Boon or boondoggle? Congress to decide fate of Export-Import Bank

U.S. Capitol Building
Congress will decide the fate of the Export-Import Bank of the United States, which says it has helped 258 Ohio exporters since 2007. (Sabrina Eaton, The Plain Dealer)

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WASHINGTON, D.C. -- The Export-Import Bank of the United States has been a boon for A.J. Rose Manufacturing Company, allowing the Avon-based engine parts manufacturer to export flywheels, pulleys and water pumps to Ford, Chrysler and General Motors plants around the globe.

Because U.S. banks won't let the 300-employee firm borrow against money it's owed in foreign countries, the Export-Import Bank provides loan guarantees so it can expand and hire more workers, says CFO Doug Krzywicki.

The bank says those guarantees helped A.J. Rose export $2.7 million in goods and create 19 jobs.

"All manufacturing is on the rebound at this point," says Krzywicki, who backs continuing the Export-Import Bank. "It behooves everyone to build our export base."

To Rep. Jim Jordan, of Champaign County, the Export-Import Bank is a boondoggle. He is among a group of U.S. House Republicans who see it as corporate welfare that should end when the agency's authorization from Congress expires on Sept. 30. Jordan wants the bank to service existing loans until they're paid off, then shut down.

The bank has existed since 1934. In addition to helping U.S. companies like A.J. Rose export goods, the bank provides loans and guarantees to foreign firms that want to buy American products.

"The American people think this town is rigged against them with all kinds of bailouts to big corporations," says Jordan. "They are looking for folks to represent them."

Opposition from Tea Party conservatives like Jordan and House Financial Services Committee Chairman Jeb Hensarling of Texas has put the bank's future in doubt. Hensarling's committee is responsible for moving legislation that would renew the bank's charter. Hensarling has indicated he's reluctant to do that so the bank's backers, like Senate Democratic Leader Harry Reid, have discussed attaching its reauthorization to other legislation.

Business groups like the U.S. Chamber of Commerce and National Association of Manufacturers are lobbying heavily for Congress to continue the bank, producing a letter to members of Congress signed by more than 800 organizations around the country, including the Ohio Manufacturers Association, the Ohio Society of CPAs, and the Lake County Chambers of Commerce.

The letter credits the bank with supporting $37 billion in exports that sustained more than 200,000 American jobs at
3,400 companies, and says it operates at no cost to taxpayers with a default rate that's lower than commercial banks. **In Ohio**, the bank says it has supported $2 billion in exports from 253 companies since 2007, with the top export destinations from Ohio being Mexico, India and Russia.

"If Ex-Im is not reauthorized before September 30, American companies would be put at a unique disadvantage in global markets, resulting immediately in lost sales and lost jobs," the letter said. "U.S. businesses of all sizes would be deprived of a vital funding source at a time when boosting exports is increasingly vital to growing our nation's economy and jobs."

Critics of the bank, such as the Taxpayers for Commonsense watchdog group, say three quarters of its 2013 loans went to just 10 large companies -- including John Deere, Caterpillar, Dow Chemicals and Boeing, and that its loans accounted for less than 2 percent of export-dependent jobs.

"The Export-Import Bank is like your appendix -- if it had a legitimate use it has long since disappeared," says a statement from the group which describes the bank as a "poster child for corporate favoritism."


"I am constantly amazed by those who want to blow up the bridges that lead to economic prosperity," said an emailed statement from Ryan. "I believe we should protect the role of the Ex-Im Bank, which is a crucial for the growth of American manufacturing and supports more than 200,000 jobs and thousands of small business across Ohio and the United States."

U.S. Sen. Rob Portman, an Ohio Republican who formerly served as U.S. Trade Representative, has been studying ways the Export Import bank can be reformed -- such as strengthening its board of directors and ensuring that private sector export financing isn't crowded out -- while helping it to keep supporting U.S. exporters.

"We cannot unilaterally disarm our export finance system in an increasingly competitive global economy," said a statement from Portman. "However, we must also protect taxpayers and protect private export financing."

- *Plain Dealer Washington Bureau Chief Stephen Koff contributed to this report.*

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