Discover export markets

How can you find viable buyers in far-away markets? What countries are likely to be most receptive to your products? How can you identify potential foreign distributors and partners that you'll need to build presence in a foreign market? The US Department of Commerce-International Trade Administration's US Commercial Service (USCS) has over 100 US Export Assistance Centers (USEAC) across the country staffed with trade professionals who understand the mechanics of exporting and can link US firms to global markets through the US embassy network overseas. USCS staff can support your exporting via:

- **Trade counseling** – USCS professional trade staff with sector-specific background can guide US companies on market opportunities and barriers as well as provide help on export mechanics and compliance issues.
- **International Buyer Program** – USCS brings qualified, motivated foreign buyers to US and international trade shows for US firms to meet and make sales.
- **Trade Missions** – USCS organizes and leads trade missions to connect US firms with foreign market opportunities. Missions may be either in-bound or out-bound, country-specific or business sector-focused.
- **Gold Key Matching Service** – USCS will set up customized meetings for US firms with high-potential prospects in foreign markets. Help can include in-country market briefings, assistance with travel arrangements, translation services, and meeting space.
- **International Partnership Search** – USCS provides tailored contact information on high-potential foreign prospects, leaving follow-through details to the US firm.
- **International Company Profile** – USCS provides detailed credit report information on prospective foreign buyers and partners of interest to US firms.

To use these tools, contact your local US Export Assistance Center – [export.gov/eac](http://www.export.gov/eac)

Organizations in the agricultural, food, & forest products firms receive special support from USDA Foreign Agricultural Service and State agriculture departments – [http://www.fas.usda.gov/topics/exporting/getting-started](http://www.fas.usda.gov/topics/exporting/getting-started)

Extend "open account" terms safely to your foreign buyers

The terms you offer in selling your product can make just as big a difference as your price. Some US exporters unnecessarily insist on payment in advance. Doing so places all the risk on the foreign customer, and it means the buyer may have to borrow from their bank to fund the purchase. With interest rates in many foreign countries higher than in the US, this adds to the cost of buying via prepayment. Asking for a letter of credit is another option, but this requires the foreign buyer to go to the time and expense of securing an L/C from their bank. L/C’s are safe, but they only work well with rigorous attention to detail. When you offer “open account” terms – e.g. 60-day terms – you are saving your buyer considerable time, inconvenience, bank fees, and financing costs – so foreign buyers can afford to buy more from you – a “win-win”. But selling on open account means bearing the risk of nonpayment. How can you protect yourself against this yet still competitively on open account terms?

Export credit insurance from the Export-Import Bank of the United States (ExIm) – which is actually a federal agency, not a bank – is a routinely used tool for insuring foreign orders against nonpayment, offering up to 95% protection against nonpayment.

- **Express Insurance** – This ExIm insurance product provides 95% protection when US firms extend up to 180 day "open account" terms to approved buyers. The insurance, which has no deductible, covers any nonpayment caused by commercial risk (buyer default) or country risk (war, etc.). ExIm must approve each buyer in
advance of shipment. There is no cost to sign up for a policy; you pay as you ship. Premiums are very affordable. For instance, a seller offering a 60-day open account term can pay just $0.65 per $100 of the gross invoice – e.g., a premium of $162.50 to insure a $25,000 account receivable. Higher rates apply for longer credit terms. To be eligible the company must have an average of less than $7,500,000 in export credit sales within the last three years, and twenty-or-less buyers that have been extended credit terms (excluding sales to Canada and sales using prepayment, letters of credit, and sight payments).

To use this tool, contact Exim or a designated insurance broker – exim.gov/products/exportcreditinsurance/

Finance your company’s export working capital and fixed asset needs.

When export sales begin to grow, will your company have the working capital needed to stay ahead of the increasing demand? It’s critical to find a banking partner that is comfortable with your exporting focus. But lenders are often hesitant to give borrowers credit for export A/R and foreign orders. Meanwhile, companies often find it necessary to expand their plant and add customized equipment to satisfy foreign markets. So exporters can find themselves in a credit squeeze as their exports grow.

US Small Business Administration (SBA) has developed a special suite of enhanced loan guarantees to help assure lenders can support their exporting customers as they grow the international side of their business.

- **Export Working Capital Program** – SBA guarantees lines of credit up to $5 million for exporter working capital needs. 90% guaranties are provided, compared to the usual 75% for non-export lines. Loans can be for either pre-export or post-export financing, transaction-based or asset-based.

- **International Trade Loan** – SBA guarantees commercial loans up to $5 million for fixed assets, working capital, or debt refinancing projects that will improve the competitive position of the exporting business. 90% guaranties are provided, compared to the usual 75% for non-export projects.

- **Export Express** – SBA developed this fast-track approval program for participating lenders on loans for exporters up to $500,000. 75-90% guaranties are provided, compared to the standard “SBA Express” program (which offers only 50% guarantees capped at $350,000).

To use these tools, contact your local SBA export office – www.sba.gov/content/us-export-assistance-centers – or ask your lender about SBA export loan guarantees.

Grants to share in some of the costs of international market development.

Government grants to private firms are a rarity, but exporting is important enough to the future of the US economy that there are few highly targeted matching grant programs to help defray some of the cost of attending international trade shows and similar export market development endeavors.

**State Trade Expansion Program (STEP).** Using funds from SBA, state-run STEP programs provide matching grants to businesses to reimburse firms for their export development activities, such as export readiness training, attending trade shows, and participating in trade missions. To find your state’s STEP program, google “STEP grant” and your state’s name – e.g., in California, see http://californiastep.org/

**Market Access Program (MAP).** Using funds from USDA Foreign Agricultural Service, four “State Regional Trade Groups” offer matching grants under a “FundMatch Program” of up to $300,000 to US firms exporting goods with a majority US agricultural commodity content (by weight) to pay for overseas marketing efforts, such as trade shows. Contact the group in your region for more information – Western US Ag Trade Assn (www.wusata.org), Southern US Trade Assn (www.susta.org), or Food Export Midwest and Northeast (www.foodexport.org)

Handy references

The Federal Government’s export encyclopedia: export.gov
A Basic Guide to Exporting: export.gov/basicguide
Country-by-country export guides: “export.gov/countryname” – e.g. export.gov/japan
Food & ag guides: http://gain.fas.usda.gov; or search “USDA exporter guide” and “FAIRS country report”
(Food & Ag Import Regs & Standards)
Country-specific tariff & tax guide: http://export.gov/logistics/eg_main_018142.asp#P89_3686
Trade Finance Guide: export.gov/tradefinanceguide

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