

Four Keys to the Mexican Market

Custom Financial Solutions for Canadian Affiliates

Mexico offers tremendous investment and export opportunities to Canadian businesses seeking to expand their international horizons. Export Development Canada (EDC) has customized four of its key services for this exciting market, and we're delivering them to Canadian companies in partnership with financial institutions and insurers operating in Mexico. Since 2000, we have also established permanent EDC representatives in the two largest Mexican cities, Mexico D.F. and Monterrey, to provide Canadian investors and exporters with local, on-the-ground assistance. Read on to see how EDC can help you discover a wealth of opportunities in Mexico.

ACCOUNTS RECEIVABLE INSURANCE

Your Mexican subsidiary's accounts receivable can be a major financial asset, but without Accounts Receivable Insurance (ARI), there's always a risk of non-payment. Fortunately, EDC can assist you in obtaining ARI through its agreement with Mexico's largest credit insurer, Atradius Seguros de Credito S.A. (AS). With AS providing ARI directly to your Mexican affiliates, their accounts receivable will be protected – and your financial institution may boost your working capital support because it knows your receivables are safe. For more information, contact your EDC Account Manager or credit insurance broker.

SURETY BONDING

Before signing a contract, most Mexican buyers require a performance guarantee in the form of a surety bond or "fianza," which is the market's preferred bonding instrument. Obtaining fianzas, however, can be difficult and costly, since underwriters will often require local cash or letters of credit before accepting the risk. To solve this problem, EDC has set up a reinsurance program in partnership with Fianzas Monterrey, a major Mexican surety institution. Fianzas Monterrey issues you the performance bond and EDC reinsures it, which means you can obtain the fianza you need to sign your contract – but you won't need to tie up your cash reserves or lose access to your operating credit. To access the program, call your EDC Account Manager or contact your surety broker.

FINANCING

Does your Mexican affiliate require financing for capital goods purchases, or is a Mexican customer seeking cash to buy your products? In some cases, EDC may be able to provide direct financing for these needs. Alternatively, we may be able to guarantee up to \$5 million in loans to Mexican buyers or your Mexican affiliate through our special arrangements and partnerships with institutions such as Scotiabank Mexico and Northstar. This can help you secure a valuable contract or expand your business's investment in Mexico. For more information, contact your EDC Account Manager.

KEY BENEFITS

Here are some of the benefits of EDC's custom financial solutions for Canadian affiliates active in the Mexican market:

Accounts Receivable Insurance

- Protect against non-payment
- Offer more flexible credit terms to your buyers
- Get better access to working capital from your financial institution

Surety Bonding

- Obtain bonds to satisfy the requirements of public and private sector buyers
- Obtain bonds without tying up your working capital or operating line
- Gain access to expertise on local contracting conditions

Financing

- Sell to foreign customers who need financing to purchase your goods
- Obtain better access to financing for your Mexican investments
- Obtain loan guarantees to avoid tying up your operating line

Political Risk Insurance

- Insure your company against losses due to political risk
- Obtain access to cash because your financial institution knows you're protected
- Tailor your coverage to almost any investment or transaction

Four Keys to the Mexican Market

POLITICAL RISK INSURANCE

If you need to protect your Mexican assets or investments from political uncertainty, EDC's Political Risk Insurance (PRI) may be the answer. For your cash, inventory, equipment or other assets, our PRI can insure up to 90 per cent of your losses from government action, civil unrest or the inability to convert or transfer currency. For investments such as equity, shareholder loans or guarantees, we can insure up to 90 per cent of your losses resulting from unpredictable political events. Not only that, having PRI may make it easier to obtain loans or working capital from your financial institution. To find out more, contact your EDC Account Manager.

› FIND OUT MORE

To learn how EDC's custom solutions can help you open the door to export opportunities in Mexico, visit www.edc.ca/contactus.

Ce document est également disponible en français.