The Daily Dish

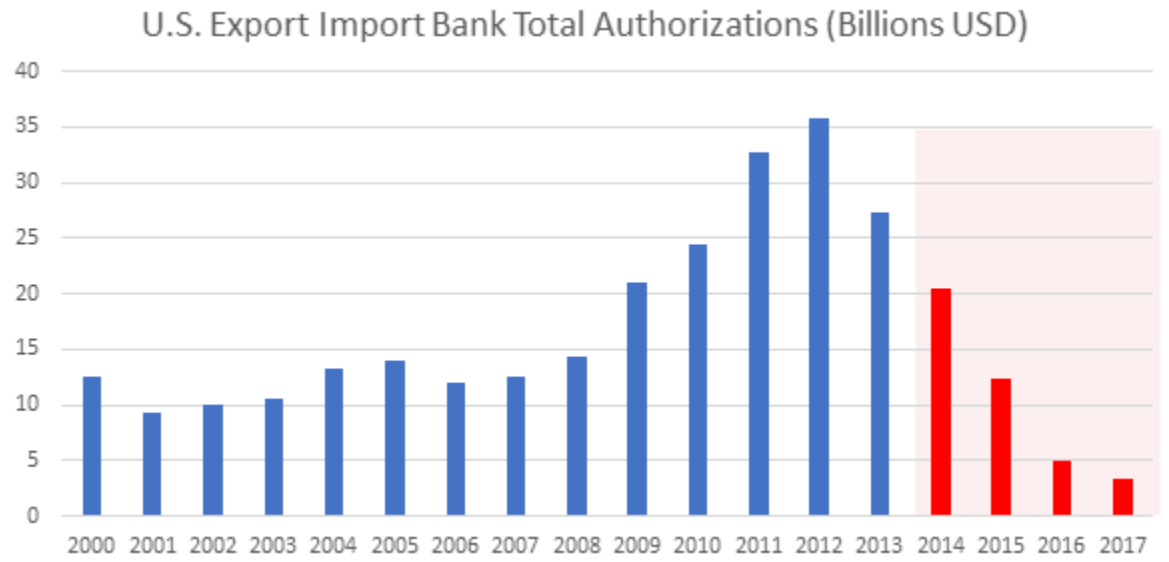
Remember the Export-Import Bank?

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Eakinomics: Remember the Export-Import Bank?

Remember the Export-Import Bank (Ex-Im), which is due to be re-authorized in September 2019? Ex-Im is the U.S. version of an export credit agency (ECA) that provides loans, loan guarantees, and credit insurance to support U.S. exports. Although common around the globe — more than 60 countries have ECAs — the re-authorization of Ex-Im in 2015 became a pitched battle over whether it was an appropriate role for the government. While the arguments against market intervention make sense, until other countries scale back their use of ECAs, the Ex-Im Bank is a necessary evil to level the playing field.

Ex-Im was ultimately re-authorized in 2015, but it has been crippled by significant limitations on the ability of the bank to act. In addition, the bank is unable to approve any transactions greater than $10 million in value because it has not had a quorum of three voting board members since 2015. President Trump has nominated individuals to serve on Ex-Im's Board of Directors, yet they await confirmation in the Senate. Given the lack of a quorum, as of Summer 2018, there is $43 billion in transactions awaiting approval. The decline in Ex-Im activity is clear in the graph (below), reproduced from Thomas Wade's excellent report. Given that there are about $30 billion in ECA activity in the G-7 and $50 billion among the BRIC countries, the current status of Ex-Im makes little sense.



With re-authorization approaching in September, it makes sense for Congress to fund and staff Ex-Im appropriately. At the same time, this re-authorization is an opportunity for reforms that AAF has identified in the past. Congress should seek the elimination of unneeded taxpayer backing and financing authority, the

elimination of preferential and quota approaches to industries and firms, an increase in transparency, and improvements in how the bank selects projects to finance.

Ex-Im should have a limited and carefully targeted role. But it is premature and counterproductive for it to have no role whatsoever.