

## Meeting Minutes

### Open Public Conference Call Meeting

#### Trade Finance Advisory Council

U.S. Department of Commerce | International Trade Administration

Friday, May 15, 2020

12:45 – 2:45 pm ET

#### **Meeting Date, Time, and Place**

On Friday, May 15, 2020 between 12:45 pm and 2:45 pm ET, the U.S. Department of Commerce Trade Finance Advisory Council (TFAC) held the fifth open public meeting of its second (2018-2020) charter term via teleconference.

#### **Committee Members Present**

1. Alan Beard, Managing Director, Interlink Capital Strategies
2. Alisa DiCaprio, Head, Trade and Supply Chain, R3
3. Chapin Flynn, Vice President, Enterprise Partnerships, Mastercard
4. Combiz R. Abdolrahimi, Emerging Technology & Innovation Leader, Deloitte Consulting
5. Craig Weeks, Independent Consultant
6. Daniel Pische, Senior Vice President, Trade Finance, First American Bank
7. David Herer, Chief Executive Officer, ABC-Amega Inc.
8. David Shogren, President, U.S. International Foods LLC.
9. Dominic Capolongo, Executive Vice President, Global Head of Funding, PrimeRevenue, Inc.
10. Gary Mendell, President, Meridian Finance Group
11. Filipe Mossmann, Head of Trade Sales Americas, Standard Chartered Bank
12. Ken Rosenberg, Senior Vice President and Manager for International Banking, Bridge Bank
13. Kenneth Wengrod, Co-Founder/President, FTC Commercial Corporation
14. Kevin Klowden, Executive Director, Center for Regional Economics, Milken Institute
15. Madison Spach, Jr., Partner, Spach, Capaldi and Waggaman, LLP.
16. Qingyuan Zhang, Director, Global Trade Finance, John Deere Financial Services
17. Steven Bash, Senior VP, International Banking Group Manager, City National Bank
18. Steve Simchak, VP/Chief Int'l Counsel, American Property Casualty Insurance Association
19. William Glassford, Senior Vice President, Zions Bancorporation

#### **U.S. Commerce Department Employees Present**

1. James Sullivan, Deputy Assistant Secretary for Services Industries, International Trade Administration (ITA), U.S. Department of Commerce (DOC)
2. Paul Thanos, Director, Office of Finance and Insurance Industries (OFII), ITA/DOC
3. Michael Fuchs, Trade and Project Finance Team Lead, OFII, ITA/DOC
4. Yuki Fujiyama, Trade Finance Specialist, TFAC DFO, OFII, ITA/DOC
5. Michael Corbin, Senior International Trade Specialist, OFII, ITA/DOC
6. Colin Leach, International Trade Specialist, OFII, ITA/DOC
7. Jeffrey Odum, International Trade Specialist, Office of the DAS/Services, ITA/DOC

## **Other U.S. Government Employees Present**

1. David Vidal, Managing Director and Head of International Trade Finance, Office of International Trade, U.S. Small Business Administration
2. Michele Wilkins, Senior Financial Economist, U.S. Export-Import Bank
3. Eric Larger, Policy Analyst, U.S. Export-Import Bank
4. Amy Slusher, Senior Director, Credit Programs Division, Foreign Agricultural Service, U.S. Department of Agriculture (FAS/USDA)
5. Maria Dorsett, Agricultural Marketing Specialist, Credit Programs Division, FAS/USDA

## **Public Members Present**

1. Michael Beresik, Head of Public Affairs, Americas, Standard Chartered Bank
2. Eugene Cornelius, Senior Director, Center for Regional Economics, Milken Institute
3. Duane Martinez, Q/A Audit Specialist, FedEx Trade Networks

## **Meeting Purpose**

The purpose of the meeting was for the TFAC to discuss and vote on the second set of recommendations, which is attached as Exhibit “A.” These recommendations were designed to increase awareness of, and expand access to, trade finance and related resources for U.S. exporters and their foreign buyers.

