Negative Brief: Abolish the Export-Import Bank

By David W. Helton[[1]](#footnote-1)†

Affirmative plan would abolish the Export-Import Bank (Ex-Im). Ex-Im is a federal agency that assists American companies to compete in foreign markets by ensuring sales and giving loans to foreign buyers. The Affirmative team will say that the Ex-Im Bank costs taxpayers, distorts the free market, and only helps big companies.

This Negative brief shows how the Ex-Im Bank doesn’t actually cost taxpayers anything. Like any bank, Ex-Im Bank charges fees for their various services. Ex-Im has come out net positive by hundreds of millions every year, and that money goes to the Treasury. Instead of hurting the free market, the bank helps level the playing field by giving US companies the same backing as foreign companies have through their own government’s export credit agency (ECA). It also helps countless small businesses – roughly 90% of Ex-Im’s transactions benefit them. Ex-Im was forced to operate at a limited capacity a few years back because they didn’t have enough board members. When that happened, a lot of American companies struggled to export without loans. Ex-Im provides necessary coverage while making a profit, and that’s a service the government should continue to offer.

Note: You may see references to Ex-Im Bank not being active or being absent. This happened because for several years most activities of the Ex-Im Bank were suspended, until Congress reauthorized it again. Cards that talk about that were written during that time period or are referring back to that time period, but Ex-Im Bank is now completely operational again.

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Negative Brief: Abolish the Export-Import Bank

HARMS / SIGNIFICANCE

1. No taxpayer cost

Ex-Im doesn’t just give money away

Brendan P. Bechtel 2018. (chairman and CEO of Bechtel Corporation, an engineering, procurement, construction and project management company.) 8 May 2018 “Without EXIM Bank, US companies fight with a hand tied behind their backs” <http://thehill.com/opinion/finance/386730-us-companies-fighting-with-a-hand-tied-behind-their-backs-without-exim-bank> (accessed 7 July 2022)

First, EXIM does not give money to companies. It makes loans to creditworthy buyers. These loans are repaid and (through interest fees) earn a fair return for U.S. taxpayers — about $2 billion over the past decade. While being a net contributor to the U.S. Treasury is a nice benefit, EXIM’s primary mission is to create and sustain U.S. jobs, and every EXIM loan helps to keep high-value manufacturing and services jobs in the U.S.

Ex-Im has returned $9 billion to the US Treasury

Breakbulk Events & Media 2020 (networking and information hub for those working in project cargo and breakbulk transportation and logistics, including project owners, carriers, shippers, freight forwarders and heavy haul specialists. They publish on international exporting news.) August 17, 2020 “Part of EXIM’s Commitment to $5 Billion MOU with Republic of Iraq Ministry of Finance” <https://breakbulk.com/Articles/us-exim-bank-proceeds-with-potential-450-mill> (accessed July 7 2022)

EXIM is an independent federal agency that promotes and supports American jobs by providing competitive and necessary export credit to support sales of U.S. goods and services to international buyers. A robust EXIM can level the global playing field for U.S. exporters when they compete against foreign companies that receive support from their governments. EXIM also contributes to U.S. economic growth by helping to create and sustain hundreds of thousands of jobs in exporting businesses and their supply chains across the United States. In recent years, approximately 90 percent of the total number of the agency’s authorizations has directly supported small businesses. Since 1992, EXIM has generated more than $9 billion for the U.S. Treasury for repayment of U.S. debt.

Ex-Im Bank is self-funded

Dr. Loren Thompson 2019 (He focuses on the strategic, economic and business implications of defense spending as the Chief Operating Officer of the non-profit Lexington Institute and Chief Executive Officer of Source Associates. Former Deputy Director of the Security Studies Program at Georgetown Univ. Doctoral and masters degrees in government from Georgetown Univ.) November 13, 2019 “Five Reasons Reauthorizing EXIM Bank Is A Smart Move” <https://www.forbes.com/sites/lorenthompson/2019/11/13/five-reasons-reauthorizing-exim-bank-is-a-smart-move/?sh=dcfb5925c5a1(accessed> July 7 2022)

EXIM costs taxpayers nothing. The bank is self-sustaining. All of its loans and other financial services must be paid for by users, and the interest or fees charged more than cover the bank’s costs of operation. In fact, in a typical year EXIM turns over hundreds of millions of dollars in collected fees to the Treasury that the government can use for other purposes. The default rate on EXIM loans is below 1% and the bank maintains reserves for covering any shortfalls, so there is minimal risk.

 A/T “Fair value over FCRA, improper accounting at Ex-Im makes it look profitable” – GAO says no, both yield same end result

Anthony Curcio 2016 (a Partner at Summit and brings over 17 years of experience in finance and finance-related consulting and policy.) March 4, 2016 “New GAO Report Addresses Fair Value vs. FCRA Debate” <https://www.summitllc.us/blog/new-gao-report-addresses-fair-value-vs-fcra-debate> (accessed July 7 2022)

1. GAO found that the current system, provided for by the Federal Credit Reform Act of 1990 (FCRA), has not consistently underestimated or overestimated the cost of credit policy, even through the Great Recession. In other words, FCRA worked pretty well even during one of the most volatile periods of American financial history.
2. Further, GAO explained that FCRA’ suggested replacement, fair value, would require the measurement of non-cash costs like opportunity costs or social cost. According to GAO, including these costs in a budget is not consistent with long-standing federal budgeting practices that focus on cash outlays.
3. GAO also pointed out that requiring all agencies to implement fair value for budgeting would involve significant implementation and consistency challenges across agencies.
4. Finally, GAO observed that, at loan termination, the FCRA and fair value would end up at the same cost anyway. This suggests that interim differences implied by fair value may be misleading to those who fund, make, and follow budgets.

