

BACKGROUND ON BUSINESS

The New Small Business Market

(NAPSA)—The global marketplace isn't just the realm of big business. Small businesses have found ways to capitalize on it, too.

In fact, the U.S. Department of Commerce estimates that there are about 225,000 small businesses in America that export goods or services overseas.

One reason may be that foreign markets represent a relatively untapped resource for smaller companies—and there are a number of ways for smaller firms to minimize overseas risks.

For instance, the Export-Import Bank of the United States (Ex-Im Bank) is a federal government agency chartered specifically to support the sale of U.S. exports. The Bank helps U.S. firms reach new markets, increase sales and improve cash flow by offering financial support and risk reduction—in some cases, it covers 90 to 100 percent of commercial and political risks.

The Bank works with small firms such as International Building Systems, based in Texas. The business exports prefabricated houses to Nigeria, Algeria and other places that many private lenders consider too risky to work in. Ex-Im Bank provided the company with working capital guarantees that encouraged other banks to back it. The guarantees also made funds available to fulfill export sales, which helped the firm establish footholds in its new markets.

In addition, the Bank provides export credit insurance and buyer



World Of Opportunity—Small businesses can reduce the risks associated with competing overseas.

financing to protect against buyer nonpayment (whether the buyer is a company or a foreign government). That helps further reduce risks, but also lets small companies build important relationships by extending credit terms to customers.

In 2005, Ex-Im Bank authorized about \$14 billion in expenditures to support more than \$1.2 trillion in U.S. exports. More than \$2.6 billion of those authorizations directly supported U.S. small businesses selling overseas. Add to that the fact that the Bank conducted about 2,600 transactions with small businesses last year alone, and it may be easy to see why many small firms have made their marks on foreign markets.

For more information, call (800) 565-3946, visit www.exim.gov or e-mail USAsmallbiz@exim.gov.