

EXPORT WITH CONFIDENCE

Tools and Opportunities for
the Composites Industry

A GROWING INDUSTRY

Composites are an economic force that fuels U.S. businesses. As a whole, the composites industry annually accounts for \$22.2 billion to the U.S. economy. Domestic markets are particularly strong—the U.S. is one of the largest consumers of composites worldwide, second only to China—but there are also international opportunities to consider. The Asia Pacific area, for example, dominated the global composites market with a share of 44.8% in 2019.

Key Sectors

Composites are a combination of two materials that, when combined, create a new material that can be stronger, lighter, or more resistant to electricity. As such, there are a plethora of ways that they can be applied, with growing demand in a wide variety of industries.

Opportunities Include:

- ✓ Automotive and transportation
- ✓ Wind energy, particularly turbine blades
- ✓ Lightweight sports equipment

Challenges

However, despite these opportunities, businesses are often faced with the same exporting challenges: offering open account credit terms to international buyers and making sure they got paid on the foreign receivables generated from these transactions.

With the help of Export Credit Insurance for small businesses, many manufacturers have the support needed to compete globally.

<https://www.grandviewresearch.com/industry-analysis/composites-market>
<http://compositeslab.com/composites-101/composites-industry-overview/>
<https://oec.world/en/profile/hs92/glass-fibers>
<http://compositesmanufacturingmagazine.com/2019/01/2019-state-of-the-industry-report>

Product Spotlight: 2019 GLASS FIBER SALES



61.8%

of all composites revenue came from glass fibers



10.5%

of global glass fiber exports were from U.S.



\$1.32B

total glass fiber U.S. export sales



51.9%

of U.S. glass fiber exports went to Mexico or Canada



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

“EXIM allowed us to take on a larger customer overseas. We never would have expanded our exports without the support offered by EXIM. We could take on multiple orders, pay our vendors on time and offer better terms to our customers without concern for receipt of payment.”

L. James-Meyer, CEO of BioSafe

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 3:

The buyer accepts the deal's terms.



Step 4:

You ship your product and invoice the buyer.



Step 5:

You report shipments & pay premiums on the amount shipped.



Step 6:

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



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.



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



Learn Exporting Basics

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

grow.exim.gov/export-guide



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



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



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.