



**GOVERNOR'S**

**20  
23 | SMALL  
BUSINESS**  
WEBINAR SERIES

# Ready, Set, Export!

February 14, 2023



**OFFICE OF THE  
GOVERNOR**

**TEXAS ECONOMIC DEVELOPMENT & TOURISM**



# FIRST THINGS FIRST:

Please like one of these statements, in the Featured Feed:

**I am thinking about starting a business or have recently (within 2 years) started a business.**

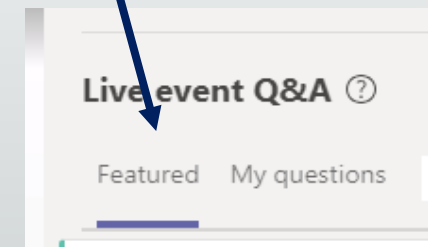
**OR**

**I started a business more than 2 years ago.**

Live Q&A Feed (upper right of screen):



"Featured" Feed Tab:







# Larry McManus

Director of Business & Community Development  
Texas Economic Development & Tourism  
Office of the Governor



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     @TexasEconDev



# FIRST THINGS FIRST:

Please like one of these statements, in the Featured Feed:

**I am looking for an introduction into exporting.**

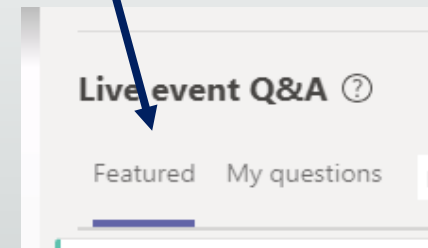
**OR**

**I have some knowledge about exporting.**

Live Q&A Feed (upper right of screen):



"Featured" Feed Tab:







# MEET OUR SPEAKER:



**Richard Rayne** is a Senior International Business Advisor at the University of Texas at San Antonio SBDC International Trade Center.

Rayne has worked in the international business field for more than 30 years. Many of those years he spent working with FedEx, advising and providing customized solutions to exporters and importers of various sizes about the intricacies of global logistics, international marketing, e-Commerce, government regulations and overseas business partner outreach.



South-West Texas Border  
**Small Business  
Development Center Network**

*UTSA SBDC International Trade Center*



# **The University of Texas at San Antonio Institute for Economic Development and SBDC International Trade Center**



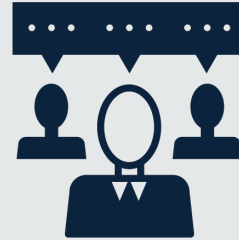


# WHAT WE DO:



## Advising

**Confidential one-on-one advising** to business owners looking to start or expand their business.



## Training

Offer **low or no cost training and workshops** on a variety of subject matters essential to any business.



## Research

**Extensive research** for both small businesses and communities.



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# ARE YOU EXPORT READY?

- Ownership/management commitment is necessary
- People resources should be available to investigate exporting
- Budgeted funds allocated for international business
- Willingness to travel, attend trade shows, etc.
- Patience and a long-term view is required





# WHY SHOULD YOU EXPORT?

- Approximately 95% of your potential customers are located outside the U.S.
- Lowers your unit costs if you are producing at capacity
- Exporting diversifies your revenue streams and risks
- Success in one country/region likely replicated elsewhere
- Specialty product(s) means less competition and thus the ability to charge a higher price and increase your profit margin



# WHY SHOULD YOU EXPORT?

- Smaller companies can stand out more in the marketplace
- Preferential Trade Agreements to over 20 countries giving you unprecedented access to potential new customers
- High rate of growth in many different industries
- Products from USA have a reputation for high quality
- Plenty of available export resources and assistance



# EXPORT PLAN & STRATEGY:

- **Reactive** – You receive an unsolicited inquiry via the Internet. Might be lucrative, but usually not the best approach
- **Proactive** – You have a willingness to branch out and export, yet you're not sure where and how to begin
- **Strategic** – You employ other resources to assist and take advantage of international trade data to focus time & energies





