



ACCESSING
EXPORT-RELATED
FINANCE

ACCESSING EXPORT-RELATED FINANCE

Australian businesses spend a large amount of their time managing their cashflow and when it comes to exporting, there are a whole range of financial considerations. We know that businesses often have specific financing needs and may require funding support to compete in international markets or to fund export-related supply chain contracts.

This guide will help you understand:

- what you need to consider around finance when exporting
- where you can access finance to fulfil an export or export-related contract
- how to make sure you get paid in overseas markets.



FINANCE & EXPORTING: WHAT TO CONSIDER

There are differences between exporting and operating in Australia which will have an impact on your finances. Understanding all the costs associated with exporting will help you make an informed decision on whether your business is ready to start an export project.

There are some crucial considerations to bear in mind:



Keep your financial health in check

As your business grows, you need to make sure you work with an accountant that understands the fundamentals of your business and where you are looking to go. Your accountant will help you stay on the right track with your financials as you expand into new markets or enter into an export supply chain.



Develop a financial plan

When you enter into exporting or start winning export-related contracts, you need to be prepared for. For example, exporting can mean a longer cashflow cycle, a greater risk of non-payment and exposure to foreign exchange risk. Putting together a detailed financial plan, one that you can easily adjust as you collect more data and change your assumptions, can help you determine if your export plan is viable.



Understand your cashflow requirements

One of the most common problems encountered by growing businesses is when their growth rate outstrips their capacity, which can create pressure on working capital. By developing detailed cashflow projections into the future, you can ensure you are able to plan and manage your cashflow accordingly.



Build a strong relationship with your bank

Your bank is crucial in your growth journey. Successful businesses will keep their bank informed on a regular basis, by keeping them updated on what their business plans are, what direction they are heading in and any financial issues they anticipate. If you involve your bank closely in your business, it will be much easier to get help when required or if you need more capital.



ACCESSING FINANCE FOR EXPORT-RELATED CONTRACTS

One of the most common problems for Australian businesses is funding growth. Once export comes into the equation, financing requirements become even more important and many businesses need support to enable them to fulfil their export and export-related contracts.



Consider your options

When a contract comes in, think carefully about how you could fund it without entering into risky debt or putting a strain on cashflow – even your own customer or suppliers might be able to help you.



Speak to your bank

Speak to your business bank who can assess your situation and advise you on your best course of action. Your bank may be able to offer you a secure loan or commercial bill facility to help you with financing your exports.



Think about alternative sources of funding

If your bank is unable to help, Export Finance Australia may be able to. We could provide financial support to Australian exporters, or businesses involved in an export-related supply chain, in the form of loans, guarantees and bonds to support specific export contracts.

Learn more about the [finance solutions](#) provided by Export Finance Australia.



“As an SME you might be dealing with quite a large client that’s used to contract terms that are very back ended. That does get out of the realms of what our banks would typically cover comfortably or would cover without tying up significant additional equity. That’s where Export Finance Australia’s support is critical for SME growth into export markets.”

Will Shrapnel
Founder
HeliMods

GETTING PAID IN OVERSEAS MARKETS

Operating in international markets can throw up a range of payment challenges. The payment terms that you offer an overseas buyer can make a real difference to securing a contract, however you also need to make sure you protect yourself to ensure you get paid.

It's a good idea to talk to your bank about the most appropriate payment system for your situation. Make sure you understand the regulations for each payment method, and any extra costs they have, like international transfer fees. Here are some common payment options to consider.

1 Prepayment

You receive some or all of the payment amount upfront.

2 Documentary collection

The bank collects payment for you, by sending the shipping documents and payment instructions to your buyer's bank.

3 Letter of credit

You receive a guarantee from your buyer's bank that they will pay you when they have received your goods, and you have met all the terms and conditions listed in the letter. A letter of credit is more expensive than documentary collection, but is also more secure. So, it may be best to use it for a new buyer, if you're confident that their bank is creditworthy.

4 Open account (or open credit)

Gives your buyer certain credit terms by delivering your goods or services with an invoice requesting payment on a specific date after delivery.

There are some risks to be aware of:

- Many overseas buyers will expect to pay you only after they've received delivery of your goods, which increases the risk of non-payment. Be cautious of entering into such an arrangement.
- Until you have an established relationship with your overseas buyers or have a proven track record in exporting, you may not be able to negotiate your preferred payment methods. Your accountant or bank can help you weigh up the risks.
- The risk of adverse movements in exchange rates is something that is faced by everyone doing business in international markets. Not managed correctly, foreign exchange risk can have a real impact on the bottom line of an export business. There are a range of products that can help manage this risk – speak to your bank or your foreign exchange provider to understand your options.