## **Summary of Meeting Proceedings**

- TFAC Designated Federal Officer (DFO) Yuki Fujiyama announced the opening of the meeting and reminded everyone that it was a public meeting and that the call would be recorded. He subsequently asked Commerce, other U.S. government attendees, and public participants to introduce themselves. He then turned the meeting over to TFAC Chair Klowden and asked him to call the meeting to order.
- Chair Klowden confirmed attendance of TFAC members present and opened the meeting by greeting U.S. Commerce Deputy Assistant Secretary (DAS) Jim Sullivan, TFAC members, other government participants and the public. Chair Klowden then provided opening remarks and introduced DAS Jim Sullivan for his welcome remarks.
- DAS Jim Sullivan provided welcome remarks, introduced two new members, (1) Combiz Abdolrahimi of Deloitte Consulting and (2) Filipe Mossmann of Standard Chartered Bank, to the audience, and then asked them to say a few words to their fellow TFAC members.
- New members Combiz Abdolrahimi and Filipe Mossmann extended brief greeting remarks to fellow TFAC members and the audience.
- Chair Klowden asked the four Subcommittees to present their proposed recommendations for consideration.
  - **The International Trade Policy Subcommittee** chaired by Steve Simchak presented a recommendation on developing procedures and training for Commerce Department employees to facilitate assistance in cross-border commercial debit collections for U.S.

exporters. The TFAC voted unanimously to approve this recommendation, a summary of which is included in Exhibit “A.”

- **The Public-Private Partnerships Subcommittee** chaired by Ken Wengrod presented a recommendation on leveraging trade finance partnerships to provide more effective public-private collaboration to aid exporters. The TFAC voted unanimously to approve this recommendation, a summary of which is included in Exhibit “A.”
- **The Education Strategies Subcommittee** chaired by David Shogren presented a recommendation on developing ideas and guidelines for creating three short educational videos for the U.S. Commerce Department’s Trade Finance Guide Video Project. The TFAC voted unanimously to approve this recommendation, a summary of which is included in Exhibit “A.”
- **The Financial Technology Subcommittee** chaired by Alisa DiCaprio presented three recommendations on:
  1. Developing a platform to lower costs to allow small businesses access to supply chain financing;
  2. Developing an automated application process for providing a rapid response to facilitate accelerating supply chain financing; and
  3. Providing analysis and leadership for blockchain-relevant language in the US-UK Free Trade Agreement to facilitate much-needed standardization of the use of such technology in international trade.
- The TFAC voted unanimously to approve these Financial Technology Subcommittee recommendations, summaries of which are included in Exhibit “A.”
- DFO Yuki Fujiyama reminded TFAC members that the final open public meeting would be held via teleconference in mid-July and that further details would be forthcoming.
- Chair Klowden provided his closing remarks.

### **Public Comment**

No Issues were raised for public comment.

### **Adjournment**

The meeting adjourned approximately at 2:30 P.M.

### **Certification**

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

*Yuki J. Fujiyama*

Yuki J. Fujiyama  
Designated Federal Officer  
Trade Finance Advisory Council

*Kevin Klowden*

Kevin Klowden  
Chair  
Trade Finance Advisory Council

## **Exhibit A: A Summary of TFAC Recommendations Adopted on May 15, 2020**

### **1. Helping U.S. exporters collect commercial debts from foreign buyers**

The TFAC recommends that DOC/ITA develop procedures and training for commercial officers who are notified about non-payment involving overseas buyers. These should include ways to communicate with the delinquent buyer to ascertain or prompt payment, and to advise the exporter of remedial steps they can take when matters are unpaid. In addition, DOC/ITA should maintain a database of buyers who default on payments, and when these defaults remain uncured the buyer should be identified to other government agencies which may take further actions until the delinquencies are cured. Furthermore, DOC/ITA should vet and develop relationships with professional debt collection agencies, in order to identify and make available qualified firms that can help exporters in various markets that encounter payment defaults with their customers.

### **2. Leveraging private-sector trade finance partnerships to aid U.S. exporters**

The TFAC recommends that DOC/ITA create a streamlined agreement to allow for multi-year partnerships with the most recognized trade finance focused organizations in the United States, such as the Bankers Association for Finance and Trade, the International Factoring Association, Secured Finance Network (formerly Commercial Finance Association), the Florida International Bankers Association, etc. These partnerships would serve as a resource for the nation's exporters as they seek to understand the financing options and private resources that are available to them. Once a partnership is in place, exporters can navigate from [www.export.gov](http://www.export.gov) to dedicated landing pages of the partner organizations which would serve as a resource guide to visitors. From there, exporters can navigate to the resources available through the organization. This would be the best way to allow exporters to make connection with lenders equipped to meet their Trade Finance needs. Given that most of these organizations are not-for-profits and operate with a limited staff, it is crucial that the current partnership agreement be amended to a multi-year agreement once the once an organization has been reviewed and verified. The goal of this recommendation is to create a way for exporters to connect more easily with Trade Finance resources without having DOC/ITA involved in the handling of any private information.

