



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

Ex-Im Bank, the official U.S. export credit agency (ECA), provides financing and insurance to facilitate the export of U.S. goods and services to support U.S. jobs, pursuant to a renewable, general statutory charter (Export-Import Bank Act of 1945, as amended; 12 U.S.C. §§635 *et seq.*). It aims to provide support for U.S. exports when the private sector is unwilling or unable to do so and/or to counter foreign ECA financing. The Bank is demand-driven, fee-based, and backed by the U.S. government’s full faith and credit.

### Background

**Authorization.** The Further Consolidated Appropriations Act, 2020 (P.L. 116-94, enacted December 20, 2019) extended Ex-Im Bank’s general statutory authority for a record seven years, through December 31, 2026. This extension, which includes certain other changes, provides new stability to an agency that had faced active policy debate and constraints on its operating authority in prior years. Absent reauthorization, the Bank generally would not have been able to approve new transactions, but would have been able to continue managing its existing financial obligations, and to perform certain other functions “for purposes of an orderly liquidation” (12 U.S.C. §635f).

**Leadership.** By statute, a five-member board of directors, representing both political parties, leads the Bank. Members are appointed by the President and confirmed by the Senate. The Bank president and first vice president serve as the board chairman and vice chairman, respectively. A quorum of at least three members is required to conduct business, including to approve transactions above a certain threshold (previously \$10 million, now generally \$25 million after board action in May 2019), make policies, and delegate authority (e.g., to staff to approve transactions below the threshold). The 2019 reauthorization provides for establishing a temporary board if a quorum lapses for more than 120 consecutive days of a U.S. presidential term. Advisory and other committees support the board.

The board currently has an acting vice chairman and first vice president, and two other directors. President Biden authorized a senior Bank official to serve in the acting capacity, and the term for one director was extended for up to six more months pursuant to the charter—both actions effective January 20, 2021. Ex-Im Bank reports that these actions enable the board to maintain a quorum, as the other director’s term expires on January 20, 2023. Previous, May 8, 2019, Senate confirmations reinstated a quorum that had lapsed from July 20, 2015 to May 7, 2019, enabling the board to exercise the full panoply of its statutory authorities again and restoring the Bank to its “full financing capacity.”

**Products and Programs.** Key Bank products include

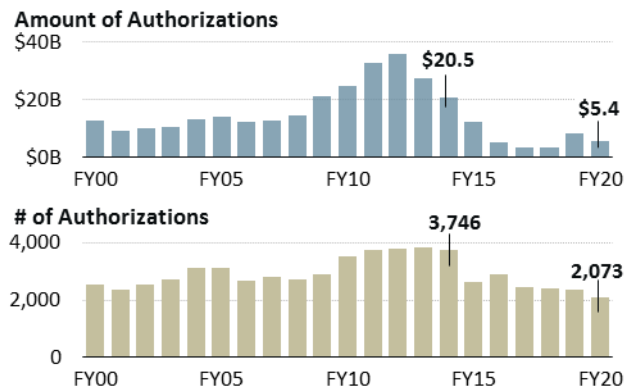
- **direct loans** to foreign buyers of U.S. exports (interest rates are based on spreads set in international rules above U.S. Treasury rates);

- **loan guarantees** to lenders against default on loans to foreign buyers of U.S. exports (lender usually sets rate);
- **insurance** to protect U.S. exporters or financial institutions against export-related risks; and
- **working capital guarantees** of short-term loans.

Underwriting techniques such as project, structured, and supply chain finance may be used in some cases. The 2019 reauthorization established an Ex-Im Bank Program on China and Transformational Exports (China program) to counter export subsidies by China or other designated countries in specified high-technology sectors, such as 5G.

**Activity.** In FY2020, Ex-Im Bank approved \$5.4 billion for more than 2,000 authorizations of direct loans, loan guarantees, and export credit insurance (see **Figure 1**), to support \$10.8 billion in estimated U.S. export sales and an estimated 37,000 U.S. jobs. Transactions for small business exporters accounted for 38.6% of authorizations by amount and 88.6% by number. Between FY2014 and FY2018, authorization levels declined, largely due to the board’s inability to approve larger deals during a quorum lapse; the number of authorizations stayed relatively level, as the Bank continued to be able to approve lower-level deals.

**Figure 1. Ex-Im Bank Authorizations, FY2000-2020**



**Source:** CRS, based on data from Ex-Im Bank annual reports.

In FY2020, the Bank’s total portfolio was \$47 billion, reflecting a decline in recent years from \$112 billion in FY2014, as repayments exceeded new activity. The 2019 reauthorization sets the Bank’s total financing authority (exposure cap) at \$135 billion through FY2027.

**Statutory and Policy Requirements.** Ex-Im Bank financing may be extended only where there is a “reasonable assurance of repayment” and should supplement, not compete with, private capital. The Bank must consider a proposed transaction’s potential economic impact to U.S. industry and its environmental impact, among other factors. The Bank, which views the U.S. content in an export contract to be a proxy for U.S. jobs, reduces its level of support based on foreign content in an export contract; in December 2020, the board approved a new content policy for financing under the China program

in specified “transformational” export sectors. The Bank, among other things, has U.S.-flag shipping requirements.

In specific U.S. export focuses, the Bank must

- make available not less than 30% of its total financing authority each year to support small business exports;
- promote, and make available not less than 5% of its total financing authority each year to support, renewable energy exports;
- support environmentally beneficial exports (no percentage requirement);
- support exports to sub-Saharan Africa (no percentage requirement); and
- have a general goal to reserve up to 20% of its total financing authority for the China program.

The Bank also has reporting and notification requirements.