"We import raw ingredients like cacao and coconut sugar from Mexico and Indonesia respectively, which can take up to 40 days from payment to reach Australia. The manufacturing process in Melbourne can then take up to two months. Then someone buys it and it may take up to 60 days for us to get paid – so trying to do it all self-financed is a stretch."

Scott Fry
Founder
Loving Earth

FINANCING YOUR EXPORT BUSINESS

The upfront costs associated with fulfilling international orders can put pressure on your cashflow, which in turn impacts other aspects of your business.

Look at finance options early on

When negotiating your next export opportunity, take the time to think carefully about how your business could make it work.

- Can you afford to take on these opportunities right now?
- Will your domestic business be able to maintain momentum with the increased international orders?
- Would your client or suppliers be able to help through upfront payments or better invoicing terms?

Finance options

If you need to access finance to fulfil your export order or secure your next export-related contract, here are some options available from Export Finance Australia.

Export loans

Tailored for businesses that need additional working capital to support international opportunities, investment in production capacity or overseas expansion.

Guarantees

Working with your bank or your buyer's bank, we can provide guarantees so your business can get access to additional finance to fulfil export-related transactions or build an overseas presence.

Bonds

We provide a variety of bonds including performance, warranty or advance payment bonds that may be required for an export-related contract.

Corporate or sovereign finance

A range of tailored financial solutions that support Australian corporates with their export activities, and finance for corporate and sovereign buyers of Australian goods and services, including project finance.

For more information on how we could help your export business, visit [exportfinance.gov.au](https://www.exportfinance.gov.au).

Accessing grants to help you market your business

The Export Market Development Grant scheme (EMDG), administered by Austrade, is a popular financial assistance program for aspiring and current exporters. The grant reimburses up to 50% of eligible export promotion expenses above \$5,000, provided total expenses are at least \$15,000.

For more information on how you can take advantage of the EMDG program, visit the [Austrade website](https://www.austrade.gov.au).





“The only way for us to expand and move forward was to double down on the size of our invoicing and product ordering. Export Finance Australia was extremely important in enabling this growth.”

Kevin Garcia
Founder
Karst Stone Paper

SCISSORS, PAPER, ROCK: A SUSTAINABLE ALTERNATIVE

Case study: Karst Stone Paper

Export Finance Australia’s Small Business Export Loan helped *Karst Stone Paper* expand its sustainable paper stationery range.

When Karst Stone Paper director and founder Kevin Garcia first encountered paper made from stone, he was fascinated by its sustainable properties – with no trees, water, bleach or acids needed to create the end product.

“We use recycled stone mixed with a non-toxic resin as a binder,” said Kevin. “The factory producing the stone is powered partly by solar power. The process requires no water or wood-pulp and uses 60% less carbon emissions than traditional paper. We also plant a tree for every notebook purchased online to help offset our total emissions.”

Kevin said they also quickly discovered the value of forming strong partnerships with their supply chain to scale the business quickly.

But the real challenge came when they wanted to expand their product range and needed additional finance.

“Traditional finance has always been a pain point for us – not only the amount of finance available but also the process of getting it,” he said.

So when Karst Stone Paper approached us for help, they were surprised at how easy the process was.

“The application form was very streamlined and all done online,” said Kevin. “Within two weeks the funding came through, allowing us to expand our product lines and inventory, and export to more countries. It took a lot of stress off us – and off our bottom line.”

RESOURCES

There is a wealth of detailed, easy to access information available to help Australian export businesses, it's just a case of knowing where to look.

**export
finance
australia**

Export Finance Australia

The Australian Government's export credit agency, providing finance solutions to Australian businesses including tourism operators.

We also provide a number of resources for exporters, including our online [Exporter Journey](#), which walks companies through the steps to successful exporting.

Visit exportfinance.gov.au or call 1800 093 724.



The Export Council of Australia

The Export Council of Australia (ECA) provides education and assistance to help Australian companies succeed internationally.

Visit export.org.au



Australian Government
Department of Foreign Affairs and Trade

The Department of Foreign Affairs and Trade (DFAT)

DFAT promotes and protects Australia internationally. One of the ways it does this is by helping Australian businesses, in partnership with other agencies like Austrade and Export Finance Australia.