### **3. Supporting ITA's Trade Finance Guide Video Project**

The TFAC recommends supporting ITA's Trade Finance Guide Video Project. At the beginning of FY2020, ITA was allocated funding to create and release three educational trade finance videos. Each video will be about 4 to 5 minutes long, and the content will primarily be taken from ITA's Trade Finance Guide. The TFAC provided input for:

- The first video, which will cover "Letters of Credit" based on the Guide's Chapter 3
- The second video, which will cover "Documentary Collections" based on the Guide's Chapter 4
- The third video, which will cover "Foreign Exchange" based on the Guide's Chapter 14

The TFAC also prepared the list of questions and considerations for inclusion in the videos. These are primarily meant to be questions from the point of view of small & medium size enterprises (SMEs) which might be helpful. In addition, the TFAC prepared some suggestion examples that could be used to illustrate different deal structures or concepts for the videos.

The TFAC endorses ITA's Trade Finance Guide Video Project and supports its use to encourage SME exporters to learn about trade finance subjects.

### **4. Lowering costs to allow small businesses access to supply chain financing**

Small and medium-sized business (SMB) access to Supply Chain Finance (SCF) is a persistent issue that has been thrown into sharp relief in the wake of COVID-19. Traditionally, large corporate buyers center their SCF programs around their largest suppliers. Likewise, financial institutions (FIs) center

their receivables financing offerings on similarly large buyer-companies. This is the result of the high cost of underwriting and onboarding. This results in an environment where meaningful working capital solutions exist for the largest companies in the U.S. but fails to address the working capital needs of SMBs. If FI onboarding and supplier enablement was less costly, FIs would be able to profitably extend SCF further into the supply chain and provide SMBs with greater access to working capital. Therefore, the TFAC recommends that DOC and other federal agencies form a committee to explore the sponsoring of a platform that would allow SMB suppliers to self-identify, register, and upload data that is often expensive and onerous for FIs to collect. At the same time, suppliers should be given the ability to post their receivables for sale and for large US buyers to confirm the validity of those invoices. By minimizing the cost and effort to perform some onboarding and underwriting activities as well as creating a location to view receivables for sale, the government would remove some of the barriers to achieving profitable FI supply chain financing for SMBs.

5. Accelerating supply chain finance rapid response via automated application process

Improving the efficiency of the process through automated procedures, digital documentation and electronic signatures will remove friction and increase the velocity of delivery of trade finance solutions. Digital solutions are in use today but generally limited to larger business enterprises. These automated solutions should be broadened to allow SMBs the same access to efficient and easy to use processes that their larger brethren enjoy. The immediate need posed by the COVID crisis serves as a catalyst for the broader introduction of digital documentation and electronic signatures. These automated procedures are already in wide use in a variety of consumer and commercial finance products including residential mortgage applications. They ease the burdens on the participants, speed the process and support the quick and efficient delivery of the proceeds of the financing to the user. In these perilous times where cash is king, fast access to financing can decide the fate of a business and determine whether or not the SMB survives another day. Therefore, the TFAC recommends that the DOC support, encourage and facilitate the use of digital documentation and electronic signatures as a key component of the process for SMBs to obtain trade finance. More specifically, DOC and other federal agencies should establish themselves at the forefront of this initiative by establishing digital documentation and electronic signatures in their own financing activities.

6. Providing blockchain leadership in the US-UK FTA negotiations to promote trade finance access

Digitization of trade flows and financial assistance under emergency implementation has been difficult. This is due in, no small part, to the lack of existing guidance from governments about newly-developed technologies that are being used to quickly scale digital interactions. Blockchain is an important technology within digital solutions, and the US-UK FTA has opened the door for US leadership in a globally evolving digital infrastructure. Existing FTAs includes chapters on ecommerce and other digital measures. However, none have not yet covered net-new technologies like blockchain. The UK's Department for International Trade has already added blockchain to its negotiating goals for the US-UK FTA, which specifically reference blockchain technologies as an area of digital trade leadership. US financial institutions and businesses have been using blockchain for trade finance, supply chain finance and global trade for several years now. Therefore, the TFAC recommends that DOC and other federal agencies consult together to provide analysis and leadership for blockchain-relevant language in the US-UK FTA that facilitates much-needed standardization of a blockchain trading network and promotes an environment that enables SME access to finance.