# U.S. Food & Agricultural Exports 2020:

Source: Trade Data Monitor					
HS Subheading	Description	January - December (Value: USD)			Change
		2018	2019	2020	20/19
	All Commodities	\$ 145,001,328,173	\$ 141,597,272,535	\$ 149,356,318,886	5.5%
1	Live Animals	\$ 1,105,391,604	\$ 1,027,745,308	\$ 963,916,589	-6.2%
2	Meat And Edible Meat Offal	\$ 17,266,108,042	\$ 17,662,247,356	\$ 18,170,652,638	2.9%
3	Fish And Crustaceans, Molluscs And Other Aquatic Invertebrates	\$ 5,253,279,027	\$ 4,884,757,292	\$ 4,007,582,849	-18.0%
4	Dairy Produce; Birds' Eggs; Natural Honey; Edible Products Of Animal Origin, Nesoi	\$ 4,615,199,861	\$ 4,963,426,558	\$ 5,428,232,667	9.4%
5	Products Of Animal Origin, Nesoi	\$ 1,301,722,197	\$ 1,303,273,161	\$ 1,149,087,066	-11.8%
6	Live Trees And Other Plants; Bulbs, Roots And The Like; Cut Flowers And Ornamental Foliage	\$ 460,119,887	\$ 457,340,921	\$ 427,537,765	-6.5%
7	Edible Vegetables And Certain Roots And Tubers	\$ 4,503,218,551	\$ 4,687,620,248	\$ 4,833,303,738	3.1%
8	Edible Fruit And Nuts; Peel Of Citrus Fruit Or Melons	\$ 14,697,875,412	\$ 15,086,818,347	\$ 14,304,773,773	-5.2%
9	Coffee, Tea, Mate And Spices	\$ 1,148,588,429	\$ 1,094,011,685	\$ 1,043,959,584	-4.6%
10	Cereals	\$ 21,021,757,923	\$ 16,913,228,758	\$ 19,342,931,350	14.4%
11	Milling Industry Products; Malt; Starches; Inulin; Wheat Gluten	\$ 915,836,700	\$ 950,084,937	\$ 965,511,262	1.6%
12	Oil Seeds And Oleaginous Fruits; Miscellaneous Grains, Seeds And Fruits; Industrial Or Medicinal Plants; Straw And Fodder	\$ 22,411,369,952	\$ 23,910,722,332	\$ 31,104,237,586	30.1%
13	Lac; Gums; Resins And Other Vegetable Saps And Extracts	\$ 690,375,354	\$ 665,975,399	\$ 604,043,620	-9.3%
14	Vegetable Plaiting Materials And Vegetable Products, Nesoi	\$ 38,467,737	\$ 27,034,756	\$ 28,868,370	6.8%
15	Animal Or Vegetable Fats And Oils And Their Cleavage Products; Prepared Edible Fats; Animal Or Vegetable Waxes	\$ 3,160,658,472	\$ 3,085,655,018	\$ 3,595,145,774	16.5%
16	Edible Preparations Of Meat, Fish, Crustaceans, Molluscs Or Other Aquatic Invertebrates	\$ 2,186,697,743	\$ 2,068,089,947	\$ 1,962,666,841	-5.1%
17	Sugars And Sugar Confectionary	\$ 2,006,370,005	\$ 1,932,096,355	\$ 1,826,330,603	-5.5%
18	Cocoa And Cocoa Preparations	\$ 1,935,862,241	\$ 1,925,725,504	\$ 1,678,352,195	-12.8%
19	Preparations Of Cereals, Flour, Starch Or Milk; Bakers' Wares	\$ 4,158,343,858	\$ 4,284,070,918	\$ 4,218,975,916	-1.5%
20	Preparations Of Vegetables, Fruit, Nuts, Or Other Parts Of Plants	\$ 5,076,793,307	\$ 4,970,268,542	\$ 4,498,813,247	-9.5%
21	Miscellaneous Edible Preparations	\$ 8,919,847,408	\$ 9,420,631,824	\$ 9,290,947,886	-1.4%
22	Beverages, Spirits And Vinegar	\$ 8,678,052,094	\$ 8,097,094,922	\$ 7,914,524,808	-2.3%
23	Residues And Waste From The Food Industries; Prepared Animal Feed	\$ 11,124,889,090	\$ 10,374,729,429	\$ 10,951,923,460	5.6%
24	Tobacco And Manufactured Tobacco Substitutes	\$ 2,324,503,279	\$ 1,804,623,018	\$ 1,043,999,299	-42.1%

