EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES

Reducing Risk. Unleashing Opportunity.

4 Ways EXIM Bank Supports

Small Business Service Exporters

Why Does EXIM Support Service Exporters?

Services exports comprise one-third of total U.S. exports. With America becoming more of a services-oriented economy, this sector is becoming an important source of value added growth and job creation ($751 billion in 2015, up from $219 billion in 1995).

EXIM Bank provides support for those U.S. companies selling services internationally. EXIM supported nearly $375 million in services exports in 2015, led by engineering and consulting services, information technology and telecommunications services, and services related to oil and gas, and mining.

EXIM understands your need as a U.S. small business service provider and can support both services provided in conjunction with products (such as equipment) and stand-alone offerings.

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Who is EXIM?

- The Export-Import Bank of the United States (EXIM) is the official export credit agency of the United States.
- We empower U.S. companies to turn export opportunities into real sales that maintain and create U.S. jobs and contribute to a stronger national economy.
- We provide export financing support that fills the gaps in trade financing. No transaction or firm is too small! 90 percent of EXIM transactions directly serve U.S. small businesses, **including service exporters**.

4 Ways EXIM Can Financially Support Your Exports

EXIM Bank's **Export Credit Insurance** policies provide your small business with the confidence necessary to enter new markets, boost sales with your existing customers, and gain new ones.

This simple product has significant benefits:

- **Limits Nonpayment Risk** for many commercial and political reasons. EXIM covers up to 95 percent of your sales invoice. You can protect export sales to a single buyer or multiple buyers.
- **Extends Credit** to your qualified foreign buyers. EXIM can improve the cash flow of your customers by replacing methods such as cash-in-advance and letters of credit, making your business more competitive and winning new sales.
- **Provides Access to Working Capital**. EXIM's insurance also enhances the quality of your firm's balance sheet.

  It transforms your foreign accounts receivable into receivables that are insured by the U.S. government. With this insurance in place, lenders are more likely to advance a loan.
- **Credit Management Expertise**. Ease the burden of credit risk management by obtaining financial due diligence on your foreign buyers.

4 Export Credit Insurance Policy Options

EXIM offers several short-term insurance policies for services performed by a U.S. firm and paid for by a foreign entity.

- **Express Insurance** is best for SBA-defined small businesses with less than $7,500,000 in export credit sales and fewer than 10 foreign clients.
- **Small Business Multi-Buyer Insurance** is for SBA-defined small businesses with less than $7,500,000 in export credit sales, and provides coverage for all foreign clients.
- **Standard Multi-Buyer Insurance** is best for firms with experience in international markets and provides coverage for all foreign clients. Coverage provides firms with the flexibility to make credit decisions without prior approval from EXIM.
- **Single-Buyer** policies allow firms to insure only one customer.

Note: *Insurance policies only cover services that already have been delivered/performed.*

Success Story

Team Askin Technologies, Inc. (TATI), Fairfax, VA

Exporter: Team Askin Technologies; Fairfax, VA
Markets: Worldwide including Saudi Arabia
EXIM Product: Export Credit Insurance

Team Askin Technologies, Inc. is a 45-employee woman-owned company that provides software and consulting services, including regulatory information management systems and aviation regulatory expertise.

TATI used EXIM's Single-Buyer Export Credit Insurance policy to mitigate the risk of nonpayment from their large customer in Saudi Arabia. EXIM insurance has supported $17.7 million of TATI exports from 2009 to 2015.

Drawing from her own business experiences and success, TATI's CEO Debbie Askin encourages other U.S. small businesses to recognize the rewards that come with having a diverse business portfolio that spans across borders, and advises them to pursue the opportunities of international markets. In today's truly global marketplace, Askin recommends U.S. small businesses to use EXIM's products as a way to help open up avenues in the exporting world that may be unavailable otherwise.

How Export Credit Insurance Works

1. You (the service exporter) choose an export credit insurance policy that works for you.
2. You offer credit terms to your foreign buyer for the services to be performed.*
3. The contract clearly states payment schedule and terms, and the buyer accepts the Terms of Service/contract.
4. Your business performs the services and the service deliverables are clearly identified on POs/invoices.
5. You report the export to EXIM and pay premium on the amount due on the provided services.
6. The buyer pays. If they fail to do so, EXIM pays.

EXAMPLE:

Export of Architectural Services

A U.S. small business exporter is providing architectural services with the following characteristics:

1. The architectural plans, including design development and construction documents, were developed in the U.S.
   - Labor and direct overhead - $100,000 (U.S. Content)
2. The plans were customized to the foreign buyer's specification by foreign labor included in the U.S. exporter's contract.
   - Labor – $20,000 (Eligible Foreign Content)
3. Final sales price of the architectural services is $150,000 (including mark-up and profit).

The export is eligible for EXIM Bank support as the U.S. content, determined by U.S. costs, is more than 50% of the total costs of the export ($100,000/$120,000=83%). Consequently, EXIM Bank can support 100% of sales price ($150,000).

