

Export-Import Bank of the United States

Merits Bringing Bank to Full-Working Capacity to Support Small Business Exports, Related Jobs

Summary

Background

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets.

Ex-Im Bank enables U.S. companies—large and small—to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.

Ex-Im Bank does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. The bank assumes credit and country risks that the private sector is unable or unwilling to accept. The bank also helps to level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters.

Ex-Im Bank provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing). No transaction is too large or too small.

Impact

With over 80 years of experience, Ex-Im Bank has supported more than \$567 billion of U.S. exports, primarily to developing markets worldwide.

In addition to supporting U.S. jobs, the Ex-Im Bank is a self-sustaining agency that operates at no net cost to the taxpayers. Ex-Im Bank pays for itself by charging fees or interest to its customers for loans, credit insurance and loan guarantees that they receive. In the past fiscal year, the Ex-Im Bank has generated more than \$1 billion in excess revenue for U.S. taxpayers.

The Ex-Im Bank has a proven record of success, and the myths questioning its need and effectiveness have no basis in fact. Far from being a burden on the taxpayer, the Ex-Im Bank turns a profit for the American taxpayer.

Nor does Ex-Im Bank help only big business. In fact, small businesses account for the majority of the Ex-Im Bank's transactions; further, these small business transaction figures are in addition to the tens of thousands of small and medium-sized businesses that supply goods and services to large exporters.

Anticipated Action

In 2015, Congress reauthorized the Ex-Im Bank, which was expiring. On Friday, December 4, 2015, President Barack Obama signed legislation to reauthorize the Export-Import Bank. This action extends the bank's charter by five years until 2019.

Failure to reauthorize the Ex-Im Bank would have amounted to unilateral disarmament in the face of other nations' aggressive trade finance programs, putting billions of dollars in U.S. exports and thousands of U.S. jobs at risk.

Although an overwhelming majority in Congress voted to fully reauthorize the bank in December 2015, the chairman of the Senate Banking Committee stymied the bank's full restoration by blocking action on nominees required to achieve a quorum for the Ex-Im Bank Board in 2016. In the absence of a quorum, the bank cannot approve transactions of more than \$10 million.

Further, both Chair Fred Hochberg and Vice Chair Wanda Felton have terms expiring in January 2017.

The drop in authorizations represents numerous lost opportunities for U.S. businesses and their workers. The bank's inability to approve transactions exceeding \$10 million extends the profound impact of the lapse on larger exporters, the thousands of smaller companies that supply them, and the hundreds of thousands of workers whose jobs depend on exports.

Effects on U.S. businesses and workers from a lack of domestic political support for Ex-Im are exacerbated by the extraordinary steps other countries are taking to support their own exporters and national interests. Export credit agencies (ECAs) abroad are expanding product offerings allowing exporters to compete more aggressively, and more countries are opening new ECAs of their own.

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Moreover, the hundreds of workers at large businesses are not the only ones affected by lost U.S. export transactions; there are strong ripple effects on the many small and medium-sized enterprises throughout their supply chains. The United States is home to some of the largest supply chains in the world. Sales and employees in these supply chains depend on exports of larger clients, financed by Ex-Im. Uncertainty for large clients means diminished purchasing, which means fewer sales and has a direct impact on jobs in cities and towns across the country.

With economic growth and job creation the top priorities for the United States, Ex-Im has an important role to play. As unemployment remains an issue, now is not the time to put these jobs at risk. It is hoped this issue will come to resolution in Congress in 2017.

**CalChamber
Position**

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

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