

EXIM Approves Make More in America Initiative, Supporting Domestic Manufacturing and Infrastructure Projects

US – May 2022

On April 14, 2022, the board of directors of the Export-Import Bank of the United States (EXIM) unanimously approved the Make More in America Initiative. For the first time, the agency's existing financing programs will be available to export-oriented domestic manufacturing facilities and infrastructure projects. Businesses seeking competitive financing options should consider this program, which seeks to promote US manufacturing competitiveness globally.

In February 2021, President Biden issued an Executive Order (EO) on America's Supply Chains, which directed his administration to assess vulnerabilities in critical domestic supply chains. In June 2021, in accordance with the EO, the White House released a report examining supply chain vulnerabilities across four key products: semiconductor manufacturing and advanced packaging; large capacity batteries; critical minerals and materials; and pharmaceuticals and advanced pharmaceutical ingredients (APIs). Among other proposals, the report recommended the administration examine the ability of EXIM to use existing authorities to support domestic manufacturing facilities and infrastructure projects.

In response to this recommendation, in December 2021, EXIM issued a Federal Register Notice soliciting stakeholder comments on the value of and proposed eligibility requirements for expanding its financing program to include domestic transactions. The agency received 22 public comments in response to this notice, including comments from the National Association of Manufacturers (NAM), the American Association of Port Authorities (AAPA) and the US LNG Association – all which expressed support for the expansion of EXIM financing.

The financing is available to all sectors "with financing priority available to environmentally beneficial projects, small businesses and transformational export area transactions, including semiconductors, biotech and biomedical products, renewable energy, and energy storage." In addition to EXIM's standard due diligence procedures and other applicable financing requirements, such as additionality (the unavailability of financing from the private sector) and environmental and social criteria, EXIM will consider (1) the project's export nexus, and (2) the number of US jobs supported by the financing in assessing eligibility. Financing will also be subject to various transparency measures.

Export Nexus

Transactions eligible to receive Make More in America financing must meet a required "export nexus." Under this requirement, a certain percentage of a project's production (i.e. goods produced at the facility) or capacity (i.e. percent of export traffic at a port) would need to be for export. The required export nexus is 15% (for small businesses, including minority and women-owned businesses; transformational export areas, including semiconductors biotech and biomedical products, renewable energy, and energy storage; and climate-related transactions) or 25% (for all other projects).

Export suppliers are also eligible for Make More in America financing, so long as the transaction meets the export nexus requirements. For example, if a company sells 50% of its outputs to a domestic company, and that domestic company then uses 50% of the supplier's inputs for exports, that supplier would satisfy the 25% export nexus threshold.

Jobs Standard

Make More in America financing will be scaled according to the number of US jobs supported during construction and over the life of the project. Every one job per year (i.e., 50 jobs per year for five years would be counted as 250 jobs) allows for up to US\$189,242 in financing. This standard replaces the traditional US content requirement EXIM imposes on foreign buyers.

Transparency Measures

The following transparency measures will be imposed on Make More in America financing transactions:

- Approval from EXIM's board of directors
- Congressional notification for domestic finance transactions above US\$50 million
- Annual reporting on aggregate export and jobs performance, with contractual recourse measures should projects fail to meet the export nexus requirements or jobs standard
- Board approval for any modifications to the initiative
- Required use of US flagged shipping for any EXIM-supported imports for a project
- Limiting EXIM support to 80% of a project's financing
- Regular initiative reviews

We have an extensive and diverse team of experts to assist US and foreign companies with their EXIM Bank transactions, including proposals under this new initiative. **Angela Mariana Freyre**, the General Counsel of EXIM Bank from 2011 to 2017, has deep knowledge and expertise of EXIM Bank operations, policies and procedures and has maintained her strong relationships with members of senior management of EXIM Bank. She brings unique insight to any approach US and foreign companies could make to the EXIM Bank.

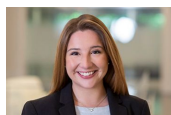
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