

# EXPORT CREDIT INSURANCE

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 2022, the United States was one of the largest exporters of liquors in the world. The top buyers of American-made distilled spirits included:

<i>Importers of Liquor</i>	<i>Total Sales</i>
Canada	\$367 million
Netherlands	\$216 million
United Kingdom	\$166 million
Australia	\$157 million
Panama	\$151 million
Spain	\$147 million
Japan	\$115 million
Germany	\$114 million
United Arab Emirates	\$99 million
France	\$83 million

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

<https://www.trade.gov/data-visualization/tradestats-express-us-trade-product>  
(Based on Harmonized System Code 2208)

## 2022 Liquor Exports at a Glance:



**\$2.46B**

total export sales



**32.3%**

increase in exports  
from 2021



**\$982M**

total liquor export sales  
across Europe



**\$439M**

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

“Small businesses have a lot to gain by engaging in exports. However, it is always a good idea to protect oneself from as many risks as possible. Working with EXIM is a way to protect against the biggest risk: not getting paid.”

Dr. Sonat Birnecker, President and Owner of Koval Distillery

# 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 you give customers more time to pay, they have the financial flexibility to increase the size of their orders. Using open account credit terms can even speed up the delivery of goods because it avoids delays that can happen with a letter of credit or cash in advance.

## 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 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:



## Talk to an Expert

EXIM specialists are ready and waiting in your area to give you a free consultation:

[grow.exim.gov/consultationrequest](https://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](https://grow.exim.gov/export-financing-faqs)



## Learn Exporting Basics

The Basic Guide to Exporting, a free eBook, provides valuable insight and guidance to get you started:

[grow.exim.gov/export-guide](https://grow.exim.gov/export-guide)



## Unlock Your Business's Cash Flow

Learn how EXIM works with your lender to provide access to working capital:

[grow.exim.gov/wclg-guide](https://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.