

EXPORT WITH CONFIDENCE

Tools and Opportunities
for the Spirits Industry

A GROWING INDUSTRY

In 1791, the U.S. was threatened by internal conflict, hostilities with England...and booze. For three years, farmers led an armed rebellion to protest an excise tax on whiskey. Eventually, federal troops shut it down.

Fast forward to today, and the liquor industry has flourished. In 2019, the United States was the fourth largest exporter of hard liquors in the world. The top buyers of American-made liquors included:

<i>Importers of Hard Liquor</i>	<i>Total Sales</i>
Panama	\$276 million
Canada	\$238 million
Japan	\$144 million
United Kingdom	\$126 million
Australia	\$115 million
Germany	\$112 million
Netherlands	\$110 million
France	\$88.3 million
Spain	\$71.7 million
Vietnam	\$63.4 million

Small businesses have experienced particularly enormous growth. Over 1,800 craft distilleries operated in the U.S. in 2019—quite a jump compared to the roughly 100 operating in 2005!

With the help of Export Credit Insurance for small businesses, many distilleries have the support they need to compete globally.

2019 Liquor Exports at a Glance:



\$2.02B

total export sales



5.95%

of the world's liquor exports came from the U.S.



\$743M

total liquor export sales across Europe



\$659M

total liquor export sales across North America



WHAT'S STOPPING YOU FROM EXPORTING?

Imagine this: your U.S. business has identified an international buyer for its product, you have agreed on pricing, and your buyer wants open account credit terms. How will your company manage the risk of nonpayment by your foreign buyer? Insuring your foreign receivables through EXIM's Export Credit Insurance is a great place to start.

Export Credit Insurance is an insurance policy that covers foreign receivables.

Export Credit Insurance mitigates your nonpayment risk while empowering you to meet, or beat, your competitors by offering attractive credit terms. Your business can use open account credit terms to win new customers and increase sales to existing buyers.

Another benefit to insuring foreign receivables is that lenders will often accept them as collateral, expanding your borrowing base and improving cash flow.

Export Credit Insurance:

- ✔ Increases your ability to compete in international markets
- ✔ Protects your foreign receivables from nonpayment
- ✔ Expands your borrowing base for improved liquidity

“Coming out of the pandemic, there are going to be a lot of distributors that are strapped for cash. We need a resurgence of international business. EXIM credit terms will help us get those repeat buys, help our distributors get on their feet again, & get our product moving again.”

Tracy Frisbie, Vice President of Marketing, BuzzBallz, LLC/Southern Champion

BENEFITS INCLUDE:

Increased Sales

Every business wants to be more competitive. Providing open account credit terms is very appealing to foreign buyers and can be the difference between winning and losing a deal. When given more time to pay, existing customers have the financial flexibility to increase the size of their orders. Even the delivery speed of goods can be positively affected by open account credit terms since the delay associated with a letter of credit or cash in advance is avoided.

Risk Prevention

The challenge for exporters, particularly small businesses, is clear. Selling to international buyers on open account credit terms can be risky. If the buyers don't pay, there is very little recourse for the U.S.-based company and the financial hit can be significant. Export credit insurance mitigates the risk of nonpayment by insuring foreign receivables.

Cash Management

When your business needs cash to fulfill orders or pay for operations you often look to your local lender. These lenders are more likely to include foreign receivables and inventory in your borrowing base when those receivables are insured, giving you access to additional financing and improving cash flow.

What does Export Credit Insurance Cover?

Commercial Risks:

- ✓ Insolvency
- ✓ Bankruptcy
- ✓ Protracted Default

Political Risks:

- ✓ War, Revolution, Insurrection
- ✓ Currency Transfer Risk
- ✓ Cancellation of an Import or Export License



HOW DOES EXPORT CREDIT INSURANCE WORK?

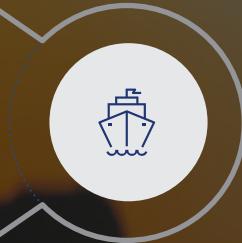
Step 1:

You identify an international buyer and obtain an Export Credit Insurance policy.



Step 2:

You offer credit terms to your foreign buyer.



Step 4:

You ship your product and invoice the buyer.



Step 6:

The buyer pays. If they fail to do so, EXIM pays.

Step 3:

The buyer accepts the deal's terms.

Step 5:

You report shipments & pay premiums on the amount shipped.

WHAT POLICY OPTIONS ARE OFFERED?

Express Insurance

Most attractive to small businesses with limited or no prior export experience.

Features Include:

- ✓ 95% coverage
- ✓ No deductible
- ✓ Pay-as-you-go premiums
- ✓ Streamlined application

Multi-Buyer Insurance

Options to cover all or part of your export portfolio.

Features Include:

- ✓ 95% coverage
- ✓ No deductible
- ✓ Pay-as-you-go premiums

Single-Buyer Insurance

Covers one buyer for a predetermined period of time and dollar amount.

Features Include:

- ✓ 90% coverage
- ✓ No deductible
- ✓ Individual policies for each deal
- ✓ Policies to cover all the deals from a single buyer

TIP: With Single-Buyer Insurance, you can have multiple policies for the same buyer covering different deals.

This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.



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:



Get Started

Request a free consultation with an EXIM specialist in your area to determine your eligibility.

grow.exim.gov/consultationrequest



Get Helpful Advice

Do you have questions about account terms and financing for exporters? Our experts are here to help:

grow.exim.gov/export-financing-faqs



Learn Exporting Basics

Learn the basic fundamentals of trade finance and turn export opportunities into sales.

grow.exim.gov/export-guide



Guide to Working Capital Loan Guarantee

Find out how EXIM can unlock your cash flow by working with your lender.

grow.exim.gov/wclg-guide



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