



The Export-Import Bank of the United States: Its Impact on U.S. Competitiveness, Exports, and Jobs



U.S. CHAMBER OF COMMERCE
International Affairs

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The Export-Import Bank of the United States (Ex-Im) is one of the most important tools at the disposal of U.S. companies to increase exports and create jobs. The benefits of its programs to the U.S. economy are plain: In FY 2012, Ex-Im provided financing or guarantees for about \$50 billion in U.S. exports, thereby supporting more than 250,000 American jobs.

Ex-Im is especially important to U.S. small- and medium-sized businesses, which account for more than 85% of Ex-Im's transactions. In addition to these direct beneficiaries, tens of thousands of smaller companies that supply goods and services to large exporters also benefit from Ex-Im's activities.

Chindex Medical Limited Bethesda, MD

If we lose access to Ex-Im loan guarantees, we cannot hope to compete with the vast financing available from European and Israeli ECAs, and hospitals will purchase equipment from those countries instead of medical devices made in America.

-Judy Zakreski
Vice President, U.S. Operations
www.chindexmedical.com

Unilateral disarmament is rarely a good idea, but this is precisely what declining to reauthorize Ex-Im beyond September 30, 2014, would accomplish. The Organization for Economic Cooperation and Development (OECD) reports that 60 official export credit agencies (ECAs) worldwide have extended more than \$1 trillion in trade finance in recent years. Governments from Canada to China have shown no interest in shutting down their ECAs. On the contrary, European governments use them to provide three times as much official trade finance to their exporters as Ex-Im does. China and

India provide four times as much. By contrast, Ex-Im provided just \$35.8 billion in trade finance for FY2012, or less than 4% of the global total.

Ex-Im loans expose the U.S. taxpayer to little risk as they are backed by the collateral of the goods being exported. Borrowers have defaulted on less than 2% of all loans backed by Ex-Im over the past eight decades, a default rate lower than commercial banks.

Some critics charge that Ex-Im picks winners and losers and thus skews the marketplace. On the contrary, Ex-Im extends loans and guarantees to all applicants that meet its strict lending requirements but does so only when

commercial credit is unavailable or when it is necessary to counteract below-market credit from foreign ECAs. Refusing to reauthorize Ex-Im would reduce the number of ECAs worldwide from 60 to 59, harming only U.S. exporters and the workers they employ.

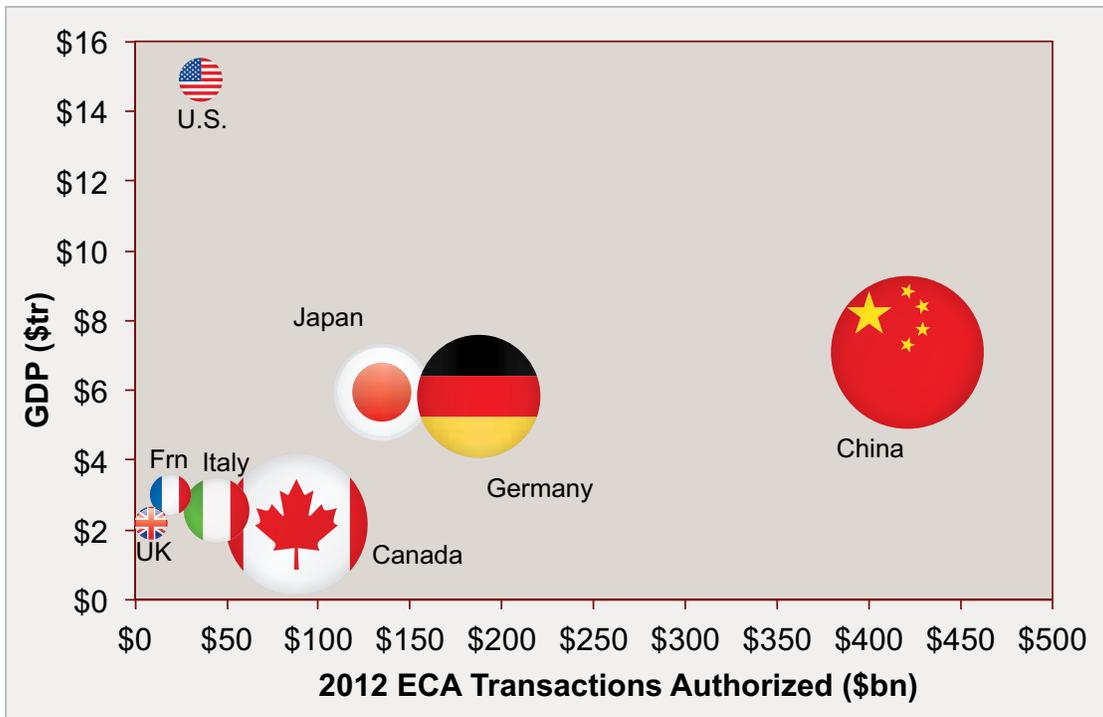
Finally, American taxpayers can cheer the fact that Ex-Im helps reduce the federal deficit by hundreds of millions of dollars. Far from being a subsidy for corporations, Ex-Im charges fees for its services that have generated billions of dollars in revenue for the U.S. Treasury. In the fiscal year that ended September 30, 2012, Ex-Im generated \$803.7 million dollars above the cost of its operations and transferred these funds to the U.S. Treasury's General Fund in October.

