



**Cargo Preference News4U**  
**Moving Cargo - Lifeline of the Sea**



**CAPT William Schubert**

**SPECIAL EDITION**  
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## **Transportation Freight Financing Program**

### **Using U.S.-Flag Vessels Can Help Your Business Grow**

The Maritime Administration and the Export Import Bank of the United States (Ex-Im Bank) have signed a Memorandum of Understanding to provide a new financing option for commercial cargo on U.S.-flag vessels. According to Maritime Administrator William Schubert, “this agreement is a win for American labor and business, a win for freight forwarders, and a win for U.S.-flag carriers. By providing credit terms and more access to working capital for small and medium U.S. exporters and their logistics service providers that ship on U.S. flag vessels, we will make them more competitive and create more U.S. jobs.”

The newly released MOU establishes a program to provide Ex-Im Bank-guaranteed working capital loans for exporters, logistics providers, and other service companies involved in ocean freight transportation on U.S.-flag vessels. The program provides an incentive to use U.S.-flag vessels while concurrently improving cash flow for exporters and their service providers.

The loan is to be based on costs directly attributable to the transportation expense involved in moving the cargo from the supplier to the receiver using U.S.-flag vessels for the ocean transportation. It is to be made available to the trade through local commercial banks or other Ex-Im Bank-recognized lending institutions that have an existing Ex-Im Bank relationship.

Ex-Im Bank’s Chairman Philip Merrill said, “this agreement helps the exporters, the U.S. commercial shipping industry, and their workers. Further, Ex-Im and MARAD have had a longstanding partnership to support U.S. exports and U.S. shipping. This agreement provides greater flexibility for U.S. exporters seeking Ex-Im Bank financing and also enables Ex-Im Bank to offer expanded working capital support for export service providers and U.S. exporters that ship on U.S.-flag vessels,” he said.

Another important feature of this program is Ex-Im Bank has increased its working capital guarantee from 90 to 95 percent for U.S. companies that use U.S.-flag vessels to ship their cargo. In addition, the Bank has raised the minimum threshold for its guarantee of U.S. export transactions that must utilize U.S. flag vessels from \$10 million to \$20 million.

A breakdown shows that:

Benefits of the working capital loans enable export service providers:

- Additional liquidity over normal credit lines;
- Longer term loans that might not be available commercially, and
- Financing for operations that might not be commercially acceptable...i.e., sound but non-mainstream projects.

Eligibility requirements include:

- Applicants must be located in the United States
- Exporters must have one year operating history
- Freight forwarders and other intermediaries must have three years operating history
- Cargo must not have military or nuclear applications
- Cargo must move on a U.S.-flag vessel

Eligibility is geared toward U.S. export service providers, who appear on a U.S.-flag vessel ocean bill of lading, including:

- Shipper/exporters
- Freight forwarder/logistics providers
- NVOCC
- Ocean Carriers
- Custom House Brokers

To learn more about this new exciting program, contact one of the following TFF representatives:

<p><b>U.S. Maritime Administration</b> <b>Cargo Assistance Team</b> 400 – Seventh St., SW Washington, DC 20590 Tel.: (202) 366-4610 National: (800) 9US-FLAG Fax: (202) 366-5522 Email: <a href="mailto:cargo.marad@marad.dot.gov">cargo.marad@marad.dot.gov</a> Web: <a href="http://www.marad.dot.gov">www.marad.dot.gov</a></p>	<p><b>Export Import Bank of the United States</b> Headquarters Office 811 Vermont St., NW Washington, DC 20571 Business Development Tel.: (202) 565-3946 National: (800) 565-3946 (Select Option “1” Regions) Fax: (202) 565-3931 Email: <a href="mailto:infor@exim.gov">infor@exim.gov</a> Web: <a href="http://www.exim.gov">www.exim.gov</a></p>
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