

# EXPORT WITH CONFIDENCE

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Tools and Opportunities  
for the Wine Industry

# A GROWING INDUSTRY

Wine enthusiasts may know there are several possible health benefits from drinking moderate amounts of wine, but did you know that U.S.-based wineries also promote a healthy economy through exporting?

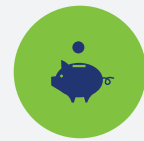
While the big names in wineries may be most recognizable, smaller wineries also play a vital role in selling American wines worldwide. Top international markets in 2019 included:

<i>Importers of U.S. Wines</i>	<i>Total Sales</i>
Canada	\$414.3 million
United Kingdom	\$228.6 million
Hong Kong	\$131.7 million
Japan	\$94.0 million
China	\$44.6 million
Denmark	\$40.5 million
France	\$34.5 million
Belgium	\$33.2 million
Germany	\$31.6 million
Panama	\$30.0 million

However, despite these opportunities wineries 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 wineries have the support they need to compete globally.

## 2019 Wine Exports at a Glance:



**\$1.36B**

total winery revenue



**371M**

liters of wine sold



**\$427M**

total sales across European Union countries



**95%**

of all wine exported came from California



## 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

“If you want to be in the business forever, and most great wineries are, you’ve got to be worldwide... It just opens up so many opportunities. If there’s a downturn in the U.S., perhaps some overseas markets are doing just fine. So, it’s a balance.”

**Tom Hedges**, Owner of Hedges Family Estate

# 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.

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](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

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

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



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