2. Ex-Im helps small businesses

A list of Ex-Im’s services

Luis Noriega 2021 (more than 20 years of experience in risk, credit product and relationship management roles in commercial banking and is a lender account manager for the office of small business at the Export-Import Bank of the United States.) April 20, 2021 “The Benefits of Working Capital Loan Guarantees from the EXIM Bank” <https://www.abfjournal.com/articles/the-benefits-of-working-capital-loan-guarantees-from-the-exim-bank/> (accessed July 7 2022)

Those support options can include the full range of services available through the Export-Import Bank of the United States (EXIM), the nation’s official export credit agency with the mission of supporting American jobs by facilitating U.S. exports. To advance American competitiveness and assist U.S. businesses as they compete for global sales, EXIM offers credit support including export credit insurance, working capital guarantees and loan guarantees to companies of all sizes. As an independent and self-sustaining federal agency, EXIM contributes to U.S. economic growth and supports jobs in exporting businesses and their supply chains nationwide.

FY 2019 - 90% of Ex-Im transactions benefit small exporters

Will Kenton 2021 (an expert on the economy and investing laws and regulations. He previously held senior editorial roles at Investopedia and Kapitall Wire. MA in Economics from New School for Social Research. PhD in English literature from NYU.)  19 Sept 2021 “Export-Import Bank of the United States (EXIM)” <https://www.investopedia.com/terms/e/ex-im-bank.asp> (accessed 7 July 2022)

The bank is important to small businesses. The credit and guarantees it provides help small exporters to expand into new and riskier markets. In the 2020 [fiscal year](https://www.investopedia.com/terms/f/fiscalyear.asp) (FY), close to 90% of the bank's transactions benefited small exporters.7 The EXIM authorized nearly $5.4 billion in direct loans, loan guarantees, and export credit insurance to support $10.8 billion of exports and an estimated 37,000 jobs.8

Private sector banks will not adequately replace Ex-Im

Brendan P. Bechtel 2018. (chairman and CEO of Bechtel Corporation, an engineering, procurement, construction and project management company.) 8 May 2018 “Without EXIM Bank, US companies fight with a hand tied behind their backs” <http://thehill.com/opinion/finance/386730-us-companies-fighting-with-a-hand-tied-behind-their-backs-without-exim-bank> (accessed July 7 2022)

Second, commercial banks will not fill the space vacated by EXIM. Commercial banks will not commit the dollars required for many of these long-term international projects because today’s financial regulations force banks to make difficult trade-off decisions about where to allocate constrained credit capacity.

3. Examples of businesses helped by the US Ex-Im Bank

DemeTECH

Adrienne M. Selko 2019 (Senior editor at Industry Week. BBa in Business from University of Michigan)  March 14, 2019 “EXIM Bank Helps Manufacturers Add Jobs in US” <https://www.industryweek.com/the-economy/trade/article/22027303/exim-bank-helps-manufacturers-add-jobs-in-us> (accessed July 7 2022) (Ethical disclosure: the paragraph ending with "400%" ended without a period in the original text on the web site.)

Another company DemeTECH, a Florida manufacturer of surgical sutures and blades, is also reaping the benefit of assistance from EXIM. The company was able to expand its business to more than 100 countries, which resulted in revenue growth of over 400%
**[END QUOTE. THEY GO ON LATER IN THE CONTEXT TO WRITE QUOTE:]**
“We have expanded our distribution worldwide, thanks in large part to EXIM Bank's multi-buyer insurance,” said. Luis Arguello, Sr., CEO. “The ability to extend credit to buyers is key to our astronomical growth.”

Anglo-American Hardwoods

John Brinkley 2015. (writes about international trade and investment for Forbes. He was speechwriter for U.S. Trade Representative Michael Froman and for Korean Ambasador Han Duk-soo during the Korean government's ratification of the Korea-US Free Trade Agreement.) 16 Sept 2015 “Ex-Im Bank's Closure Is Sending Jobs Overseas, Hurting Small Firms” <https://www.forbes.com/sites/johnbrinkley/2015/09/16/ex-im-bank-closure/#c5e5abe3a3aa> (accessed 7 July 2022)

Anglo-American Hardwoods of Mason, Ohio, exports lumber to countries “literally around the world,” said its president, Graham Hill. “We’re very dependent” on Ex-Im financing. Hill said he borrowed money from a private bank, which only agrees to lend it because the Ex-Im Bank underwrites the loans. “They (the private bank) would not extend the credit lines” without Ex-Im support, he said. “Without the line of credit, they (overseas customers) would look elsewhere” for lumber. Hill said he couldn’t understand why some accuse Ex-Im of extending “corporate welfare” only to the likes of Boeing, Caterpillar CAT -1.86% and GE when “there are literally thousands of small businesses that rely on Ex-Im.”