	United States Exports to _World Source-Trade Data Monitor			
Description	January - December (Value: USD)			Change
	2018	2019	2020	2020/2019
Meat and Dairy Products	\$ 23,183,030,100	\$ 23,928,947,075	\$ 24,747,972,371	3.4%
Cereals	\$ 21,021,757,923	\$ 16,913,228,758	\$ 19,342,931,350	14.4%
Corn (Maize)	\$ 12,916,097,452	\$ 8,046,891,197	\$ 9,575,253,817	19.0%
Wheat And Meslin	\$ 5,456,302,508	\$ 6,278,593,445	\$ 6,318,111,098	0.6%
Rice	\$ 1,690,819,994	\$ 1,865,352,492	\$ 1,888,783,288	1.3%
Grain Sorghum	\$ 815,579,093	\$ 556,776,917	\$ 1,392,917,172	150.2%
Other grains	\$ 142,958,876	\$ 165,614,707	\$ 167,865,975	1.4%
Fruits & Vegetables	\$ 19,201,093,963	\$ 19,774,438,595	\$ 19,138,077,511	-3.2%
Milled products, oil seeds, extracts, vegetable & animal oils	\$ 27,216,708,215	\$ 28,639,472,442	\$ 36,297,806,612	26.7%
Consumer-Ready products	\$ 24,283,914,562	\$ 24,600,883,090	\$ 23,476,086,688	-4.6%



# KEY ELEMENTS OF AN EXPORT PLAN:

- Marketing
- Legal
- Financial
- Regulatory
- Transportation





# MARKETING:

- Overseas product demand
- Competitive environment
- Customer relationships (direct to consumer, selling via intermediaries, or a combination?)
- Advertising and product promotion
- Packaging and possible modifications



# LEGAL:

- Contracts
- Patents, trademarks, intellectual property
- Customer due diligence...who is your buyer?
- Schedule B number (numerical description of product)
- Tariffs (duties, taxes, quotas)



# REGULATORY:

- Permits
- Paperwork/Documentation
- Government Agencies/Certification
- Labeling
- Import country requirements





# TRANSPORTATION:

- Mode of transport (air, ocean, truck, rail)
- Incoterms
- Shipping Documentation (bills of lading, waybills, Commercial Invoice)
- Customs Clearance process
- Delivery of your product(s)



# ITEMS TO KNOW:

- Schedule B number(s) or HS codes for your exports
- Does your product require a license in order to export?
- Countries you want to emphasize (3-5 is ideal)
- Where can you minimize risk and keep costs down?



# ITEMS TO KNOW:

- U.S. Measurements vs. Metric System
- Intellectual Property (Trademarks, Copyrights, etc.)
- Export Pricing (more elements than domestic pricing)





# EXPORT PRICING TIPS:

- Build in added costs (labeling/packaging modifications, reformulation costs, international marketing costs)
- Remove costs such as U.S. marketing costs
- Agree on Incoterms with your buyer (via Pro Forma invoice)
- International transportation costs are higher
- Know your landed cost (your door to buyer destination)



# PACKAGING:

- Perishability of your product will influence your packaging (temperature-controlled solution required?...dry ice?)
- Actual weight vs. Dimensional (Volumetric) weight
- Packaging Labs and testing facilities
- Transportation company assistance and recommendations
- Current trends in packaging emphasize recycling, reuse, and bioplastics



# DOCUMENTATION:

- Pro Forma Invoice (quote which allows for revisions)
- Commercial Invoice (contract/proof of sale for seller and buyer)
- Packing List, Ingredients List, etc. (if Customs needs details)
- Shipper's Letter of Instruction (when using a freight forwarder)
- Bills of Lading or Waybills
- EEI (when any one commodity is over \$2500 value)
- Import Documentation from your buyer?



