Ex-Im Bank Levels the Playing Field for U.S. Exporters

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Your editorial on the Export-Import Bank ("The GOP’s Antique Bank," Review & Outlook, June 9) misunderstands a key aspect of international business today. U.S. companies that are actively pursuing opportunities abroad, particularly in emerging economies, have found that competitive financing is increasingly important in the global market. Access to such financing often determines which firm, from which country, gets the sale. Ex-Im bank ensures that U.S. exporters of all sizes can compete on a level playing field, providing a counterweight to the official export credit agencies maintained by 60 nations that have issued more than $1 trillion in trade finance in recent years.

Efforts to diminish Ex-Im bank’s ability to fulfill its mission—to support U.S. jobs through exports—can only result in bolstering foreign enterprises competing with U.S. exporters. Last year, Ex-Im bank supported more than $37 billion in exports that benefitted thousands of companies and communities across the country. The bank also set a record in its support of small business, approving more than 3,400 small-business transactions. In fact, small business accounted for nearly 90% of the bank’s transactions last year. If Ex-Im is not reauthorized, products of all sizes and shapes, from planes to medical equipment, will still be purchased overseas. They just will not be produced in the U.S. by American workers.

Ex-Im does operate at zero cost to the taxpayer. The hypothetical risk you suggest ignores Ex-Im’s $4 billion loan-loss reserve account (also entirely funded without taxpayer dollars) and the fact that Ex-Im has a current default rate of 0.3%.

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This is a small-business perspective to your editorial. I bought a $2.3 million, 21-employee custom food-service-equipment-manufacturing company that served the cruise-line industry in Miami in 1991. All of our competitors were located in Europe. SunBank (now SunTrust) provided debt financing and a $100,000 line of credit.

Almost simultaneously we were awarded an $11.5 million contract from a Finnish shipyard to deliver on a turnkey basis, the main and crew galleys, food-preparation areas, bars and pantries for two new-construction Carnival Cruise Line ships with an option for a third vessel. I asked SunBank to increase my line of credit by $1 million to allow my company to deliver under our shipyard contract. The bank told me no but invited me to ask again in five years when I knew what I was doing (even though the former owner and all key employees remained with the company).

I was facing personal and corporate bankruptcy until I learned about the U.S. Export-Import Bank. Ex-Im stepped in and provided a fee-based working-capital guarantee and accounts receivable insurance. With an Ex-Im guarantee in hand, SunBank was quite pleased to increase my line of credit. There was no crony capitalism or anything remotely anticompetitive involved in my Ex-Im guarantee. My company grew to 62 employees and its revenues tripled by the time the third ship had been delivered.

Congress needs to help create jobs. It needs to reauthorize Ex-Im and increase its lending cap.

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