**Funding.** Ex-Im Bank’s revenues include interest, risk premia, and other fees charged for its support. Revenues acquired in excess of forecasted losses are recorded as offsetting collections. The Bank reports contributing to the Treasury, since 1992, a net of \$9.5 billion after covering all expenses, loan-loss reserves, and administrative costs. (This is on a cash basis, and different from the amount calculated on a budgetary basis.) Offsetting collections did not fully cover program and administrative costs in FY2018-2020.

An FY2021 appropriations law (P.L. 116-94) provides Ex-Im Bank with a limit of \$110.0 million for administrative expenses, and with \$6.5 million for its Office of Inspector General. As in FY2020, the FY2021 appropriations law includes a prohibition against Ex-Im Bank using its funding to support nuclear-related exports to Saudi Arabia, unless the country meets certain nonproliferation requirements.

**Risk management.** Based on its charter, Ex-Im Bank assesses and monitors credit and other risks of transactions, and maintains reserves against losses. It reported a default rate of 0.819% as of September 2020 (reported quarterly to Congress). In FY2020, its reserves and allowances for total losses were \$2.9 billion (7.6% of total outstanding balance). The latest reauthorization added an anti-fraud requirement on the Bank’s consideration of applications for support.

**International context.** The United States has led efforts to develop international rules for ECA activity. Ex-Im Bank abides by the Organisation for Economic Co-operation and Development (OECD) Arrangement on Officially Supported Export Credits, which aims to ensure a level playing field for exporter competition. Applying to ECA financing with repayment terms of two years or more, the Arrangement includes limitations on financing terms and conditions, and transparency and other provisions, including on tied aid (see **text box**). Under an exception to the World Trade Organization (WTO) rules, Arrangement-compliant export credit practices are not treated as prohibited export subsidies.

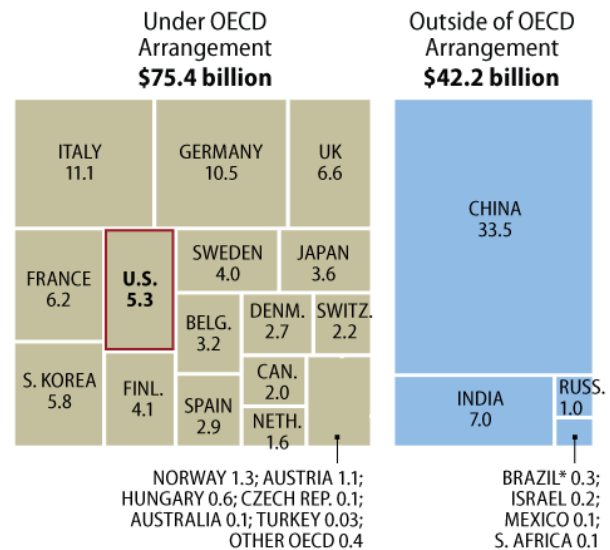
Over time, unregulated ECA financing has grown; non-OECD countries operate ECAs and OECD members provide financing outside of the OECD rules. China’s ECA activity especially presents competitiveness concerns due to its size (see **Figure 2**), lack of transparency, and operation outside of OECD rules. China, with its intensive financing for geopolitical aims, is “fundamentally changing the nature of competition.” Foreign ECAs are taking more “flexible, innovative, and proactive” approaches. (See Ex-Im Bank *2019 Competitiveness Report*). Since 2012, an International

Working Group (IWG) has been in talks to establish new export credit rules among major ECAs. In November 2020, the United States, the European Union, and nine other IWG members announced in a joint statement that they were suspending temporarily their participation in the talks, noting “significantly divergent” positions in the IWG on commitments on “core issues.” Seven other IWG members, including China and India, did not join the statement.

### Ex-Im Bank Tied Aid Activity

Tied aid is concessional financing for projects in developing countries linked to procurement from the donor country. U.S. policy has been for Ex-Im Bank not to initiate, but rather to match specific foreign tied-aid offers in certain cases where U.S. exporters are at a competitive disadvantage. Ex-Im Bank last authorized a matching offer in 2010. New Ex-Im Bank tied aid procedures, jointly established with the Treasury in October 2020, reflect 2006 legislative changes to the charter, which, among other things, allow the Bank to offer tied aid preemptively to counter potential foreign tied aid offers. The Bank stated that the new procedures will equip it to conduct its China program.

**Figure 2. Export Financing by Selected ECAs in 2019**



2019 data; U.S. dollars; chart labels in billions.

**Source:** CRS, based on Ex-Im Bank *2019 Competitiveness Report*.

**Note:** Data are for new medium- and long-term official export credit financing, and subject to analytic assumptions and other limitations.

\*Brazil abides by the Arrangement’s Aircraft Sector Understanding.

### Policy Debate and Issues for Congress

Over the years, Ex-Im Bank has been the object of policy debate. Supporters argue that the Bank fills gaps in private-sector financing for exports and helps U.S. firms compete against foreign ECA-backed firms, while managing risks and advancing other U.S. policy goals. Critics argue that the Bank crowds out the private sector, picks winners and losers, is corporate welfare, and imposes taxpayer risks.

Issues before the 117<sup>th</sup> Congress may include:

- Senate consideration of potential board nominations;
- the implementation of the 2019 reauthorization changes;
- activity under Ex-Im Bank’s new China program;
- Ex-Im Bank’s competitiveness in supporting U.S. exports balanced with its risk management; and
- the alignment of current international ECA rules with U.S. policy goals and other potential options to address “unfair” competition from foreign ECAs.

•  

---

**Shayerah I. Akhtar**, Specialist in International Trade and Finance

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.