









# Financing Options

Ready to export, but concerned about the expense? Most smaller businesses need some sort of loan or help financing exports to get started.

Your commercial bank is a good place to start. The federal government has many export financing programs available through the Export-Import Bank of the United States, U.S. Small Business Administration, and U.S. Department of Agriculture.

[Download Video: Financing Export Transactions](#)  
[14MB]

These resources can help in determining which financing options may be best for you:??

- Your banker?
- Your local U.S. Commercial?Service office?
- Your local U.S. Small Business Administration office?
- Export Import Bank
- Your state export promotion or export finance office?

## Working with Commercial Banks?

Commercial bank services used to finance domestic activities such as revolving lines?of credit for working capital are often sought to finance export sales until payment has been?received. Banks do not regularly extend financing solely?on the basis of?an individual order; they prefer to establish an ongoing business relationship.?

A logical first step if you're seeking to finance short-term export?sales is to approach the local commercial bank your company?already uses. If the bank previously has extended credit to?your company, it will be familiar with your financial standing, credit need, repayment record, and ability to perform. The bank?may be willing to raise the overall limit on an existing working?capital line of credit, to expand its scope to cover export?transactions, or to approve a separate line specifically adapted?to export-related transactions that involve arrangements such?as discounting.?

Alternatively, you may wish to approach a commercial bank with an international department. Such a bank will be familiar with export business and will also be?in a position?to provide?international banking services related to documentary collections and letters of credit, including?the discounting of drafts. An intermediate approach is to retain a relationship with your bank but?seek a referral to a correspondent bank that has an international department.?

If you already have a relationship?with a commercial bank, especially?one that has a section dedicated to?international business, you may be?able to save time and effort.?Visit the bank's international department to

discuss export plans, available banking facilities, and applicable charges. You may wish to inquire about such matters as fees for amending or confirming a letter of credit, fees for processing drafts, and the bank's experience in working with U.S. government agencies that offer export financing assistance. Generally, the bank's representative handling your account will not be located in the international department. Thus, it is in your best interest to create and foster a close working relationship with the international department.

The responsibility for repaying a working capital loan ordinarily rests with you, the seller, even if the foreign buyer fails to pay. The bank takes this contingency into account in deciding on an export working capital line of credit. Both you and the bank will benefit, though, if you improve the quality of the export receivables by using letters of credit, credit insurance, or working capital guarantees from Ex-Im Bank or the U.S. Small Business Administration.

When you ship capital goods, you may want the commercial bank to make medium-term loans directly to the foreign buyer to finance the sale. Such loans are available for well-established foreign buyers in more stable markets. But where there is an element of risk, the bank may require a standby letter of credit, recourse to the exporter in case of default, or similar repayment reinforcement. You should be knowledgeable about loans from your own bank that are backed by Ex-Im Bank guarantees and insurance—assuming that the commercial bank is willing to use them.

View the [most active SBA 7\(a\) loan lenders](#) by lending volume, and find a [participating SBA-approved lender](#). View a [listing of bank locations](#) that can assist you in securing EXIM-backed Working Capital, and other financing (EXIM delegated authority lenders).

## U.S. Export Financing Programs

U.S. exporters often need loans to facilitate the export of goods or services by providing the liquidity needed to accept new business, grow international sales and compete more effectively in the international marketplace. There are many different types of U.S. government programs to help in financing your export business. Click here for the links (dependent on future state):

- **Business Development Financing:** As you develop your exporting business, government programs help finance your export activities, such as participation in trade shows and translation of product literature. These programs also enable U.S. businesses to acquire, construct, renovate, modernize, improve or expand facilities and equipment to be used in the United States to produce goods or services involved in international trade.
- **Export Working Capital Financing:** Production for an unusually large order or for a surge of orders may present unexpected and severe strains on your working capital. Even during normal periods, inadequate working capital may curb an exporter's growth.
- **Project Financing:** Enables U.S. businesses to acquire financing for large-scale projects that require large amounts of capital, such as infrastructure, telecommunications, power, water, housing, airports, hotels, high-tech, financial services, and natural resource extraction industries.

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