

# Ex-Im Bank Helps Companies Boost Exports to Latin America

## Partners in Financing Provide Security

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**L**atin America offers many exciting opportunities to U.S. companies. Whether large or small, new to exporting or experienced in global trade, U.S. firms with their sights set on Latin America have a valuable partner in the Export-Import Bank of the United States (Ex-Im Bank).

Ex-Im Bank is the official export credit agency of the United States. By providing export financing that otherwise would not be available, Ex-Im Bank helps thousands of U.S. companies to expand their businesses and create and maintain employment in the United States.

Take Resources Group, of St. Louis, Mo., and S&M Machine, of Oconto Falls, Wis. These small businesses sold a multi-spindle, automatic bar lathe to Precision S.A. de C.V. of Lomas Altas, Mexico, backed by an Ex-Im Bank export credit insurance policy.

In the 2003 fiscal year, Ex-Im Bank financing assisted 2,707 export sales, of which more than 83 percent were small business transactions. Overall, the bank authorized \$10.5 billion in loans, guarantees, and export credit insurance, supporting \$14.3 billion worth of U.S. exports.

Ex-Im Bank's stock in trade is to go where commercial banks won't go, and to shoulder risks that the private sector

will not take on, primarily in developing markets where opportunities for sales growth are often great. Although every transaction the bank approves must meet the requirement of reasonable assurance of repayment, Ex-Im Bank takes risks where others fear to tread.

Ex-Im Bank also levels the playing field for U.S. exporters who face competition from foreign companies that are supported by their governments' export credit agencies.

Latin America is an important market to U.S. exporters. Mexico accounts for one-eighth of total U.S. exports. In the 10 years since NAFTA took effect, U.S.-Mexican trade has nearly tripled, to the benefit of both countries. As a World Bank report last year noted, "NAFTA has brought significant economic and social benefits to the Mexican economy."

While Ex-Im Bank supports exports throughout the world, Latin America and the Caribbean account for one-quarter of its total authorizations.

Ex-Im Bank brings expertise to all kinds of export transactions, such as oil field equipment and technology, machinery and power projects, school textbooks, food, and engineering services. And no transaction is too small. This is important, because the ability to offer financing or credit terms is often the most critical element in competing for, and securing, export sales.

If a U.S. company needs to insure foreign receivables, Ex-Im Bank has a product that is especially helpful, an export credit insurance product. The insurance protects U.S. exporters against payment default by foreign buyers. And the insured receivables can be used as collateral to get Ex-Im Bank-guaranteed working capital financing, as well as to offer foreign buyers favorable credit terms. For example, Poultry and Industrial Suppliers Inc., of Miami, Fla; CTB Inc., of Milford, Ind.; and Betco Inc., of Statesville, N.C., are using Ex-Im Bank insurance to support sales to Mexico of hog feeding, watering, housing, and penning equipment.

If you operate a small U.S. company that needs money to produce products to fill a foreign order, the working capital

guarantee product could help you. An Ex-Im Bank working capital guarantee enables commercial lenders to make working capital loans to U.S. exporters for various export-related activities. An exporter may use the program to buy raw materials and finished goods for export, to pay for materials, labor, and overhead to produce goods for export, and to cover stand by letters of credit, and bid and performance bonds. Monosep Corporation, a small business in Broussard, La., is able to sell water treatment systems to Brazil, backed by an Ex-Im Bank-guaranteed revolving working capital loan from a commercial bank.

For American firms that need to offer foreign buyers competitive credit to secure sales of goods and services, Ex-Im Bank can offer medium-term guarantees of commercial loans. U.S. exporters can offer credit terms of up to seven years' repayment to their customers, with the commercial and political risks of default covered 100 percent by Ex-Im Bank. Architects and engineers at Armentrout Roebuck Matheny Consulting Group, Athens, Ga., are designing and building a new two-story elementary school in the Caribbean nation of Granada, backed by an Ex-Im Bank-guaranteed, commercial bank loan. The seaside school's structural steel framing suffered severe corrosion from the salt air.

Ex-Im Bank offers long-term loan guarantees as well. The bank has provided several billion dollars of support to Pemex in recent years in the form of long-term guarantees to enable this Mexican oil and gas company to buy U.S. equipment and services for projects in Burgos Basin, the Bay of Campeche, and elsewhere.

And for U.S. companies competing for contracts for large infrastructure projects in countries seeking to limit their government debt, Ex-Im Bank



has a solution: limited recourse project finance. With this type of financing, no government guarantee is needed. Repayment is based on revenues from the project itself.

Ex-Im Bank also has several incentive products to support U.S. exports. For example, environmental exports, medical equipment exports, and transportation security equipment exports all qualify for special financing enhancements.

Ex-Im Bank has a master guarantee agreement with, among others, Nacional Financiera (Nafinsa), which makes Nafinsa an Ex-Im Bank guaranteed lender. Under the arrangement with Nafinsa, Ex-Im Bank can guarantee up to 85 percent of loans made by Nafinsa to Mexican companies for their purchases of U.S. goods and services. Using this product, Mexican companies can obtain more favorable credit terms for their purchases.

In addition, Ex-Im Bank has a foreign currency agreement with Nafinsa. This allows Nafinsa to offer peso-denominated loans guaranteed by Ex-Im Bank to small and medium-sized Mexican enterprises buying U.S. products.

Ex-Im Bank is constantly working to develop new financing products to meet

changing customer needs. The bank works closely with U.S. government agencies, such as the Commerce Department, Small Business Administration, Overseas Private Investment Corporation, and Trade and Development Agency, to provide export financing and assistance to U.S. companies. Commerce Department Export Assistance Centers are located around the United States, and trade professionals at them provide counseling on a variety of products and services from Ex-Im Bank and other trade-related agencies, geared to small and medium-sized businesses. To locate the center nearest you, visit [www.export.gov](http://www.export.gov).

In addition, Ex-Im Bank has delegated authority lenders around the United States. These are commercial lenders that are authorized to provide Ex-Im Bank-guaranteed working capital financing to exporters on an expedited basis, without prior approval from Ex-Im Bank. These lenders are listed on Ex-Im Bank's Web site.

To learn more about Ex-Im Bank products and services, visit [www.exim.gov](http://www.exim.gov), or call (800) 565-EXIM (3946) and select the option to be connected to the Ex-Im Bank regional office nearest you. ■

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