The U.S. Chamber of Commerce urges Congress to support Ex-Im.

**Miss Jenny's Pickles
Keanersville, NC**

Ex-Im Bank's Express Insurance allows us to increase revenue, create jobs, and export our pickles around the world.

-Jenny Fulton
Chief Pickle Officer
www.missjennypickles.com



Myths & Facts

The Export-Import Bank of the United States

Myth: Ex-Im is a vehicle for corporate welfare.

Fact: Far from being a handout to corporations, Ex-Im charges fees for its services that generated more than \$800 million in revenue for the U.S. Treasury last year alone. For decades, Ex-Im has more than offset its expenses and operated at no cost to the American taxpayer.

Myth: Ex-Im only helps big business.

Fact: Small businesses account for more than 85% of Ex-Im's transactions; further, these small business transaction figures do not include the tens of thousands of small and medium-sized businesses that supply goods and services to large exporters. In FY 2011, Ex-Im provided more than \$6 billion in financing and insurance for U.S. small businesses — an increase of nearly 90% since FY 2008.

Myth: Ex-Im competes unfairly with private banks.

Fact: Ex-Im covers critical gaps in financing for U.S. exports to developing countries where commercial-bank financing is unavailable or insufficient. In the aircraft sector, a new 2011 multilateral agreement doubled the fees for export credit financing, thereby addressing the concern that some export credit financing was below market rates.

Myth: Ex-Im lending puts the taxpayer at risk.

Fact: Borrowers have defaulted on less than 2% of all loans backed by Ex-Im since its inception in 1934, a default rate lower than commercial banks. Ex-Im loans and guarantees present very low risks because they are backed by the collateral of real goods for which a buyer has already been found and a price has been agreed.

Marlin Steel Wire Products LLC Baltimore, MD

Ex-Im Bank gave me the courage to do business in a new market and with a customer I had never heard of before. One-fourth of our 33 employees are employed as a direct result of the company's export business.

-Drew Greenblatt
President
www.marlinwire.com



Myth: Nothing bad would happen if Ex-Im disappeared.

Fact: Failure to reauthorize Ex-Im would amount to unilateral disarmament in the face of an estimated \$1 trillion in financing provided to foreign enterprises by 59 export credit agencies sponsored by their home governments. Relative to the size of their economies, European governments provide three times as much official trade finance to their exporters as Ex-Im does. China and India provide four times as much. Without Ex-Im's help, U.S. firms risk being left in the dust.

Myth: Ex-Im is controversial and unpopular.

Fact: Ex-Im enjoys near universal support in the U.S. business community, including from the U.S. Chamber of Commerce, the National Association of Manufacturers, the Business Roundtable, and the Coalition for Employment through Exports. Ex-Im was reauthorized in 2012 with strong bipartisan support: The House of Representatives approved the bill by a vote of 330-93 on May 9, and the Senate followed suit with a 78-20 vote on May 15.

**Patton Electronics Co Inc.
Gaithersburg, MD**

We started exporting in the 1990s and now sell to over 120 countries. The Ex-Im Bank enables us to export to this many markets, as it provides loan guarantees and insurance on our receivables.

-Bobby Patton
President & CEO
www.patton.com



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