll still use an interpreter, and - which is actually the interpreter that we use when I was in country back in February, before a lot of this stuff, you know, started with Corona.

So I think like anything we just need to adapt. The adage it's either adapt or die, and we really want to keep business going so we've just had to use the tools. I did attend a virtual trade summit, if you will, so a lot of our industry and a lot of products sold at trade shows, and with all of those being canceled this year, for the most part, you know, we send up a line that was virtual and have a lot of success. So we've just done the best we can.

Loretta Green: Okay. So now segueing into that, here's another question, Evan. In your opinion, were there any hurdles that you had to navigate by using the STEP grant, and what were they? To Wisconsin.

Evan Wing: Sure. So hurdles using the STEP grant? Not so much. You need to have buy-in from the team. Right, so that's a total team conversation. Because if not the vacation, I mean I was taking notes in-between meetings and everything else and it was busy. I mean, it sounds cool to go to Mexico for four or five days but you know they do a great job of filling your talent around. I think a lot of that is I just had to trust in them and the people that were setting that up. But for the most part, no. Luckily I didn't have to work or have Corona on the brain while we were going down there, it was pre-all-of-that.

So I don't know that I completely answered that question but I really just had to trust the people that we're the experts and I think that's going back to that delegating comment I made earlier. You really need to be able to trust the partners and you have to trust that they have your best interests and that they want to see you succeed as well.

So I put a lot of that trust and faith into them, which is not always easy for me. I'm used to kind of taking charge when I need to but I think more and more, we do better when I listen to my team. You know, you get feedback from them. Everything from, you know, purchasing, the sales, [to production], to service,

to engineering, and you just need to be able to listen. And I think at the end of the day got to follow your gut. Should I trust this person, you know, should I trust this organization? Are they going to help me make this real?

Loretta Green: Okay, great. All right, now we're going to move to Sarah. Sarah, are there global opportunities for service-based businesses under the US-Mexico-Canada agreement, and similarly, can you please provide information on how SBA can assist businesses expanding into Canada and Mexico to provide services in lieu of products since businesses that provide services do not necessarily have the same export concerns associated with products? So it's focusing on...

Sarah Bonner: Absolutely. Well, I think that's an excellent question because I don't think people always understand that USMCA benefits both services and good exports. So in the rules of origin, the agreement really provides the tariff preference for goods that are shipped over borders.

But then we also have all the provisions around services and individual trade, such as no digital passes for digital products. Like the e-books and the music that I talked about. But it also has the no-localization requirement like where cross order trade does not require having a local representative or opening up an office. Which really increases costs for small businesses, which are already small. And so you can make that choice if you want to do that.

This is also in trying in the cross border training services chapter, which specifically in article 15.10, has a commitment on small and medium-sized enterprises, and states that each party shall endeavor to provide part of development trade and services, and (SME) enabling business models. And so services are definitely a really big part of US trade agreements and the US economy. And so the case of businesses that really can benefit from these –

really any service company but, you know, (you can also look at) architectural design, education companies. Anyone that's doing something enabled by the internet, or a service.

And there's a lot of tools on [sba.gov/tradeschools](http://sba.gov/tradeschools) which connect you to really how to get new buyers, how to find opportunities. And for Mexico and Canada, I wanted to highlight the country commercial guide, which are linked on our page but are actually a Department of Commerce referral, which are excellent. And they have a whole section on selling (U.S. products) and services to both Mexico or Canada, depending on which one you click on. But there's a lot of other great tools with which are on [sba.gov/tradeschools](http://sba.gov/tradeschools), under getting started.

And so I recommend trying out the information that we provide for small businesses there. And in terms of identifying these buyers, the STEP awards the state. Your state may have an opportunity to help you live in a ward that's competitive to identify new buyers and distributors. Internationalize your Web site, get some new training, change your marketing materials into Spanish or French.

