

By the Commodities

A Seller Offers Candid Comments on SCGP

By Anne A. Almond

Meat Products International, Inc. has used the Supplier Credit Guarantee Program (SCGP) to export U.S. agricultural products. In this article, a top executive offers insights on the company's experiences with the program.

How has your firm used the SCGP?

Samir Sidani, president, Meat Products International, Inc.: We use the program all the time—for noodle soup exports to Guatemala and also for meat exports to the Dominican Republic, and hopefully we will soon use it to sell to other countries.

At first, we used the program exclusively to help us increase our financing capability with our bank, which required that all export financing be insured. After we changed our banking structure to eliminate that aspect, we kept on using the program to reduce our credit risk with buyers.

What do you like about the SCGP?

Sidani: We like the program because it is simple to apply and, once you have the right procedures in place, it becomes almost automatic.

Was your buyer aware that the sale was taking place through the SCGP? Did your buyer like the program?

Sidani: Our customers are usually aware that we are using the program, because they have to sign the notes and pay premiums.

Buyers love this program because it



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allows them to get credit terms from the U.S. exporter without having to issue a letter of credit or pay in advance. We sellers like the program as well, because it opens new markets and new prospects for us.

My only concern is that we've never had to demand payment under this program. If this situation ever occurs, it will be the test to see whether USDA will work with the seller to make the payment quick and painless, or whether it will be a legal struggle over dotting all the *i*'s and crossing

all the *t*'s, the validity of original versus fax correspondence and so on.

In general, so far our experience has been very positive. ■

The author is an agricultural marketing specialist in FAS' AgExport Services Division. Tel.: (202) 690-2853; Fax: (202) 690-0193; E-mail: Anne.Almond@fas.usda.gov; Web site: www.fas.usda.gov/agexport/exporter.html