CECA Supply & Services

Victoria Guida 2015. (financial services reporter covering banking regulations and monetary policy for POLITICO Pro.; graduated from the Univ of Missouri with a double major in journalism and political science) 30 July 2015 “Businesses fume at Congress over death of Ex-Im Bank” <http://exportersforexim.org/loss-of-ex-im-hurting-us-companies/> (accessed July 7 2022)

But Rami Touma, president of Houston-based oil equipment exporter CECA Supply & Services, said Ex-Im’s services are critical to his business’s ability to sell products to Algeria, its major source of income. The national Algerian oil company requires exporters to post a 10 percent performance bond, which is held until the job is done. And in the past year, Touma’s 30-employee company had its best year ever, with $60 million in sales. “We do not have the ability to just not have $6 million accessible to us,” Touma said. “So Ex-Im, they put the money in for us, and we pay a fee.” He said Ex-Im can facilitate this because it has the expertise and access to State Department information to allow it to judge the reliability of a foreign buyer, something a traditional bank might not be able to do.

Bechtel

Brendan P. Bechtel 2018. (chairman and CEO of Bechtel Corporation, an engineering, procurement, construction and project management company.) 8 May 2018 “Without EXIM Bank, US companies fight with a hand tied behind their backs” <http://thehill.com/opinion/finance/386730-us-companies-fighting-with-a-hand-tied-behind-their-backs-without-exim-bank> (accessed July 7 2022)

In 2014, the last year the U.S. EXIM bank was fully active, it provided more than $20 billion in export credit to U.S. firms, which supported [164,000 U.S. jobs and generated $675 million](https://obamawhitehouse.archives.gov/the-press-office/2015/06/30/fact-sheet-export-import-bank-supporting-american-exports-and-american) in returns for the U.S. Treasury. During its most recent years of activity, EXIM supported Bechtel in our bid to build two major LNG plants in Australia. This meant small, medium and large American firms from 29 states provided more than $630 million in U.S. products in support of the project.

DISADVANTAGES

1. Lost jobs

Link: Ex-Im has supported over a million of job

Loren Thompson 2019 (Chief Operating Officer of the non-profit Lexington Institute and Chief Executive Officer of Source Associates; Former Deputy Director of the Security Studies Program at Georgetown University. Doctoral and masters degrees in government from Georgetown Univ.) November 13, 2019 “Five Reasons Reauthorizing EXIM Bank Is A Smart Move” <https://www.forbes.com/sites/lorenthompson/2019/11/13/five-reasons-reauthorizing-exim-bank-is-a-smart-move/?sh=dcfb5925c5a1(accessed> July 7 2022)

EXIM supports over a million U.S. jobs. Without the assistance provided by EXIM, many U.S. companies could not export successfully. In some cases, foreign customers will not enter into deals unless a government agency has guaranteed the financing. EXIM estimates that over the last decade it has supported 1.7 million U.S. jobs in all 50 states—jobs that probably would not exist in the absence of a U.S. export credit agency. The bank’s role in sustaining U.S. employment typically grows during slowdowns in the global economy.

Link: The Ex-Im bank’s authorizations in 2020 supported 37,000 US jobs

The National Law Review 2021 . (American law journal, daily legal news website and legal analysis content-aggregating database.) May 4, 2021 “The Export Import Bank of the United States: Priorities and Programs Supporting U.S. Businesses and Jobs” <https://www.natlawreview.com/article/export-import-bank-united-states-priorities-and-programs-supporting-us-businesses> (accessed 28 June 2022)

EXIM also reported that during 2020:

* EXIM’s credit authorizations in 2020 supported an estimated 37,000 American jobs.

Link: A single Ex-Im transaction supports hundreds of jobs

 Will Owen 2021 ( joined Palladian Publications in September 2017 as an Editorial Assistant for LNG Industry, after graduating with a History degree from the University of Southampton. Now the Editor for Global Mining Review and World Coal) January 11,  2021 “EXIM supports US jobs with LNG export transaction” <https://www.lngindustry.com/liquid-natural-gas/11012021/exim-supports-us-jobs-with-lng-export-transaction/> (accessed July 7 2022)

Building on the Export-Import Bank of the United States (EXIM) Board of Directors’ September 2020 unanimous approval of a supply chain transaction, EXIM President and Chairman Kimberly A. Reed recently announced the signing of two final agreements to make the deal – with the first-ever use of a funder guarantee structure – operative and US$50 million available to Houston-based LNG exporter Freeport LNG. The transaction is estimated to support 200 American jobs, principally in Texas, as well as through supplier networks in Arkansas, Louisiana, Mississippi, and Oklahoma.

Link: Ex-Im has helped support 5,502 jobs in Alabama from 2007-2014

Michael C. McSweeney 2014. (managing partner at Trussville-based McSweeney Holdings.) 28 December 2014 “You've not heard much about Export-Import Bank, but Gary Palmer needs to protect it” <https://www.al.com/opinion/index.ssf/2014/12/export-import_bank_reauthoriza.html> (accessed July 7 2022)

McSweeney is far from the only Alabama business to use Ex-Im financing to support jobs and compete internationally. Eighty-three Alabama exporters, both large and small, have sold more than $794 million worth goods abroad since 2007. Those exports have supported 5,502 jobs in Alabama and more than 1.5 million across America over that same time period.

Link: Businesses won’t stay in the US because it would be too expensive

Ben Bergman 2015. (senior reporter for KPCC-FM in Pasadena, CA) 7 July 2015 “How Export-Import Bank shutdown could affect SoCal businesses” http://www.scpr.org/news/2015/07/07/52909/how-export-import-bank-shutdown-could-affect-socal/ (accessed July 7 2022) (brackets added)

If Ex-Im Bank remains closed to new business, [president of Combustion Associates Inc., Kusum] Kavia said she would consider moving to a country where the cost of doing business is cheaper. "We get calls from Mexico all the time," she said. "But we would like to stay in California."

