

## AIR TRACTOR INC.

OLNEY, TEXAS

“EXPORTS HAVE DEFINITELY MEANT JOBS IN THIS RURAL PART OF TEXAS, AND EX-IM BANK HAS HELPED US PROVIDE THE EXPORT FINANCING TO INCREASE OUR EXPORTS AND BREAK INTO NEW MARKETS.”

DAVID ICKERT, VICE PRESIDENT OF FINANCE

Developing markets are creating a growing demand for capital goods such as agricultural and construction equipment, but U.S. exporters often face limited availability of longer-term financing for borrowers in these markets. Air Tractor Inc., in Olney, Texas, a small-business manufacturer of agricultural and forest fire-bombing airplanes, has found an invaluable tool in Ex-Im Bank's medium-term financing to increase its exports.

In 40 transactions over the past 12 years, Air Tractor has used the Bank's medium-term insurance to export an estimated \$20 million of its aircraft, primarily to small private-sector buyers in Argentina and Brazil. Exports now account for approximately 39 percent of the company's total sales.

Ex-Im Bank's medium-term insurance policies are available for U.S. exporters or financial institutions to insure sales to a single international buyer against the risk of the buyer's failure to pay because of unforeseen commercial or political reasons. Air Tractor uses the Bank's medium-term policies to provide supplier credits, which are loans to international buyers that the company originates and then sells to a commercial lender.

“We look at relationships on a long-term basis, and with Ex-Im Bank's help, we've been able to enter into new markets and expand our sales,” said David Ickert, Air Tractor's vice president of finance. Air Tractor first used the Bank's medium-term policy to insure sales of its forest fire-bombing airplanes to Spain, which helped the company establish

customer relationships that have continued even though the Bank's insurance is no longer needed in Spain.

In Argentina, the Bank's insurance helped Air Tractor to establish a presence and remain active in this market, even during a period when the Bank was closed there for economic reasons. Ickert noted that the company has never had to file a claim on a medium-term transaction insured by Ex-Im Bank in Argentina or anywhere else.

In business since 1972, Air Tractor manufactures standard-setting agricultural and forest fire-bombing aircraft at its plant in Olney and currently employs 180 workers. Ickert said that Ex-Im Bank-supported exports have helped the company to smooth out the effects of fluctuations in demand common in agricultural industries. The company has been able to maintain employment and even add 25 new jobs.

Ex-Im Bank's medium-term products (insurance and loan guarantees) generally cover 100 percent of commercial and political risks on up to 85 percent of a contract. Repayment terms of one to five years are available for exports of capital goods and services, and up to seven years for exports of medical and transportation-security equipment and environmentally beneficial products and services. Exports to renewable energy and water projects are eligible for up to 15-year terms under the Bank's medium-term loan guarantee.

PHOTOS COURTESY OF AIR TRACTOR INC.



*Air Tractor uses Ex-Im Bank's medium-term insurance to export its agricultural aircraft such as this AT402 to developing markets in Latin America.*

*Bobby Riggins prepares to seal the windshield of an Air Tractor airplane at the company's factory in Olney, Texas.*