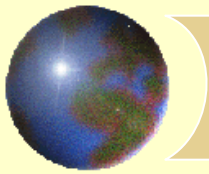


GOING GLOBAL-MANAGING GLOBAL CREDIT RISKS

**NACM 2016 ALL-SOUTH
CREDIT CONFERENCE**

**FORT WORTH, TEXAS
SEPTEMBER 20, 2016**

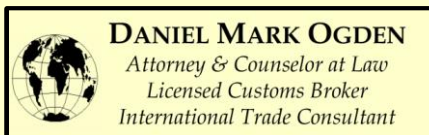
DANIEL MARK OGDEN
Attorney and Counselor at Law
Licensed Customs Broker
International Trade Consultant

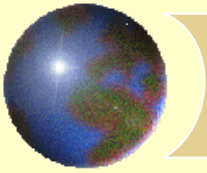


MANAGING GLOBAL CREDIT RISKS

Presentation Topics

- **Global Credit Risk Management**
- **Sales Contracts & Credit Risk Management**
- **Cash in Advance: When is it Necessary?**
- **Letters of Credit: A Credit Risk Management Tool**
- **Selling on Credit: How to Reduce Risks**
- **Global Credit Risk Management Resources**

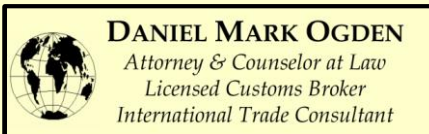


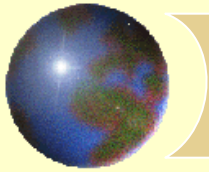


MANAGING GLOBAL CREDIT RISKS

Global Credit Risk Management

- **Importance of Bridging the Gap Between International Sales & International Credit Management**
- **Credit Management Involvement in International Strategic Planning & Foreign Market Selection**
- **Foreign Market Country Credit Risks**
- **Foreign Market Industry Credit Risks**
- **Foreign Market Distribution Intermediaries Credit Risks**



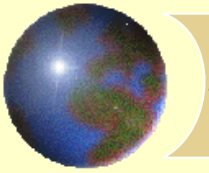


MANAGING GLOBAL CREDIT RISKS

Sales Contracts & Credit Risk Management

- **Integrating International Credit Management into International Sales Contracts**
- **Using International Sales Contracts to Manage International Credit Risks**
- **Key Contractual Provisions:**
 - Payment Terms (Cash; Drafts; L/Cs; Trade Credit)**
 - Foreign Currency Terms**
 - Security Interests**
 - Choice of Law & Forum**
 - Foreign Country Payment/Currency Restrictions**





MANAGING GLOBAL CREDIT RISKS

Cash in Advance: When is it Necessary?

- **Cash in advance generally difficult for seller**
- **Always necessary for custom made goods**
- **May be necessary for foreign standards mandates**
- **Contractual Recommendations-**
Initial payment required to cover customization costs
Balance of sales price required to be paid prior to shipment

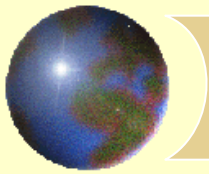


DANIEL MARK OGDEN

Attorney & Counselor at Law

Licensed Customs Broker

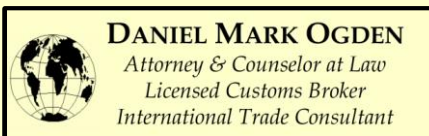
International Trade Consultant

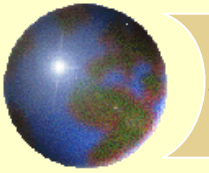


MANAGING GLOBAL CREDIT RISKS

Letters of Credit: A Credit Risk Management Tool

- **L/Cs substitute a bank's credit for a customer's credit**
- **L/C issuing bank requires documentary proof of shipment prior to L/C payment (documentary letters of credit)**
- **Generally advisable to get L/C confirmed by domestic bank**
- **Critically important for seller to provide in international sales contract that seller has input regarding L/C terms**
- **Require buyer in international sales contract to pay for all L/C costs including confirming bank costs**





MANAGING GLOBAL CREDIT RISKS

Selling on Credit: How to Reduce Risks

- **Due diligence on credit risk research of both buyer and buyer's country-critical for international sales**
- **Be aware that sales terms on international sales are often much longer than domestic sales depending on country**
- **Adjust sales price to cover risks of slow or non-payment**
- **Utilize foreign sales credit insurance**
- **Require buyer to pay cost of foreign sales credit insurance**