Link: GE shifts jobs to China when Ex-Im authority lapsed

Caroline Freund 2016 (nonresident senior fellow at the Peterson Institute for International Economics, is dean of the University of California San Diego’s School of Global Policy and Strategy. PhD in economics from Columbia Univ.) December 8, 2016 “Don't Be Fooled by the Name, the US Export-Import Bank Is about Exports and Jobs” <https://www.piie.com/blogs/trade-investment-policy-watch/dont-be-fooled-name-us-export-import-bank-about-exports-and-jobs> (accessed 7 July 2022)

The Bank is important to the many companies that want to export US goods abroad. Some of those who are dependent on EXIM for financing their exports are considering shifting manufacturing to countries that offer more reliable export support. Last year, while EXIM authority lapsed, General Electric [reportedly](https://www.reuters.com/article/us-usa-ge-eximbank-idUSKCN0RF1KF20150915) shifted some production to China and Europe to take advantage of local export credit agencies. Boeing, which relies on EXIM to compete with Airbus, [considered](https://www.reuters.com/article/us-usa-exim-congress-idUSKCN0RI2L520150918) a similar move.

Historical example: When Ex-Im expired in 2015, many US jobs were outsourced

John Brinkley 2015. (writes about international trade and investment for Forbes. He was speechwriter for U.S. Trade Representative Michael Froman and for Korean Ambasador Han Duk-soo during the Korean government's ratification of the Korea-US Free Trade Agreement.) 16 September 2015 “Ex-Im Bank's Closure Is Sending Jobs Overseas, Hurting Small Firms” <https://www.forbes.com/sites/johnbrinkley/2015/09/16/ex-im-bank-closure/#c5e5abe3a3aa> (accessed July 7 2022)

GE announced on Tuesday that it would move about 500 power turbine manufacturing jobs from South Carolina, New York and Maine to France, because the company can get export financing there. It can’t get it here, because Congress shut down the Export-Import Bank. Boeing, the Ex-Im Bank’s largest beneficiary, has said it might move jobs overseas, too, if Congress doesn’t reauthorize the bank. The bank lends money to businesses overseas to help them buy and import American-made products and services. It also underwrites domestic loans for American exporters. It’s been around for 81 years with nary a peep of controversy – until the Tea Party reared its head. The bank’s congressional authorization expired on June 30. The Republican leadership in the House didn’t schedule a reauthorization vote.

Impact: Domestic jobs would have to be cut. Here is the example of Patton Electronics Co.

Jim Puzzanghera 2015. (writes about business and economic issues from the LA Times’ Washington, D.C., bureau) 26 June 2015 “Export-Import Bank's cloudy future raises worries of job losses” (brackets in original) http://www.latimes.com/business/la-fi-export-import-bank-20150626-story.html#page=1 (accessed July 7 2022)

"It will definitely slow my growth to near zero. I'll have to cut domestic jobs for sure," said Robert Patton, chief executive of Patton Electronics Co., a communications equipment manufacturer in Gaithersburg, Md. "There [are] definitely deals that we've already lost." Patton said he depends on the Export-Import Bank to help provide financing until payments are received from foreign sales, which make up about 70% of the company's revenue.

Impact: Jobs will have to be outsourced without Ex-Im

Jim Puzzanghera 2015. (writes about business and economic issues from the Times’ Washington, D.C., bureau. He joined The Times in 2006 and won the paper’s Editor’s Award in 2009 for coverage of the financial crisis. He has worked in the nation’s capital since 1998 and is a two-time National Press Club award winner for Washington coverage. A Northwestern University graduate, he previously worked for the San Jose Mercury News, Newsday and the St. Petersburg Times.) 26 June 2015 “Export-Import Bank's cloudy future raises worries of job losses” (brackets added) http://www.latimes.com/business/la-fi-export-import-bank-20150626-story.html#page=1 (accessed 7 July 2022)

[chief executive of General Electric Co., Jeffrey] Immelt said that many countries will not even allow a company to bid on a major infrastructure project unless it has the backing of a government export-assistance agency. "In country after country, you find the same thing: Deals are structured around export credit financing. And without it, in many cases, you can say goodbye to those deals and the jobs that go with them," he told the Economic Club of Washington. GE won't give up those deals, Immelt said, echoing warnings from other executives that a bank shutdown will cost the U.S. jobs. "We will build these products in places where export credit financing is available because we have to," he said. "What happens then? Good jobs in the U.S. will become good jobs in Canada and Europe," Immelt said. "That's a mighty high price to pay for ideological purity, and it doesn't fit my idea of a national strategy for growth and jobs."

2. Hurt small businesses

Link: Ex-Im helps small businesses by authorizing working capital guarantees

Charles Hall 2017. (acting chairman and president of the Export-Import Bank of the United States.) 27 September 2017 “Get the facts right about the Export-Import Bank” <https://www.washingtonexaminer.com/get-the-facts-right-about-the-export-import-bank> (accessed July 7 2022)

For example, Ex-Im authorizes working capital guarantees for small businesses, which help meet export orders and hire more workers. Seventy percent of the bank's working capital authorizations supported small businesses in fiscal 2016. Every dollar Ex-Im guarantees on working capital for small businesses generates nearly four dollars in supported exports, meaning on that particular product line, Ex-Im's impact is well beyond the reported dollars authorized.