I mean there's just a lot of things that the states are doing that are really innovating in that space. And connecting with the state that has received a grant, an award is a really great step. But just going forward, USMCA provides protection for intellectual property rights as well. And there is an expansion in that area. So services are really a tough part, as USMCA and - yes, the tariff preferences are under goods, but it's comprehensive.

Loretta Green: Thank you so much, Sarah. Appreciate that. Now, Mike, this is for you. And I'm going to - I think this is really constructive, considering all the changes that are going on for the Coronavirus safety needs. The question is, can SBA help us reconfigure our production floor in response to Coronavirus safety needs? And

Mike, if you're able to expand on this because I think this could even be a webinar in itself on how companies are having to reconfigure their productions. For, you know, safety.

Mike Fazio: Yeah, absolutely. Thank you for the question. If you're producing goods for export that would be an expense that could possibly be covered under the international trade (loan) program. Especially if it's a really much larger, more capital-intensive situation. Where you want to use all the way up to the \$5,000,000 limit. It could considerably also be used for the export express program because that could also be used for fixed assets and equipment.

So, yeah, there may be circumstances where you have to fill different workstations, different work spacing, to socially distance. Provide PPE for employees and visitors to the plants or to the factory. So yeah, that's an excellent question. It's certainly something that the SBA export program could be used for. To help a small businesses after dealing with COVID-19 and all its effects.

Loretta Green: Yeah. I mean we might even think about how we can do some sort of focus group on this because think about it. Where do you have to get more space? You just have to even expand your space because you wouldn't be able to do it in the space you have, right? If you have to have the distancing.

Mike Fazio: Right. And the international trade itself is not simply just building a new facility, although that's a great use for it, but it can be used to expand existing facilities and to upgrade facilities and add equipment and whatnot. So yeah, great question. And if somebody wants to specifically talk about that possibility with your lender and with me, please reach out directly.

Loretta Green: Yes. Here's another one, Mike. Can we use funds for exports to also use

simultaneously for import goods?

Mike Fazio: The short answer on that is no. The export working capital program is meant specifically for export sales. However, it can be a relationship with your lender can be structured with the collateral to provide financing separately from domestic collateral from collateral that's going to be used for exporting. So yeah, the short answer is no, you can't just have one big line and lump it all together. But the longer answer is yes, it's possible, it's just a matter of structuring it correctly.

Loretta Green: Okay. Excellent. I just want to thank everyone for being on this call. I was going to see Evan do you want to say a few quick closing remarks or...

Evan Wing: Yes.

Loretta Green: Back to you, real quick.

Evan Wing: That would be great.

Loretta Green: We'll just closeout this call. And I appreciate everyone being on this call. Thank you so much, and get in touch with us today.

Evan Wing: Yeah. No, awesome. Thank you, Loretta, and yeah, I would. It's kind of funny how this call came about. I did more or less a STEP grant audit for the (WEDC) and was going to come on and give my testimonial about that trade venture. And had a conversation with Mike Fazio afterwards and said, hey, would you think about joining this USMCA call? Well, I go sure, I would like to know more about it. So it was good to be on here to find out more about what everyone's working on.

But I think that's a typical thing for us, is that you know, you follow the bread crumbs and, you know, really it's a common denominator that everyone's trying to do well. And I think if you have your eyes open you can find the help that you're looking for. So on top of that, you know, our Web site is hmafire.com and we've got a pretty strong presence on Facebook. As well as all those other social channels. But if you want to see the actual videos from some of those builds, our YouTube channel on HMAFire. It is pretty strong. Some really cool videos out there. So thank you again for having me.

Loretta Green: Well, thank you for all your input, for the participants. We really appreciate it. And with that, thanks everybody and we're going to closeout this call, and it will be available at a later date. I know it's been recorded and we'll send out that information as a follow-up. So thank you to everyone. Bye-bye. Signing off.

Coordinator: This (now) concludes today's call. All participants may disconnect at this time.

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