



Insight

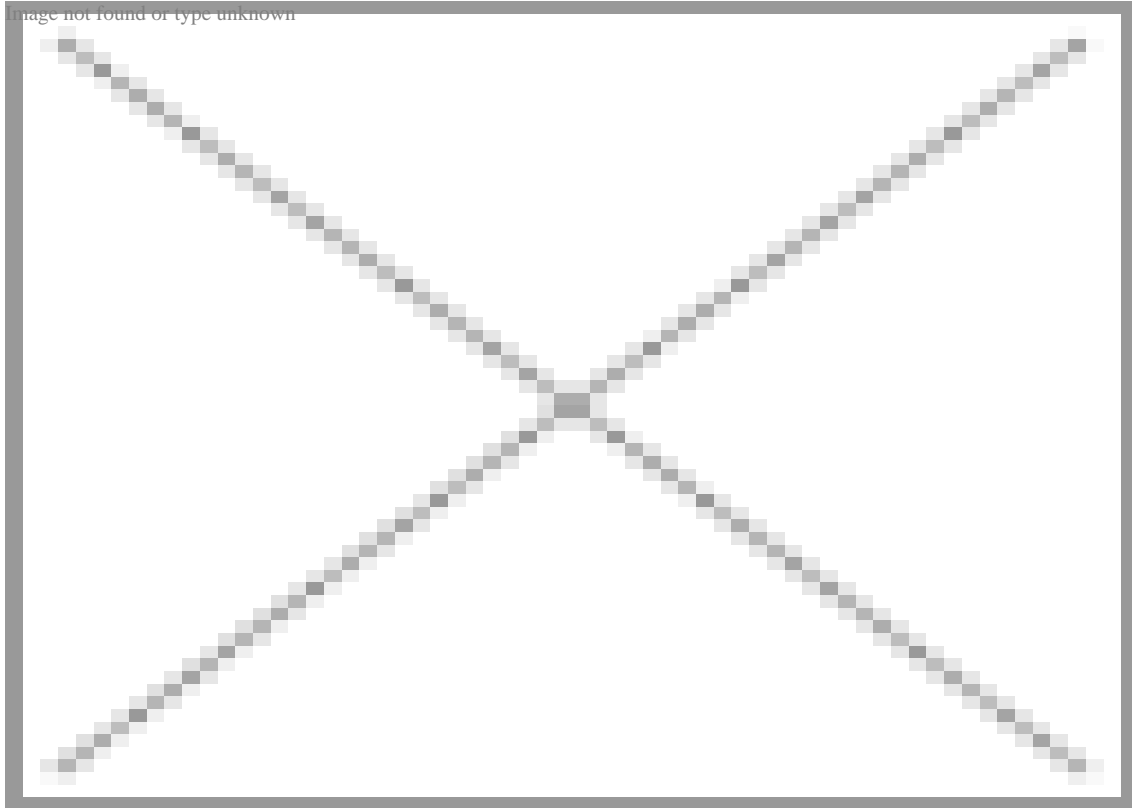
Ex-Im's Closure Precludes U.S. Companies from Bidding on Projects Abroad

MEGHAN MILLOY | OCTOBER 1, 2015

One of the most important functions of the Export-Import Bank was to provide American companies with lines of credit for projects to be completed in other countries. These lines of credit were a crucial part of doing international business and often were an important factor in enabling Ex-Im-backed companies to win these project contracts. Indeed, in 27 countries¹ Ex-Im support is essential because these countries require support from an export credit agency before they will even consider a bid. Without Ex-Im support, American companies are forced to either completely forego all projects in any of those countries or move jobs to countries that do have export credit agencies.

Congress allowed Ex-Im's authority to expire in July. Last week GE announced that it was moving 500 jobs to France as a direct result of lost export credit agency support. Unlike the U.S., France still has COFACE, its own export credit agency version of Ex-Im, from which GE was able to receive a line of credit, thus allowing them to include export credit agency support in future project bids. Until Ex-Im is reauthorized, American companies like GE face a difficult choice: remain frozen from competing for any projects in those 27 countries – their bids won't even be considered without Ex-Im's backing – or relocate employees and facilities.

Those countries, 7 of which are listed by Bloomberg as the fastest growing economies, make up nearly 40 percent of the world's population and 10 percent of world GDP. They also receive a quarter of all U.S. exports. For GE, 80 percent of its total sales for aviation-related turbines came from those countries over the past three years. If U.S. companies continue to be barred from competing for projects in these major markets as a result of Ex-Im's closure, we can expect to see more jobs move overseas.



ⁱ Angola, Argentina, Cameroon, Colombia, Dominican Republic, Egypt, Ghana, India, Indonesia, Iraq, Jordan, Kenya, Mexico, Mongolia, Mozambique, Myanmar, Nigeria, Pakistan, Papua New Guinea, Peru, South Africa, Sri Lanka, Tanzania, Tunisia, Ukraine, and Vietnam all generally require Export Credit Agency support as part of a project bid.