Link: Ex-Im helps small businesses with export credit insurance products and guarantees

Charles Hall 2017. (acting chairman and president of the Export-Import Bank of the United States.) 27 September 2017 “Get the facts right about the Export-Import Bank” <https://www.washingtonexaminer.com/get-the-facts-right-about-the-export-import-bank> (accessed July 7 2022)

In addition, Ex-Im supports small businesses through a range of export credit insurance products and medium-term loan guarantees for foreign buyers of U.S. exports. Carney conveniently omits mentioning these products because the numbers don't fit his narrative. Many of Ex-Im's insurance policies also typically support more exports than the authorized policy amounts because multiple shipments can be insured and paid for during the same policy period. Think of it like having a credit card limit of $5 million. That is just the total amount that you can have on the credit card at any given point in time. You pay the card off each month and then you can use it again up to the authorized amount. Ex-Im only reports the $5 million limit, but the small business may support tens of millions of dollars on that policy each year.

Link: Ex-Im helps businesses when private banks won’t

James Burrows 2019 (Acting Chief Banking Officer at Export-Import Bank of the United States. Former SVP & Director of Marketing at Sandy Spring Bank. BBA in marketing from Loyola University Maryland) September 1, 2019 “How your bank can benefit from EXIM” <https://independentbanker.org/2019/09/how-your-bank-can-benefit-from-exim/> (accessed July 7 2022)

EXIM is an independent federal government agency that supports the creation of American jobs by facilitating the export of U.S. goods and services. When the private sector can’t or won’t provide financing, the agency fills the gap for companies that produce “Made in the USA” goods and services by supplying the financing necessary to compete for global sales.

Link: Ex-Im has experience private insurers don’t

Randy Zook 2015. (President and Chief Executive Officer for the Arkansas State Chamber of Commerce.) 6 November 2015 “Leading From The Front On Ex-Im Bank” <http://exportersforexim.org/loss-of-ex-im-hurting-us-companies/> (accessed July 7 2022)

Ex-Im’s Lapse Has Created A Void And Some Exporters Cannot Receive Loan Guarantees. The bank is also a careful, prudent lender, with decades of experience in international markets that many private lenders simply cannot match. That is why Ex-Im can handle deals involving far-flung nations with minimal risk–and a default rate that is just one fifth of most commercial banks. As BCH Trading, a Hot Springs lumber exporter, explained, the company’s private bank simply ‘will not make the loan guarantees that enable it to ship American lumber to countries like Greece and Egypt.'

Link: Export Credit Agency (ECA) backing is crucial for some industries

Neil Bradley 2019  (executive vice president, chief policy officer, and head of strategic advocacy at the U.S. Chamber of Commerce. He has spent two decades working directly with congressional committee chairpersons and other high-ranking policymakers to achieve solutions.) July 17, 2019 “Why America Needs EXIM Sooner, Not Later” <https://www.uschamber.com/international/why-america-needs-exim-sooner-not-later> (accessed July 7 2022)

Members of Congress should bear in mind that EXIM is indispensable in some circumstances. EXIM is necessary because ECA support is often required even to bid on a wide variety of foreign business opportunities. This includes requests for tender from both public and private sources, including opportunities as diverse as infrastructure projects, nuclear reactors, and contracts to provide medical equipment to hospitals. In addition, EXIM is necessary because it is par for the course for expensive capital goods such as aircraft, turbines, and locomotives to be sold worldwide with unashamed ECA backing. ECA support can make or break a deal.

Brink: Small companies don’t have options for replacing Ex-Im’s services

Victoria Guida 2015. (financial services reporter covering banking regulations and monetary policy for POLITICO Pro. She covers the Federal Reserve, the FDIC and the Office of the Comptroller of the Currency, as well as Treasury, after four years on the international trade beat, most recently for Pro and previously for Inside U.S. Trade. She graduated from the University of Missouri with a double major in journalism and political science.) 30 July 2015 “Businesses fume at Congress over death of Ex-Im Bank” <http://exportersforexim.org/loss-of-ex-im-hurting-us-companies/> (accessed 7 July 2022)

 [Gary Mendell, president of trade financier Meridian Finance Group] Mendell said small companies looking to export don’t have other options for replacing many of Ex-Im’s services. That’s because the volume of their exports is too small or the market risk is too great for so meager a transaction. “We don’t have any alternative in the private sector to bring them to,” said Mendell, whose company provides export credit insurance for around 1,000 companies, of which 550 have insurance policies through Ex-Im. “It doesn’t exist.”

Link & Brink: Ex-Im financing makes or breaks US export deals, and private financing isn't sufficient

John Brinkley 2015. (writes about international trade and investment for Forbes. He was speechwriter for U.S. Trade Representative Michael Froman and for Korean Ambasador Han Duk-soo during the Korean government's ratification of the Korea-US Free Trade Agreement.) 16 September 2015 “Ex-Im Bank's Closure Is Sending Jobs Overseas, Hurting Small Firms” <https://www.forbes.com/sites/johnbrinkley/2015/09/16/ex-im-bank-closure/#c5e5abe3a3aa> (accessed July 7 2022) (ellipses in original)

But there are countless small to medium-sized American companies that export and that say they would suffer if the Ex-Im Bank went away for good. Wudel International of Gilbert, Ariz., makes Nanci’s Frozen Yogurt and exports it to 40 countries. Its CEO, John Wudel, said he had been approached recently by a company that owned 400 stores in China and wanted to sell Nanci’s Frozen Yogurt in them. He said the company asked for credit, but Wudel International was too small to offer it. Ordinarily, he would have referred the company to the Ex-Im Bank, but it’s shut down. “So, that ended the deal,” he said. Wudel said he had attended a recent business roundtable with the heads of about 50 businesses in the Phoenix area. Someone suggested that private banks would pick up Ex-Im’s loan portfolio. “But there were some bankers in the room and they said that’s not going to happen. . . No bankers are going to take that kind of risk.”

