



# ISSUE BRIEFING

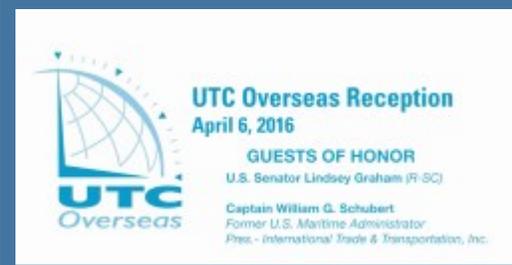
## The United States Export-Import Bank: Vital to American Business Around the Globe



(L-R: Martin Whitmer, UTC Washington; Marco Poisler Exec VP UTC Houston, Sen. Lindsey Graham (R-SC); Brian Posthumus CEO UTC New York)

### UTC Overseas Honors Sen. Lindsey Graham and Capt. William G. Schubert

Find the full video here: <https://www.ajot.com/news/utc-honors-sen.-graham-and-capt.-schubert-for-support-of-exim-bank>



The US Export-Import Bank is vital to American business interests at home and abroad. Established in 1934 through an executive order from President Franklin Roosevelt, the bank's mission is to underwrite loan guarantees for American export projects. When American companies are unable to assume the credit risk of a major project themselves, the bank's backing allows businesses of all sizes to compete in the global economy.

Unfortunately, in recent years, the Ex-Im Bank has been beset by criticism from both sides of the political aisle. Proponents of environmentalism claim the bank funds too many fossil fuel

projects, potentially contributing to climate change. Others have accused the bank of showing favoritism toward special interest groups. An example cited by critics is the large volume of loans made to companies purchasing Boeing aircraft during the 2007-2008 rollout of the 787 Dreamliner. Whether or not these criticisms have any real merit, they have led to continuous conflict over the bank's operations.

The Government Corporation Control Act of 1945 requires that the Ex-Im Bank be reauthorized by Congress every 4-5 years. In May 2012, Congress reauthorized the Bank through September 2014, which was subsequently

# Ex-Im Bank: Vital to US Business

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extended through June 2015. For the following five months, the bank maintained its current portfolio but lost its ability to take on any new business until it was reauthorized again in December 2015, this time through September 2019.

While the reauthorization of the Bank is a major step in the right direction, the Board of Directors, which has five seats in total, currently has three vacancies, rendering it unable to reach a quorum to underwrite loan guarantees over \$10 million USD.

UTC has long been a supporter of the Ex-Im Bank. In April 2016, UTC Overseas recognized Sen. Lindsey Graham and Capt.

William G. Schubert for their dedication to promoting the reauthorization of the US Ex-Im Bank. Captain Schubert, President of International Trade and Transportation and former head of the US Maritime Administration, has a longstanding history of promoting the maritime industry and advanced maritime education. Senator Graham has also been a continuous loyal supporter of the Ex-Im Bank and played an integral role in the five-month-long Congressional battle to support its reauthorization. With large companies like Boeing and GE located in his state, he understands the role the Bank plays in sustaining American businesses both globally and domestically. It is vital that we restore full functionality to the Ex-Im Bank so that it can take on new, large projects that will be beneficial to American companies. The lack of quorum not only effects large companies taking on these projects, but also small- and medium-sized businesses involved in their supply chains.

President Obama put forth a nominee, the Honorable J. Mark McWatters of the National Credit Union Administration, to fill a vacancy on the Board of Directors in January 2016, but the Senate Banking Committee has yet to hold a nomination hearing and mark-up. The Chairman of the Committee, Sen. Richard Shelby (R-AL) has refused to take action on the nomination, leaving the agency handicapped.

While the Bank has been reauthorized through September 2019, its hands are currently tied regarding projects that require a line of credit of \$10M or more. The Bank is not allowed to underwrite any loan guarantees over \$10 million USD without approval of the Board of Directors. The Board of Directors has five seats, but currently only two positions are filled, meaning a quorum cannot be reached.

NAM and the Chamber of Commerce has issued a joint statement to Congress asking for language to be included in the Continued Resolution that would adjust the requirement for a quorum to be reached: the Ex-Im Bank must be restored to full function, “given the Bank’s lack of a quorum on its Board of Directors. According to *The New York Times*, more than 30 transactions worth more than \$20 billion to American businesses are stuck in the pipeline until the agency is fully operational.” They have also sent a letter signed by 15 major business associations to leaders on Capitol Hill.

Additionally, identical language has been included in the House and Senate versions of the Foreign Operations Appropriations Bill that would provide for the Bank to operate for up to 3 years with only two board members. While it is unlikely that the appropriations bill will be passed before the end of the fiscal year on September 30th, it is hoped that it will be passed by the end of 2016.

We are urging everyone to get involved with your local congressperson to express to them how important the US Ex-Im Bank is to American commerce on a global scale. Please visit <http://action.exportersforexim.org/19583/tell-your-senator-to-support-quorum-ex-im-banks-board-directors/> to see what you can do to help!

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## Key Facts:

- The Ex-Im bank believes it has the capability to earn the US government an average of \$1.4 billion per year over the next ten years.
- The 2015 EXIM Competitiveness Report noted that China, Germany, Korea and Finland ranked the highest in terms of volumes of new major medium- and long-term official export credit, with US coming in 5<sup>th</sup> due to five months of inability to authorize these types of transactions. This finding is the basis for a recent letter from National Association of Manufacturers (NAM) to leaders on Capitol Hill: that US businesses “are at a significant disadvantage to global competitors who are aggressively supported by their own governments’ export credit agencies.”
- The Ex-Im Bank is an independent agency, and it receives strong praise and criticism from different voices on both sides of the political aisle, making it difficult topic for Congress. To many, the Bank’s mere existence remains a contentious issue.

