

# Export Financing for U.S. Companies

## Ex-Im Bank Options

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*Export-Import Bank of the United States*

The Export-Import Bank (Ex-Im Bank) is the official export credit agency of the United States. Although the Ex-Im Bank does not compete with private sector funding, it has supported nearly \$400 billion in U.S. exports for more than 65 years—a remarkable record of leadership in providing trade financing, especially for small and medium-sized companies.

With no minimum or maximum transaction limits, the Ex-Im Bank's long tradition of supporting U.S. exports, predominantly to risky emerging markets, has rightfully earned the Ex-Im Bank a reputation as the “go-to” place for the toughest export deals.

### EXPORT YOUR FINANCING CHALLENGES, IMPORT OUR FINANCING SOLUTIONS

The Ex-Im Bank provides an array of financing tools tailored to meet the needs of U.S. companies, including, short-, medium- and long-term financing for the export of goods and services.

With our working capital guarantee, exporters can arrange loans from a commercial lender to meet their pre-export

inventory buildup and accounts receivable needs. The Ex-Im Bank guarantees 90 percent of the repayment. Another trade financing tool is export credit insurance, which allows exporters and lenders to mitigate the risk of buyer nonpayment while extending attractive terms, including open-account terms, to international buyers. Our insurance serves as a powerful sales tool, as exporters can sell to more buyers and compete in markets they might otherwise consider too risky.

The Ex-Im Bank also offers guarantees of loans made by lenders to international buyers of U.S. capital goods and services. Since our guarantee protects against all nonpayment risks, exporters are able to assist their buyers in obtaining financing. These guarantees can also be structured as non-recourse loans common for infrastructure projects or asset-based finance leases common for large body aircraft.

### INCREASE YOUR EXPORT SALES, DECREASE YOUR RISK

In today's global marketplace, having a great product or service is only part of the formula for a successful business strategy. Competition is fierce, and few companies possess the market power to

dictate all sales terms. Providing financing to your customer is not simply a nice touch, but an integral part of the total sales package. Often, it is the edge that wins the sale.

A major obstacle to companies selling internationally is a lender's reluctance to finance the pre-export working capital cycle of the company's business. All too often, a lender simply will not extend credit on export items such as inventory designated for export or export-related accounts receivable. These items are routinely excluded from the collateral pool. Such exclusions can cause severe cash-flow problems for the exporter and ultimately make the pre-export financing segment substantially more expensive than working capital for financing domestic sales.

Obtaining buyer financing, especially in emerging markets, is another major obstacle facing U.S. exporters. Capital goods and related services typically require extended repayment terms, depending on the amount and type of item. International buyers may face a dearth of financing opportunities in their local markets. When they do succeed in finding financing, it is



Photo courtesy of AS&amp;E.

AS&E's MobileSearch X-ray inspection system scanning a truck for contraband and potential threats.

often priced at a punitive interest rate in the local currency. Ex-Im Bank insurance or guarantees allow lenders to extend attractive, U.S. dollar-based loans to creditworthy buyers who "buy American."

**IF YOUR COMPETITORS ARE USING EX-IM BANK FINANCING, SHOULDN'T YOU?**

With the technological advances of recent years, every company should be a global company—your customers and competitors certainly are. A good product, an aggressive marketing strategy, and a fancy Web site, however, are just not enough. You must be prepared to offer financing to potential customers. They expect it.

With Ex-Im Bank financing, you are just a few steps away from export financing solutions that can expand your sales and minimize your risks. If you have been trying to "go global" and cannot find financing, call the "export financing experts" at the Export-Import Bank of the United States: (202) 565-3946 (or visit [www.exim.gov](http://www.exim.gov)). ■

## Ex-Im Successes

**American Science and Engineering, Inc. (AS&E)**, a small high-technology company in Billerica, Mass., required funds to fulfill its export sales orders. The Ex-Im Bank's working capital loan guarantee assisted this business in expanding its sales of X-ray cargo inspection systems for detecting drugs, bombs, and other contraband to governments worldwide. Ex-Im Bank financing has contributed to impressive revenue and employment growth at AS&E.

**Genetic Resources International**, of Houston, Texas, was unable to offer credit terms to its international buyers, limiting the amount of sales it could make to each customer. Single-buyer insurance policies allowed the company to extend credit terms to its customers and gain a competitive edge. Since more working capital was needed, the company's insurance was assigned to a lender to obtain financing for its accounts receivable. Now the business can sell more to existing customers and also enter new markets, increasing overall export sales.