Brink: Ex-Im Bank is crucial for small US businesses’ exports

Jim Puzzanghera 2015. (award winning journalist for the Los Angeles Times. Northwestern University graduate) 26 June 2015 “Export-Import Bank's cloudy future raises worries of job losses” (brackets added) http://www.latimes.com/business/la-fi-export-import-bank-20150626-story.html#page=1 (accessed July 7 2022)

U.S. banks won't lend [Robert Patton, chief executive of Patton Electronics Co., a communications equipment manufacturer in Maryland] Patton money on pending payments from abroad, which are viewed as riskier than those from domestic customers. The Export-Import Bank guarantees those foreign payments, enabling Patton to obtain loans that keep the company running until the customers' checks arrive, he said. Loans to foreign buyers of U.S. products are the most well-known export assistance. But other Export-Import Bank initiatives, such as the working capital loan guarantee program used by Patton and other small U.S. firms, also are crucial to selling products abroad, executives said. "I don't know of a domestic bank that will loan on international receivables without some sort of insurance," Patton said.

Impact: Hurting small businesses hurts the US economy

Charles Hall 2017. (acting chairman and president of the Export-Import Bank of the United States.) 27 September 2017 “Get the facts right about the Export-Import Bank” <https://www.washingtonexaminer.com/get-the-facts-right-about-the-export-import-bank> (accessed July 7 2022)

A significant part of Ex-Im's mission is to help American small business move into the world of exporting, so that the United States grows its economy, creates more good American jobs, and shows the world the quality and workmanship of goods and services made proudly in the USA. This is not a process that happens overnight with most companies. Offering small businesses a product that helps them expand beyond American borders is a powerful way to accomplish this part of Ex-Im's mission.

A/T “EX-IM support for small businesses declining” - Only because of Covid

Ex-Im Bank 2021 (The Export-Import Bank of the US) June 30, 2021 “EXIM Releases 2020 Competitiveness Report” <https://www.exim.gov/news/exim-releases-2020-competitiveness-report> (accessed July 7 2022)

Total volumes of official MLT export credit support were down across the globe in 2020, including those provided by the world's largest export credit provider, the People's Republic of China. The COVID-19 pandemic was a prime contributor to both the noticeable drop in MLT activity by global export credit agencies (ECAs) and the significant use of short-term support and increase in working capital support to domestic industries. In 2020, the top five countries providing official MLT export credit were China ($18 billion), France ($12.1 billion), Germany ($8.6 billion), Italy ($8.4 billion), and Korea ($5 billion). In support of U.S. exports, EXIM authorized $1.8 billion in official MLT export credit financing.

3. Less US exports and lost jobs

Link: Ex-Im promotes goods from the US as well as jobs

Prof. Alan Gin 2017. (Associate Professor of Economics at the University of San Diego. Master of Arts and Ph.D. in Economics, from Univ of California at Santa Barbara. He was quoted by Phillip Molnar, an award winning reporter for the San Diego Union-Tribune.) 21 April 2017 “Are Trump's plans to revive Export-Import Bank a good thing?” <http://www.sandiegouniontribune.com/business/economy/sd-fi-export-import-bank-20170419-htmlstory.html> (accessed July 7 2022)

Conservatives argue that the Export-Import Bank interferes with the market mechanism, which is the case. However, in doing so, it helps promote the purchase of goods manufactured in the United States and, in turn, employment in those industries. It is particularly important in helping people and companies in foreign countries buy big-ticket items such as airplanes, farm equipment, and industrial equipment.

Link: Every $1 Ex-Im loans yields $1.35 in additional exports

Dr. Caroline Freund 2016 (nonresident senior fellow at the Peterson Institute for International Economics, is dean of the University of California San Diego’s School of Global Policy and Strategy. Former director of trade, competition and investment climate at the World Bank. PhD in economics from Columbia Univ.) December 8, 2016 “Don't Be Fooled by the Name, the US Export-Import Bank Is about Exports and Jobs” <https://www.piie.com/blogs/trade-investment-policy-watch/dont-be-fooled-name-us-export-import-bank-about-exports-and-jobs> (accessed 7 July 2022) (don't confuse "CAUSAL" with "casual"; "CAUSAL" means "caused by something" - not random - and that's what this card is arguing)

New research tests whether EXIM fills a market gap and supports additional US exports or only supports profits, with no effect on exports. Comparing changes in financing and changes in exports to over 130 trade partners over the last eight years, EXIM support has positive and significant effects. Every dollar lent results in $1.35 of additional US exports, and there is strong evidence that the result is causal. If financing simply moved with exports, last year’s finance and next year’s finance should also correlate with exports. Not so: Only lagged finance and contemporaneous financing are important for export flows.

