

TOP 10 QUESTIONS

From Small Businesses
About Export Financing

A man and a woman, both wearing hard hats and safety vests, are looking at a laptop together in a shipping yard. The woman is wearing a yellow hard hat and a high-visibility vest, while the man is wearing a white hard hat and a blue suit jacket. They are standing in front of a large stack of blue and red shipping containers. The background shows a clear blue sky with some clouds.

EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

TOP 10 QUESTIONS ABOUT EXPORTING

Learn more about what small businesses around the U.S. are asking about exporting.

When it comes to exporting, U.S.-based companies that are considering selling their goods and services internationally, or that have limited experience and want to expand their footprint, have similar concerns. Here are their most frequently asked questions.

01

Nonpayment Protection

Q: *What is Export Credit Insurance and how does it help?*

A: Export Credit Insurance is an insurance policy, like the policy on a house or a car. In this case, the policy provides coverage on the accounts receivable that are generated from your international sales.

You can offer foreign buyers open account credit terms, secure in the knowledge that the receivables are covered if the buyer does not pay for reasons that are commercial (e.g. insolvency, bankruptcy) or political (e.g. war, currency transfer).

02

Trusting Customers

Q: *I've done business with my international customer for many years, and I trust them. Why should I insure them?*

A: We understand that the best relationships are built on trust. The reality is that companies run into difficulties, oftentimes due to external forces like an economic downturn or pandemic, and you may not know about it until it's too late.

Export Credit Insurance is not a sign of distrust; it is a prudent strategy to protect your company's financial assets.



03

Competitive Credit Terms

Q: *Are open account credit terms really necessary to grow my export business?*

A: According to small business exporter Chad Remp, reasons to offer open account credit terms include: the customer requires it, they make doing business easier, they foster customer loyalty, and customers with open accounts order more.

04

Cash in Advance

Q: *My foreign buyers want credit terms, but I require cash in advance. I don't want to lose these sales. Can EXIM help?*

A: Cash is king, take it all day long if you can get it. But insisting on cash in advance is also a great way to give your competitors an advantage if they are offering open account credit terms.



TIP: To see this in action, [learn about how Coral Steel lost existing customers, won those customers back, and gained new business.](#)

05

Financing for Growth

Q: *Expansion is great, but I need money to help grow my export business. How can EXIM help me?*

A: EXIM's Working Capital Loan Guarantee offers a guarantee to lenders so they will be more willing to lend money to purchase or manufacture goods and services destined for export. The collateral for the loan is the inventory itself, including WIP (work in process), as well as the foreign accounts receivable generated from the sale of the products.



06

Extended Payment Terms

- Q:** *I sell U.S.-built capital equipment and my foreign buyers need several years to pay for it. I can't afford to carry the receivable for this long. What can I do?*
- A:** EXIM has relationships with commercial lenders that are willing to finance the buyer for you. Once the commercial lender verifies that your buyer is creditworthy for the amount of the sale, and you present the shipping documents to the lender, they cash you out and create a promissory note between themselves and your buyer. EXIM supports this transaction by protecting the commercial lender from nonpayment by your buyer.

07

Minimal Collateralizing

- Q:** *My buyer is requiring that I open a standby letter of credit for 10 percent of the contract price as a performance bond. That's a sizeable amount of cash for a small company. Is there anything EXIM can do to help?*
- A:** Use of funds under EXIM's Working Capital Loan Guarantee includes bid and performance bonds, and you only need to collateralize the loan at 25 percent of the face value of the standby letter of credit. So, if your buyer wants you to open a letter of credit for \$100,000, you need only collateralize \$25,000 of the \$100,000, freeing up working capital for other priorities.



08

Size Qualifications

- Q:** *I have a very small business, that just started to export a U.S.-made product; our sales volume is only \$75,000 a year. Am I too small?*
- A:** Absolutely not! EXIM has special policies for small companies that have been in business for at least a year, have a DUNS number, have obtained and maintained an active [SAM.gov](https://sam.gov) registration including the issuance of a Unique Entity Identifier (UEI), and have financial statements or tax returns. The policy coverage is up to 95 percent of the invoice value with no deductible. Plus, you pay the premiums only on what you ship, when you ship. This pay-as-you-go feature means there are no lost premium dollars; you only pay premium on the gross invoice value of your actual shipments. There is no minimum premium; no company or deal is too small!

09

Service Providers

- Q:** *My company provides a service, not a physical product. Do I qualify?*
- A:** Yes. Many think of exporting as selling hard goods worldwide; what is less well understood is that U.S. services, including finance, education, software, entertainment, engineering, architecture, legal, and many others, are in high demand worldwide. The service sector in the United States is driven primarily by small & medium-size businesses and thrives in an entrepreneurial environment. If your small business provides excellent service and is looking to grow, [the world is waiting for you!](#)

10

Special Business Support

- Q:** *Does EXIM have any programs for businesses owned by veterans, women, and minorities?*
- A:** Yes, EXIM has a business development team dedicated to [veteran, minority, and women-owned businesses](#) that provides information and education to companies that wish to export. In addition, they collaborate with trade associations and other federal agencies that have a minority trade focus to help inform audiences about EXIM financing and create opportunities for export-ready businesses and those that are interested in becoming export-ready.

WHAT'S NEXT?

EXIM is here to support you on your exporting journey. We offer a wide range of financing tools for your company's unique needs, as well as free consultations, educational material, exporter resources, and more. You can:



Talk to an Expert

EXIM specialists are ready and waiting in your area to give you a free consultation:

grow.exim.gov/consultationrequest



Learn Exporting Basics

This free eBook, The Basic Guide to Exporting, will teach you everything you need to get started:

grow.exim.gov/export-guide



Protect Your Business from Risk

Avoid the danger of buyer nonpayment with Export Credit Insurance:

grow.exim.gov/eci-guide



Unlock Your Business's Cash Flow

Learn how EXIM works with your lender so you can compete internationally:

grow.exim.gov/wclg-guide



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