

Financing Infrastructure in Mexico

June 16, 2022

EXIM
EXPORT-IMPORT BANK
OF THE UNITED STATES



Reducing Risk. Unleashing Opportunity.

EXIM Overview



- Official Export Credit Agency («ECA») of the United States
- No Borrower Limits
- No Sector Limits
- No Country Limits
- EXIM financing is governed by OECD Arrangement
- EXIM Country Limitation Schedule - (see www.exim.gov) indicates public sector and private sector borrower repayment terms for each country, and country-specific footnotes (policies)

EXIM FINANCING PRODUCTS



Export Credit Insurance

- Medium-Term

Loan Guarantee

- Medium-Term
- Long-Term

Direct Loan

- Few and mostly Long-term

MEDIUM TERM FINANCING PRODUCTS



Medium-Term Insurance

A conditional extension of support issued for a credit made by a lender to a foreign buyer of U.S. capital equipment that is issued as an insurance policy for less than \$25 million and repayment term of up to 7 years.

- Can be issued to an exporter or financial institution

Medium-Term Guarantee

An unconditional guarantee issued to a lender to support its loan made to a foreign buyer of U.S. capital equipment or related-services for less than \$25 million and repayment term of up to 7 years.

- Can only be issued to a Financial Institution
- Master Guarantee Agreement (MGA) is required of lender prior to application submission

LONG TERM BUYER FINANCING (Requires EXIM Board Approval)

■ Credit Analysis/Determination of Creditworthiness

- Financial statements of borrower (most recent 3 years)
- Projected cash flows and debt service capacity
- Sovereign guarantee

■ Transaction Size

- Larger than USD 25 million

■ Repayment Terms

- Capital Equipment – up to 10 years
- Rail – up to 14 years
- Power Plants – up to 12 years
- Project Finance – up to 14 years
- Renewable Energy – up to 18 years

CONTENT POLICY (Medium & Long Term Transactions)

The total level of EXIM support for an export contract will be the lesser of:

- *85% of the value of all eligible goods and services in the U.S. export contract (if the U.S. content exceeds 85%); or*
- *100% of the U.S. content in all eligible goods and services in the U.S. export contract.*

*To be eligible for EXIM Bank financing, goods and services in a U.S. export contract must be shipped from the United States to a foreign buyer.

EXPOSURE FEE CALCULATOR



Actual fees for long-term transactions will be determined by Ex-Im Bank upon approval of a completed application.

Ex-Im Bank Exposure Fee Level (or by Country):

Percentage of Cover: %

Product: MT Insurance (2) or Guarantee/Direct Loan (3)

Repayment Period: (Years)

Drawdown Period:(Months)

Financed? (Y/N)

Paid: Up Front (F) or As Drawn (D)

CREDIT CLASSIFICATION (%)						
BTS	SOV/CC0	CC1	CC2	CC3	CC4	CC5
4.08%	4.58%	5.97%	7.44%	8.73%	11.15%	14.42%
Better than Sovereign	Sovereign	Non-Sovereign ----->				

COMPUTE FEE

Determined by:

- Country Risk
- Percent of cover
- Drawdown period
- Repayment period
- Fee financed
- Timing of fee payment
- General credit risk of the borrower

Found on www.exim.gov:
Tools for Exporters → Exposure Fees

STANDARD FINANCE MODEL (US content 85% or more)

Net contract price	\$ 100,000,000
Cash payment	<u>(15,000,000)</u>
Financed portion	\$ 85,000,000
Exposure fee @ 7.44%	<u>+ 6,324,000</u>
Total financed	<u>\$ 91,324,000</u>



ADDITIONAL REQUIREMENTS



- Technical information in support of transaction summary
- Engineering and Environmental review and documentation
- Detailed “Acquisition List”
- Compliance with MARAD shipping policy (items generally need to be shipped on U.S. flagged ships)

EXIM Support to Mexican Borrowers



- Mexico has historically been one of EXIM's biggest markets
- Approximately \$35 billion in financing in the last 20 years
- Dozens of sectors, hundreds of borrowers supported
- Short-term, medium-term, long-term financing
- Oil & Gas ♦ Power ♦ Mining ♦ Airports ♦ Rail ♦ Aircraft ♦ Agricultural products ♦ Consumables ♦ Automobiles ♦ Construction
- Current exposure in Mexico approximately \$2.6 billion

Mexican Borrowers & Projects Supported - *examples*

- **Power:** Naco Nogales, Samalayuca, El Bajio, CFE-owned projects
- **Aircraft:** Aeromexico, Aerolineas Ejecutivas, Aeroservicios Especializados
- **Oil & Gas:** San Fernando Pipeline, Pemex, Hokchi Energy
- **Rail:** Ferrosur, Ferromex
- **Airports:** Aeropuerto de Monterrey, Aeropuerto de Zihuatanejo, Grupo Aeroportuario del Centro Norte
- **Renewables:** Electrica del Vale
- **Telecom:** MexSat



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