Link example: Ex-Im has helped Alaskan companies export over $171 million in goods

Rachel Petro 2015. (president and CEO of the Alaska Chamber. The Alaska Chamber’s mission is to improve Alaska’s business climate.) 28 October 2015 “Alaska, U.S. small businesses deserve better on Ex-Im Bank” <https://www.al.com/opinion/index.ssf/2014/12/export-import_bank_reauthoriza.html> (accessed July 7 2022)

Since June, Congressional gridlock has sidelined the federal Export-Import Bank. This small agency helps Alaskan companies sell their goods overseas by offering loans and insurance products when no private sector alternative is available. Over the past few years, Ex-Im has helped Alaskan companies export over $171 million in goods. It has helped small businesses break into the export market, allowing them to reach new customers and hire new employees. It has helped larger businesses sell more products, which in turn means more businesses for their subcontractors and suppliers. It has allowed companies such as Salamatof Seafoods of Kenai sell their salmon and other seafood overseas. It has allowed Lynden Air Cargo of Anchorage to thrive. And it has allowed Gunderboom sell its Alaskan-made Subsurface Oil Control System around the globe. In short, Ex-Im has helped create jobs and boosted our economy. Over 65 percent of the Alaska Chamber’s members are small businesses and deserve a chance to compete globally.

Brink: US businesses would be at a competitive disadvantage without the Ex-Im bank

Prof. David Ely 2017. (Associate Dean for Academic Affairs in the Fowler College of Business Professor of Finance and teaches courses in financial institutions and business economics. PhD in Economics. Quoted by Phillip Molnar, an award winning reporter for the San Diego Union-Tribune.) 21 April 2017 “Are Trump's plans to revive Export-Import Bank a good thing?” <http://www.sandiegouniontribune.com/business/economy/sd-fi-export-import-bank-20170419-htmlstory.html> (accessed July 7 2022)

In an ideal world, firms would compete for customers in global markets without the involvement of government agencies. However, many national governments have created entities like the U.S. Export-Import Bank to facilitate the financing of exports to foreign buyers on attractive terms. Without the support of the Export-Import Bank, U.S. firms pursuing customers in global markets would find themselves at a competitive disadvantage to their foreign competitors.

Impact: Tens of millions of dollars in exports and tens of thousands of jobs in the US manufacturing sector will be at risk

Jim Puzzanghera 2015. (writes about business and economic issues from the Times’ Washington, D.C., bureau. He joined The Times in 2006 and won the paper’s Editor’s Award in 2009 for coverage of the financial crisis. He has worked in the nation’s capital since 1998 and is a two-time National Press Club award winner for Washington coverage. A Northwestern University graduate, he previously worked for the San Jose Mercury News, Newsday and the St. Petersburg Times.) 26 June 2015 “Export-Import Bank's cloudy future raises worries of job losses” <http://www.latimes.com/business/la-fi-export-import-bank-20150626-story.html#page=1> (accessed July 7 2022)

"If Ex-Im is not reauthorized a year from now," said Linda Dempsey, the group's vice president for international economic affairs, "we believe that there are tens of millions of dollars in exports and tens of thousands of jobs in the manufacturing sector that are going to be put at risk."

4. Competitive Disadvantage in International Trade

Link: Most other major trading nations have similar banks: 96 other Export-Import Banks around the world

Charles Hall 2017. (acting chairman and president of the Export-Import Bank of the United States.) 27 September 2017 “Get the facts right about the Export-Import Bank” (brackets added) https://www.washingtonexaminer.com/get-the-facts-right-about-the-export-import-bank (accessed 7 July 2022)

[Timothy Carney, an opponent of the Export-Import bank] He thinks the bank should not exist, despite the fact that there are 96 other Export-Import Banks around the world supporting their countries' exports. In fact, China financed more of their country's exports in two recent years than the U.S. Ex-Im has financed in its entire 83-year history.

Link: US needs the Ex-Im Bank in order to be competitive

Brendan P. Bechtel 2018. (chairman and CEO of Bechtel Corporation, an engineering, procurement, construction and project management company.) 8 May 2018 “Without EXIM Bank, US companies fight with a hand tied behind their backs” <http://thehill.com/opinion/finance/386730-us-companies-fighting-with-a-hand-tied-behind-their-backs-without-exim-bank> (accessed 7 July 2022)

However you measure it, U.S. companies operating abroad face a brutally competitive world. International buyers recognize the value and quality of U.S. products, but first they evaluate our competitiveness on capital, financing and procurement costs. We must be competitive in all these respects. U.S. companies need every tool available to compete and win against aggressive foreign competitors who enjoy generous support from their governments.

Link: Competitive disadvantage. Other countries' Ex-Im programs are massive compared to ours

Peter Navarro 2019 (assistant to the president for trade and manufacturing.)  April 1, 2019 “For want of a quorum, America’s jobs are being lost” <https://www.cnbc.com/2019/03/31/for-want-of-a-quorum-americas-jobs-are-being-lost.html> (accessed July 7 2022)

Here’s the brutal truth: More than 100 other export credit agencies compete on behalf of their countries’ exporters. And we are getting hammered – particularly by China, South Korea and the other countries in the G-7. As of 2017, the export credit agencies of Japan and Korea had $187 billion in medium and long-term exposures; Canada, Germany, France, Italy and the United Kingdom had $306 billion; and China had an estimated $363 billion. By comparison, America’s EXIM has an exposure of about $70 billion -- about one dollar for every five of China’s.