# SHIPPING ARRANGEMENTS:

- Who pays for the freight - shipper, consignee, or a Third Party?
- INCOTERMS (EXW, DAP, DDP, etc.).
  - International Chamber of Commerce has designated 11 of these terms/scenarios which define when goods transfer from the seller to the buyer while in transport. They are commonly known by 3 letter acronyms and do not replace the sale contract of your goods





# SHIPPING ARRANGEMENTS:

- Duties and Taxes. Usually best to have recipient/importer handle
- Insurance (supplemental policy, umbrella liability policy, or declaring a value for carriage via the transportation company)
- Customs clearance (inclusive with your carrier or via another broker)



# LIVE Q&A - PLEASE ASK QUESTIONS...

**LIVE Q&A NOW OPEN**

- The live Q&A feed is now open...
- Watch the “Featured” or “Published” live Q&A feed
- Check if your question has already been asked
- “Like” the questions you would like answered
- Questions with the most “likes” will be prioritized

**Unfortunately, we may not get to all questions...**



# COMMERCIAL INVOICE TIPS:

**LIVE Q&A NOW OPEN**

- Schedule B number/proper description of what you're shipping
- Is the product for resale in the destination country? If not, then specifically write "item not for resale" on the Commercial Invoice
- Avoid acronyms, abbreviations, and jargon. Be clear & concise.
- Special duty/tax considerations can apply (temporary imports for trade shows, samples, and unsolicited gifts)
- Any duties and taxes assessed is impacted by what is, or is not, specified on the Commercial Invoice



# ADDITIONAL CONSIDERATIONS:

**LIVE Q&A NOW OPEN**

- Partner with a freight forwarder to assist with transportation selection, shipment preparation, EEI filing, etc.?
- Keep export records on file for at least 5 years
- Research to determine if destination country requires special regulatory permits or other items from your consignee/customer





# STATE TRADE EXPANSION PROGRAM:

**LIVE Q&A NOW OPEN**

- Also known by the acronym “STEP” grant
- Objective is to increase the number of small businesses that export
- Stipend for post completion export-related expenses
- Application process on “first come, first served” basis
- [www.texasagriculture.gov](http://www.texasagriculture.gov)



# INTERNATIONAL SALES GROWTH IDEAS:

## LIVE Q&A NOW OPEN

- Trade Shows and opportunities to demonstrate your product
- Research country trends and preferences
- Foreign currency/foreign exchange
- Check your customer's creditworthiness (bank references and company profiles)
- Countertrade/barter as an alternative selling option
- Modify and optimize your website for eCommerce
- Travel to other countries and meet customers on their turf



# HOW WILL YOU GET PAID?

**LIVE Q&A NOW OPEN**

- Multiple payment options available
- Terms are subject to negotiation between the seller and buyer
- Level of risk in using specific payment methods are often opposite for the buyer and seller



# WHAT ARE THE COMPETITIVE CONDITIONS?

**LIVE Q&A NOW OPEN**

- If you do not extend credit, will you lose the sale?
  - What terms do competitors offer?
  - What are common payment practices in the country?
- How will failure to extend credit affect your relationship with your local sales agent and his/her ability to sell your product?





# PAYMENT METHODS:

**LIVE Q&A NOW OPEN**

## Common methods:

- Cash in Advance
- Letters of Credit
- Bank Drafts
- Open Account

## Alternatives:

- Escrow accounts
- Forfeiting
- Credit cards



# THE DILEMMA: OPPOSING PAYMENT PREFERENCES

**LIVE Q&A NOW OPEN**

Payment Method	Importer Preference	Exporter Preference
Cash in Advance	4	1
Letter of Credit	3	2
Bank Draft	2	3
Open Account	1	4



# FINANCING EXPORTS:

**LIVE Q&A NOW OPEN**

- SBA Export Financing Programs
- Export-Import Bank Financing Programs
- USDA Commodity Credit Financing programs



# FINANCING EXPORTS:

**LIVE Q&A NOW OPEN**

- Common characteristics:
  - Available to support export-related, day-to-day operations
  - Finance equipment and inventory
  - Finance accounts receivable
  - Some programs finance qualified foreign buyers
  - Most programs done through bank guarantees.