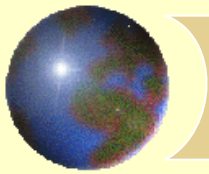


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Attorney & Counselor at Law

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MANAGING GLOBAL CREDIT RISKS

Global Credit Risk Management Resources

- **U.S. Export-Import Bank Foreign Credit Insurance Programs**

Express Insurance

www.exim.gov/what-we-do/export-credit-insurance/express-insurance

Single-Buyer Insurance

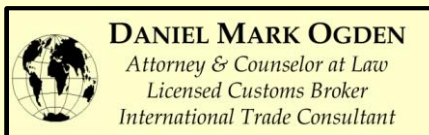
www.exim.gov/what-we-do/export-credit-insurance/single-buyer-insurance

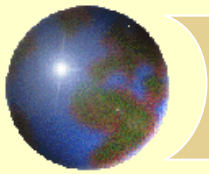
Multi-Buyer Insurance

www.exim.gov/what-we-do/export-credit-insurance/multi-buyer-insurance

Medium-Term Credit Insurance

www.exim.gov/what-we-do/export-credit-insurance/medium-term





MANAGING GLOBAL CREDIT RISKS

Global Credit Risk Management Resources

- **Private Foreign Credit Insurance Programs**

Foreign Credit Insurance Association (FCIA)

www.greatamericaninsurancegroup.com/insurance/FCIA/Products/Pages/Companies.aspx

FCIA Multi-buyer Policies

www.greatamericaninsurancegroup.com/insurance/FCIA/Products/Pages/Multibuyer-Policies.aspx

FCIA Single Buyer Policies

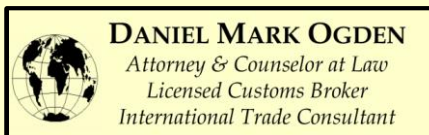
www.greatamericaninsurancegroup.com/insurance/FCIA/Products/Pages/Single-Buyer-Policies.aspx

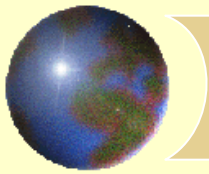
AIG Trade Credit Insurance

www.aig.com/business/insurance/trade-credit

Meridian Finance Export Credit Insurance

www.meridianfinance.com/export-credit-insurance





MANAGING GLOBAL CREDIT RISKS

Global Credit Risk Management Resources

- **U.S. Department of Commerce Exporter Services Programs**

Trade Finance Guide-

www.export.gov/article?id=Introduction

Initial Market Check-

www.export.gov/Initial-Market-Check

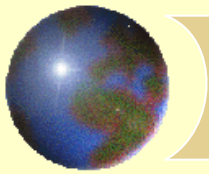
International Company Profile-

www.export.gov/International-Company-Profile

Customized Market Research-

www.export.gov/Customized-Market-Research





MANAGING GLOBAL CREDIT RISKS

Global Credit Risk Management Resources

- **U.S. Department of Commerce Exporter Services Programs**

International Partner Search-

www.export.gov/International-Partner-Search

Gold Key Service-

www.export.gov/Gold-Key-Service

- **District Export Councils (DECs)**

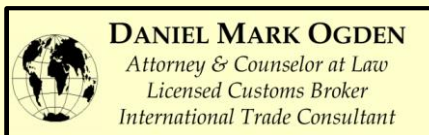
DEC members are appointed by U.S. Secretary of Commerce

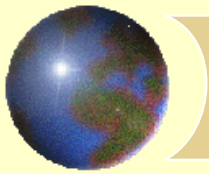
DECs work closely with U.S. Export Assistance Centers

DECs mission is to educate and mentor businesses on exporting

www.districtexportcouncil.org

www.districtexportcouncil.org/local-dec-locator





GOING GLOBAL-MANAGING GLOBAL CREDIT RISKS

Presentation Download

internationaltradeattorney.com:8008/Articles.htm

DANIEL MARK OGDEN, ESQ.

Attorney and Counselor at Law

Licensed Customs Broker

International Trade Consultant

1000 E. Belt Line Rd., Suite 206

Carrollton, Texas 75006

972.417.1916 (voice)

972.674.8300 (fax)

www.internationaltradeattorney.com

daniel.ogden@internationaltradeattorney.com

Twitter: [tradeattorney](#)

Facebook: [internationaltradeattorney](#)

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DANIEL MARK OGDEN

Attorney & Counselor at Law

Licensed Customs Broker

International Trade Consultant