Link: Ex-Im’s new programs for small businesses and competition with China

Jamie N. Class 2021 (Partner at Foley and Lardner LLP. Experience at the firm includes financial services, real estate investment, life sciences, high tech, emerging energy technology, healthcare, retail and manufacturing. JD from Harvard Law school)  May 4, 2021 “The Export Import Bank of the United States: Priorities and Programs Supporting U.S. Businesses and Jobs” <https://www.foley.com/en/insights/publications/2021/05/export-import-bank-united-states> (accessed July 7 2022)

Small Business Mandate. Effective Jan. 1, 2021, the mandate for EXIM to finance small businesses rose from 25% to 30% of EXIM’s aggregate loan, guaranty and insurance authority. About 90% of the number (and almost 39% of the guaranty authority) of authorizations in 2020 directly supported small businesses.
Program on China and Transformational Technologies Mandate. In FY 2020, EXIM established a new Program on China and Transformational Exports with a mandated 20% total financing authority ($27 billion of the $135 billion). The program is designed to neutralize China’s subsidies and establish U.S. leadership in certain technologies. The transformational technologies to be supported through the China Program are: artificial intelligence, biotechnology, biomedical sciences, wireless communications equipment, quantum computing, renewable energy, energy efficiency, and energy storage, semiconductor and semiconductor machinery manufacturing, emerging financial technologies and related technologies, water treatment and sanitation and related technologies and infrastructure, high-performance computing, and related goods and services.

Impact: Ex-Im allows the US to compete globally, and we lose business to foreign competition without it

Jamie Moraga 2017. (president and CEO of IntelliSolutions. She is featured weekly in the Union-Tribune’s business column, the EconoMeter, and has been named as a Top Influential Leader in Military/Defense by the San Diego Business Journal. She was quoted by Phillip Molnar, an award winning reporter for the San Diego Union-Tribune.) 21 April 2017 “Are Trump's plans to revive Export-Import Bank a good thing?” <http://www.sandiegouniontribune.com/business/economy/sd-fi-export-import-bank-20170419-htmlstory.html> (accessed July 7 2022)

It may help increase U.S. manufacturing jobs and allow the U.S. to compete more globally with other countries. The Export-Import Bank is designed to help provide loan guarantees to foreign buyers that they can’t get from conventional lenders. Without it, business is likely to go to foreign suppliers. The Bank helps large corporations like Boeing, General Electric, and Caterpillar, and their extensive supply chains that include small businesses, remain competitive in the global marketplace. Approximately 85 countries have similar Export-Import Banks; without one, it could put the U.S. at a global competitive disadvantage.

5. Weakens US hegemony versus China

Link: We lose business to China without ExIm, and that reduces US global political & economic influence

Brendan P. Bechtel 2018. (chairman and CEO of Bechtel Corporation, an engineering, procurement, construction and project management company.) 8 May 2018 “Without EXIM Bank, US companies fight with a hand tied behind their backs” <http://thehill.com/opinion/finance/386730-us-companies-fighting-with-a-hand-tied-behind-their-backs-without-exim-bank> (accessed 7 July 2022)

When it comes to picking winners and losers, opponents have one part of that argument correct: There are winners and losers, but it’s global competition in the international marketplace, not EXIM, that picks them. Unfortunately, that means thousands of American companies are losing out to their international competitors who enjoy strong national advocacy and aggressive export financing — increasingly from China. For example, Chinese construction contractors have grown from zero to four to seven of the top 10 global construction contractors over the last two decades, enabled in part by aggressive export support. This is the competitive reality for U.S. companies in the global marketplace. In 2016, China provided a staggering $34 billion in export credit, the world's largest amount.  Over the coming decade, China is expected to invest $1 trillion in Africa alone, where export financing is a key requirement for international companies. Imagine the political and economic influence this kind of investment affords. Consider the negative consequences if U.S. goods and services can’t fairly compete for Africa’s business during this crucial decade of its economic growth and development.

Link: US and China are in a struggle for international dominance. China threatens US hegemony

Ashley Tellis 2020 (Tata Chair for Strategic Affairs and a senior fellow at the Carnegie Endowment for International Peace. He is also a counselor at the National Bureau of Asian Research and the research director of the Strategic Asia Program) 4 May 2020 "COVID-19 Knocks on American Hegemony" <https://carnegieendowment.org/2020/05/04/covid-19-knocks-on-american-hegemony-pub-81719> (accessed 8 June 2021)

After almost two decades of conflicted hesitancy, the United States finally acknowledged that it is involved in a long-term strategic competition with China. This rivalry, almost by definition, is not merely a wrangle between two major states. Rather, it involves a struggle for dominance in the international system, even if China as the rising power disavows any such ambition. China’s very ascendancy—if sustained—could over time threaten the U.S. hegemony that has been in place since the end of World War II. It is this reality of unequal growth—which has nourished China’s expanding influence and military capabilities—that lies at the root of the evolving rivalry.

Impact: Life, money and freedom at risk if we concede world leadership to Russia or China

Dr. Robert Kagan 2017. (PhD in American history; Stephen & Barbara Friedman Senior Fellow - [Foreign Policy](https://www.brookings.edu/program/foreign-policy/), [Project on International Order and Strategy](https://www.brookings.edu/project/project-on-international-order-and-strategy/) at Brookings Institution) 6 Feb 2017 ‘Backing into World War III” <https://www.brookings.edu/research/backing-into-world-war-iii/>

Think of two significant trend lines in the world today. One is the increasing ambition and activism of the two great revisionist powers, Russia and China. The other is the declining confidence, capacity, and will of the democratic world, and especially of the United States, to maintain the dominant position it has held in the international system since 1945. As those two lines move closer, as the declining will and capacity of the United States and its allies to maintain the present world order meet the increasing desire and capacity of the revisionist powers to change it, we will reach the moment at which the existing order collapses and the world descends into a phase of brutal anarchy, as it has three times in the past two centuries. The cost of that descent, in lives and treasure, in lost freedoms and lost hope, will be staggering.

1. † David passed away on 19 August 2022. [↑](#footnote-ref-1)