



## **U.S. EXPORT-IMPORT BANK REAUTHORIZATION**

### What is the Export-Import Bank of the United States (Ex-Im Bank)?

The Ex-Im Bank is an independent federal agency that supports U.S. exporters by filling gaps in private export financing at no cost to American taxpayers. The Bank provides a variety of financing mechanisms, including working-capital guarantees, export credit insurance and financing to help foreign buyers purchase U.S. goods and services. The Bank does not compete with private sector lenders but rather provides export financing products that fill gaps in trade financing not offered by private sector lenders and assumes credit and country risks in which private sector banks are unable or unwilling to accept. The Bank also levels the playing field for U.S. exporters by matching the financing that foreign governments provide to their exporters.

### What are the Benefits of the Export-Import Bank?

The Ex-Im Bank is charged with supporting U.S. exports and jobs through export financing. In FY 2013, Ex-Im Bank approved more than \$27 billion in total authorizations to support an estimated \$37.4 billion in U.S. export sales and approximately 205,000 American jobs in communities across the country. For the year, the Bank approved a record 3,413 transactions—or 89 percent—for small-businesses.

In particular, the export credit insurance facility provided by the Bank is a critical tool used by small business exporters to finance their exports. Without this tool, many small business exporters would be unable in many instances to extend credit terms to foreign buyers, this hampering their ability to compete with foreign suppliers. Export credit insurance is generally not available from private sector banks for sales by U.S. exporters to foreign buyers with a lack of a credit history or who reside in a country that is perceived to be an unsound credit risk. The Bank, therefore, provides this credit insurance that enables U.S. exporters, and particularly small business exporters, to be able to close sales with foreign buyers that would otherwise be untenable for the U.S. exporter.

### When does the Export-Import Bank Authorization End?

The Export-Import Bank Reauthorization Act of 2012 extends the Bank's authority through September 30, 2014, and increases its portfolio cap up to \$140 billion.

### What would be the Effect of a Failure to Reauthorize the Export-Import Bank?

The Ex-Im Bank operates under a renewable charter. To date, Ex-Im Bank's authority has never lapsed. However, if the Bank's authority were to lapse, it would not have the ability to approve any new authorizations of loans, guarantees, or insurance. This would result in the elimination of much-needed certainty and predictability to U.S. exporters and their workers and employment and would put billions of dollars in U.S. exports and tens of thousands of American jobs at risk, thereby depriving U.S. businesses of a vital financing source at a time when exports are becoming an increasingly vital part of our nation's economic recovery. Failure to reauthorize Ex-Im would also amount to unilateral disarmament in the face of other nations' aggressive trade finance programs.

*Source: Export-Import Bank; Congressional research service.*

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