# EXPORT CREDIT INSURANCE:

**LIVE Q&A NOW OPEN**

- Export Credit Insurance covers credit and political/ economic risk for export transactions
- Available from the Export-Import Bank and private insurers
  - Single and multiple transaction terms
  - Low cost
  - Buyers must be qualified
- Increases competitiveness by reducing risk on open account sales



# WHAT CURRENCY SHOULD I USE?

**LIVE Q&A NOW OPEN**

- Foreign currency fluctuation is a real risk in exporting
- Currency used is negotiable between buyer and seller
- Many foreign buyers prefer to pay in dollars, but not all
- Possible disadvantage of pricing in USD if competition accepts local currency
- Some high-risk situations might mandate the use of dollars
- Managing foreign exchange risk via forward exchange transactions



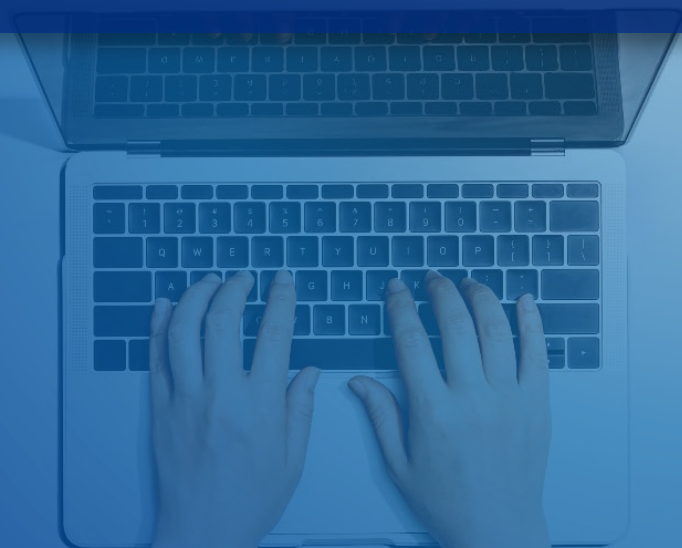
# EXPORT GROWTH AND PROSPERITY:

**LIVE Q&A NOW OPEN**

- International marketplace represents a huge opportunity
- Take advantage of your available resources
- Let us help clarify and develop your international business plan
- Our services are provided to you at no charge
- We want to help you succeed and thrive via exporting



# LIVE QUESTIONS & ANSWERS







# CONTACT INFORMATION:

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# NEW: SMALL BUSINESS RESOURCE PORTAL



**The Governor's  
Small Business  
Resource Portal**

**[gov.texas.gov/business-portal](http://gov.texas.gov/business-portal)**

- Provides links to key resources for small businesses and start-ups
  - Local, state and federal resources
  - Business advice & growth assistance
  - Funding sources, customized resources
- Just answer 5 simple questions to customize your results
- Email them to yourself or print



# SMALL BUSINESS ASSISTANCE TEAM:



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Small Business Advocate  
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Business Assistance Specialist  
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**Social Media:**      [@TexasEconDev](https://www.instagram.com/TexasEconDev)



# RESOURCES:

- **Governor's Small Business Webinar Series:**  
<https://gov.texas.gov/business/page/small-business-webinars>  
Slides available here within 48 hours
- **Events Calendar:** <https://gov.texas.gov/business/events>
- **Find your local SBDC:**  
<https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/>
- **Small Business Administration**
  - [www.sba.gov](http://www.sba.gov)
- **Export-Import Bank**
  - [www.exim.gov](http://www.exim.gov)
- **International Trade Center**
  - [www.texastrade.org](http://www.texastrade.org)



# THANK YOU



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