

Increasing American Competitiveness

American companies have what it takes to win in the global economy. When given a level playing field, U.S. companies succeed the world over because of the superior quality of their goods and services.

But foreign competition in America's export markets is tough, and it's getting tougher. That is why President Obama has focused on strengthening American exports and manufacturing. The president's National Export Initiative (NEI) seeks to ratchet up the nation's already strong growth in export sales by doubling U.S. exports by the year 2015.

But in today's increasingly complex world of trade, U.S. exporters can't go it alone. Although they can compete with foreign companies on quality and price, they can't stand alone against foreign governments that bring all kinds of financing resources – both visible and hidden – to support their own exporters. There are over 60 export credit agencies around the world, and each one is working to expand its footprint and increase its activity to meet national economic goals.

Without Ex-Im Bank, many U.S. companies would be at a considerable disadvantage. In some cases, they would not compete at all due to lack of access to necessary capital. In others, the cost of export financing would be so expensive compared to their competitors' costs that U.S. companies' superior product would be priced out of the buyer's reach.

Ex-Im Bank has a critical role to play in ensuring that U.S. exporters have a fair opportunity to compete. When the availability of credit from commercial lenders is restricted or the cost is prohibitive, Ex-Im Bank can provide the financing assistance that U.S. exporters need to sell their goods and services abroad. And the Bank can step in to match financing being provided to competitors by foreign governments.

The Bank can level the playing field, both through its long-established programs and with innovative financing, such as its recent successful use of capital-markets funding. (See sidebar.)

But Ex-Im Bank cannot rest with these efforts. The fact is that as countries around the world develop, so do the types of financing made available to U.S. competitors. America needs to lead the world in developing a new framework for international export finance. As Ex-Im Bank is continuing to maintain a strong presence in global markets, the Bank is also working with other countries' governments to develop the export-financing rules to keep the competition fair.

If we get everyone playing by the same rules and adhering to the same standards, we will get more efficiency, stability and innovation. And that's good news for American companies and their workers.

Innovative Financing: Success with Capital Markets

The Bank has had considerable success with capital-markets funding in the three years since the first Ex-Im-Bank-guaranteed bond was issued in October 2009 to support Boeing aircraft sales to Emirates. Among other benefits, this type of financing has opened up additional sources of funding to back U.S. exports.

By the close of FY 2012, there were 45 successful issuances, aggregating nearly \$7.5 billion in Ex-Im Bank-guaranteed financings funded by the capital markets. Activity picked up substantially in the second half of the fiscal year, with 23 issuances during the six-month period from April 2012 through the end of September.

Additionally, in FY 2012 the capital markets issued the first bond offering to fund types of U.S. exports beyond aircraft. The capital markets bought a \$400 million, 10-year bond supporting the sales of U.S. goods and services to Petróleos Mexicanos (Pemex), the national oil company of Mexico. The offering was so successful that Pemex quickly followed up with two additional issuances of \$400 million each for a total of \$1.2 billion in these financings.

The flexibility of this new funding source for Ex-Im-Bank-guaranteed transactions was demonstrated by the two successful capital-markets issuances of two-year bonds supporting the export of approximately \$75 million of engine overhaul services by Delta TechOps in Atlanta, Ga., to GOL Airlines in Brazil.

This is the kind of innovation that is enabling Ex-Im Bank to provide substantially increased financing to ensure the competitiveness of U.S. exporters in global markets without cost to the American taxpayer.