

MEMORANDUM

To: Members of the Committee on Financial Services

From: Financial Services Committee Majority Staff

Date: June 24, 2024

Subject: June 27, 2024, National Security, Illicit Finance, and International Financial Institutions Subcommittee Hearing Entitled “The Role of the Export-Import (Ex-Im) Bank of the United States Amid Intensifying Economic Competition with China.”

On Thursday, June 27, 2024, at 10:00 a.m. in Room 2128 of the Rayburn House Office Building, the National Security, Illicit Finance, and International Financial Institutions Subcommittee of the Committee on Financial Services will hold a hearing titled “The Role of the Export-Import (Ex-Im) Bank of the United States Amid Intensifying Economic Competition with China.” Testifying at the hearing will be:

- **The Honorable Reta Jo Lewis:** President and Chair of the Board of Directors, Export-Import Bank of the United States

Background

Founded in 1934, the Export-Import Bank (Ex-Im) was organized by Franklin D. Roosevelt under the name Export-Import Bank of Washington. The stated goal was "to aid in financing and to facilitate exports and imports and the exchange of commodities between the United States and other Nations or the agencies or nationals thereof." The Bank's first transaction was a \$3.8 million loan to Cuba in 1935 for the purchase of U.S. silver ingots. Ex-Im became an independent agency in 1945. The Bank's name was changed to "Export-Import Bank of the United States" (Ex-Im Bank or the Bank) in 1968. Over the years, Ex-Im helped finance several historic projects including the Pan-American Highway, the Burma Road, and post-WWII reconstruction.¹

Today, Ex-Im is the official U.S. government export credit agency (ECA), with a mission to support U.S. jobs by financing and facilitating U.S. goods and services exports. Operating under a renewable, general statutory charter (Export-Import Bank Act of 1945, as amended; 12 U.S.C. §§635 *et seq.*), it aims to support the export of U.S. goods and services when the private sector is unwilling or unable to provide financing, and/or when U.S. exports compete overseas against exports from other countries backed by foreign ECAs.² Ex-Im is backed by the full faith and credit of the U.S. government and strives to bolster and support American jobs.

¹ <https://www.exim.gov/about-exim/history/90th>

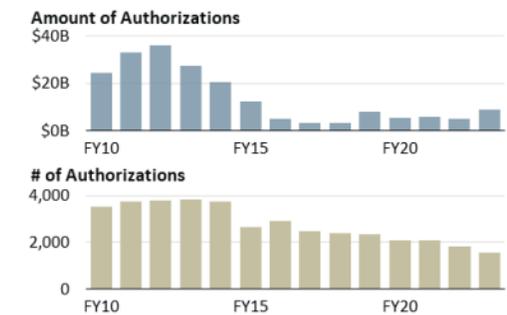
² CRS Report, [Export-Import Bank of the United States \(Ex-Im\)](#), January 19, 2024

In 2019, Congress extended the Bank’s general statutory authority for seven years, through December 31, 2026 (P.L. 116-94, Div. I, Title IV). Absent reauthorization, the Bank generally would be unable to approve new transactions, but it would be able to continue managing its existing financial obligations, and perform certain other functions for “an orderly liquidation.”³

Ex-Im’s key authorities include, (1) *direct loans* to foreign buyers of U.S. exports (interest rates are based on parameters set in international rules); (2) *loan guarantees* to lenders against default on loans to foreign buyers of U.S. exports (lender usually sets rate); (3) *insurance* to protect U.S. exporters or financial institutions against export-related risks; and (4) *working capital loans and guarantees*, which are short-term, secured types of financing.⁴

Ex-Im’s exposure tied to outstanding loans, guarantees, and insurance totaled \$34.1 billion in FY 2023.⁵ According to its 2023 annual report, Ex-Im authorized a total of \$8.8 billion (see Figure 1) in loan guarantees and insurance that supported an estimated \$10.6 billion in U.S. export sales and an estimated 40,000 U.S. jobs.⁶ As a share of total authorizations, small business comprised 23 percent by dollar amount and 87.2 percent by number; and renewable energy comprised 10.4 percent and CTEP comprised 27.8 percent. (A transaction can support multiple mandates.) A Board quorum lapse (July 2015 to May 2019) previously constrained Bank financing.⁷

Figure 1. Ex-Im Bank Authorizations, FY2010-FY2023



Source: CRS, based on data from Ex-Im Bank annual reports.
 Note: FY2023 authorization number estimated using other data.