Visit dfat.gov.au



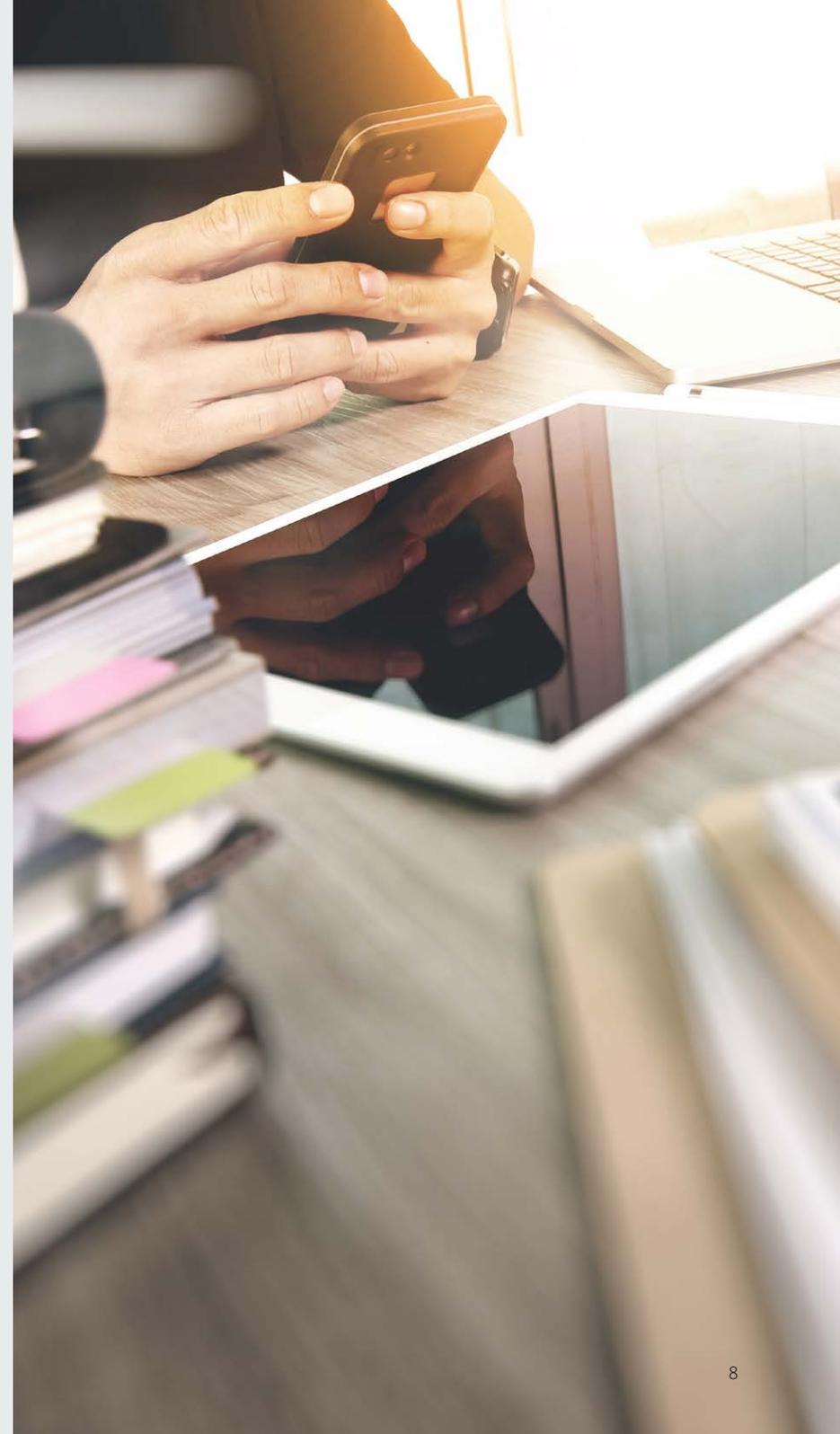
Australian Government
Austrade

Austrade

The Australian Government's trade and investment agency, providing you with practical advice, support and insight into many of the countries to which you're looking to attract visitors from.

Austrade provides information and advice to assist Australian companies to reduce the time, cost and risk associated with growing your international business, as well as Export Market Development Grants (EMDG) to support your export growth.

Visit austrade.gov.au



Discover how Export Finance Australia could help your business take on the world

As Australia's export credit agency, we offer options by working with your bank to provide supplementary finance, or support when your bank may be unable to help.

To find out more about how we could help your business, go to exportfinance.gov.au or call 1800 093 724.

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Australian Government

