



GO GLOBAL WITH CONFIDENCE

U.S. Food Processors Set
Their Sights Abroad

A GROWING INDUSTRY

Industry experts all agree, exporting is the best way to access more consumers or businesses and increase your revenue. One of the clearest examples of this outward momentum is in the processed food industry.

America's small-town and homegrown companies that manufacture quality food products are leading the way.

According to Department of Commerce, small to medium-size businesses represent nearly 98 percent of all U.S. exporters; more than 66 percent of U.S. food processors are small businesses. Today, it's these small to mid-sized processed food manufacturers who are making great strides into foreign markets.

Industry Snapshot

The processed food industry includes a wide range of prepared and packaged product categories. The U.S. became the second largest processed food exporter in 2013, when processed food exports climbed to more than \$45 billion. All indications point to this upward trend continuing. In the 2020 fiscal year alone, the U.S. Department of Agriculture reported the total value of U.S. export sales of all farm and food product categories was \$145.7 billion.

66%

of food exporters
are small businesses

\$145.7

billion in total farm
& food product
categories in 2020



GLOBAL OPPORTUNITIES

There's no question that exporting to international markets is the key to growth. Many U.S. processed food manufacturers continue to set their sights on traditional export markets such as Canada, Mexico and Europe. Others are taking advantage of export opportunities in the Asian markets such as:

- ✓ Philippines
- ✓ China
- ✓ Hong Kong
- ✓ South Korea
- ✓ East Asia
- ✓ Japan
- ✓ Taiwan

U.S. processed food exports to East Asia (excluding Japan) grew 104 percent between 2009 and 2013, compared to 47 percent for Canada and Mexico. This shift is due to middle-class income growth and urbanization. These are two of the factors driving the demand for processed food.

By 2030, the World Bank estimates the global middle class will exceed 1.5 billion people. Modernization of distribution channels and improved market access are additional factors supporting the surge to Asian markets.



Did You Know?

In 2020, China became the largest U.S. agricultural export market, totaling \$26.4 billion.

In addition, China alone will account for 52 percent of growth in the middle class by 2030.





EXPORT FEARLESSLY

Despite the tremendous export opportunities in the world's growing middle-class markets, some small to medium-sized processed food manufacturers may feel that exporting is too complicated, or too risky. It's true there are hurdles associated with exporting. No one can deny that there are unexpected risks such as war, political upheaval and transportation problems.

However, the biggest risk with exporting is, what if I don't get paid for my goods? Is the risk worth it? How will I protect my business from nonpayment?

By partnering with the Export-Import Bank of the U.S. (EXIM), today's smaller companies are exporting with more confidence and less risk. EXIM's trade finance advisors provide in-depth and up-to-the-minute information on trade finance solutions such as Export Credit Insurance (ECI) and Working Capital Loan Guarantees (WCLG). You can:

Protect Against Non-Payment

EXIM provides a policy that protects your company from nonpayment by an international customer. Like any insurance policy, the U.S. exporter pays a premium and gets nonpayment protection in return.

Offer Financing to Foreign Customers

With the security of Export Credit Insurance, U.S. food processors can extend competitive, open account credit terms to foreign customers. If a foreign buyer defaults, the company is insured.

A Vehicle for Growth:

If a foreign buyer purchases on credit terms and fails to pay, EXIM pays you up to 95 percent of the invoice value. By protecting your company against political & commercial risks, Export Credit Insurance gives you the confidence to take on new customers and exporting opportunities.



How Do I Qualify?

In general, a company must have been in business for at least three years and have a DUNS number from Dun & Bradstreet, as well as obtained and maintained an active [SAM.gov](https://sam.gov) registration—including the issuance of a Unique Entity Identifier (UEI).

The company must also have a positive net worth, export U.S.-made products, and have at least one person working full time.

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



Learn Exporting Basics

This free eBook, The Basic Guide to Exporting, will teach you everything you need to get started:

grow.exim.gov/export-guide



Protect Your Business from Risk

Avoid the danger of buyer nonpayment with Export Credit Insurance:

grow.exim.gov/eci-guide



Unlock Your Business's Cash Flow

Learn how EXIM works with your lender so you can compete internationally:

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.