³ *Ibid.*

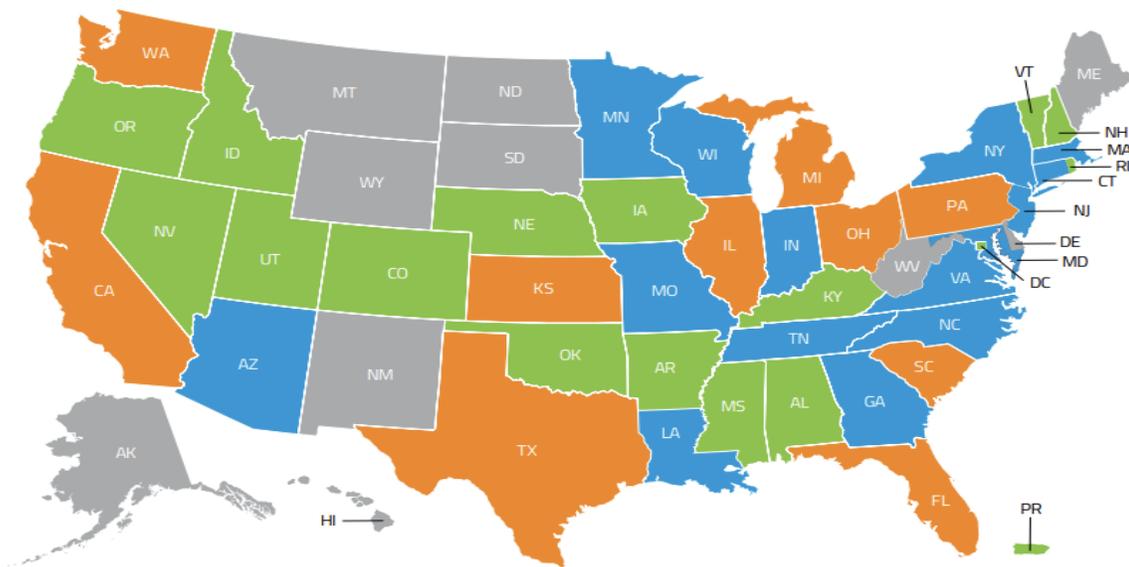
⁴ CRS Report, [Export-Import Bank of the United States \(Ex-Im Bank\)](#), January 21, 2021

⁵ Office of Inspector General, Export-Import Bank of the United States, Semiannual Report to Congress October 1, 2023 to March 31, 2024, (https://eximoig.oversight.gov/sites/default/files/reports/2024-05/EXIM%2520OIG%2520Report%2520-%25202024%2520Spring%2520SARC_Final.pdf), last visit

⁶ Export-Import Bank of the United States, *Creating Locally, Exporting Globally: Helping American Businesses Win the Future*, (https://img.exim.gov/s3fs-public/reports/annual/2023/EXIM_AnnualReport'23_27032023_Final.pdf), last visited June 4, 2024

⁷ CRS Report, [Export-Import Bank of the United States \(Ex-Im\)](#), January 19, 2024

Figure 2. Ex-Im Supports U.S. Exports from Every State⁸



10-YEAR PERIOD (OCTOBER 1, 2013 – SEPTEMBER 30, 2023)
Estimated Value of EXIM-Assisted U.S. Exports by State*

More than \$5 billion		More than \$1 billion		More than \$100 million		More than \$10 million	
State	Total Exports	State	Total Exports	State	Total Exports	State	Total Exports
California	\$13.1 billion	Arizona	\$2.9 billion	Alabama	\$441.8 million	Alaska	\$12.7 million
Florida	\$6.8 billion	Connecticut	\$1.4 billion	Arkansas	\$357.0 million	Delaware	\$35.3 million
Illinois	\$6.2 billion	Georgia	\$3.9 billion	Colorado	\$765.5 million	Hawaii	\$20.1 million
Ohio	\$5.7 billion	Indiana	\$1.6 billion	Dist. of Columbia	\$215.1 million	Maine	\$64.7 million
Pennsylvania	\$7.5 billion	Louisiana	\$1.2 billion	Idaho	\$136.5 million	Montana	\$77.6 million
South Carolina	\$7.1 billion	Maryland	\$1.1 billion	Iowa	\$250.8 million	New Mexico	\$68.8 million
Texas	\$14.6 billion	Massachusetts	\$2.0 billion	Kentucky	\$562.5 million	North Dakota	\$52.4 million
Washington	\$38.3 billion	Minnesota	\$1.1 billion	Mississippi	\$382.0 million	South Dakota	\$16.4 million
		Missouri	\$1.2 billion	Nebraska	\$447.7 million	West Virginia	\$20.6 million
		New Jersey	\$4.0 billion	Nevada	\$114.9 million	Wyoming	\$39.9 million
		New York	\$4.5 billion	New Hampshire	\$189.1 million		
		North Carolina	\$2.3 billion	Oklahoma	\$585.5 million		
		South Carolina	\$4.9 billion	Oregon	\$836.8 million		
		Tennessee	\$1.7 billion	Puerto Rico	\$233.5 million		
		Virginia	\$1.2 billion	Rhode Island	\$115.2 million		
		Wisconsin	\$1.5 billion	Utah	\$218.0 million		
				Vermont	\$259.8 million		

*Export-value estimates are based on disbursements of EXIM financing.