**EXIM covers up to 60 day payment terms, potentially 90 days (on a case-by-case basis).*

Pricing Examples for Small Business Multi-Buyer Policies and Express Insurance

Depending on a given exporter's needs, how costs are calculated varies greatly. The best way to find out about costs is to contact an EXIM export finance specialist directly[1].

The costs of an Export Credit Insurance policy are primarily comprised of two parts:

1. **An advanced premium**
   An upfront refundable payment that gets applied to exposure fees

2. **Exposure fees**
   A percentage of the value of the invoices shipped

Additionally, there are some basic factors that affect the determination of fees. Depending on the policy, these may include:

- Whether the exporter is a small business
- The countries of shipment
- Are you shipping to one buyer or many?
- The identity of the buyer (e.g., sovereign nation, financial institution, non-financial institution)
- The length of credit terms extended to the foreign buyer (e.g., 60, 90, 120, 180 days)

Small Business Multi-Buyer Pricing

PAYMENT TERMS	SOVEREIGN	BANK	PRIVATE
1-60 days	$0.16	$0.20	$0.55
61-120 days	$0.27	$0.33	$0.90
121-180 days	$0.35	$0.43	$1.15
181-270 days	$0.43	$0.54	$1.45
271-360 days	$0.53	$0.65	$1.77

Pricing per $100 of contract price, letter of credit, or invoice value excluding interests.

Express Insurance

PAYMENT TERMS	PRIVATE BUYERS
1-60 days	$0.65
61-120 days	$1.06
121-180 days	$1.35

Pricing per $100 of contract price, letter of credit, or invoice value excluding interests.

1 http://grow.exim.gov/contact-a-trade-finance-specialist

Disclaimer: This explanation is meant to provide a general overview of the program at EXIM. The information provided is not comprehensive or complete, nor does it reflect all eligibility requirements or process details. For specific details on the product, please contact the Export-Import Bank directly.

Eligibility for EXIM Support

- Must be in business at least one year and must have at least one person working in the firm full-time.
- The business must have a positive net worth.
- There must be a signed contract or purchase order to perform services overseas.
- The service providers must be legal U.S. workers (as evidenced by an I-9).
- The U.S. entity must own any foreign-developed licenses for at least one year.
- Insurance policy services endorsements must exclude contract cancellation/frustration risks.
- In the event that a buyer has defaulted for more than 90 days and/or a buyer has terminated the contract, the exporter must discontinue services.

Small Businesses	Non-Small Businesses
In addition, small businesses must have more than 50 percent U.S. content based on direct and indirect costs for either: • Each service listed on a separate invoice, showing all items with more than 50 percent U.S. content, or • One invoice that shows the aggregate content of all services is more than 50 percent with an accompanying content report.	More than 50 percent U.S. content based on direct costs for each service listed in a single invoice.

Additional Requirements and Restrictions

- **Services must be exported from the U.S.**
  EXIM can support goods shipped from U.S. ports as well services performed abroad.
- **Export destinations must not be restricted countries**
  EXIM can support exports to most markets. There are some export destinations, however, that are not eligible for support. EXIM's Country Limitation Schedule provides an up-to-date listing of approved countries.
- **Exports must be non-military in nature**
  EXIM is prohibited from financing exports of defense services. There are exceptions for "dual use" items (that is, items used for both military and commercial or civilian applications). More details are available at exim.gov.

Service Industries We Support

EXIM Bank supports all U.S. small business exporters. Some service industry examples include:

- Architectural Firms
- Construction Firms
- Consultants
- Advanced Manufacturing
- Engineering
- Legal
- IT/Telecommunications
- Franchises
- Other (*e.g. oil, gas, mining, etc.*)

Note: *EXIM Bank can provide support for service companies that have recurring royalty fees and overseas franchise fees on a case-by-case basis.*

Are You a Small Business Currently Exporting Services?

If so, are you facing the following challenges:

Are you putting your business at risk if a foreign buyer defaults?

Are you losing business overseas to competitors because you're not extending credit?

Do you vet your foreign buyers for financial good standing before doing business with them?

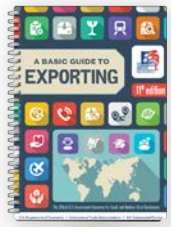
Next Steps:

Contact us today to help grow your services exports!

EXIM's experienced regional directors and partners are ready to help your U.S. company win sales. They will answer your questions and expedite the application process.

Call 1-800-565-EXIM (3946) or request a free consultation:

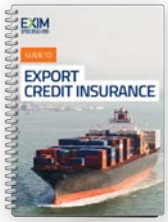
grow.exim.gov/contact-a-trade-finance-specialist



BASIC GUIDE TO EXPORTING

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

grow.exim.gov/basic-guide-to-exporting



GUIDE TO EXPORT CREDIT INSURANCE

Learn how to protect your foreign receivables from bad transactions.

grow.exim.gov/eci-ebook

EXIM.GOV

For more in-depth information about EXIM, visit our website.

exim.gov

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