

Strengthen the Export-Import Bank

The president and Congress should end the Board logjam and return Ex-Im to full operation

The Export-Import Bank of the United States (Ex-Im) operates under a renewable general statutory charter, and was extended through Sept. 30, 2019 by the Export-Import Bank Reform and Reauthorization Act of 2015, a surface transportation authorization measure. Enacted on Dec. 4, 2015, the measure lowered Ex-Im Bank's statutory lending authority ("exposure cap" for outstanding portfolio) to \$135 billion for each of FY2015-FY2019, and made reforms in a number of areas, including to Ex-Im's policies or operations in risk management, fraud controls, and ethics, as well as to the U.S. approach to international negotiations on export credit financing.

Problem:

- Currently, Ex-Im remains constrained because the Board needs a three-member quorum to approve insurance, loans or guarantees above \$10 million; currently the five-member Board only has two serving acting directors and therefore, activity has been restricted to smaller-scale transaction since its reauthorization.
- During the 114th Congress, the Senate Committee on Banking, Housing and Urban Affairs led by Sen. Richard Shelby (R-Ala.)—the same committee that had held up the Bank's reauthorization—refused to confirm the White House's nominee for the Bank's third directorship.
- As of June 30, 2016, Ex-Im Bank reportedly had over 30 deals of more than \$20 billion in the pipeline awaiting Board approval pending a quorum, leaving U.S. aircraft, rail, power and communications equipment sitting in warehouses instead of being shipped to international destinations.
- The breakdown of transactions in prior years further illustrates the role of a quorum in Ex-Im Bank activity—in each of FY2014 and FY2015, by dollar amount, two-thirds of all authorizations were Board-approved and one-third approved at non-Board levels.

Solution:

NSBA, working with its international trade arm, the Small Business Exporters Association (SBEA), urges President Trump to quickly appoint all three directors needed to make up a full five-person board which Ex-Im Bank has usually had in order to keep its business moving at a rapid, competitive pace.

- The lack of a quorum is costing \$50 million in export losses daily, as well as thousands of U.S. jobs—for both direct Ex-Im Bank users and companies in their supply chains—the majority of which are small businesses.
- The uncertainty surrounding the Board's status, coupled with the prior reauthorization lapse and sustained foreign ECA competition, further weakens Ex-Im Bank's international competitiveness.
- A lapse in Ex-Im full ability to operate threatens the competitiveness of businesses in the U.S., particularly the thousands of small and medium-sized enterprises that depend on the Ex-Im Bank to reach new markets.

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