

# EXPORT FINANCE AND RISK MITIGATION

KNOW YOUR FINANCING OPTIONS AND ENSURE PAYMENT

## OVERVIEW

Increased globalization has created intense competition for export markets. Importers and exporters are looking for any competitive advantage that can help them to increase their sales. Export financing is often a key factor in a successful sale. Contract negotiation and closure are important, but at the end of the day, your company must get paid.

Exporters naturally want to get paid as quickly as possible, while importers usually prefer to delay payment until they have received or resold the goods. While it is true that liberal financing is a means of enhancing export competitiveness, exporters need to weigh carefully the credit or financing they extend to foreign customers.

Because of the intense competition for export markets, being able to offer attractive payment terms customary in the trade is often necessary to make a sale. Exporters should be aware of the many financing options open to them so that they choose the most acceptable one to both the buyer and the seller.

This quick reference is designed to help Wisconsin companies, especially small and midsize enterprises, learn the fundamentals of trade finance to turn their export opportunities into actual sales and achieve the ultimate goal—to get paid for their export sales, especially on time. There are various pre- and post-shipment financing options available to exporters, including guarantees, loans, factoring, and insurance. This reference is intended to provide general information and resources related to export financing.

## Resources

### Trade Finance Guide: A Quick Reference For U.S. Exporters

Provides concise, two-page chapters of the basics relating to financing techniques and tools.

### U.S. Small Business Administration (SBA) – Financing Your Small Business Exports

The SBA provides counseling, training, and financing to support small business export opportunities.

### U.S. Export-Import Bank (Ex-Im Bank)

The Ex-Im Bank is the official export credit agency of the U.S. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets.

There are numerous resources for obtaining export financing from both the private and the public sector. It is important to research and select the trade finance solution that is in your company's best interest. There are also independent brokers of trade finance solutions that can provide you with unbiased risk mitigation and financing solutions to maximize your export opportunities.

*For more information, please contact:*

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