

Export-Import Bank of the United States

Restoring Full-Working Capacity Supports Small Business Exports, Jobs

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 more than 80 years of experience, Ex-Im Bank has supported billions of U.S. dollars in 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 fiscal year 2016, the Ex-Im Bank has generated more than \$284 million 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 extended the bank's charter 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 nominated chair of the bank was voted down in December 2017. Four other members were approved by the Senate Banking Committee; however, they may be on "political hold" in 2018. This leaves the Ex-Im Bank Board with the absence of a quorum, and unable to approve transactions of more than \$10 million.

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.

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. Although President Donald Trump has embraced the Ex-Im Bank as a powerful tool to level foreign competition, his nominations have encountered opposition in Congress. It is hoped this issue will come to a resolution in Congress in 2018.

Expanding Opportunity An Agenda for All Californians

2018 Business Issues and Legislative Guide

See the entire CalChamber 2018 Business Issues and Legislative Guide at
www.calchamber.com/businessissues
Free PDF or epub available to download.

Special Thanks to the Sponsors
Of the 2018 Business Issues and Legislative Guide

Premier



Silver



Bronze



Iron



We're always with you.®



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.

Susanne T. Stirling

Vice President, International Affairs

susanne.stirling@calchamber.com

January 2018