⁸ https://img.exim.gov/s3fs-public/reports/annual/2023/EXIM_AnnualReport'23_27032023_Final.pdf

Leadership

A five-member Board of Directors leads the Bank, with members Presidentially appointed and Senate confirmed, and no more than three from any one political party. The Bank’s President and First Vice President serve, respectively, as the Board’s Chair and Vice Chair. The Board requires a quorum of at least three members to conduct business, such as to approve transactions above a certain threshold, make policies, and delegate authority. The 2019 reauthorization provided alternative Board procedures in the event of a quorum lapse. The Board currently has four filled positions, including the President/Chair and First Vice President/Vice Chair; three terms expire in January 2025 and one in January 2027. By statute, an Advisory Committee and a Sub-Saharan Africa Advisory Committee support the Board. The Bank also has created advisory subcommittees on issues such as competition with China.⁹

Council on China Competition & the China and Transformational Exports Program (CTEP)

The ten-member Advisory Subcommittee on Strategic Competition with the People’s Republic of China – or the Council on China Competition (“the Council”) – provides guidance to EXIM leadership on advancing the comparative leadership of the United States with respect to China and supporting U.S. innovation and employment through competitive export finance.

The Council’s competition priorities include supporting U.S. firms in key sectors and industries relative to China, including a geographic focus on Southeast Asia and a sectoral emphasis on critical minerals. Its 2023 recommendations included excluding CTEP deals from the 2 percent loss default ratio cap and establishing a higher cap for CTEP deals.¹⁰ Raising the 2 percent cap rate could particularly benefit critical mineral projects, which are often in jurisdictions where commercial lenders are hesitant to invest.¹¹ Another limitation on CTEP transactions is the rule that requires American content of 51 percent unless other criteria can be met.¹²

The 2019 reauthorization established the *China and Transformational Exports Program* (CTEP), which aims to:

(1) counter export subsidies and finance provided by the People’s Republic of China (PRC, or China), or other designated countries; or

(2) advance U.S. comparative leadership with respect to the PRC, or support U.S. innovation, employment, or technological standards in statutory “transformational” export areas (e.g. artificial intelligence, 5G, renewable energy, semiconductors).¹³

⁹ *Ibid.*

¹⁰ Supra note 9, p. 7

¹¹ <https://www.gtreview.com/news/americas/us-exims-china-programme-in-need-of-a-revamp-banks-say/>

¹² U.S. content consists of direct costs (i.e., labor, materials, and direct overhead) and indirect costs (e.g., research and development) associated with the production of the U.S. Export

¹³ CRS Report, [Export-Import Bank of the United States \(Ex-Im\)](#), January 19, 2024.

CTEP authorizations increased from \$252.9 million in FY2022 to \$2.4 billion in FY2023. As a share of Ex-Im's financing in FY 2023, CTEP transactions made up approximately 28 percent of the agency's overall authorizations.¹⁴

There are concerns the CTEP program is struggling to gain scale due to strict rules and a lack of available deals. Due to the limited availability of coverable transactions, EXIM's \$1.5 billion in deals is only a fraction of the \$27 billion the agency was directed to ringfence for CTEP. Part of the challenge is that biotech and biomedical transactions are not common in the export finance space, while semiconductor or battery storage companies can receive Department of Energy loans with fewer strings such as domestic content restrictions.

Unless reauthorized, CTEP expires on December 31, 2026.

Legislation for Consideration

1. **H.R. ___**, the *Nuclear Energy Assistance Trust Fund Act of 2024* (Rep. McHenry)
This legislation would require the Secretary of the Treasury to support the establishment of trust funds at the World Bank, European Bank for Reconstruction and Development, and other appropriate international financial institutions in order to provide financial and technical assistance for nuclear power generation.
2. **H.R. ___**, the *BRAVE Burma Act* (Rep. Huizenga)
This legislation further requires sanctions determinations with respect to certain Burmese state-owned enterprises, Myanmar Economic Bank, and entities operating in the jet fuel sector of Burma. It would also extend by two years the sunset for sanctions required under the BURMA Act of 2022. The bill also further requires the U.S. Executive Director at the International Monetary Fund (IMF) to limit shareholding increases for Burma under any changes to the IMF's shareholding formula, as long as Burma is subject to the rule of the State Administration Council. Finally, the legislation creates a Special Coordinator for Burmese Democracy at the Department of State to promote human rights and the restoration of civilian rule in Burma.
3. **H.R. _____**, the *Securing Europe's Energy Security Act of 2024* (Rep. Barr)
To extend, and repeal the waiver authority under, the '*Protecting Europe's Energy Security Act of 2019*'.

¹⁴ Testimony of Ms. Reta Jo Lewis, President and Chair, Export-Import Bank of the United States, Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs, May 15, 2024