# Financing Infrastructure in Mexico

June 16, 2022





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



• Medium-Term

### Loan Guarantee

- Medium-Term
  - Long-Term

#### Direct Loan

Few and mostly Long-term





### MEDIUM TERM FINANCING PRODUCTS

#### **Medium-Term Insurance**

A <u>conditional</u> 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 <u>or</u> financial institution

#### **Medium-Term Guarantee**

An <u>unconditional</u> 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 <u>only</u> 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 cpacity
- 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.

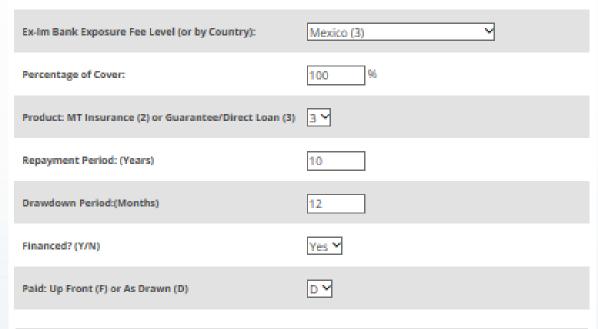
<sup>\*</sup>To be eligible for EXIM Bank financing, goods and services in a U.S. export contract must be shipped from the United States to a foreign buyer.





### EXPOSURE FEE CALCULATOR

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



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

#### 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

(15,000,000)

Financed portion

\$ 85,000,000

Exposure fee @ 7.44%

+ 6,324,000

**Total financed** 

\$ 91,324,000





### 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



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### 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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